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Bad Neighbors: Failed States and Their Consequences

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State failure reflects the collapse of a sovereign state, and has been hypothesized to destabilize an entire region. We assess the negative effects of state collapse, focusing particularly on the spatial diffusion of these consequences. We argue that the instability, unrest, and civil war that increase the risk for state collapse are not limited to the failed/collapsed state; states neighboring—or located within close distance of—a failed state are also likely to experience subsequently higher levels of political instability, unrest, civil war, and interstate conflict. We also evaluate the likelihood of state failure itself diffusing to other states. Specifically, we test the proposition that state failure causes political turmoil in nearby states to a greater extent than in distant countries. We do so by including a distance-weighted measure of state failure and by evaluating the effect of collapse in contiguous states. We conclude that state failure/collapse itself is not contagious, but some of its most negative consequences do indeed diffuse to other states.

Keywords fragile states, political violence, spatial diffusion, state collapse, state failure

Introduction

The issue of "failed" states, including the negative consequences of state failure, has recently drawn significant attention from a number of international actors. Failed states are seen as being linked to a range of problems—economic, social, political, and military. And they are associated with a wide range of negative consequences for their own populations, their neighbors, their regions, and the global community. *The Economist* (2005, 45) stated that "[t]he chief reason why the world should worry about state failure is that it is contagious." A similar concern has been echoed by international organizations such as the World Bank,

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by state governments—including those of the United Kingdom and the United States (see for example DFID, 2005; Goldstone et al., 2000)—and private foundations, such as the Fund for Peace of the Carnegie Endowment for International Peace (Fund for Peace, 2006). The concern within academic as well as policymaking circles about the collapse of weak states is to a great extent due to the possible negative impact of such occurrences at the international level. In this study, we examine the likelihood of regional diffusion of state collapse and the key negative consequences of state failure, including political instability and civil and interstate war. Specifically, we argue that failure in a state leads to destabilizing effects in neighboring and nearby states.

State failure may result in political disturbances ranging from minor political unrest to interstate war. Of concern here is the question whether these effects of state failure spread to neighboring states, and whether states in close proximity of a failed state have a higher likelihood of experiencing a collapse. The consequences of state collapse we study include political unrest and instability, civil war, international conflict, and state failure itself. Studies over the past forty years have shown that the causes of violent conflict—both external and domestic—include previous violent conflict. Conflict has been found to act as both cause and consequence of further conflict. Similarly, we consider state failure, and its effects, as both the consequence and cause of further state failure. Evidence of whether and to what extent state failure and its effects diffuse is central to policy questions on ways to address state failure.

First, however, we provide a brief description of our operationalization of state failure, which we believe to be a superior measure to existing conceptualizations of state collapse. Following the discussion of our definition of state failure, we present our expectations regarding the diffusion of state failure and its consequences. Next, we outline the data and operationalization used in the empirical analysis and present a discussion of the results. The final section concludes with a brief comment on the implications of our findings for future work on the subject of state collapse.

Measuring State Failure

A variety of definitions and a range of indicators of state "failure" or "fragility" exist in various reports and research endeavors. Here we use the conceptualization of state failure developed in a preliminary study of the concept and causes of state collapse by Iqbal and Starr (2007). As discussed in that work, earlier identification exercises have been quite incomplete in their conceptualization of "failed states." Not only have these treatments been incomplete, however, but they are highly problematic in that they have been essentially circular in their linking of concepts and measures, thereby creating considerable difficulties in research design. Specifically, most existing measures or indices of state failure incorporate a number of factors that may, in fact, be determinants of state collapse—such as civil strife and poverty. This causes endogeneity issues that make it a challenge to study state failure as a dependent variable.

A number of organizations have contributed to existing definitions of state failure, including the U.K. Department for International Development (DFID) (2005), The World Bank (2002), the Fund for Peace (2006), and the State Failure Task Force (Goldstone et al., 2000). For instance, the DFID outlines four broad categories of "indicative features of fragile states": state authority for safety and security, effective political power, economic management, and administrative capacity to deliver services; each is categorized in terms of the "capacity" and the "willingness" to provide them. The World Bank (2002) describes the LICUS (Low-Income Countries Under Stress) countries as "fragile" countries that are

"characterized by a debilitating combination of weak governance, policies and institutions, indicated by ranking among the lowest (<3.0) on the Country Policies and Institutional Performance Assessment (CPIA)." The World Bank states that a "definitive list of LICUS is impossible to draw up since LICUS-defining characteristics are a continuum . . . However, there is a consensus for analytic and operational purposes that some countries' policies, institutions, and governance can be defined as exceptionally weak when judged against the criterion of poverty reduction, especially with respect to the management of economic policy, delivery of social services, and efficacy of government." The World Bank does not disclose a complete list of the indicators used in the CPIA or how the score was produced.

