Who Wants to Be a Major Power?
Explaining the Expansion of Foreign Policy Ambition

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Abstract

Some states define their interests more broadly than others, looking beyond their immediate security and mobilizing their national wealth in pursuit of more ambitious goals. The most successful of these states become major powers. Though major powers and states aspiring to attain this status are very important in world politics, relatively little explicit attention has been paid to the question of why some states to escalate their foreign policy ambitions, adopting what can be termed a major power foreign policy. This paper evaluates three explanations for this policy choice. Some international relations theory suggests that potential power is itself a sufficient motivation for the adoption of major power foreign policy. Other theorists suggest that some triggering condition is required, such as increasing international threat or expanding international economic interests. Evidence concerning the construction of military capabilities and diplomatic activism suggests that potential power alone does not offer a sufficient explanation for the adoption of major power foreign policy. Both international threat and economic interests act as triggers for this choice, though they appear to push states toward different types of mobilization.
One of the most important observable facts about world politics is that some states define their foreign policy interests more broadly than others and pursue them more aggressively. International relations theorists refer to the most successful of these states as 'major powers,' or 'Great Powers,' in more literary parlance. These states are especially important in realist thought. Indeed, realist writers sometimes focus on these states to the exclusion of lesser powers (e.g., Waltz 1979; Mearsheimer 2001). Even empirical research that does not share realist assumptions commonly finds that major powers behave differently. For example, Russett and Oneal (2001: 314-9) find that dyads containing a major power were significantly more conflict prone than others, a result shared by many other researchers.

Why do some states expand their foreign policy ambitions and adopt what might be called a major power foreign policy? Attempting to become a major power requires a policy choice. Levy is among the most explicit in recognizing this fact. In addition to having substantial military power, he argues that Great Powers 'think of their interests as continental or global rather than local or regional.' He points out that '[t]hey defend their interests more aggressively and with a wider range of instrumentalities, including the frequent threat or use of military force.' It is not obvious why a state--even a powerful one--would expand its foreign policy ambitions in this way. Doing so has always been costly and has frequently ended in defeat and ruin. Not every state that has had the capacity to pursue this course has done so. The efforts of others, such as Saddam Hussein's Iraq, have ended (often disastrously) well before they were recognized by other states as major powers.

This paper will test several explanations for the adoption of a major power foreign policy. The question of why states escalate their foreign policy ambitions in this way is rarely addressed explicitly but international relations theory nevertheless suggests several explanations. Because
foreign policy ambition cannot be directly observed, tests of these explanations must focus on its behavioral manifestations. Expanding foreign policy ambition is only one part of the puzzle of how some states become major powers. Among other things, the reactions of other states shape the results of an effort to pursue this status. The choice to do so is nevertheless critically important. Not every state that expands its foreign policy ambitions has achieved them, let alone become a major power, but no state has done so without making the effort. It is undoubtedly true that each state that has gone down this road has done so in part for idiosyncratic reasons. It is nevertheless worth asking whether there is a systematic component to this process. The remainder of this paper proceeds in four sections. The first outlines three explanations for the pursuit of major power status suggested in international relations theory. The second section presents a research design for testing these arguments. The third presents the empirical results. A final section summarizes and concludes.

**Explaining the Adoption of Major Power Foreign Policy**

Why would a state's leaders choose to adopt a major power foreign policy? Because this choice follows naturally from the behavioral assumptions of most international relations theory, some scholars might consider the question too obvious to merit serious attention. If major powers are different from other states only in that they have more (and more effective) policy instruments at their disposal, then explaining how they acquired these capabilities also suffices to explain the distinctive foreign policy of states pursuing this status. Not all international relations theorists make the assumptions necessary to justify this explanatory leap, however. Existing accounts of major power behavior imply several different explanations for the expansion of foreign policy ambition. While substantial material power is a necessary condition for the adoption of major power foreign policy, it is not sufficient in all these accounts. Other factors
may be necessary to trigger a powerful state to expand its ambitions and construct the means to pursue them. This section will review three explanations for this choice.

1. Capabilities Drive Intentions

A long tradition in international relations theory suggests that a major power foreign policy is the natural response to the availability of material power. The claim that expanded capabilities give rise to more ambitious goals offers a simple and plausible explanation for the behavioral characteristics of major powers: they behave this way because they can. If other states had the power to follow suit, they would. In an important sense, this course of action is not a choice at all. As Thucydides' Athenian generals famously informed the leaders of Melos:

> According to our understanding, divinity, it would seem, and mankind, as has always been obvious, are under an innate compulsion to rule whenever empowered. Without being either the ones who made this law or the first to apply it after it was laid down, we applied it as one in existence when we took it up and one that we will leave behind to endure for all time, since we know that you and anyone else who attained power like ours would act accordingly (Thucydides, 1998 [ca. 411 BCE]: 298).

