FROM WAR TO INTEGRATION: GENERALIZING POWER TRANSITION THEORY

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Generalizing the dynamics implied by power transition theory, we characterize the structural conditions that lead nations to initiate conflict or choose to integrate. The relationship between changes in relative power, hierarchical structures, and joint satisfaction are used to identify the structural conditions for conflict and cooperation. Empirical tests for the last two centuries confirm the strength and robustness of this characterization. In addition, long term assessments of Pax Britannica, the Cold War, and China’s potential challenge to the United States in this century are used to illustrate the precision of these findings. The fundamental implication is that structural conditions provide the preconditions for conflict and cooperation, but decision makers have leeway in advancing policies that eventually lead to either war or peace.

Key Words: power transition, war, integration, conflict, cooperation

This article extends power transition theory to a more general explanation of interstate behavior. Starting with the generalized dynamics implied in power transition

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theory as developed over the last 45 years (see Organski, 1958; Kugler and Lemke, 1996, 2000; Tammen, et al., 2000), we expand its explanatory range from an assessment of conflict to an understanding of both conflict and cooperation. The empirical assessments demonstrate that this effort identifies the underlying structural conditions that culminate in decisions to engage in war on one extreme and integration on the other.

First, consistent with the expectations of Organski (1958) and Organski and Kugler (1980), we characterize the power dynamics that describe the interactions between major powers. Second, congruent with the insights of Lemke (2002) and Lemke and Werner (1996), we generalize the theory to account for similar dynamics with minor powers. Our work provides a structural explanation for the propensity of a dyad of countries to either cooperate or engage in conflict.

The set of credible policy options available to decision makers is constrained by relative power, satisfaction with the dyadic status quo, and the limits imposed by the regional hierarchies of each member of the dyad. A dissatisfied, initially less powerful challenger will compete for control of a dyadic relationship as it approaches power parity and has the ability to do so successfully. A satisfied challenger, one comfortable with the relationships within the hierarchy, is less likely to seek a conflictual approach to reorder the dyadic relationship. As a satisfied challenger approaches power parity, parties are likely to resolve disputes peacefully, allowing integration to emerge as an option. In this article, we specify and test these notions.

POWER TRANSITION DYNAMICS IN WAR AND PEACE

Early power transition theory suggests that a number of factors cause the likelihood of war to vary with the stages of development (Organski, 1958, Organski and Kugler, 1980). The most basic proposition is that war is most likely to occur when the relative power of two competing nations approaches parity. However, the dynamics of power do not account for the full story. A second fundamental proposition is that nations do not interact in anarchy. Rather, the dominant nation establishes the status quo and persuades some to join and be satisfied with the existing order. Challengers with different characteristics are expected to behave differently as they approach parity. A dissatisfied challenger, whose preferences for the ordering of the international system differ substantially from the dominant order, seeks to alter the status quo. Conversely, a satisfied challenger, whose preferences for the ordering of the international system are closely aligned with the dominant nation, seeks to preserve the status quo or may attempt to alter the existing order by cooperative means.

The policy implications presented by these two different types of power transition differ substantially. When parity approaches, a dissatisfied challenger is likely to challenge the preponderant nation and may even wage war to reorder the relationship to its liking. But as we argue in this article, under similar conditions a satisfied challenger may seek integration.

In addition to power and status quo dynamics, power transition theory includes the concept of hierarchal relationships among global powers. Lemke (1993, 1996, 2002) has extensively researched the role of minor powers and multiple hierarchies in the international system from a power transition perspective. In this article, we focus on ordering within hierarchies to determine the role of hierarchies in cooperation and conflict. From our perspective, the "ordering" of hierarchy (and our focus is on regional hierarchies) is driven by the concentration of power in the hands of the dominant nation for a particular hierarchy. We take a slightly different approach to defining the importance of hierarchy, so it is useful to focus on our view of the regional hierarchy.

An unordered hierarchy emerges when most nations within the hierarchy hold roughly equal shares of power. Unordered hierarchies represent the most likely conditions for conflict and the least likely conditions for integration, as nations in such hierarchies face few constraints beyond their own power and satisfaction. In the absence of a regionally dominant country supporting the status quo, competition will emerge among two or more contenders as they vie for control of the region. Conflict is more likely to occur within an unordered hierarchy as each contender with different interests and incentives, attempts to impose its influence upon the region. Smaller nations are also likely to have contentious relations, as no single nation has the capability to absorb the costs of cooperation for these smaller powers while the larger powers focus on protecting themselves from emerging regional challengers. In this context, even when nations are satisfied with each other, cooperation is less likely.