Another definition of state failure, offered by the Fund for Peace (2006), states that a "state is failing when its government is losing physical control of its territory or lacks a monopoly on the legitimate use of force. Other symptoms of state failure include the erosion of authority to make collective decisions, and inability to provide reasonable public services, and the loss of capacity to interact in formal relations with other states as a full member of the international community." The Fund for Peace (2006) uses a list of 12 indicators to evaluate state stability; these indicators include demographic pressures, refugees and displaced persons, group grievance, human flight, uneven development, economic decline, delegitimization of state, public services, human rights, security apparatus, factionalized elites, and external intervention. In yet another conceptualization exercise, the State Failure Task Force collected data on 1231 variables for 195 distinct countries between 1955 and 1998 (King and Zeng, 2001, 655). According to the Task Force report (Esty et al., 1998, 27–38), "state failure" included: revolutionary wars, genocides and politicides, and adverse or disruptive regime transitions.

Some of these definitions focus on the loss of governmental control, while others are more concerned with socioeconomic conditions and poverty. Although addressing important issues, they fail to provide us with a definitive and measurable conceptualization of state failure. Moreover, these definitions suffer from a fundamental conceptual flaw, in that they all use the results of the analyses (which are based on the independent variables) to describe the concept being studied—that is, the dependent variable. To avoid these problems of endogeneity in the operationalization of state failure, we extract a measure of state failure from the POLITY IV data (Marshall and Jaggers, 2004) that is independent of key determinants of state collapse, such as armed conflict and poverty. POLITY IV offers three "standardized authority" codes that denote periods during which the regular government of a state has been interrupted and "state authority patterns are volatile or not politically salient" (Marshall and Jaggers, 2004, 17). The authority code of "Interruption Period" in POLITY (coded −66) indicates when a country is occupied by a foreign power during armed conflict. A "Transition Period" (coded −88), reflects a period before a regime change, particularly for democratic or "quasi-democratic" areas that are moving to full independence.

We use the category referred to as "Interregnum Periods" (coded −77) in this project as a measure of state failure. According to the POLITY IV *Dataset Users' Manual* (17–18), "A '−77' code for the POLITY component variables indicates periods of 'interregnum,' during which there is a complete collapse of central political authority . . . Interregnal periods are equated with the collapse, or failure, of central state authority, whether or not that failure is followed by a radical transformation, or revolution, in the mode of governance" (Marshall and Jaggers, 2004). These periods are distinct from periods of instability and/or war during which a state's governing institutions remain in place, and, in fact, reflect times during which the main governmental authority has experienced a complete collapse. During the time period considered in our analysis, Lebanon was coded as a failed state 16 times and Laos failed 12 times; these states experienced a complete collapse of central authority during

the highest number of years in the data. On the other hand, some states with protracted civil wars (such as the Sudan) did not experience a failure due to perpetuation of a central government.

The observations coded −77 in the POLITY data are not attached to any specific theory or model and, most importantly, are not based on a list of factors that are used as both independent variables and to measure the dependent variable. The −77 category, therefore, provides us with an unambiguous and explicit measure of state failure, which lends itself very well to empirical analysis. Thus, using POLITY IV, we have a set of completely "collapsed" states from 1946 to 1999, which allows us to avoid the conceptual/circularity problems inherent in extant definitions of state failure. With this empirically viable measure of state failure in hand, we can turn to assessment of the prospects for diffusion and contagion effects in state collapse.

Diffusion/Contagion and State Failure

In general, the analysis of state failure can be seen as an exercise in policy evaluation. Previous investigators, as noted, have considered this a dangerous phenomenon, with dire consequences. Working from this belief, policy prescriptions have been made in order to forestall such negative consequences. However, before we can have much confidence in such policy prescriptions, a number of analytic tasks must be undertaken. Previous work (Iqbal and Starr, 2007) has identified a set of key factors or conditions that increase the probability that a state will "fail." These factors include political instability, domestic unrest, civil war, and international conflict. That analysis revealed that both civil war and international conflict increase the likelihood of state failure, with civil war displaying a significantly stronger impact. Measures of lower levels of political upheaval at the domestic level—political instability and unrest—were also positively associated with state collapse. A central question here is whether the existence of the factors associated with causing state failure—instability, unrest, civil war, and international conflict, as well as state failure itself—leads to similar conditions in neighboring and nearby states. That is, does state failure have the negative consequences that more anecdotal/less rigorous analyses have suggested? If so, then concerned investigators could move on to the policy prescription and evaluation stage.

The negative consequences of state failure noted above would result from some sort of diffusion processes. Most and Starr (1980) open their article on diffusion, reinforcement, and the spread of conflict by noting that the "notion that an event may alter the probability of subsequent events through diffusion or contagion processes is not new" (932). While three decades ago there were relatively few researchers studying diffusion, the application of spatial diffusion or contagion models has become far more common, even if only implicitly referenced through the use of contiguity as an independent, intervening, or control variable. The interest in the impact of geography and location of states on various issues in international relations continues to grow (e.g., Beck et al., 2006; Gleditsch and Ward, 2002; Simmons and Elkins, 2004). The diffusion approach itself reflects an important theoretical position. Diffusion studies are valuable in their recognition that events external to some social unit have consequences for or effects on those units; affecting the probability that similar events will or will not occur. One major concern of Most and Starr (1980) was to highlight the proposition that large-scale conflict events were not independent, and, thus, that there were significant effects on standard research design and the standard use of statistics. O'Loughlin and Witmer (2005, 10), in a recent review of approaches to the study of civil war, reiterate this point: "Most analyses of social science data have proceeded apace with an implicit assumption that all the data are generated by a random process that

results in the data being independently, identically, distributed." Diffusion analyses directly address this core assumption.