This argument is a central element of realist international relations theory. Morgenthau's claim that 'statesmen think and act in terms of interest defined as power,' part of his second principle of political realism, also implies that states will seize opportunities to augment their power (Morgenthau, 1993: 5). The adoption of a major power foreign policy is thus natural for any state with the requisite material capabilities. Mearsheimer (2001) offers a more recent formulation of this position. Others who explain the rise of major powers in terms of the growth of their power, omitting discussion of the policy choice involved, either implicitly or explicitly adopt this position (e.g., Gilpin, 1981; Kennedy, 1987; Zakaria, 1998).¹

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¹ It is worth noting that previous research offers at least two distinct formulations of the argument that capabilities drive intentions. One is the claim discussed here that economic potential stimulates the construction of military capabilities and the escalation of foreign policy ambition. The other is the somewhat narrower claim that the
Appealing to human nature is not the only way to link ambitious foreign policies to growth in material capabilities. Focusing on European powers in the years before World War I, Choucri and North (1975) contend that the very things that gave these states material power also led them to expand their interests. Economic growth led to greater international activities by each state's citizens as they sought markets and resources. Population growth created 'lateral pressure' for territorial expansion. Choucri and North's argument is more historically specific than realist claims about human nature, but it points to the same relationship between expanding material capabilities and a more ambitious foreign policy.

As with nearly all social-scientific generalizations, the claim that capabilities drive intentions should be understood probabilistically. Occasionally, a state with the capacity to do so may not expand its foreign policy ambitions, just as a few states may behave more aggressively than their capabilities would suggest. Zakaria's (1998) reformulation of the realist argument is intended to explain one such deviant case: the United States. The United States had the largest economy in the world by 1900, but maintained a relatively small military force and refrained from involvement in most aspects of major power politics during the late 19th and early 20th centuries. Zakaria argues that assessments of power should focus on the capacity of the state rather than the potential of the society. Once the state becomes able to extract sufficient resources from society, it will use them to pursue a more ambitious foreign policy. As long as these deviant cases are relatively rare, or make sense in light of other theoretical concerns, the claim that capabilities drive intentions may be a useful way of understanding the adoption of a major power foreign policy.

Presence of abundant military capabilities leads to more aggressive behavior by lowering the expected cost of military conflict, presenting decision makers with a wider array of military options, and perhaps by increasing the power of those within the state who prefer military action. Fordham (2004) reviews several formulations of this line of argument and provides evidence that variation in U.S. military capability have influenced the United States' propensity to use force.
What does the capabilities-drive-intentions argument imply about the relationship between economic potential and the observable features of major power foreign policy, such as the construction of military capabilities and power-projection capacity? There are two plausible answers to this question. The first is that the relationship should be positive and linear. All states should mobilize what they can for military purposes. Countries with greater economic potential should simply be able to mobilize more. This interpretation implies that there is no categorical difference between the foreign policies of very powerful and very weak states, just an incremental increase in foreign policy ambition with growing economic potential.

The capabilities-drive-intentions argument can also be interpreted to support the stronger claim that more powerful states should convert their economic potential into military power at higher rates that their weaker counterparts. States that are too weak to contend for world power have little incentive to mobilize resources for this purpose. They may build enough to defend themselves against rivals of similar size, but moving beyond this modest purpose would be an exercise in futility. By contrast, states with greater economic potential have an incentive to mobilize relatively more of their resources in order to reap the presumed benefits of great power status. In the language of economics, this argument implies that military power is a luxury good: demand for it rises with national income. If this is the case, then the relationship between economic potential and the adoption of major power foreign policy should not only be positive but increasing.

2. Survival in International Anarchy

If potential power is not a sufficient motive for the adoption of major power foreign policy, then there must be some additional trigger. In much international relations theory, the demands of survival in a hostile international environment provide it. The logic of this position is that
pressures from the competitive and anarchic international system compel states to behave in particular ways. Those rich in material resources can attract the jealous attention of their neighbors, and may thus be forced to build up the political and military power necessary to defend themselves. Extreme formulations of this argument presuming that the international environment is relentlessly hostile are essentially identical to the claim that states naturally seek to maximize their power.

Most accounts emphasizing the defensive origins of foreign policy choices do not go this far. Instead, they focus on variation in the threats states face due to the intentions and capabilities of those around them (e.g., Walt, 1987). Not all states face threats sufficiently grave to warrant the adoption of aggressive foreign policies like those associated with major power status. This line of argument offers another potential explanation for cases in which states with the requisite material power have not defined their interests very broadly. Because the oceans separating the United States from other major powers offered 'free security' during most of its history, the country had no need to adopt the ambitious and expensive foreign policies associated with major power status (Woodward, 1960: 2).

Empirical research suggests that international threat is a plausible explanation for adoption of major power foreign policy. Arms races are probably the best known example of such a dynamic. For example, McGinnis and Williams (2001) present evidence that the United States and the Soviet Union sought to anticipate their Cold War rival's military spending decisions when making their own. Cohen (1973) posits a similar competitive dynamic to explain 19th century European imperialism. In his account, European states intervened in the periphery primarily to preclude actions by other powers rather than out of any hope for political or economic gain. Gallagher and Robinson (1981) make a parallel argument about British
intervention in Africa during the late 19th century. In this case, British concern about threats to their presence in Egypt led to a series of interventions intended more to protect their existing position than to expand the territory they controlled, even though it nevertheless led to territorial expansion.

The claim that international threat serves as a trigger for the adoption of major power foreign policy implies that states with relatively greater economic potential should respond differently to a hostile environment than weaker states do. Any state could react by seeking allies or attempting to conciliate potential rivals. Unfortunately, reliable allies are not always available and conciliation may be difficult. States with greater economic potential can mobilize their own resources to defend themselves. Weaker states do not have this option. Increasing threat should thus lead to greater mobilization in potentially powerful states, but not in relatively weaker ones. In effect, threat plays the same role that economic potential itself occupied in the capabilities-drive-intentions argument. In this case, the argument implies that threat should interact positively with economic potential to trigger the adoption of major power foreign policy.