Ordered hierarchies are characterized by power concentrated in the hands of a dominant regional power, who establishes and supports the status quo. In structural environments where the dominant nation is at least twenty percent stronger than any contender, the hierarchy is deemed ordered (Organski and Kugler, 1980). The dominant nation can spend more of its resources to support the costs of cooperation among smaller powers, ensuring the best support possible for the economic and political terms established in the status quo. War may be waged in such an environment, but it is less likely and will result in relatively low casualties—as is the case in the ongoing "war against terrorism." Even if the smallest nations are dissatisfied, they are unlikely to openly adopt policies that contradict the interests of a dominant nation that is both geographically proximate and could easily defeat them in a military conflict.

THE ELEMENTS OF OUR ARGUMENT

Let us begin outlining our argument with a caveat. We have not formally derived the basis of our vision for power transition theory in this article. However, we do approach this problem with a clear theoretical view of the relationship between power, satisfaction, regional hierarchies, and the subsequent relationship with conflict and cooperation. We have identified a way to characterize this theoretical view by specifying a very particular relationship between these variables. In this section, we describe the different variables used in our characterization and speak to the form of their relationship, as we view it. Once this is accomplished, we provide the reader with our representation of power transition theory. There are clear justifications for our specification, and we attempt to outline them in detail. Since it is not formally derived, there is certainly room for refining the argument we present here. However, our empirical test of the characterization we present confirms that we have captured a large part of the underlying relationships we attempt to explain.
Table 1
Conversion of COW Hostility Scores to Goldstein-WEIS Scaling

<table>
<thead>
<tr>
<th>Hostility Level Coding</th>
<th>Description of Coding</th>
<th>Goldstein-WEIS Interval</th>
<th>Adjusted Conflict-Integration Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No event</td>
<td>0</td>
<td>4.00</td>
</tr>
<tr>
<td>1</td>
<td>No militarized action</td>
<td>-2.4</td>
<td>4.96</td>
</tr>
<tr>
<td>2</td>
<td>Threat to use force</td>
<td>-5.8</td>
<td>6.32</td>
</tr>
<tr>
<td>3</td>
<td>Display of force</td>
<td>-7.6</td>
<td>7.04</td>
</tr>
<tr>
<td>4</td>
<td>Use of force</td>
<td>-8.3</td>
<td>7.32</td>
</tr>
<tr>
<td>5</td>
<td>War</td>
<td>-10.0</td>
<td>8.00</td>
</tr>
</tbody>
</table>

Conflict and Cooperation

The first piece of the puzzle relates to the Conflict-Integration Continuum (CI). Large values of CI indicate an increase in the intensity of conflict, with a state of war emerging at the upper end of the scale. Likewise, as the values decrease, the greater the intensity of cooperation, with integration at the lowest end of the measure. Neutrality, which implies the absence of either active conflict or active cooperation, rests at the center of measure.

To measure this concept, we construct a novel range variable to represent the intensity of either war or integration. In our characterization, the theoretical variables range from 0 to 8, with extreme cooperation represented at 0 in the range, extreme conflict at 8, and neutrality at 5. The measure captures the relative propensity toward each extreme, i.e., the intensity of integration and the likelihood of war or integration. Our unified scale is constructed from two different scales, which we standardize and merge. Estimates between 4 and 8 are taken from the Hostility Level data provided by the Correlates of War (COW) project. This variable is a 5-point interval level scoring, with each point representing a more intense military dispute. It has been normalized so that it varies between 4 and 8, but retains intensity to reflect intervals—i.e., the distance between 0, 1, 2, etc. are not equal distances. We transform these data to reflect intensity more effectively. Goldstein (1992) surveyed a panel of foreign policy experts—averaging their weighting of events—so that he could classify WEIS events on a conflict-cooperation scale ranging from -10 (extreme conflict) to 10 (extreme cooperation). The degree of hostility characterized by COW's hostility-level score can be fit into his scaling of WEIS events, so that a modified version of the hostility level will transform it into interval-level data.

Table 1 shows the resulting score used in our conflict-integration scaling and further transforms the 0 to -10 range defined by Goldstein into a 4 to 8 range so that it matches the range variable utilized in this article.

The second half of the conflict-integration variable represents increasing intensities of integration. The integration data are taken from Genna (2002) and Efird and Genna (2002). The measure categorizes the degree of economic integration between dyads based on five economic and political categories. These data are a continuous aggregation of scores structured so that they vary between 0 and 8. Again the data have been transformed so that they now vary between 0 and 4, with smaller numbers representing intense integration. As these data are not commonly used in the literature, this measure is explained more fully in the Appendix.

