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Danger all Along

How foreign military threats and domestic power-sharing shape autocratic state-building

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Abstract **

Standard international relations accounts hold that military buildup by neighboring states leads to increased state-building efforts by authoritarian rulers. In contrast, this study shows that only some dictators will respond by building up stronger states. The reason is that autocrats worry not only about foreign threats but also about threats from within. Power-sharing institutions reduce intra-elite conflict, making such threats less pertinent. Dictatorships with power-sharing institutions are thus less concerned with internal threats and can respond to foreign threats with more ambitious state-building efforts. Using TSCS-data for the world's autocracies between 1960-2009, the study finds strong support for these claims.

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** Supplementary material for this article is available in the appendix.

How do authoritarian rulers react when neighboring states start to ramp-up their militaries? Dominant theories of international politics suggest that such developments often risk triggering an arms race. Uncertainty about neighboring states' intentions may lead governments to respond by increasing their own military capabilities (Jervis, 1978; Richardson, 1960; Yesilyurt & Elhorst, 2017). The effect of external threats, however, sometimes goes beyond rearmament. A number of studies indicate that the threat of inter-state military conflict has a positive effect on state-building (Gibler & Miller, 2014; Thies, 2007; Thies, 2004). Mainly focusing on the postwar era, these studies draw inspiration from canonical work attempting to explain the rise of strong, capable states in Europe during the early modern period (Downing, 1992; Tilly, 1992; Tilly et al., 1975). In that context, military threats from neighboring states pushed rulers towards state-building – be it in the form of increased taxation, the creation of professional bureaucracies, or the introduction of censuses.

Early modern Europe, like many contemporary states, consisted of polities that we today would characterize as autocracies. And autocrats, this study contends, have an urgent need to worry about power challenges from domestic elites in addition to threats from abroad. All dictators rely on a wider group of regime insiders to stay in power, and the interaction between the ruler and this wider elite group has huge implications for the life of dictatorships (Geddes et al., 2018; Svolik, 2012). In this article, I argue that this relationship also affects the extent to which autocracies respond to external military threats with state-building. Autocrats who continuously fear being deposed by other regime insiders have little time and energy to create a stronger state, despite military buildup at their borders. Even if domestic elites cannot credibly threaten to overthrow the dictator, their opposition may nevertheless make state-building attempts futile. Moreover, an autocratic regime plagued by fear and mistrust tends to reward loyalty over competence when appointing top bureaucrats, thus undermining the creation of an effective state apparatus.

In making these claims, the article makes a number of crucial contributions to scholarship on state-building at the intersection of international relations and comparative politics, as will be developed in the following section. Firstly, in contrast to most existing research on state power in autocracies, this study treats state capacity as an outcome to be explained rather than as an independent or moderating variable. Secondly, the article utilizes a new operationalization of external threats that addresses many of the problems associated with existing measures. Thirdly, and most importantly, by incorporating insights from both international relations and comparative politics it presents an updated theoretical framework on how external and domestic factors interact in shaping state-building.

The rest of the article proceeds in five main sections. The next section discusses the state of previous research on the relationship between external military threats and state-building, and the politics of autocratic regimes. I then turn to my own theoretical argument and formulate two main hypotheses, followed by a description of methods and data. In section four, the main findings are presented. Lastly, I conclude with a discussion about the importance of the findings, possible limitations of the study, and present some avenues for future research.

Previous research on external threats and state-building

The idea that external threats lead to state-building is far from new. Seminal work by Tilly et al. (1975), as well as Downing (1992), Ertman (1997) and many others, emphasize how the threat of war helped to create strong, centralized states on the European subcontinent. The core argument is that the hostile geopolitical situation in Europe in the early modern period forced states to extract more and more revenue from their societies, since ever greater resources were needed to pay for better and more well-equipped armies. This,