3. Societal Economic Interests

A third way to explain the adoption of major power foreign policy is to treat the influence of societal actors with overseas economic interests as a trigger. When their home state is potentially powerful, international traders and investors have an incentive seek its protection for their commercial activities. When these interests are politically influential or economically important, state leaders have reasons to accede to their demands. Depending on the historical circumstances, the protection of commercial interests could take many different forms, ranging from the promulgation of international rules governing trade and investment to outright colonialism. These policies will often require the state to augment its political and military power. By
contrast, persuading political authorities in a relatively weak state to protect their overseas interests would do societal actors little good. For this reason, pressure from societal interests for expanded international commitments and a more aggressive foreign policy should be confined to relatively powerful states. This line of argument is not just another version of the claim that states with greater material capabilities will define their interests more broadly. Instead it implies that this outcome should happen only when societal actors in the powerful state also have relatively extensive international economic interests.

Like the other two explanations for the adoption of major power foreign policy, this one has a long lineage in international relations theory. The claim that societal economic interests influence foreign policy echoes some liberal arguments about the conflict-reducing effects of trade. Recent research, such as Polachek (1980) and Russett and Oneal (2001), as well as the classical liberal works on which they base their arguments, rest on the assumption that societal economic interests influence state policy choices. Because militarized conflict with their trading partners would harm these interests, they prefer policies that avoid it. The claim that these societal actors also prefer policies that protect their commercial interests from other forms of interference is similar to this formulation of the liberal argument about trade and conflict.

These claims about societal interests also parallel Hobson's thesis about the origins of imperialism. Hobson (1902 [1965]: 53-4) contended that financial interests with investments in the periphery 'have had an ever-increasing incentive to employ the public policy, the public purse, and the public force to extend their field of private investments, and to safeguard and improve their existing investments.' In the British case, Davis and Huttenback's (1986) evidence that investors in the empire tended to be drawn from segments of society with relatively close ties to the state underscores the plausibility of this particular claim. Moreover, some historical
research on 19th century imperialism suggests that increasing economic contact between
developed states and the periphery tended to disrupt political arrangements in less developed
areas, contributing to the incidents of political instability that prompted the imperial powers to
intervene (e.g., Gallagher and Robinson, 1981: 489).

Like the other explanations for the adoption of major power foreign policy, this one
offers an explanation for the unusual historical trajectory of the United States. A substantial body
of research on the domestic politics of United States foreign policy suggests that societal actors
with overseas economic interests pushed for a broader interpretation of national interests and
more active policies to pursue them. For example, several studies have found that members of
Congress from states with more internationally oriented economies were more likely to favor
Cold War foreign policy, while those from states that were threatened by import competition
were more likely to oppose it (e.g., Fordham, 1998; Trubowitz, 1998).

Like the explanation stressing international threat, this line of argument suggests that
economic potential should interact with a triggering condition to drive the adoption of major
power foreign policy. In this case, overseas economic interests are the trigger. The strength of
these interests should interact positively with economic potential to predict foreign policy choice.

**Research Design**

The last section outlined three arguments about why some states escalate their foreign policy
ambitions. Some theorists suggest that military potential is a sufficient condition for this
decision. States that have the capacity to adopt a major power foreign policy will do so. Other
theorists argue that some additional triggering condition is necessary to prompt potentially
powerful states to increase their ambitions. Some hold that international threat should play this
role, while others contend that societal interests in the international economy are a more
important trigger. This section will outline a research design for testing these arguments. It will first set out a model for estimating the relationships these arguments imply. Then it will present operational indicators of the dependent and independent variables used in the empirical analysis.

**Modeling the Relationship**

The argument that capabilities drive intentions implies a very strong relationship between economic potential and both the scope of a state's foreign policy interests and the construction of means to pursue these interests. In order to estimate this relationship, I will estimate the log-log model given in general form in equation 1 below.

\[
\ln P_{it} = \alpha_i + \beta_1 \ln E_{it} + \beta_2 \ln X_{it} + \epsilon_{it} \quad (1)
\]

In this model, \( P \) is the indicator of policy choice, \( E \) is the index of economic potential, and \( X \) is a set of control variables appropriate to the policy indicator used as a dependent variable. As the \( \alpha_i \) term indicates, the model also contains fixed effects for each state. I will discuss the control variables and the advantages of the fixed effects specification below.

The log-log model is especially useful in this context. The coefficients from this model can be interpreted as elasticities (Gujarati, 2003: 175-7). In other words, \( \beta_1 \) indicates the percentage change in military capabilities associated with a one percent increase in economic potential. This quantity bears directly on the two formulations of the capabilities-drive-intentions argument discussed earlier. The strong formulation of this argument suggests that states with the economic potential to do so have an incentive to make a relatively greater effort to compete for primacy. States that have no chance of reaching this goal have no such incentive. If this is the case, then the value of \( \beta_1 \) should be greater than one. In economic terms, this means military
capability is analogous to a luxury good, for which consumption rises with income. The weaker version of the capabilities-drive-intentions argument is that states simply mobilize military capabilities in proportion to their capacity to do so. In this case, military capability is a normal good having an elasticity roughly equal to one.