Relative Power

Relative Power is the objective ability of one nation to impose its preferences on the opponent by persuasion if possible and by force if necessary. Our measure of power is the COW project's capabilities index, which incorporates both economic and military components. Past work on power transition relies on Gross Domestic Product (GDP), but high quality data on this variable for the entire set of countries since 1816 is not available. The measure of power is the COW project's capabilities index that incorporates both economic and military components.

Our intent in this article is to focus on the transition period, as opposed to the entire possible range of relationships at the margins of the relative power relationship. We measure relative power for each dyad-year, and examine only the interval where nations are within 20 percent of the dominant nation in the globe or region in order to explain nations with similar power levels. This constraint focuses on the transition period from a dominated to preponderant challenger and captures the essence of our argument.

Status Quo

In this article, status quo is represented as S and is the joint satisfaction of the challenger and defender with their dyadic relationship. The status quo used here reflects the set of similar policies and preferences for each dyad. The degree of satisfaction with this dyadic status quo measures the gains and losses attained directly from the interaction by each participant. Despite its importance, little is known about what causes changes in satisfaction. Speculation surrounding the changes in satisfaction is attributed to emerging similarities in political systems (Lemke and Reed, 1996), governance structures (Bueno de Mesquita, Morrow, Siverson, and Smith, 2003), or cultural factors (Tammen et al., 2000). Thus, while the status quo can be identified empirically, little consensus exists regarding factors determining variation in satisfaction or dissatisfaction.

The measure used for satisfaction reflects an assessment of the dyadic status quo, rather than an assessment of the degree of satisfaction with the system leader. Using the work of Bueno de Mesquita (1981) and extended in Morrow (1987), we argue that satisfaction with the status quo relies on the similarity of alliance portfolios. We infer that dyads with similar portfolios are satisfied with each other's view of the international system or dyadic relationship, and those with dissimilar portfolios are regarded as less satisfied with each other. Signorelli and Ritter (1999) show that the original a tau-b measure does not assess the hypothesized similarity as accurately as the S-statistic proposed. Thus, we rely on Tucker's (1952) computations of the S-statistic for all alliances since 1816, and EUGene is used to aggregate the data into dyadic format (Bennett and Stam, 2000).
Hierarchy

Two hierarchy terms are needed to reflect the difference between the perceptions of members of any dyad. We assume that each member of the dyad has the potential to be in a different regional hierarchy, and consequently they will potentially be affected differently by the concentration of power, or orderliness, within their own hierarchy. We define the hierarchy term for the challenger $H_c$ as:

$$H_c = \frac{\sum \text{Power}_{\text{Regional/Contender}}}{\sum \text{Power}_{\text{Regional/Dominant}}}$$

Similarly, we define the hierarchy term for the dominant nation $H_d$ as:

$$H_d = \frac{\sum \text{Power}_{\text{Regional/Dominant}}}{\sum \text{Power}_{\text{Regional/Contender}}}$$

These two terms approximate the order imposed by the regional hierarchy on either the challenger or dominant nation, respectively, as a consequence of the degree of power concentrated in the hierarchy. Larger values of the variable suggest a more constrained hierarchy dominated by a powerful dominant country. Smaller values suggest a less ordered hierarchy with broader competition between regional members. The variable is computed by taking the summation of the COW capabilities of the next four largest regional contenders over the COW capabilities of the dominant regional member with the most capabilities. The most dominated regions approach zero and the least dominated regions have increasingly larger values.

As a first cut to measure the effect of hierarchies, we break the world down into a series of regional hierarchies. Each of the continents and the Middle East are used as regions to reflect the standard definition used by the Correlates of War project. So that these regions are not over-aggregated, we break down the Americas region into North and South America, and break down the Asian region into Asia and Oceania/South Pacific.

Despite persuasive arguments about the importance of hierarchies (Organski and Kugler, 1980), previous literature on power transitions treats hierarchy as a constant and does not explore the effects of variations in structural arrangements. Here we illustrate its importance as two separate constraints.

Our argument is that the regional hierarchy for each nation in a dyad will constrain the types of behavior selected by that nation. As noted in the previous section, we suggest that, in general, nations that reside in an ordered (or dominated) hierarchy will be less likely to engage in wars, as this potentially disrupts the preferences of the dominant nation with their hierarchy. Moreover, there is not a larger nation within their hierarchy to shoulder the costs of cooperation, so that conflict is viewed as the more efficient way to achieve that nation's objectives. On the other side of the conflict-cooperation continuum, we suggest that integration is much more likely when a nation resides in an ordered hierarchy. Such a nation resides in a geographic location where a larger power can help diffuse the costs of cooperation, and it is likely to be safer to bandwagon with other members of that region—around the dominant nation in that region—in order to show commitment to that region's status quo.