in turn, created an incentive to control the state's borders, build up a permanent bureaucracy and collect information about its population and economy. In order to not fall behind, other neighboring states in Europe were forced to do the same. Over time, thus, the pressure from adjacent states put in motion processes that lead to increased state power over their respective populations and territories. That said, the difficulties and obstacles to increasing state capacity should not be understated. Although most rulers would like to preside over a high-capacity state, they needed a strong impetus to build up such organizations. This is because the advent of more powerful states was often fiercely opposed by different groups in society (Migdal, 1988; Scott, 2009). The history of Europe's early modern period is full of examples of societal resistance against growing state power. One main conclusion of this canonical literature is thus that there were clear costs associated with state-building. If rulers tried to tax their populations more heavily, rule over distant provinces directly, or step up the monitoring of their populations, people were likely to push back. Hence, the implicit argument in this line of state-building scholarship is that without the hostile international environment that characterized Europe, the costs associated with state-building would often outweigh the potential benefits. Without external threats, much less state-building would have been attempted.

While there is widespread agreement that the bellicist explanations for state-building in early modern Europe are at least partly correct, there is far more disagreement among researchers as to the extent these mechanisms are present in the contemporary era (Taylor & Botea, 2008). Many scholars point out that the international order established after World War II differs in important aspects from that which came before. In the postwar period new norms about territorial integrity made violent border changes exceedingly rare (Zacher, 2001), and states could be afforded legal sovereignty even though they lacked effective control over their territories or populations (Jackson & Rosberg, 1982). This new international order was not only imposed on the rest of the world by the major powers, but was also supported by post-colonial rulers themselves[1]. Other researchers point out that governments in the contemporary era more easily can borrow money on international capital markets, thus partly limiting the need to raise taxes to fund increased military spending (Ahmed, 2012; Brzoska, 1983; Centeno, 2002; Queralt, 2019; Smyth & Kumar Narayan, 2009). The overall message from this body of literature is that in the world order established after 1945, it is unlikely that inter-state military conflicts – or the threat thereof – have a positive effect on state-building.

This conclusion, though, is highly disputed. A number of researchers argue that the bellicist account of state-building is still applicable, and see the relative absence of external threats after 1945 as the main explanation for the existence of weak states in much of the global South (Desch, 1996; Migdal, 1988). Moreover, in recent years a number of quantitative studies has demonstrated the continued relevance of external military threats as an impetus for state-building (Gibler & Miller, 2014; Han & Thies, 2019; Thies, 2007; Thies, 2004). In short, although violent border changes and existential wars between nation-states have become less common, there are strong reasons to believe that pressures and itimidation from other states still play a role in pushing rulers towards creating stronger states.

What is missing in much of the quantitative literature focusing on state-building in the postwar era, however, is theories about how international threats interact with domestic factors in producing state-building[2]. Although the studies vary in both temporal and geographical scope, they typically assume that the effect of such threats on state-building is uniform across cases. Thus, there is little theorization about if and how different regimes react differently to international threats. In this study, I aim to remedy this shortcoming by studying how fear of internal and external threats interact in shaping state-building in an important

[1] For example, one of the founding principles of the Organization of African Unity – formed in 1963 by 32 newly independent African states – was that all territorial boundaries inherited from colonialism should be upheld (Herbst, 2000)