The model used to test the hypotheses that rival power or societal economic interests trigger the acquisition of military capabilities by states with relatively greater economic potential is a modified version of the model in equation 1, shown in equation 2 below.

\[
\ln P_{it} = \alpha_i + \beta_1 \ln P_{it} + \beta_2 \ln T_{it} + \beta_3 (\ln T_{it} * \ln E_{it}) + \beta_4 \ln F_{it} + \beta_5 (\ln F_{it} * \ln E_{it}) + \beta_6 \ln X_{it} + \varepsilon_{it}
\] (2)

The additional variables in equation 2 represent the triggering conditions hypothesized in the last section: international threat, \( T \), and the scope of societal economic interests abroad, \( F \). Both interact with economic potential to test the claim that they lead relatively powerful states to mobilize more of their resources for military purposes. If these conditions act as triggers for the adoption of major power foreign policy, the interaction should be positive.

As the two equations suggest, the capabilities-drive-intentions argument will first be tested apart from the arguments about triggering conditions. The claim that capability provides a sufficient explanation for the adoption of major power foreign policy implies that domestic or international triggers are unnecessary. Those who advance this claim might concede that societal economic interests and international threats both push potentially powerful states toward more ambitious foreign policies, but their argument implies that the same outcome would have occurred without these particular triggering conditions. States will always find some excuse for adopting a more ambitious foreign policy if they have the means. The performance of the model
in the absence of triggering conditions bears on the validity of this claim. If international threats or societal economic interests are necessary to trigger the expansion of foreign policy interests, then the claim that potential power constitutes a sufficient explanation cannot be considered adequate.

On the other hand, if one accepts the need for some trigger for the adoption of major power foreign policy, it makes sense to suppose that there may be more than one. The arguments emphasizing security threats and societal economic interests arise from different understandings of policy makers' priorities, but they are not logically incompatible. Both societal economic interests and international threats might influence decision makers. The relative importance of these concerns is an empirical question.

The model will be estimated using indicators of military power and diplomatic activism as dependent variables. These are not the only behavioral manifestations of expanding foreign policy ambitions. However, they have the advantage of being observable in the absence of other states' behavior because they are preparations for interaction with other states rather than outcomes of these interactions. By contrast, actual interactions with other states—diplomatic challenges, negotiated agreements, military intervention, and the like—might not be observed if other states behave strategically. For example, if potential opponents can infer the state's greater propensity to use force, they might take steps to avoid conflict. The aspiring major power might be more willing to act aggressively yet end up getting involved in fewer actual conflicts.

**Measuring Economic Potential and Military Capability**

The relationship between economic potential and military capabilities is central to the empirical analysis. As the term is used here, economic potential is an endowment that cannot be
substantially altered by fiat, at least in the short term. By contrast, military capabilities are the result of a state decision to construct them.

Because GDP data are not available for a very wide range of states before 1950, I will use the Correlates of War Project's National Military Capabilities Data (Correlates of War Project, 2005; Singer, 1987; Singer, Bremer, and Stuckey, 1972). The composite index of national capabilities (CINC) employs both economic potential and military forces-in-being but the method used to construct this index can readily be adapted to produce separate indicators of these two types of capability. The indicator of economic potential used here will be the mean value of each state's share of system total on each of the four measures of economic potential gathered by the Correlates of War Project: total population, urban population, iron and steel production, and energy consumption. The index of military forces-in-being is the mean of the state's share of system totals of military spending and military personnel.

Although a state's share of systemic military power is a reasonable indicator of its adoption of major power foreign policy, it has some important shortcomings. States with ambitious foreign policies characteristically have not only ample military capabilities but also the capacity to use their armed forces far beyond their borders. Measuring power projection capability is somewhat more difficult than is measuring overall military capabilities. Modelski and Thompson (1988) emphasize the importance of naval power. In fact, Modelski (1987: 9-10) writes that the distribution of naval power is the best index of major power leadership. While naval power has undoubtedly played a leading role in power projection over the very long period Modelski and Thompson consider, it has arguably become less important as aircraft and missile technology has advanced. Moreover, it is very difficult to obtain data on the naval forces of a very wide range of states for a long period of time.
The approach adopted here begins with the capital-intensity of the state's military forces. Whatever the technology of the time, power projection capability requires a substantial investment in equipment relative to the number of personnel in the armed forces. A state's share of systemic military spending divided by its share of systemic military personnel reflects the capital-intensity of its military forces. States that have invested relatively heavily in power projection capability should have a higher share of military spending than of military personnel, and thus a higher index value. The index of capital intensity is then multiplied by the index of overall military power to produce a score that reflects both the overall size of the military force and the state's ability to project this force over long distances.

Table I presents the ten states with the highest average scores on the indices of military capability and power projection capacity for four historical periods. Although there are some anomalies produced by small but highly capital-intensive military forces, the lists suggest the face validity of these measures as indicators of the decision to pursue a relatively aggressive foreign policy like that associated with major power status. In terms of both overall military capability and power projection, the fact that there were at least four major powers before World War I is readily apparent. By contrast, the United States and the Soviet Union had much higher scores than the third ranking state during the Cold War era, and the United States stands alone during the 1990-2001 period, especially in terms of power projection.
Measuring Diplomatic Activism

Major power foreign policy has diplomatic as well as military dimensions. Greater diplomatic activism is another observable manifestation of the breadth of a state's perceived foreign policy interests. States that define their interests very broadly should seek diplomatic representation in more places. Without such interests to protect, broad diplomatic representation is an expensive luxury. Maintaining embassies all over the world is not as expensive as projecting military power, but it is costly enough. For example, May (1961: 3) notes that in 1880 the Ottoman Sultan terminated his diplomatic missions in several relatively unimportant countries, including the United States, as a cost-saving measure. The Correlates of War Project's Diplomatic Exchange Dataset provides information on whether states had diplomatic representation in other system members at roughly five year intervals during the 1816-2005 period (Bayer, 2006; Singer and Small, 1966; Small and Singer, 1973). If economic potential, international threats, or societal economic interests lead a state to expand its foreign policy interests then they should lead it to be more diplomatically active as well.