There may certainly be exceptions to the tendency for hierarchies to constrain behavior in the way we theorize. Some exceptions may be a consequence of changes in the other elements of our theory of power transitions, e.g., relative power or satisfaction. There may be other factors unaccounted for in our specification that disrupt the constraining aspects of hierarchies that we set forth. However, at this point we are trying to assess the importance of hierarchies for decision making in their most general terms. In general, we believe that a regional concentration of power will reduce the willingness of members of that region to engage in conflict and enhance their willingness to integrate; and that regional competition for power will enhance the willingness of members in that region to utilize war to achieve their objectives and reduce their willingness to cooperate. The empirical results in this article appear to support this hypothesized tendency.

STRUCTURAL DYNAMICS OF CONFLICT AND COOPERATION

To capture the dynamics of the generalized power transition theory, the following relationship is proposed based on the elements identified in the previous section:

$$CI = RP - S (RP^2) + H_c + H_d$$

The functional form specified above has been carefully selected to reflect our view of power transition theory, and indeed, many of the arguments power transition theorists have made over the last 45 years. The next section provides a visualization of this argument, and in our view this is the first test of this specification: does the visual display reflect our understanding of the international system? As we articulate below, this specific functional form is the closest reflection of our understanding that we have observed.

Our formulation captures the arguments presented in the theory within a single equation. When nations are not completely dissatisfied (when $S > 0$), the cubed $RP$ term shifts the highest propensity for conflict to just past the parity point, and reflects the theory's anticipated curvature for the conflict-cooperation relation with respect to relative power. A cubed term appears to be the appropriate form, as a linear $RP$ term in the interactive portion of the equation would underestimate the influence of relative power because it will treat each unit of increase in $RP$ equally, and would not suggest the curvature of the interaction. Squaring the term would not shift the peak of the likelihood of conflict in relation to the parity point and would underemphasize the importance of the $RP$ term at higher levels. However, cubing the term, greater asymmetry improves the likelihood of cooperation, assuming that the dyad is at least somewhat jointly satisfied, especially when dyads are highly asymmetric.

Further congruence between power transition theory and the function above can also be noted. Organski (1958, p. 333) argued that the dissatisfied challenger is most likely to initiate conflict just prior to the transition point—based on the observation that this was the only way for Germany to be defeated twice in three decades. However, this initial claim was altered in more recent versions of the theory. Organski and Kugler (1980, p. 59) found that the dissatisfied challenger initiates conflict after
the transition. Bueno de Mesquita (1985), Kugler and Zagare (1990), Bueno de Mesquita and Lalman (1992), and Alsharabati (1997) show that the defender does not preempt the challenger because it is risk averse, values the status quo, and prefers to postpone action once early opportunities are bypassed. In a contested dyad, the challenger is willing to take risks, and since its highest likelihood of success is after the point of parity, then the peak in the likelihood of conflict occurs just after the transition point. All of these arguments point to a cubed rather than squared RP term.

Moreover, the cubed RP term highlights the importance of satisfaction in the interactive term. The more dissatisfied the challenger and the lower the values of S, the longer it takes during the power transition process for the likelihood of conflict to be reduced. At the extreme, when nations are completely dissatisfied (when S = 0), the challenger has a monotonically increasing desire to initiate conflict as the RP term increases, reflecting its increasing likelihood of capitalizing on the growing opportunity to redress grievances imposed by the defender provided by its increase in relative power. Neither a liner nor squared RP term would adequately reflect this importance.

This formulation allows us to reconcile some seemingly important discrepancies. Bueno de Mesquita and Lalman (1992), for example, argue that the Seven Weeks’ War between Austria and Prussia occurred at the power parity when both nations were satisfied, yet they still waged war. Our generalized approach accounts for this discrepancy. The likelihood of conflict was low and the structural constraints imposed on the situation kept the severity of the war limited. Thus a very limited conflict ensued and the outcome was accepted despite the capability of both sides to escalate. The interactive term allows for a small probability of conflict during a power transition between two satisfied nations but anticipates that the intensity of such an unlikely conflict would be far lower than when between two dissatisfied nations (see Figure 1 below).

An important and unexpected result of adopting the proposed specification is that integration is most likely to occur at periods of power asymmetry. The most likely time for integration is in the post-transition period, asymmetric when the challenger and defender are jointly satisfied. Having worked through differences during the transition period, the two contenders are now set to bear the costs of integration. Deutsch (1957) empirically observed that there were no occurrences of integration when all the nations were at parity. Instead, they observed that integration occurs around “cores of strength” (1957, p. 28), which points to a need for a dominant nation as a “nucleus” for integration (1957, p. 38).