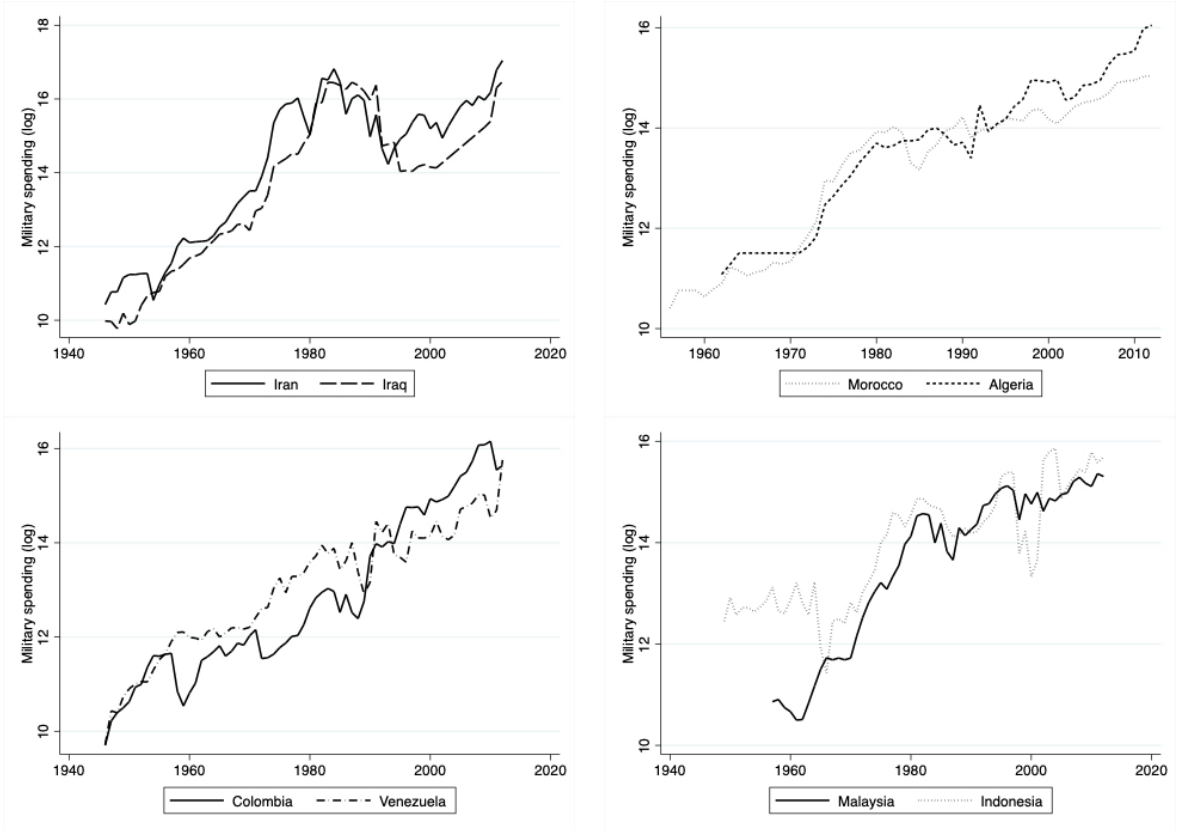
[2] A few small-N studies have developed more nuanced argument as to when – or under which conditions – external threats can lead to state-building (Barnett, 1992; Doner et al., 2005). These studies, however, typically focus on a single country or a smaller region, without trying to make more general claims.

subset of cases – in autocracies. While scholars in recent years has argued about wether democracy is conducive to state-buidling or not – as in the so called "sequencing debate" (Carothers, 2007; Fukuyama, 2007; Mansfield & Snyder, 2007) – less attention has been placed on when and how state-capacity develops in non-democracies. Moreover, after a long period of democratization, autocracy around the world seem to be on the rise (Alizada et al., 2021). In the next section, I lay out my theoretical argument explaining how power-sharing institutions shape the extent to which autocracies respond to foreign threats with state-building efforts.

Theory

As the literature review in the previous section made clear, there is no agreement amongst researcher about how applicable "bellicist" accounts of state-building is in the contemporary era. This study, however, contends that there are strong reasons to believe that military threats from neighboring countries still play a role in pushing regimes towards creating stronger states. To begin with, governments – also after 1945 – closely follow what their neighbors do in military terms (Collier & Hoeffler, 2002). At various times in the last half century, countries in different regions of the world have engaged in what could be described as arms races – that is, ramping up their military capabilities in response to other nearby states doing the same (Heiduk, 2017; Kollias & Paleologou, 2002; Solmirano & Perlo-Freeman, 2009; Yesilyurt & Elhorst, 2017). Consider neighboring Iran and Iraq, who for decades tracked each other's military capabilities – a development which has continued also after the devastating war of the 1980s. The same pattern is discernable around the world, as illustrated by adjacent Morocco and Algeria, Colombia and Venezuela, Malaysia and Indonesia (see figure 1), and in many other instances.