Economic potential is a prerequisite for military power but not for diplomatic activism. A state could seek broad diplomatic representation without mobilizing a substantial part of its economy. The projection of military power is almost always accompanied by diplomatic activity but the reverse need not be true. Indeed, relatively small states that lack the capacity to defend their interests militarily might use diplomacy as a substitute. The last part of Table I lists the states with the ten highest average rates of diplomatic representation for four historical periods. The states with the greatest economic potential and military power are well represented but not universally present. For example, the Soviet Union does not appear among the top ten states during the Cold War era. (It ranked 14th, with a score of 0.66.) Conversely, Belgium, which
never appears among the top ten states in the indices of military power, has nevertheless been highly active diplomatically.

The decision to seek broader diplomatic representation is more closely related to state leaders' judgments about their foreign policy interests than about their material power. This makes it a more difficult test of the claim that capabilities shape intentions. The relationship of economic potential to diplomatic activism is unlikely to be as strong as its relationship to military capabilities. Nevertheless, if economic potential leads directly to the expansion of foreign policy ambition, then it should also prompt greater diplomatic activity.

Measuring International Threat and Societal Economic Interests
The capabilities-drive-intentions argument can be tested using the model in equation 1 and the indicators of economic potential, military strength, and diplomatic activism just discussed. The two competing claims about the triggers driving the adoption of major power foreign policy require measuring two additional independent variables: international threat and societal economic interests. Leeds and Savun (2007, 1126-7) propose a useful measure of international threat that taps both the capabilities and the intentions of other states. They begin with the states that previous research indicates are most likely to pose a military threat: major powers and those with whom a state shares a border. They then use an indicator of alliance portfolio similarity, the S-score developed by Signorino and Ritter (1999), to identify which of these potential threats has relatively divergent foreign policy interests and thus some basis for conflict with the state in question. The index of international threat for each state is the sum of the COW capabilities index for all these actors with which the state does not have an alliance and that have foreign policy similarity scores less than the median for all states.
The third explanation for major power foreign policy focuses on societal pressure to protect economic interests beyond its borders. The relevant quantity here would indicate the importance of international economic activity, including both international trade and foreign investment, in the economy. As with economic potential, the need for data that cover a relatively long span of time limits what can be done. Because data on foreign investment are scarce for many states and most historical periods, only trade data will be used here. Even these data are scarce compared to those concerning relative power, rivalry, and alliances. Data from the pre-1914 expansion of international trade are especially important for the empirical test. While one or two states have clearly dominated the international system throughout the period since World War II, the international pecking order was far less clear during the trade expansion that preceded World War I. The analysis that follows will employ the data on trade as a share of GDP for the 1885-2000 period gathered by Oneal and Russett (2004).

**Other Influences on Military Power and Diplomatic Activism**

A model that included only the independent variables discussed thus far would leave out some obvious confounding influences on military power. The most important of these are those related to the independent variables of primary theoretical interest here, since their omission would bias the estimates of the most important relationships tested in the paper. One such problem stems from the effect of wars on the measures of military forces-in-being used here. Foreign policy ambition is not the only consideration that might influence the construction of military forces. Even a casual review of any series indicating military power reveals large spikes associated with military conflict. Because ongoing wars not only have an enormous impact on decisions about military power, but also on a state's level of trade, its overall economic potential, and the behavior of its potential rivals, wars represent a potential confounding influence. To control this
effect, variables indicating the annual number of battle deaths incurred by each state in interstate
and extra-state wars, or civil war interventions, will be included in the model. A separate variable
indicating the number of deaths that took place in civil wars will also be included. These two
considerations have to be treated separately for several reasons. Most importantly, the Correlates
of War civil war death data include civilians, whereas those from interstate, extra-state, and civil
war interventions include only military battle deaths. Civil wars also have more ambiguous
effects on military spending and personnel than do wars with external actors. These conflicts
may split the military or inhibit resource extraction by the state for military purposes and thus
actually depress the size of the state's military forces.

Another problem stems from the generality of all the variables used here. Trade openness
and the existence of powerful rivals might both stem from idiosyncratic features of each state's
geography, history, or culture that also led to the adoption of major power status. For example,
the fact that Britain is an island had much to do with the fact that it became a major trading state
and may also have led its leaders to construct a relatively capital-intensive military force focused
on sea power. Similarly, states located in regions with many neighbors might maintain
diplomatic representation in a higher proportion of states and also be more open to international
trade. If these accidents of history and geography affect both a state's decision to pursue a major
power foreign policy and the independent variables used to predict this decision here, their
omission from the model might produce spurious support for the hypotheses set out here. The
range of historical conditions that might have this effect is vast. Fortunately, it is possible to
estimate a model with fixed effects for each state. These should help capture the special features
of each state that might produce misleading results.
Empirical Results

This section presents the results of two sets of models explaining the indices of military capability and diplomatic activism discussed in the last section. The first tests the claim that economic potential itself is sufficient to motivate the adoption of major power foreign policy. The second tests whether rivalry or expanding economic interests trigger the expansion of military and power projection capabilities and diplomatic activism. The relationships set out here are estimated using the fixed-effects panel model with a first-order autoregressive correlation structure recommended by Baltagi and Wu (1999).