This formulation allows the hierarchy terms to modify the likelihood of conflict or cooperation independently, unevenly affecting the challenger and defender. The domination of a hierarchy by a single country imposes higher costs for any conflict within that hierarchy, as well as lower costs for integration. The higher costs of conflict are associated with the dominant power’s desire to maintain a peaceful status quo, which is consistent with stable economic growth. The lower costs of integration reflect the regional dominant power’s ability to absorb the costs of integration being comparatively larger than the other nations in its region.

Figure 1. Relationship Between Relative Power, Satisfaction, and Degree of Conflict-Cooperation for an Unordered Hierarchy.

**VISUALIZING THE ARGUMENT**

The dynamic relationship between satisfaction, relative power, and the conflict-integration continuum is summarized in Figure 1 for unordered hierarchies and Figure 2 for ordered hierarchies. The horizontal axis represents the relative power of the challenger versus the defender, so that at the left extreme the defender is dominant relative to the challenger, and at the right extreme the challenger is preponderant over the defender. The depth axis represents the degree of joint satisfaction. At the back end of the figure, nations are jointly dissatisfied, while at the front end of the figure they are jointly satisfied. Finally, the vertical axis represents the degree of conflict-cooperation among the competitors. Higher points on this vertical axis reflect conflictual behavior, increasing in intensity and likelihood as the surface approaches the top of the figure. Midrange points reflect a band around 0 where nations are more likely to be neutral. Finally, the lowest points on the vertical axis reflect increasing intensity and likelihood of integration.

Figure 1 shows that there is little variation in either the likelihood or intensity of conflict-cooperation in the case of a preponderant defender (on the right side of the surface). Neutrality is the likely outcome. When members of the dyad are mutually
most likely after a power transition between jointly satisfied countries. At this point in the surface, the two countries have a history of cooperative relations and have passed through the most dangerous time in dyadic relations: the transition from dominance by one power to another. Note that integration now may take place when either the defender or challenger is preponderant.

Figure 2 shows the effects of the most dramatic hierarchical constraint: a dominated hierarchy, to illustrate the greatest possible impact of the hierarchy. Once again, the major impact is the downward shift in the elevation of the surface. As in the previous surface, integration is possible when either the challenger is preponderant. Indeed, when the defender is preponderant, the challenger may be forced to cooperate even if it is dissatisfied with the dyadic relationship.

We believe this formal presentation of power transition effectively represents the traditional arguments made thus far, and extends these arguments logically from conflict to integration. Our next step is to assess their strength against the empirical record.

**EMPIRICAL RESULTS**

Previous attempts to test the power transition propositions have taken shortcuts with respect to the representation of the theory, without capturing the precise functional form of the theorized relationship. There are many examples of tests of power transition theory. These studies find that power parity combined with dissatisfaction provides a decisive contributing factor to the inflation of war. However, they evaluate the effects of parity as a dummy variable—which misses the interesting effects associated with the dynamics of relative power over the whole range of possible relationships. They apply the notions of power transition theory to war events only failing to assess the effects of the shape of hierarchy reflected in the theoretical arguments. We incorporate these elements in our empirical analysis.

The empirical side of the power transition empirical research program has undergone criticism because it has generally aggregated dyad-years into 5-, 10-, 15-, and 20-year intervals. Since our interest is in developing a closer description of the dynamic process driving the likelihood of war and peace, we choose instead to use annual data to more precisely capture the changes in relative power in relation to the likelihood of war and peace.

The first test focuses on Great Power dyad-years from 1816–1992. We use the definition of Great Powers established by the MIDs data set (Jones, Bremer, and Singer, 1996), which are the top 5 nations in the world system at any given time. This test evaluates the fit of the model to the original propositions generated for the global region. The second test focuses on all dyads including all politically relevant minor powers—assessing the general explanatory power of our specification for the global and regional hierarchies.