FIGURE 1. MILITARY SPENDING FOR SELECTED COUNTRIES.



Such patterns are classic examples of a "security dilemma," a cornerstones of realist theories of international relations (Jervis, 1978). In other words, there are strong reasons to believe that the activities of neighboring countries affect how many resources dictators pour into their own militaries. State-capacity, however, is about more than having a well-equipped army. A capable state can extract resources from society in an efficient manner, employs a capable bureaucracy that is present throughout the territory, and which collects information about its population and economy in a systematic and regular way. Such a state exhibits a high degree of "infrastructural power," understood as "*the institutional capacity of a central state ... to penetrate its territories and logistically implement decisions*" (Mann, 1984; Soifer, 2008).

One of the mechanisms highlighted in the canonical literature on state-building in Europe – demand for revenue – is still relevant today (Thies, 2007; Thies, 2004; Tilly, 1992). Autocrats who want to spend more on their military need money. In the short run, it is of course possible to reduce spending on other governmental projects in order to fund an increased defense budget, but this is likely unsustainable in the long run. Instead, increased taxation is needed to fund military equipment and advanced weapon systems[3]. Efficient taxation in turn necessitates reliable statistical information about the economic actors in the country and hence a relatively competent bureaucracy. Rising demand for revenue is not the only mechanism linking external military threats to increased state capacity, however. A more well-funded and competent bureaucracy enables the government to enact policies that are not strictly military in nature, but may nevertheless help to defend the country in the long run. South Korea is an illustrative example. There, the severe threat represented by its northern neighbor pushed the government to create a more cohesive "Weberian" bureaucracy – which could be used to not only increase taxes, but also to enact infrastructure projects and promote industrialization (Doner et al., 2005; Fields, 1997).

Lastly, rearmament or saber-rattling from neighboring states provides an opportunity for autocratic regimes to paint themselves as the protector of the country and its people (von Soest & Grauvogel, 2017). Studies indicate that external military threats make citizens more willing to consent to resource extraction (Gibler & Miller, 2014), and that domestic opposition against the incumbent decreases during times of foreign intimidation (Gibler, 2010). Even relatively mild forms of threat made by foreign states increase the level of "pro-government mobilization" (Hellmeier, 2020) in autocracies. Thus, external threats against autocracies not only push regimes towards state-building, they also increase the likelihood that populations will accept the rise of stronger states without widespread revolts or protests.

The politics of autocratic rule

To govern over millions of people, any ruler needs the support of other influential figures. No matter how "all-powerful" an individual dictator may be, he still needs to rely on a wider elite group to govern. Much research on autocracies thus focuses on the relationship between the dictator and the elite group supporting him. Together, the regime elite has enough instruments of power to uphold the ruler's position, and if they act collectively, they may also be able to remove the dictator from power. While the dictator tries to acquire more power at the expense of his allies, the elite group supporting the dictator constantly attempts to monitor the ruler so that he does not succeed in his attempt. This interplay between the dictator and his regime allies has been dubbed the "problem of authoritarian power-sharing" (Svolik, 2012) or as the question of "elite consolidation" (Geddes et al., 2018).

This built-in tension between dictator and elite means that many autocrats are wary of threats from within. Looking at all dictators between 1946 and 2008, Svolik (2012) documents that more than two-thirds of all non-constitutional exits from power happened because regime insiders acted to remove the ruler. This

[3] I come back to the question about borrowing in the next section.

pattern reveals a crucial difference between democracies and dictatorships. While conflicts between the executive and members of her cabinet or political party are commonplace also in democracies, the stakes associated with such conflicts are of a different order of magnitude in dictatorships. While a democratic leader who fails in her aspirations may be forced from office, a dictator who loses out in a political power-play is often faced with exile, imprisonment or death (Escribà-Folch, 2013).