Economic Potential and Military Power

Table II presents the results of nine models testing the argument that the lure of world power is itself enough to prompt potentially powerful states to adopt major power foreign policies. I noted earlier that there are two plausible interpretations of the argument that capabilities drive intentions, a weak version suggesting a linear relationship between economic potential and military power and a strong version implying that states with a relatively large share of systemic economic capabilities should mobilize a larger share of their economic potential in pursuit of expanded foreign policy interests. The first implies that the coefficient on economic potential should be roughly equal to one; the second that the coefficient should be greater than one.

The first two models contradict the stronger formulation of this argument and offer only limited support for the weaker version. The coefficient on economic potential is roughly one in the model of power projection capability but less than one in the model of overall military
capabilities. Though the coefficient in this model is 0.85, the confidence interval does not include one. The first pane of Figure 1 shows this relationship for the overall military power index. Relative military power increases in relative economic power, but at a slightly diminishing rate. Economically larger states dedicate a smaller share of their resources to military purposes than do their smaller counterparts. They mobilize power projection capability at roughly the same rate as do states with smaller economic potential. It is much less surprising that diplomatic activism has an even weaker relationship to economic potential in the third model in Table II. After all, economically smaller states might use diplomacy to compensate for their lack of material power. Nevertheless, the results do not offer much support for the capabilities-drive-intentions argument.

Perhaps a differently specified model could produce evidence supporting the claim that capabilities drive intentions. The argument that material power creates foreign policy ambition essentially implies that economic potential acts as its own trigger for mobilization. If so, then a model in which economic potential interacts with itself, just as economic potential interacts with other triggers in equation 2, might be a more appropriate specification. The second set of models adds a squared term for economic potential to the regression in order to test this hypothesis. Although this interaction is statistically significant, it produces an inferior model fit statistic in every case. This relationship for the index of overall military power is depicted in the lower pane of Figure 1. In order to permit the slightly increasing relationship between economic and military power, the curve is shifted substantially downward and the confidence interval is wider.
little support here for the hypothesis that states with greater economic potential pursue military
power more aggressively. The models of both power projection and diplomatic activism produce
similar results, accounting for their reduced model fit statistics.

The third set of models in Table I tests a third way of specifying the claim that relatively
powerful states should mobilize more of their economic resources in pursuit of a major power
foreign policy. Rather than interact economic potential with itself, these models include a
variable indicating the state's distance from the economic potential of the most powerful state in
the system. If states compete for military primacy, then those that are closer to the top should
mobilize relatively more resources because they have a more realistic chance of success. This
dynamic is plausible but finds little empirical support here. States that are closer to the system
leader appear to be more active diplomatically--hence the negative coefficient on distance--but
do not mobilize more overall military capabilities or power projection capacity. In fact, distance
from the largest state's economic potential has the reverse of the expected relationship to both
indicators of military power. States that are further behind the leader devote more resources to
military power than do states with greater economic potential.

Figure 2 depicts this relationship. It shows the predicted share of systemic military
capabilities held by two states, one that trails the leading state's economic potential by 0.22, the
mean quantity observed in the sample used here. The other trails the leading state by only 0.01, a
distance that makes overtaking the leader's military capabilities through greater effort a real
possibility. The two lines do not entirely overlap, because states in these positions do not have
the same plausible range of values on the index of economic potential. As the graph indicates,
not only would the state that trailed by the larger margin increase its military capabilities more
rapidly in economic potential, but would actually lead the closer state in military power at some
plausible values of economic potential for both types of states. The bottom line is that increasing economic potential appears to breed not ambition but complacency when it comes to the mobilization of military capability and power projection capacity. Some additional trigger is necessary to explain the expansion of military capabilities by economically powerful states.

Figure 2 in here

International Threat and Societal Economic Interests as Triggers

Table III presents the results of three models testing the hypotheses that international threat and expanding international economic interests trigger the construction of military power and diplomatic activism by powerful states. Because these potential triggers could be complementary, it makes sense to include them in the same model. Unlike the interaction of economic potential with itself in Table II and Figure 1, the model fit statistics do not call into question the inclusion of the interaction terms here.²

Table III about here

The crucial issue here is whether trade openness and international threat trigger greater mobilization and foreign policy activism by states with relatively greater economic potential. The results suggest that they do but also indicate that the two triggering conditions considered here prompt somewhat different behavior by relatively powerful states. Turning first to the results concerning the index of overall military power, international threat has the expected

² R-squared statistics for models excluding the interaction effects are identical to those in Table III for military capability and power projection, and somewhat lower (0.31) in the model of diplomatic activism.
effects but trade is not a statistically significant trigger for mobilization. Figure 3 depicts the responses of a relatively strong and a relatively weak state to increases in the power of their potential enemies. As the extremely shallow slope on the lower line in the Figure indicates, a state with roughly the mean level of economic potential typically mobilized little or no additional resources for military purposes in response to increasing threat. By contrast, a state with a relatively high index of economic potential typically responded to the same conditions by mobilizing greater military capability.

Figure 3 in here

The results concerning power projection capacity show a similar pattern, but trade openness appears to be the more important trigger in this case. Figure 4 compares the effects of trade openness and international threat on states with different levels of economic potential. Although both conditions acted as statistically significant triggers for relatively powerful states to construct power projection capability, the steeper slope on the upper line in the first pane of the Figure illustrates the stronger effect of trade openness. This indicator of overseas economic interests produced roughly three times as much change in power projection capability for the relatively powerful state depicted in the graph as international threat did.