Some diffusion approaches also recognize the spatial element of the consequences or effects of events/actions—going beyond simple emulation or prototype-cueing processes—to argue that proximity to some stimuli increases (or decreases) the probability of subsequent behavior or events in nearby social units (see Starr, 2003; also Most and Starr, 1990). The term "contagion" reflects an epidemiological perspective that sees certain events or stimuli spreading through various forms of contact. Positive spatial diffusion through close proximity (such as contiguity) could be conceptualized as "skin-borne" disease. Regional effects could perhaps be seen as "air-borne" disease—where proximity is still important, but less so than in contiguous situations. It is crucial to distinguish these "contagion" processes from the conceptualization of diffusion simply as emulation, whereby people see some occurrence—no matter how near or far—and change the probabilities of their own behavior through a desire to repeat (or avoid) that occurrence.

The negative view of state failure held by international organizations and state governments rests on perceptions—or assumptions—that there will be a positive spatial contagion of the negative aspects/effects of failure through the spread of the disease to contiguous neighbors or the near region. We are concerned with whether the instability, unrest, civil war, or interstate war connected to state failure/collapse exhibit such spatial spread. Echoing Most and Starr's (1980) analysis of the diffusion of large-scale social conflict (both internal and external conflict), there are important theoretical reasons why one could hypothesize positive spatial diffusion. As has been argued (e.g., Most and Starr, 1980; Siverson and Starr, 1991), large-scale conflict such as civil war or interstate war, or highly destabilizing situations as state collapse, can significantly affect the opportunities and willingness of nearby areas. Such activities may affect the expected utility of attacking weak nearby targets, or becoming a target oneself from the mobilized armed forces of neighbors (e.g., Starr, 1994). State failure, like civil war, might make states inviting targets for other states; yet any violent and/or large-scale conflict could promote cascading internal effects in any of the participants—making additional subsequent state failure (or its effects) more likely.

Drawing on the work of Midlarsky (1975), nearby conflict (or here, state failure) may generate various types of uncertainty and anxiety, and could affect the probability of certain types of conflictual behavior. Looking at the occurrence of conflict and the possible effects on neighbors, Most and Starr (1980, 935) note that the "important point . . . is that each nation's structure of risks and opportunities is likely to be changed once a war is under way and these changes may be most dramatic for those nations which are proximate to the warring nations."

Here we make a similar argument about state collapse and its effects on neighbors and neighboring regions. These arguments are also reflected in the following observations by O'Loughlin and Witmer (2005, 3) regarding the influence of geographic context:

> A lack of territorial sovereignty and an inability to form a national identity conspire to keep weak states vulnerable to volatile domestic circumstances. The spatial clustering of weakened states, and the subsequent clustering of conflict in weak states, allows for conflict to cross borders, infecting already vulnerable states. Therefore, the location of a state (and its civil wars) *is not simply an attribute, but another potential cause of conflict* [emphasis added]. States with high risk are subject to increased risk because 1) neighboring wars exacerbate volatile domestic conditions inside bordering states, and 2) neighboring wars can (and frequently do) spread into nearby states. Weak states cannot mitigate conflict diffusion and escalation from outside state borders.

While a diffusion approach focuses on external factors and effects, it must always be recognized that the unit of analysis of interest must have some combination of factors that make it "ready for diffusion," thus pulling together both external and internal factors. Here, we hypothesize that negative causal elements for state failure—instability, unrest, civil war, and external war—will diffuse from failed states to nearby states. Given the existing literature demonstrating general diffusion processes at work for both interstate and civil war (see, for example, Most and Starr, 1980; Starr and Most, 1983, 1985; Siverson and Starr, 1991; Gleditsch and Ward, 2000; Gleditsch, 2002; Sambanis, 2002; or O'Loughlin and Witmer, 2005; Salehyan and Gleditsch, 2006), we think this is a reasonable hypothesis. The diffusion of these conflict-oriented factors will, in turn, make nearby states "ready" for the diffusion of state failure. Thus, we will address a second hypothesis, that another negative consequence of state failure—failure itself—will also be found to diffuse through spatial contagion.

It should be clear, however, that we are not attempting to develop a full model of inter- or intrastate conflict, nor are we attempting to develop a full model of the causes of state failure. The exact conditions which make any state "ready" for "failure" may vary considerably as the literature noted above indicates. The mechanisms by which failure or its effects spread, are also varied—the diffusion perspective is based on the notion that proximity generates multiple modes of transactions, including flows of people, trade, information, military actions, and so forth. Flows of refugees, ethnic groups that cross borders, the existence of rebel sanctuaries, intergovernmental military cooperation or conflict, economic sanctions or assistance, and the like, will all affect opportunity and willingness.[1] With the many variables and possible combinations of variables, there is a degree of freedom problem—many variables/combinations and only a limited number of state failures. Future work employing comparative case studies would help to uncover which mechanisms tend to be at work under different conditions.