The importance of threats from within in autocracies has led researchers to focus on features that can mitigate such threats. A growing literature on autocratic politics argues that institutions such as legislatures, parties and advisory councils tend to stabilize dictatorships and prolong rulers' tenure (Boix & Svolik, 2013; Gandhi & Przeworski, 2007; Geddes, 1999). One key reason is that such institutions alleviate the commitment and monitoring problems that tend to plague authoritarian regimes. The existence of routine negotiations between ruler and elites means that regime insiders can more easily detect if the dictator tries to acquire more power for himself. Such institutions thus serve as a kind of assurance for the individual dictator and members of the elite alike: Knowing that his allies will likely detect him if he tries to concentrate power to his own person, the dictator will refrain from doing so. For the same reason, members of the regime elite will be less suspicious of the dictator, meaning that regime infighting will be less likely, and less severe. From the perspective of the elite, actual influence over policy is thus always preferable to simply receiving club goods from the ruler. Even if political support in exchange for material benefits may seem like a good deal today, the elite cannot be certain that the dictator won't change his mind in the future. Higher levels of institutionalized power-sharing – where regime elites get actual influence over important areas – mitigate such fears.

Power-sharing and autocratic state-building

I expect autocracies with a higher degree of institutionalized power-sharing to respond to rearmament in their regional neighborhood with more ambitious state-building efforts, compared to autocracies with little or no power-sharing. The reason is straight-forward: If state-building – that is, attempts to create an infrastructurally more powerful state – is seen as empowering the dictator personally, his regime allies will likely oppose such a move, and may even try to remove him from power. It is paramount to understand that the members of the regime elite might very well oppose the rise of a stronger state even if they themselves are not subject to the state's power. The reason is that even if members of the regime elite are exempt from state authority today, they cannot be certain that the state's newly acquired powers will not be used against them tomorrow (Andersson, 2019).

This is why power-sharing institutions matter (Boix & Svolik, 2013; Gandhi & Przeworski, 2007) for state-building. If a legislature, politburo or military counsel has the authority to make key decisions, members of this institution will be less fearful of an infrastructurally more powerful state. If members of the regime elite rule the state *together* with the dictator, the risk that the state's powers are used against them is smaller. Anticipating that opposition from regime elites will be weaker, the dictator will thus dare to invest in state capacity. On the other hand, when institutionalized power-sharing is absent, regime insiders will likely try to block the rulers' attempts to build up a stronger state apparatus. Thus, suspicion and distrust within the regime will be more widespread. In such circumstances, despite foreign threats, investment in state capacity is likely to be low or nonexistent. It should be underscored that even in those instances where regime elites cannot stop *attempts* to create more capable state institutions, their opposition to state-building may nevertheless make such attempts futile (Boone, 2003; Kurtz, 2013; Soifer, 2015). Again, such opposition is less likely if elite groups are included in the decision-making processes about how the state is run.

In the face of external threats, power-sharing also affect state-building through two other channels: By impacting the character of the bureaucracy, and by affecting how military costs are financed. A permanent

bureaucracy is an integral part of a high-capacity state. But as a dictator becomes more reliant on his administration, he also faces the possibility that people within the bureaucracy use their expertise and position to depose him. If they ally themselves with a challenger to the ruler, their position and knowledge may be the factor that tips the scales in the rivals' favor. Many dictators thus fear competent bureaucrats. The more capable and knowledgeable they are, the bigger the potential threat. For this reason, autocrats tend to prefer incompetent – but loyal – subordinates (Egorov & Sonin, 2011). While rewarding loyalty over competence can make the dictator more secure, at least in the short run, it also results in a badly functioning bureaucracy.

In situations in which a dictator single-handedly can remove an advisor who displeases him, bureaucrats will also be fearful of telling the truth to him (Frantz & Ezrow, 2011). Thus, many autocrats surround themselves with "yes men": persons who only tell the dictator what they think he wants to hear. As this culture of fear and bad information (Papaioannou & Van Zanden, 2015) is translated down through the bureaucratic system, the consequence is an inefficient and non-cohesive state apparatus. However, power-sharing institutions may help to reduce the fear and mistrust that plagues many autocracies. Dictators in such systems will be less fearful of treason, and the "competence-loyalty trade-off" less severe. If power-sharing is substantial, the individual dictator will likely not be able to single-handedly remove a high-ranking administrator even if he displeases him. While a bureaucrat who falls out of favor with the ruler in a "personalist" (Geddes, 1999) regime – where the ruler makes key decisions without consultation with others – often risk dismissal, exile or even death, this is less often the case under constrained dictatorships. Where arbitrary dismissals are less prevalent, bureaucrats tend to be more competent (Nistotskaya & Cingolani, 2015).