This section focuses on the application of our specification to the degree of conflict and integration. We estimate the following statistical model:

\[ CI = \beta_1 \cdot \text{RP} - \beta_2 \cdot S \cdot \text{(RP)} + \beta_3 \cdot \text{RP} \cdot H + \beta_4 \cdot \text{RP} \cdot H + \epsilon \]
Table 2

Results on Integration–Conflict Continuum, 1816–1992

<table>
<thead>
<tr>
<th>Level of Aggregation</th>
<th>Model 1 Great Powers</th>
<th>Model 2 Politically Relevant Dyads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative Power (COW Capabilities)</td>
<td>2.350*** (1.238)</td>
<td>1.616*** (0.0296)</td>
</tr>
<tr>
<td>Satisfaction*Relative Power1 (Alliance S-Statistic)</td>
<td>-1.418*** (0.0849)</td>
<td>-0.765*** (0.0239)</td>
</tr>
<tr>
<td>Hierarchy Constraint (Challenger’s Region)</td>
<td>0.480*** (1.155)</td>
<td>1.770*** (0.0250)</td>
</tr>
<tr>
<td>Hierarchy Constraint (Defender’s Region)</td>
<td>3.127*** (1.658)</td>
<td>2.552*** (0.0213)</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>0.8852</td>
<td>0.8298</td>
</tr>
<tr>
<td>F</td>
<td>2814.36***</td>
<td>42132.63***</td>
</tr>
<tr>
<td>Root MSE</td>
<td>1.4173</td>
<td>1.2125</td>
</tr>
<tr>
<td>N</td>
<td>1460</td>
<td>34557</td>
</tr>
</tbody>
</table>

Notes: coefficients reported, standard errors in parentheses, *: p < 0.05, **: p < 0.01, ***: p < 0.0001.

The constant term is excluded to conform more closely to the proposed specification. We present the results for only this specification in this article for simplicity. Effird (2001) provides a comprehensive sensitivity analysis on both the data used to measure each of these variables and the constant term. Table 2 presents the results for Great Powers in Model 1 and all politically relevant dyads in Model 2. The results demonstrate that this characterization successfully accounts for the incidence of both conflict and integration over the last two centuries. The adjusted R² shows that the model explains over 80 percent of the variance for both the global and regional hierarchies. All coefficients take the expected sign, are highly significant, and have relatively small standard errors.

The relative power term is positive and highly significant. This confirms the implication that challengers are more likely to initiate as they grow larger vis-à-vis the defender. Again as anticipated, in both levels of aggregation the interactive term is negative and is also highly significant. This suggests that while relative power is more important, challenges occur in the presence of dissatisfaction and parity, and integration occurs in the presence of asymmetry and high levels of satisfaction—particularly after a power overtaking.

As expected, the hierarchy terms are positive and highly significant. The coefficient for the defender’s hierarchy constraint is much larger than for the challenger’s hierarchy constraint, demonstrating that regional hierarchies affect defenders more than challengers. This result flows naturally from the argument that defenders are risk averse, and therefore more likely to respond to regional constraints than are challengers, who are risk acceptant since they have more to gain from a reordering of the status quo (Kugler and Zagare, 1990).

**SIMULATING THE POWER TRANSITION DYNAMIC**

How well does our specification account for specific historical dyadic relationships? Recall that the dependent variable is the cooperative–conflictual behavior that nations engage in. Our results demonstrate that discrete events such as war and integration can be effectively viewed as part of a continuous process that is conditioned in large part by the underlying relative power, the hierarchical structure, and the joint degree of satisfaction among competitors. Clearly, structures are important but do not determine outcomes. Integration and war are discrete events. Using a continuum to characterize these discrete events indicates where the structural conditions for conflict or integration are ripe, and the relative propensity and likely severity for such events. Systemic evaluations allow foreign policy analysts, therefore, to identify those time periods that are of particular concern because the prospects of severe wars are high. Similarly, this analysis identifies periods of particular promise where the conditions for cooperation and integration are present.

In this spirit of precondition we use our specification to look at three critical great power dyads. First, we assess the relationship between the United Kingdom and Germany from 1815–1995. This covers the two major power transitions and World Wars in the latter half of the nineteenth century and first half of the twentieth century. Secondly, we assess United States–Russian/USSR dyad from 1900–1995. This period covers the superpower rivalry during the Cold War that dominated foreign policy in the twentieth century. Finally, we use our specification to forecast the prospect for conflict or integration during the anticipated transition between the U.S. and China in the twenty-first century.

**United Kingdom–German Dyad**

Figure 3 utilizes the coefficients in Model 1 of Table 2 to simulate changes in the levels of the dependent variable over time. The relative power and hierarchy constraints are fixed at actual historical levels, but the figure reflects the entire range of satisfaction scores to indicate what may have been possible to implement by decision makers, given a different set of policies. The line indicates the path actually taken by each dyad superimposed over our specification’s full range of prediction of conflict–integration, given the full range of joint satisfaction scores. Figure 3 shows that Britain and Germany had an opportunity between 1815–1870 to either integrate or to engage in conflict because the structural conditions were ripe for either cooperation or confrontation. Indeed a possibility of settlement and potential integration seems to have emerged prior to the Franco–Prussian war of 1870. However, Germany’s integration following the Franco–Prussian war of 1870 produces fundamental structural changes. Germany emerges as a direct competitor gaining on England in terms of relative power. Noncooperative behavior emerges during this period as Britain does not persuade Germany to become a partner in running Europe. Instead, Britain partners with the smaller but dissatisfied France, which had lost Alsace-
Lorraine in 1870 to Germany. Under these circumstances, the two contenders were structurally constrained to the degree that they faced only conflictual options. Given these conditions it is not unexpected that eventually decision makers chose to wage World War I, and then World War II, to alleviate Germany’s dissatisfaction with the status quo advocated by British.