Data and Operationalization

We argue that in addition to devastation in the state that experiences it, state failure can result in the spread of destabilizing elements at the regional level. Specifically, we examine the likelihood that the political consequences of state failure would spread to other states; these consequences are political unrest and instability, civil wars, subsequent state failures, and international war. Our empirical analyses, therefore, are designed to evaluate whether—and to what extent—the negative consequences of state collapse diffuse to neighboring and nearby states. We examine regional diffusion of the key consequences of state failure for the period 1946–1999, with country-years as the unit of analysis.

Dependent Variables

Given our interest in the destabilizing effects of state failure, we focus on five negative consequences that might spread to other states in the region. The first two of these deal with lower levels of political upheaval and we refer to these as *political unrest* and *instability*. These two variables were generated from a principal-components factor analysis of seven different variables indicating domestic political turmoil, obtained from the Banks (1999)

[1]For example, see Saleyhan and Gleditsch (2006) for a discussion of the regional clustering of civil war and the effects of refugee flows as one important factor in the diffusion of civil conflict. Note also the debate in the analysis of civil war, over the effects of ethnicity; see Fearon and Laitin (2003) or Elbadawi and Sambanis (2000) for results that minimize the effects of ethnicity on civil war.

dataset. Three of these variables—*strikes*, *riots*, and *demonstrations*—loaded on the first factor and the other four—*revolutions*, *coups*, *crises*, and *guerilla warfare*—loaded more heavily on the second factor. The *Political Unrest* variable is a combined indicator (factor score) for the first factor (strikes, riots, and demonstrations); this is essentially a measure of minor political disturbances. Somewhat more intense aspects of political tumult are indicated by the variable for *Political Instability*, which is the factor score for revolutions, coups, crises, and guerilla warfare.

The third dependent variable is a dichotomous indicator for the presence of *civil war* in a given country-year; the *Civil War* variable is coded one if there was a civil war and zero in the absence of a civil war. The civil war data were obtained from the PRIO Armed Conflict Dataset (Strand et al., 2004).[2] Another violent political consequence of state failure that we assess is *international war*. The indicator for *International War* is also a dichotomous variable, coded one for country-years with an interstate war and zero otherwise. These data were also obtained for the PRIO dataset (Strand et al., 2004).[3] The last consequence of state failure we consider is state collapse itself. To assess whether state failure leads to other state failures in nearby states, we include a binary variable for *State Failure* in a given country-year. States with a POLITY IV score of −77 in a given year are considered to have experienced a failure year and are assigned a value of one for that year; zero otherwise.

Covariates

The main covariates in these analyses include two measures for state failure that account for geography and a separate variable for the overall number of state failures in the system in a given year. The first independent variable is a *Distance-Weighted State Failure* measure that is obtained through the summation of all state failures in the system in a given year, where each one is weighted inversely by the log of the distance from the state in question:

$$\sum_{j=1}^{N_{t-1}} \frac{SF_{ijt}}{\ln(Distance_{ijt})} \tag{1}$$

This continuous variable that measures distance-weighted state failure allows us to assess regional and second order effects of state collapse. The second independent variable measures the number of state failures that occurred in a given year in contiguous states. The value of the variable for *Collapse in a Contiguous State* ranges from zero to two. The purpose of including these two geographically adjusted measures of state failure is to discern the relative effects of contiguity and absolute distance on the diffusion of state collapse and its consequences. We expect that the closer a state is to a failed state, the more likely it is to experience the negative effects of state failure discussed above; we expect this relationship to be even stronger for contiguous states. The third covariate deals with the overall level of state failure in the system in a given year and is operationalized as the total number of states that failed in a particular year; the value of *State Failure in the System* ranges from zero to six. Given that state failure is believed to be regionally destabilizing, intuition might suggest that overall levels of state failure in the system would also have a destabilizing effect. We argue, however, that the diffusion of the effects of state fragility and collapse is a regional dynamic and does not operate at the systemic level. Thus, we do not expect the number of failures in the system to have a significant relationship with the

[2]The *Civil War* variable contains all conflicts designated "Type 3" in the PRIO Dataset on Armed Conflict. These are described as internal armed conflicts, and range in intensity from minor (with 25 battle deaths in a conflict) to intense (1000 battle deaths in a given country-year).

[3]All Type 2 conflicts (interstate armed conflict) in the PRIO Dataset on Armed Conflict.