Lastly, power-sharing also affects how costs associated with military buildups are funded. If military spending is paid for by taking on foreign debt rather than by revenue-raising, the link between external threats and state-building weakens. Although results are mixed, studies indicate that there is a positive association between increased military expenditure and foreign debt, at least in parts of the global South (Brzoska, 1983; Smyth & Kumar Narayan, 2009). Borrowed money, however, usually needs to be paid back, meaning that they can be seen as "deferred taxes". Thus, there are strong reasons to expect short-sighted rulers to prefer borrowing, and those with longer time-horizons to prefer tax increases (Queralt 2019). A regime uncertain of whether it will remain in power in ten years' time will likely not bother to build up fiscal capacity if sufficient international credit is available instead. By contrast, autocracies with more constrained dictators are more stable, and are thus more likely to have longer time-horizons (Geddes, 1994). Moreover, taxation typically involves some political concessions. For this reason, low degrees of initial power-sharing make it more likely that the ruler opts for borrowing instead of taxation (Queralt, 2019, p. 714).
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Summary and hypotheses

To summarize, I argue that autocracies respond to military buildup in neighboring countries by increased state-building efforts, but that this association is moderated by the degree of institutionalized powers-sharing within the regime. Where the ruler is constrained by the wider regime elite, fear and mistrust is less prevalent, time-horizons longer, and infighting less severe. Such regimes are more likely to answer potential foreign military threats with investment in state capacity. Two testable hypotheses can be derived from this theory:

H1: In authoritarian regimes, increased external military threats are associated with increased state capacity.

H2: The association between external military threats and state capacity is stronger in authoritarian regimes with higher levels of institutionalized power-sharing.

Data and method

The research design takes advantage of time-series cross-sectional data covering over a hundred countries in the postwar era[4]. I run fixed effect linear regression models, which by default hold all group-specific, time-invariant factors constant. This means that in the analysis all country-level factors that do not change over time are automatically controlled for. This includes (but goes beyond) geographical features, colonial origins, ethnic fractionalization, culture, and so on. The fact that fixed effect regressions wipe out all group-specific unobserved heterogeneity allows the researcher to identify causal effects under weaker assumptions than standard regression models (Brüderl & Ludwig, 2014, p. 327). In addition to controlling for time-invariant group-specific features, all models also include year-fixed effects, allowing to control for aggregate time-series trends and shocks. To alleviate concerns of autocorrelation and heteroskedasticity, all models use robust standard errors, clustered by country.

Dependent Variable

Although research on state capacity has exploded in recent years (Cingolani, 2013; Hendrix, 2010), good measurements on state capacity are few and far between. Some measures are theoretically sound, but suffer from limited geographical (Brambor et al., 2019) or temporal (Lee & Zhang, 2017) scope. Other measures, such as the one developed by D'Arcy and Nistotskaya (2017), have both great temporal and spatial coverage, but focus only on a specific component of state capacity (cadastral records). It is not unusual for researchers who claim to be studying state capacity to in fact use measures that rather tap into concepts such as "quality of government" (Charron & Lapuente, 2011; Rothstein & Teorell, 2008), GDP p.c. (Fearon & Laitin, 2003), level of corruption (Bäck & Hadenius, 2008) or the amount of private credit (Besley & Persson, 2009).