Following World War II, the dynamics of relative power again favor Germany. After 1953 the UK was again in relative decline with respect to Germany, which overtook the British in the early 1960s. However, satisfaction with the status quo dramatically increased in this period because of the establishment of a democratic Federal Republic of Germany. Moreover, the U.S.-led global hierarchy was far more ordered than the structure following World War I. Thus, the conditions for integration were present. Although Germany and the UK did not take full advantage of structural opportunity for integration until the early 1990s, the success of the EU is consistent with these structural conditions, as is the absence of a major war within Europe. This very rough sketch of the structural opportunities for cooperation and conflict between Britain and Germany seems to correctly account for the major events that occurred between 1815 and 1995.

**United States–Russia/USSR Dyad**

Figure 4 shows the range of possible relations between the United States and the USSR. Once again, our specification’s prediction based on actual level of joint satisfaction is superimposed on the full range of options to indicate the path actually followed. Both nations languished in the periphery of the global system until 1918, or perhaps even 1938, because of the long shadow of Pax Britannica.

Figure 4 indicates that relations between these two giants could easily have been conflictual or cooperative. Following World War I, both fought against Germany. The U.S. intervened during the Russian Revolution for a short time in a futile attempt to reverse the rise of Communism. Again, during World War II, both nations collaborated in an effort to defeat Hitler’s Germany, only to part company immediately after their biggest triumph.

During the Cold War period, attempts by either side to reduce tension produced limited reductions in conflict, but unlike the British–German interaction, the structure of the U.S.–USSR relationship could easily allow for either cooperation or conflict. Thus, while the British–German rivalry was based on structural differences that could not be reconciled by policy means, the U.S.–USSR relationship could be settled through active foreign policy and a reconciliation of preferences. Indeed this was the case following the collapse of the USSR. The United States did not take advantage of this rapid decline to destroy the previous challenger. Rather, the U.S. adopted a conciliatory policy that may in the long term produce a true reconciliation among these nations.

The fit in this period is less convincing than for the previous dyad. Counterintuitively after 1992, our specification anticipates that the structural potential for conflict rises once again even though the potential for extreme cooperation is also present. Russian decline in power relative to the U.S.—which should reduce the level of potential conflict—is insufficient to reduce the area of conflict. The reason for this is that the regional hierarchy for Russia became less ordered as a result of the Russian decline imposing fewer constraints on Russia and increasing the potential for regional conflict that could involve the United States. Thus, our specification captures the regional instability following the collapse of the USSR, but in our judgment does not give full credit to the reduction in tensions between the two great powers.
and because of the differences in income per capita between these two societies, the prospects for very different perceptions of an acceptable status quo remain high (Tammen et al., 2000). Under the structural conditions outlined, only concerted efforts by both sides to reconcile differences in preferences will preserve peace.

**CONCLUSIONS**

This article suggests a precise characterization of power transition theory that extends the argument to explain both cooperation and conflict, in the form of integration and militarized interstate disputes. The series of surfaces that represent the dynamic relation between relative power, satisfaction, hierarchies, and the intensity of conflict and integration provide the logical connections suggested by the theory and cast them in consistent and readily testable terms. By precise specification of power transition theory, we are able to generate a truer test of the theorized relationship between relative power, evaluations of the status quo, regional hierarchies, and conflict–cooperation.

The reported empirical results are robust. We demonstrate that it is important to incorporate the status quo as well as the notion of hierarchical constraints into the calculus of war and integration. Additionally, it is critical to consider the relative power of nations. Our findings demonstrate that not all international politics, as many contend, are a simple extension of local politics. Domestic politics and decision makers can influence the relationship between nations at times, but they are affected and constrained by the structure of the international system. Our results show that the power relationships between nations and within regions can overwhelm the role played by domestic actors. Averting military disputes and encouraging integration requires understanding as well as the ability to take advantage of favorable evaluations of the status quo that allow preferences to be reconciled. The alternative is to prevent economic convergence, generating immense dissatisfaction and increasing the likelihood of war.