Figure 4 in here

The somewhat different effects of international threat and trade openness on military mobilization make sense in light of the practical implications of these two conditions. These
different courses of action correspond in some respects to the venerable distinction between "land powers" and "sea powers" (e.g., Mackinder, 1904). The defense of international economic interests requires the ability to project power well beyond a state's borders. For most of world history, this has meant the construction of naval power. This is precisely what many major power trading states, from ancient Athens to 19th century Britain have done (e.g., Cornford, 1907; Findlay and O'Rourke 2007). By contrast, it makes sense for states facing potentially hostile neighbors and major powers--the consideration captured in the measure of international threat used here--to focus more on building up military power at home than on projecting it beyond the state's borders. Indeed, it is arguably dangerous to incur peripheral military obligations of the sort associated with power projection under these conditions.

The results concerning diplomatic activism, presented in the third column of Table III, diverge from those concerning military capabilities and power projection capacity. Neither trade nor rival power interacts positively with economic potential. In fact, trade appears to have somewhat greater effects on smaller states than on large ones. Figure 5 depicts the effect of trade openness on diplomatic representation for an economically large state and an economically small state. (The differences between these two states are small, so the confidence intervals had to be omitted in order to make the graph more readable.) Economically large states are more diplomatically active than smaller states, but these differences narrow at higher levels of trade openness. Rather than triggering greater diplomatic effort by economically large states, trade openness motivates small states to catch up. This result makes sense in light of the fact that the small states cannot protect overseas economic interests militarily. Diplomacy is a more viable course of action, and they appear to pursue it.
Conclusion

The evidence considered here points to two general conclusions about the adoption of major power foreign policy. First, economic potential is important but offers only a limited explanation for this choice. There is a robust relationship between economic potential and the military capabilities crucial to the pursuit of world power. States with greater economic potential also tend to be more diplomatically active. However, states with relatively greater economic potential have not mobilized their resources at a greater rate than have less powerful states, as a strong interpretation of the argument linking foreign policy ambition to economic potential would suggest. Indeed, the elasticity of military capabilities and power projection capacity with respect to economic potential is less than one, indicating that states with relatively smaller economies have mobilized proportionately more. Two alternative specifications of the model point to essentially the same conclusion. There is limited evidence that states with economic potential close to that of the system leader are more diplomatically active, but this effect is not very large. Overall, the adoption of major power foreign policy requires substantial economic potential, but it is not safe to assume that all states that could potentially do so will take this path.

Second, international threat and overseas economic interests both trigger potentially powerful states to mobilize their resources for foreign policy, but these triggering conditions are not interchangeable. In response to international threats, potentially powerful states construct greater overall military capabilities. Perhaps because they lack the resources to defend themselves against substantial external threats, smaller states do not respond in this way. On the other hand, international economic interests do not appear to prompt a buildup of overall military
power but have a very large effect on the construction of power projection capacity. This finding accords with the practical demands of protecting overseas trade, an activity that demands power projection capability but not necessarily a large number of military personnel. Smaller states appear to respond to overseas economic interests with greater diplomatic activism than strong states, a result that makes sense in view of the inability to protect their interests militarily.

These results suggest that we should be cautious with accounts of foreign policy ambition that assume enhanced international power and influence are intrinsically appealing. In the last two centuries, potentially powerful states have not mobilized their national resources to the extent one would have expected if this were the case. Instead, states appear to construct military power to serve more specific purposes such as national defense or the protection of overseas economic interests. Understanding these purposes is important because the nature of the international political influence a state will seek depends on them. These differences are apparent even with the broad and generic measures of threat and overseas economic interests considered here. They are likely to be even clearer when one considers particular types of international threats or economic interests.

The strong response of powerful states to the growth of overseas economic interests has important implications for the contemporary international system. The rapid growth of international trade during the last few decades raises the possibility that states with both a growing share of systemic economic potential and a growing stake in the world economy will adopt the aggressive foreign policies historically associated with major powers, an outcome that carries obvious dangers. States like China, India, Germany, and Japan, have not followed this well-worn path in recent years. The evidence considered here suggests that this outcome should not be taken for granted, even through there are substantial constitutional barriers to adopting a
major power foreign policy (again) in the last two of these cases. These states currently secure their international economic interests not with their own military power but rather with international institutions and, in the case of Germany and Japan, security guarantees from the United States. If the world is to avoid the reemergence of major power competition in the long run, it may be important to insure that these alternatives to a more aggressive foreign policy survive.
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### Table II.