Rather than using any single indicator as a proxy for state capacity, I take advantage of the latent Capacity-index created by Hanson & Sigman (2013), based on a widely used definition of state capacity as "*the ability of state institutions to effectively implement official goals*" (Hanson & Sigman, 2013, p. 2). Hanson and Sigman focus on three core dimensions of state power – coercive, extractive and administrative capacity – arguing that these dimensions correspond to what Skocpol (1985) calls the *"general underpinnings of state capacities"*: stable administrative-military control of a given territory, skilled officials, and plentiful financial resources (Lindvall & Teorell, 2016).

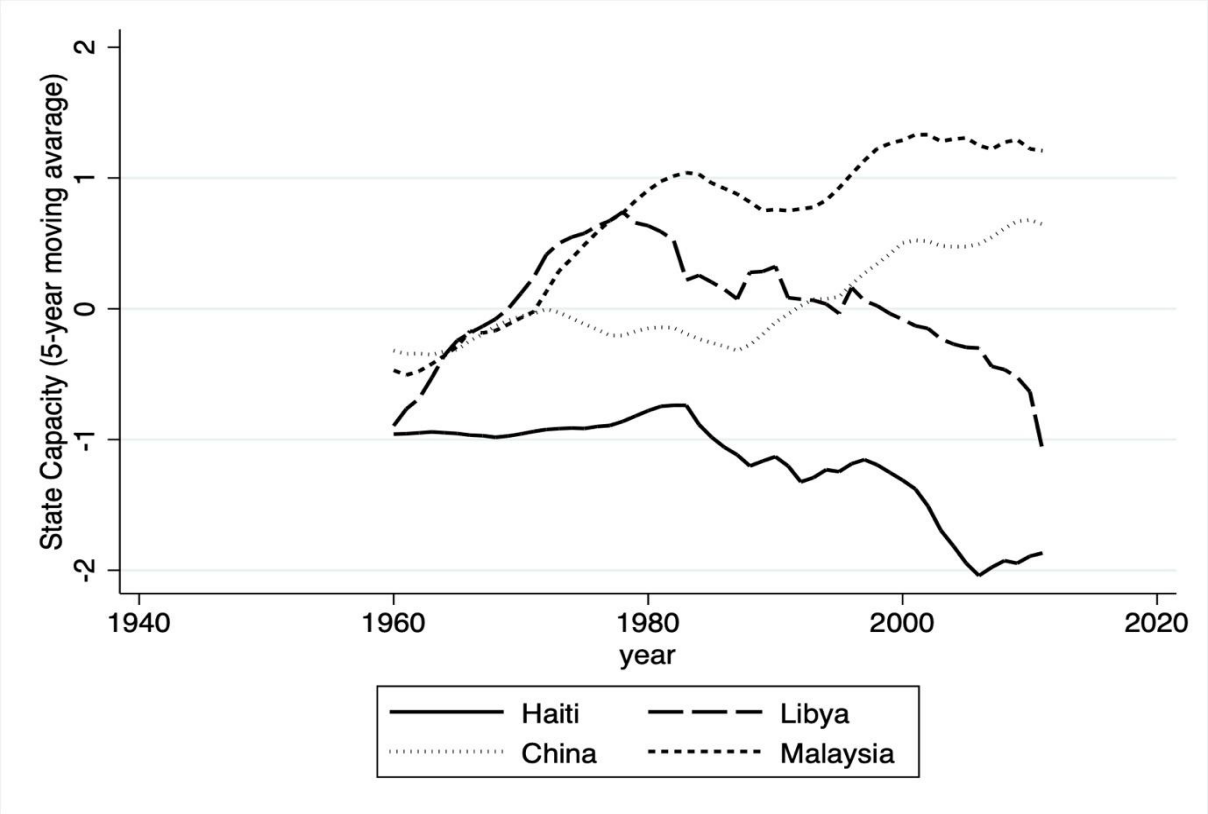
While it is theoretically possible to distinguish between these three dimensions of state capacity, they are very hard to empirically disentangle from one another. There are good reasons to believe that all three dimensions are highly interrelated and mutually supporting. In order to extract revenue, the state must have military-administrative control over its territory and population. Coercive capacity requires financial resources. A competent bureaucracy makes taxation easier, and so on (Hanson & Sigman, 2013, p. 4-5). Using Bayesian latent variable analysis that employs 24 different indicators[5], Hanson and Sigman creates an index

[4] The sample is described in more detail further below.
[5] A list of the 24 indicators is found in the appendix.

covering up to 162 countries for the time-period 1960-2009. Having been cited well over two hundred times, the index has been used in empirical research by a large number of scholars, including Bizzarro et al. (2018), Wang & Xu (2018), Guillén & Capron (2016), Houle (2017) and many others.