**NOTES**

1. In rare cases, both the dominant and challenger nations dissatisfied with their dyadic status quo and their interactions resemble true anarchy. In such cases, war is both likely and intense. (Tammen et al., 2000).
2. Formal work in this direction can be found in Alsharabati (1997) and Alsharabati, Kugler, and Volden (1999).
3. Thanks to Glen Palmer for sharing this observation.
4. As noted, high-quality data on GDP for the entire set of countries since 1816 is not available. However, Effird (2001) reestimated the empirical results in this article using several versions of real GDP data to approximate relative power for the data that are available, and the results are consistent with the findings in this article.
5. Since most Great Powers do not have more than 200 percent of the GDP of their competing Great Powers, this is not a severely limiting assumption. Furthermore, power transition theory has always had its greatest difficulty in explaining the behavior between vastly asymmetric dyads. Our findings confirm the weakness in applying the theory to such dyads.
6. This problem is similar to that faced by microtheorists in their analysis of preferences that once given can be analyzed with sophisticated decision-making tools like game theory.
APPENDIX: THE INTEGRATION ACHIEVEMENT SCORE DESCRIPTION

The level of regional integration is referred to as the integration achievement score (IAS), first developed by Huber and Schott (1994). The calculation of the IAS in their work involves a smaller number of regional integration organizations for 1994. The current method adopts their initial framework and expanded the time period to include each year of the organizations from their implementation dates through 2000. The IAS is an index of six categories that measure the level of regional integration. Each category has a value of 0 (low) through 5 (high) along a Guttman scale. The following are the six categories that make up the index:

1) Free movement of goods and services (G&S)
2) Free movement of capital (FK)
3) Free movement of labor (FL)
4) Supranational institutions (SP)
5) Monetary coordination (MC)
6) Fiscal coordination (FC)

Each category (Ci) is given a value (see Table A-1 for more detail), all six are summed, and then divided by 6 to give an average across all categories:

\[
IAS = \frac{\sum Ci}{6}
\]

Different methods to calculate the score produced similar results using variables from the Penn World Tables as predictors. Also, robustness tests indicate that the variable does not depend upon any single category more than the others.

<table>
<thead>
<tr>
<th>Table A-1</th>
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<tbody>
<tr>
<td>Integration Achievement Score (coding system)</td>
</tr>
<tr>
<td>1. Trade in Goods and Services</td>
</tr>
<tr>
<td>0 = No agreements made to lower tariffs and non-tariff barriers</td>
</tr>
<tr>
<td>1 = Preferential trade agreement</td>
</tr>
<tr>
<td>2 = Partial free trade area</td>
</tr>
<tr>
<td>3 = Full free trade area</td>
</tr>
<tr>
<td>4 = Customs union</td>
</tr>
<tr>
<td>5 = No barriers among member countries</td>
</tr>
<tr>
<td>2. Degree of Capital Mobility</td>
</tr>
<tr>
<td>0 = No agreements made to promote capital mobility</td>
</tr>
<tr>
<td>1 = Foreign direct investment allowed in limited form</td>
</tr>
<tr>
<td>2 = Capital withdrawal allowed</td>
</tr>
<tr>
<td>3 = Full access for foreign investment and capital withdrawal, except for national government procurement</td>
</tr>
<tr>
<td>4 = Full capital mobility except for large scale mergers and acquisitions</td>
</tr>
<tr>
<td>5 = Full capital mobility without restriction</td>
</tr>
</tbody>
</table>

(Table continued on next page)

FROM WAR TO INTEGRATION

3. Degree of Labor Mobility
0 = No agreements made to promote labor mobility
1 = Right of movement granted for select professions
2 = Full right of movement
3 = Transferability of professional qualifications granted
4 = Transferability of pensions and other retirement devices
5 = Full freedom of movement

4. Level of Supranational Institution Importance
0 = No supranational institutions
1 = Establishment of nominal institutions
2 = Information gathering and advisory role
3 = Ability for institutions to amend proposals
4 = Ability for institutions to veto proposals
5 = Supranational institutions operate as primary decision node

5. Degree of Monetary Policy Coordination
0 = No monetary policy coordination
1 = Consultation regarding policy
2 = Commitment to maintain parity
3 = Coordinated interventions
4 = Regional Central Bank establishment
5 = Single currency

6. Degree of Fiscal Policy Coordination
0 = No fiscal policy coordination
1 = Consultation regarding policy
2 = Commitments regarding deficit spending and taxation
3 = Sanctions regarding breaking commitments
4 = Uniform tax code
5 = Single budget

CONTRIBUTORS

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