TABLE 1 Summary statistics

Variables	Mean	Standard Deviation	Minimum	Maximum
Dependent variables				
Unrest ($N = 5560$)	0.030	1.039	-1.039	20.11
Instability ($N = 5560$)	0.009	1.013	−4.655	17.320
Civil war	0.136	0.343	0	1
State failure ($N = 5753$)	0.009	0.095	0	1
International war	0.057	0.231	0	1
Independent variables				
Distance-weighted state failure	0.239	0.208	0	1.297
Collapse in a contiguous state	0.050	0.226	0	2
State failures in the system	1.913	1.647	0	6
POLITY score	−0.598	7.662	−10	10
POLITY score squared	58.698	31.35	0	100
Population	0.029	0.101	0.0001	1.215
GDP	5.654	6.141	0.309	46.065
Openness	0.259	0.327	0	4.00

$N = 5755$ unless otherwise noted.
GDP = gross domestic product.

dependent variables. Moreover, the inclusion of this variable allows us to control for the effect of the total number of state failures in the system in our analysis of neighborhood and geographical effects.

The control variables in the analysis include levels of democracy, population, national income, and economic openness. Studies of civil war and political violence suggest that states that are "mixed regimes," neither highly democratic nor extremely autocratic, tend to be unstable and prone to violence. To test this proposition with regard to our five dependent variables, we include a variable for regime type, as measured by POLITY IV scores, as well as a squared term for POLITY scores (Marshall and Jaggers, 2004). The POLITY scale ranges from −10 (autocracy) to 10 (democracy). We expect a curvilinear relationship between democracy and the dependent variables, with the likelihood of state failure and its negative effects decreasing both at very high and very low levels of democracy. To capture basic socio-economic effects, we also control for population (measured in billions), national income (GDP per capita/1000), and economic openness (imports and exports as a proportion of national income).[4] The data on population figures and the two economic variables were obtained from the Expanded Trade and GDP Dataset (Gleditsch, 2002). Note that all independent variables are lagged one year to account for the effect of time.[5] Summary statistics are presented in Table 1.

[4]Collier and Hoeffler (2004) have shown that low national income is a major factor in the occurrence of civil war. Thus, while a variety of possible economic measures could be used, we have opted for more parsimony, and included only national income and economic openness.

[5]We chose to lag independent variables one year as this provides us with the most rigorous test of our hypotheses regarding diffusion and contagion of the consequences of state failure; the one-year lag reflects the "minimum incubation period" for the spread of the effects of state collapse. We expect longer lags to strengthen our findings.

TABLE 2 State failure and political unrest

Variable	Model 1	Model 2
Constant	0.077	0.07
	(0.05)	(0.05)
Distance-weighted state failure	0.23	—
	(0.48)	
Collapse in a contiguous state	—	0.18**
		(0.06)
State failures in the system	−0.04	−0.02
	(0.06)	(0.01)
POLITY score	0.01**	0.01**
	(0.003)	(0.003)
POLITY score squared	−0.002**	−0.001**
	(0.001)	(0.0006)
Population	2.07**	2.05**
	(0.27)	(0.27)
GDP	0.003	0.003
	(0.004)	(0.004)
Openness	−0.14*	−0.14*
	(0.06)	(0.06)
$\chi^2_{(7)}$	97.70	106.66

$NT = 5560$. Cell entries are random effects coefficient estimates; standard errors are in parentheses. One asterisk indicates $p < 0.05$ and two indicate $p < 0.01$, one-tailed.

GDP = gross domestic product.

Analyses and Results

We employ time-series cross-sectional data in our analyses and, therefore, we estimate a series of random-effects models to assess the likelihood of diffusion of the negative consequences of state failure to neighboring and nearby states. Given that these are panel data, the random-effects models allow us to take into consideration both the cross-sectional and temporal components of the data.[6] The models assessing the effect of the covariates on the continuous measures for political unrest and instability employ random-effects regression models, and analyses of the effects on the three dichotomous dependent variables (civil war, state failure, and international war) employ random-effects logit models (Hsiao, 2002). For each of our five dependent variables, we estimate two separate models: one that includes the distance-weighted state failure measure and the other contains the variable for the number of contiguous states that experienced failure in a given year. Below we outline the results of the models for each of our dependent variables.

With respect to the first dependent variable, our findings indicate that collapse in a contiguous state is positively related to unrest, although this effect does not hold for the

[6]We estimated the models using both random effects and fixed effects approaches, and the two approaches yielded substantively similar results. Under these circumstances, random effects models have the virtue of being more efficient, as well as preserving information from observations that fixed effects models must necessarily exclude (Hsiao, 2002). Alternative approaches to analyzing diffusion processes may include spatial lag and spatial error models. However, models for spatially referenced panel data (e.g., Franzese and Hays, 2007) are in their infancy, and we leave the use of those models for future work on the effects of state collapse.

TABLE 3 State failure and political instability

Variable	Model 1	Model 2
Constant	0.44	0.43
	(0.05)	(0.05)
Distance-weighted state failure	−0.17	—
	(0.50)	
Collapse in a contiguous state	—	0.12**
	—	(0.06)
State failures in the system	0.02	−0.009
	(0.06)	(0.008)
POLITY score	0.005*	0.005*
	(0.003)	(0.003)
POLITY score squared	−0.006**	−0.006**
	(0.001)	(0.001)
Population	−0.14	−0.15
	(0.29)	(0.28)
GDP	−0.009*	−0.009*
	(0.004)	(0.004)
Openness	−0.02	−0.02
	(0.06)	(0.06)
$\chi^2_{(7)}$	122.23	127.24

$NT = 5560$. Cell entries are random effects coefficient estimates; standard errors are in parentheses. One asterisk indicates $p < 0.05$ and two indicate $p < 0.01$, one-tailed.