Fixed-Effect Models of Major Power Foreign Policy

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<th></th>
<th>Military Capability Share</th>
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<th>Military Capability Share</th>
<th>Power Projection</th>
<th>Diplomatic Activism</th>
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<tr>
<td>ln(Index of economic potential)</td>
<td>0.85* (0.02)</td>
<td>0.98* (0.03)</td>
<td>0.11* (0.04)</td>
<td>1.60* (0.05)</td>
<td>1.96* (0.09)</td>
<td>0.36* (0.10)</td>
<td>0.85* (0.02)</td>
<td>0.98* (0.03)</td>
<td>0.11* (0.04)</td>
</tr>
<tr>
<td>[ln(Index of economic potential)]²</td>
<td>0.08* (0.01)</td>
<td>0.11* (0.01)</td>
<td>0.02* (0.01)</td>
<td>1.60* (0.05)</td>
<td>1.96* (0.09)</td>
<td>0.36* (0.10)</td>
<td>0.08* (0.01)</td>
<td>0.11* (0.01)</td>
<td>0.02* (0.01)</td>
</tr>
<tr>
<td>ln(System highest index of economic potential – state's index of economic potential)</td>
<td>0.05† (0.02)</td>
<td>0.05† (0.03)</td>
<td>-0.05* (0.03)</td>
<td>0.02* (0.01)</td>
<td>0.02* (0.01)</td>
<td>0.02* (0.01)</td>
<td>0.05† (0.02)</td>
<td>0.05† (0.03)</td>
<td>-0.05* (0.03)</td>
</tr>
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<td>ln(Interstate war battle deaths in thousands)</td>
<td>0.02* (0.002)</td>
<td>0.02* (0.004)</td>
<td>0.02* (0.003)</td>
<td>0.02* (0.002)</td>
<td>0.02* (0.003)</td>
<td>0.02* (0.003)</td>
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</tr>
<tr>
<td>ln(Civil war deaths in thousands)</td>
<td>0.01* (0.002)</td>
<td>0.02* (0.003)</td>
<td>0.01* (0.004)</td>
<td>0.01* (0.002)</td>
<td>0.02* (0.004)</td>
<td>0.01* (0.004)</td>
<td>0.01* (0.002)</td>
<td>0.02* (0.004)</td>
<td>0.01* (0.004)</td>
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<tr>
<td>Constant</td>
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<td>-0.96* (0.02)</td>
<td>-0.38* (0.05)</td>
<td>0.26* (0.01)</td>
<td>0.48* (0.02)</td>
<td>0.14* (0.07)</td>
<td>-0.85* (0.01)</td>
<td>-1.28* (0.02)</td>
<td>-0.49* (0.06)</td>
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<tr>
<td>F test for joint significance of interaction</td>
<td>n.a. n.a. n.a.</td>
<td>F(2,9444) = 1421.37*</td>
<td>F(2,9166) = 717.30*</td>
<td>F(2,2128) = 8.55*</td>
<td>n.a. n.a. n.a.</td>
<td>F(2,9444) = 1421.37*</td>
<td>F(2,9166) = 717.30*</td>
<td>F(2,2128) = 8.55*</td>
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<tr>
<td>N</td>
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Note: All dependent variables are logged. Details on the indices that serve as dependent variables can be found in the text. Estimates from fixed-effect GLS regression with AR(1) correlation structure recommended by Baltagi and Wu (1999). Standard errors are in parentheses. Asterisk indicates statistical significance the p<0.05 level in a one-tailed test. The cross indicates an estimate that would have been significant if the opposite sign had been hypothesized. The joint significance test is for the interaction term and the component of the interaction other than the economic power index in each equation.
### Table III.
**Fixed-Effect Models of Major Power Foreign Policy with Trade and Rival Power**

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<th>Military Power</th>
<th>Power Projection</th>
<th>Diplomatic Activism</th>
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<td>( \ln(\text{Index of economic potential}) )</td>
<td>0.94*</td>
<td>1.05*</td>
<td>0.03</td>
</tr>
<tr>
<td></td>
<td>(0.02)</td>
<td>(0.03)</td>
<td>(0.04)</td>
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<tr>
<td>( \ln(\text{Trade/GDP}) )</td>
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<td>0.19*</td>
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<tr>
<td></td>
<td>(0.04)</td>
<td>(0.08)</td>
<td>(0.07)</td>
</tr>
<tr>
<td>( \ln(\text{Trade/GDP}) \times \ln(\text{Index of economic potential}) )</td>
<td>0.003</td>
<td>0.02*</td>
<td>-0.04†</td>
</tr>
<tr>
<td></td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>( \ln(\text{Index of international threat}) )</td>
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<td>0.15*</td>
<td>-0.02</td>
</tr>
<tr>
<td></td>
<td>(0.02)</td>
<td>(0.04)</td>
<td>(0.04)</td>
</tr>
<tr>
<td>( \ln(\text{Index of international threat}) \times \ln(\text{Index of economic potential}) )</td>
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<td>0.02*</td>
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<td></td>
<td>(0.005)</td>
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<td>( \ln(\text{Interstate war battle deaths in thousands}) )</td>
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<td></td>
<td>(0.002)</td>
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<td>( \ln(\text{Civil war deaths in thousands}) )</td>
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<td>( F ) test for joint significance of international threat interaction</td>
<td>( F(2, 6943) = 19.26^{*} )</td>
<td>( F(2, 6715) = 6.99^{*} )</td>
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<td>( N )</td>
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<td>R-squared</td>
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Note: All dependent variables are logged. Details on the indices that serve as dependent variables can be found in the text. Estimates from fixed-effect GLS regression with AR(1) correlation structure recommended by Baltagi and Wu (1999). Standard errors are in parentheses. Asterisk indicates statistical significance the p<0.05 level in a one-tailed test. The cross indicates an estimate that would have been significant if the opposite sign had been hypothesized. The joint significance test is for the interaction term and the component of the interaction other than the economic power index in each equation.
Figure 1.
Economic Potential and Military Capabilities

1. Estimated Linear Relationship

2. Estimated Exponential Relationship
Figure 4.
Trade Openness, International Threat, and Power Projection

1. Response to Trade Openness

2. Response to International Threat
References


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