GDP = gross domestic product.

distance-weighted measure (Table 2). Since this variable is a factor score with a mean of zero and a standard deviation of one, the coefficient of 0.18 indicates one-fifth of a standard deviation increase for each failed contiguous state. We find strong evidence for a curvilinear relationship between democracy and unrest. The size of the population is positively associated with unrest and economic openness has a negative effect. Unrest is not significantly affected by the other variables in the model. Instability levels are also positively related to state failure in a contiguous state, while the effect of the distance-weighted measure remains insignificant for this variable as well. Failure in a contiguous state increases instability by one-tenth of a standard deviation. Our expectations for a curvilinear relationship between democracy and instability are borne out in both models; hence we find evidence for the instability of mixed regimes (Table 3).

For both indicators of political turmoil (short of war), therefore, our models indicate that *contiguity*—not merely distance—plays an important role in the spread of the effects of state collapse. This reflects that the diffusion dynamics for these factors are best explained through the consideration of shared state borders. This is consistent with the findings of Iqbal (2007), which suggest that regional flows of refugees are best explained through consideration of contiguity.

Both models evaluating the effect of the covariates on incidence of civil war suggest that state failure increases the likelihood of civil war in nearby and neighboring states (Table 4). Incidence of state failure in a contiguous state increases the odds of a civil war by 45% and the odds of international conflict by 115%. The coefficients for both the distance-weighted state failure variable as well as the variable for Collapse in a Contiguous State are

TABLE 4 State failure and civil war

Variable	Model 1	Model 2
Constant	−2.47	−2.47
	(0.16)	(0.16)
Distance-weighted state failure	6.69**	—
	(2.23)	
Collapse in a contiguous state	—	0.37*
		(0.22)
State failures in the system	−0.67	0.15
	(0.28)	(0.03)
POLITY score	0.017	0.02
	(0.01)	(0.01)
POLITY score squared	−0.01**	−0.01**
	(0.002)	(0.002)
Population	4.22**	4.06**
	(0.98)	(0.98)
GDP	−0.007	−0.009
	(0.03)	(0.03)
Openness	0.09	0.11
	(0.26)	(0.26)
$\chi^2_{(7)}$	90.84	85.52

$NT = 5755$. Cell entries are random effects logit estimates; standard errors are in parentheses. One asterisk indicates $p < 0.05$ and two indicate $p < 0.01$, one-tailed.

GDP = gross domestic product.

positive and significant, although the former displays a higher level of significance. This suggests that civil war is a consequence of state failure that diffuses to states that are close by, regardless of contiguity. This implies the presence of salient diffusion processes for one of the most destabilizing factors associated with state failure: civil war. And the dispersion of this effect does not require a shared border. With respect to the control variables, the size of the population is also positively associated with civil war, although the curvilinear effect of democracy is less obvious than in the models assessing unrest and instability.

Another important finding of our analysis is a significantly positive effect of both the distance-weighted state failure measure and the indicator for collapse in contiguous states on the incidence of international war (Table 5). This is consistent with our expectation that state failure creates destabilizing conditions in a region, with possible incentives for violent behavior with other states (this is also consistent with the findings of Most and Starr, 1980; Starr and Most, 1983; 1985). The failed state itself may present an especially attractive target for invasion, thus providing opportunities and incentives for interstate armed conflict. This finding is particularly supportive of our expectation that state failure creates an unstable regional environment. The evidence that state failure is associated with both intra- and interstate conflict in neighboring and nearby states comports with the emphasis of international organizations and scholars on treating fragile and failing states as threats to international security. As in the previous models in our study, population is positively related to interstate conflict, and there is a minor negative effect of wealth. Note that there is no evidence of a curvilinear relationship between democracy and interstate conflict, which is consistent with the arguments in the democratic peace literature (see e.g., Russett, 1993;

TABLE 5 State failure and international war

Variable	Model 1	Model 2
Constant	−3.20	−3.15
	(0.24)	(0.23)
Distance-weighted state failure	7.91**	—
	(2.66)	
Collapse in a contiguous state	–	0.77**
		(0.27)
State failures in the system	−1.31	−0.36
	(0.34)	(0.05)
POLITY score	0.04	0.04
	(0.01)	(0.01)
POLITY score squared	0.003	0.003
	(0.003)	(0.003)
Population	3.77**	3.67**
	(0.90)	(0.89)
GDP	−0.04*	−0.04*
	(0.02)	(0.02)
Openness	−0.65	−0.55
	(0.45)	(0.44)
$\chi^2_{(7)}$	72.51	72.25

$NT = 5755$. Cell entries are random effects logit estimates; standard errors are in parentheses. One asterisk indicates $p < 0.05$ and two indicate $p < 0.01$, one-tailed.

GDP = gross domestic product.

Ray, 1998). Figure 1 presents the predicted probabilities of civil and international conflict as a function of distance-weighted state failure, while holding all other covariates at their means. A change in distance-weighted state failure from its minimum value of zero to its median value of 0.23 corresponds to an increase in the probability of civil war from 0.025 to 0.11. The smaller change in the probability of international war with increasing levels of state failure merely reflects the lower baseline probability of international conflict.

Although our analysis reveals that states geographically close to a failed state are likely to experience a civil war, and have a higher probability of getting involved in interstate conflict, that effect does not hold for state failure itself. Interestingly, neither of our models indicates that state failure is spatially contagious (Table 6). The only significant effect in the models assessing state failure as the dependent variable is the negative influence of GDP. The somewhat counterintuitive finding about the lack of contagion effects in state failure reflects that state collapse is distinct from other phenomena of political violence with which it is often associated, such as civil war. Our findings suggest that the regional threats posed by failing states are associated with instances of domestic and international violence of various magnitudes, but not a domino effect with respect to state collapse itself. State failure results from unique combinations of the characteristics of individual states and, therefore, certain domestic conditions may cause some states to fail while others remain alive (that is, make them "ready" for the diffusion of state failure). This is an internal, or domestic, argument. There is an external, or international, argument as well. Given a state

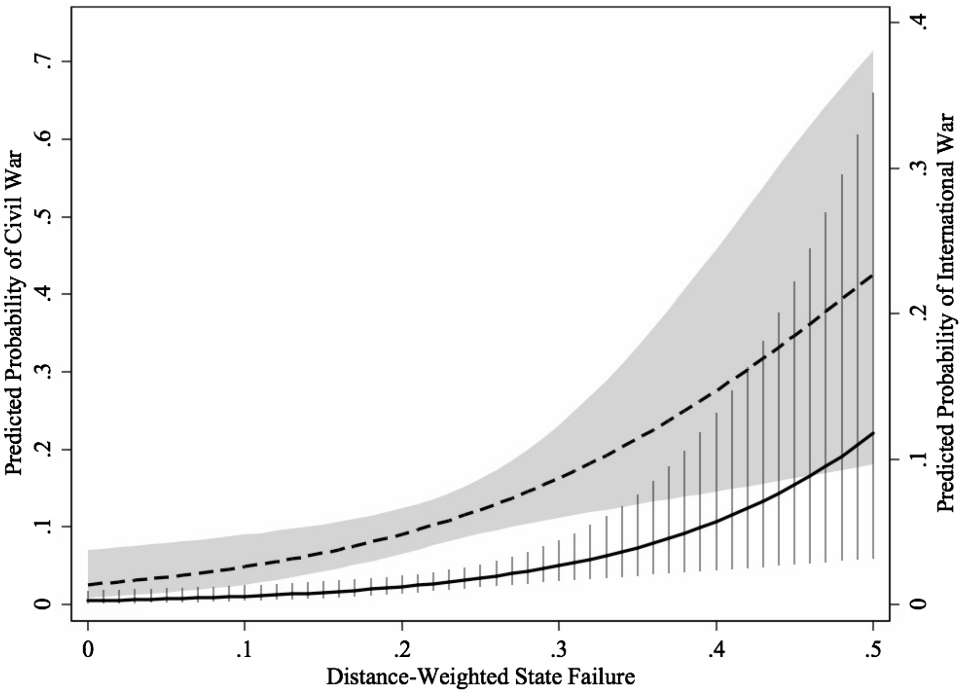

FIGURE 1 Predicted probability of war, by distance-weighted state failure.
Note: smooth line represents international war and dashed line represents civil war. Ranges are 95% point-wise confidence intervals.

failure in some country, a set of IGOs along with one or more major powers (and a number of regional powers) will often mobilize to provide political and material support to those nearby endangered states—especially given the perception and reality that various negative consequences of state failure will spread.

It should be noted that none of the dependent variables is affected by the overall number of state failures in the system. This finding is consistent with our argument that state failure negatively affects other states within close proximity, and as a result, can contribute to regional instability. The highest number of state failures in a given year is six, and it stands to reason that unless at least one of those failures is in a nearby or neighboring state, the likelihood of political violence does not increase. This emphasizes the importance of location, geography, and spatial dispersion in the understanding of issues related to domestic and international violence. If the diffusion of the consequences of state failure were a systemwide phenomenon, then these effects—such as civil wars—would rise as the number of failures increase. In that case, the variable for the total number of failures would capture that relationship and the distance-related measures would not add significantly to the explanatory power of the model. The results of our analyses, however, reveal the opposite pattern; the effects of variables for both distance-weighted state failure and failure in a contiguous state on the phenomena of interest are significant, whereas the global measure has no significant effect.

Taken together, the findings of our analyses imply that the consequences of state failure in terms of political violence do, in fact, geographically disperse and, therefore, may be destabilizing at the regional level. The consequences of state collapse that fall short of actual war (unrest and instability) spread only to contiguous states. Of particular note, however,

TABLE 6 State failure and state failure

Variable	Model 1	Model 2
Constant	−3.28	−3.30
	(0.60)	(0.60)
Distance-weighted state failure	−6.98	—
	(8.86)	
Collapse in a contiguous state	—	−0.21
		(0.76)
State failures in the system	0.92	0.05
	(1.12)	(0.10)
POLITY score	−0.05	−0.05
	(0.05)	(0.05)
POLITY score squared	−0.06**	−0.06**
	(0.008)	(0.008)
Population	−14.30	−14.17
	(17.28)	(17.33)
GDP	−0.43**	−0.42**
	(0.17)	(0.17)
Openness	0.83	0.83
	(0.36)	(0.36)
N	5753	5753
$\chi^2_{(7)}$	67.78	67.60

$NT = 5753$. Cell entries are random effects logit estimates; standard errors are in parentheses. One asterisk indicates $p < 0.05$ and two indicate $p < 0.01$, one-tailed.
GDP = gross domestic product.

is evidence that the diffusion of civil and interstate war is explained by both contiguity and distance. That is, these consequences are likely to spread to nearby states even in the absence of a shared border.

Conclusion

Our analyses indicate several major points regarding the regional effects of state failure. First, there are indeed spatial effects associated with collapsed states. Such states, which are generated by political instability and armed conflict, in turn generate subsequent unrest, instability, interstate, and civil war in their neighbors and near regions. Our analyses seem to indicate that the more "minor" possible consequences of state failure—political unrest and instability—spread to a lesser degree than more intense forms of violence—civil and interstate war. Following Most and Starr (1989), a quick review of some "stylized facts" indicates that this finding has face validity. Looking at all 73 of the country-years in which a state failure occurred (according to our measure of −77 on the POLITY scale), there is a new or ongoing civil war in almost 60% of those years. Similarly, civil war occurs in 55% of the sub-sample of −77 country-years in sub-Saharan Africa (while successful coups or coup attempts occur in only 18% of the sub-Saharan country-years) (McGowan, 2006).

Second, state failure itself is not contagious, although its major consequences are. This most extreme consequence of failure does not appear to diffuse either to contiguous

neighbors, the regional neighborhood, or in the international system. What happens internally or externally that shields neighbors from this form of diffusion? As noted below, this is a key finding that raises a number of directions for future research.

Third, instability and political unrest appear to spread through contiguity, but not through a distance-weighted measure of state failure. On the other hand, the diffusion of civil war and international war is reflected in both measures of proximity. Hence, our findings support the position that distance-weighted measures and geographic contiguity tap related but not identical dimensions of proximity and its effects. And, as noted, diffusion thus appears to be regional as well as affecting first-order neighbors. This conclusion is further strengthened by the lack of a significant effect of the global measure for state failure on the phenomena of political violence under consideration. Although state failure in a nearby or neighboring state significantly increases armed conflict and other aspects of domestic political upheaval, the total number of states collapsing in the system in a given year has no effect.

Our study adds to a growing literature on the diffusion of violent conflict. One of the future projects to which this research points is a fuller examination of the diffusion of interstate conflict and of civil war, including the various ways the two forms of major conflict are related to one another. We have found civil war to be a major factor in the collapse of states. In turn, the current analyses indicate that civil war does diffuse to the neighbors/region of collapsed states.

Finally, there are a number of future directions for research specifically directed at state failure. As noted above, the exact mechanisms by which the conflict-oriented diffusion effects generated by failing states take place need to be investigated. Comparative case studies will also be needed for this purpose. This article has, indeed, paid most attention to the political/military consequences of collapse. There are, however, also a variety of nonpolitical consequences, including economic, social, and human security consequences of state collapse and violent conflict (see Iqbal, 2006). The investigation of economic and social consequences must take into account the finding here that democracy has a strong curvilinear effect on state collapse—with collapse least likely at both the highest and lowest levels of democracy.

Ultimately, we need to return to the policy concerns with which we opened this paper. The growing research agenda on various aspects of state failure must be aimed at devising policy prescriptions for managing and preventing the negative domestic and regional effects of state failure, as well as for preventing future failures. More broadly, such research will be instrumental in identifying effective ways for states and international organizations to address issues of instability, internal conflict, and development—especially during the highly vulnerable period of transition to democracy. Our research has raised a critical question: why doesn't state failure itself diffuse? This question relates directly to the various forms of early warning and intervention systems generated by international organizations and state governments. Scholars must look more closely at how IGOs (such as the UN and its various organizations, the World Bank, the IMF, or regional actors such as the EU) and states move to identify and deal with "at risk" states. We propose here that many such "at risk" or fragile states have been affected by the diffusion of the negative effects of state failure. Timely interventions might be an important factor in the lack of diffusion of state failure. What makes such interventions effective would be another focus of future research. And, intervention by whom? For economic and security support, some argue that the United Nations and other multilateral institutions, or the major powers, should take the lead (e.g., Mueller, 2004). Some findings on the democratic peace seem to indicate that stable and developed democracies might be crucial in helping "endangered" democracies avoid failure (e.g., Simon and Starr, 2000). In other areas, the lead may have been taken by

NGOs. Two things are clear: that the present analyses have raised a number of questions, and that much work remains to find the answers.

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