The resulting Capacity-index is standardized to have a mean of 0 and a standard deviation of 1. In the full dataset, the highest value for any country-year is 2.86 (Singapore in 2008), and the lowest value is -3.51 (Somalia in 2007). While these positions at the respective extreme ends of the scale are relatively uncontroversial, figure 2 shows the development of state capacity for four other countries – Libya, Malaysia, China and Haiti – which for long periods have been ruled by various autocratic regimes. The four countries display vastly different trajectories, indicating that the index has not only great between-country variation, but also captures variation within countries over time. State capacity in Libya, for example, shows a V-formed pattern. During the 1960s and 70s, the North African country managed to increase state power markedly. After a coup in 1969 that deposed king Idris I, Muammar Gaddafi governed the country for more than forty years as an archetypical "sultanistic" ruler (Chehabi & Linz, 1998), with little or no de facto power-sharing. In the late 1970s Libya was involved in military conflicts with both Chad and Egypt. Starting around 1980, state capacity in the country began to erode. This downturn trend roughly coincides with Gaddafi's implementation of the *Jamahiriya* system – literally meaning "a state of the masses" – which from 1977 onwards entailed a massive overhaul of the bureaucracy. Meritocratic recruitment to top positions in the bureaucracy stopped, and the public administration became almost obsolete (Sawani, 2018).

FIGURE 2. STATE CAPACITY OVER TIME



China tells a different story. In the late 1950s a crack began to appear between China and the USSR. In the 1960s relations were openly hostile, culminating in violent border clashes in 1969. State capacity, however, remained relatively low during the 1960s. Following Mao's "cultural revolution" the state's capabilities even decreased somewhat during the 1970s and early 1980s. After Mao's death, regime infighting became less

severe, and the communist party returned to a system of collective rule. Around 1980, under Deng Xiaoping, the party began to invest massively in education and research, and modernized key governmental agencies (Evans, 1997). A few years later, state-capacity began to rise.

The above descriptions illustrate well that the index is not merely a reflection on one aspect of state power. For example, while Libya had a fairly big military in 2009 – corresponding to about 1.3 % of the population – its bureaucracy was functioning badly[6]. Thus, while Libya's coercive powers were substantial, its public administration was inefficient and its fiscal capacity severely underdeveloped. By contrast, in 2009 Malaysia was endowed with a competent bureaucracy, and received considerable amounts of revenue from income-taxes; indicating a sophisticated extractive apparatus. As Figure 1 makes apparent, Haiti scores badly on all dimensions of state capacity.

Independent Variable

Once they have broken out, wars or invasions are fairly easy to measure. It is much harder, however, to gauge the threat of a military conflict. This is the case because threats are latent; the possibility of something that could happened. Modern research on the effect of external threats on state-building largely deals with this problem in two different ways. Some researchers (Han & Thies, 2019) take advantage of expert-based evaluations on inter-state rivalries (Thompson, 2002). Alternatively, researchers have used data on actual military conflicts (Gibler, 2010; Gibler & Miller, 2014), ranging from full-fledged wars to less severe militarized disputes.

Although these measurements all have their merits, I propose a new way to gauge the potential military threat faced by each state in the international system: as the sum of military spending in adjacent countries (log transformed). Adjacent countries stand for all countries that share a land-border with a given state at any particular year. Data on military spending is taken from the Correlates of War project (Singer, 1988). This operationalization constitutes an improvement on existing measures in several ways. Firstly, it taps into the concept of "military threat" better than the military conflict measure, and unlike indicators of inter-state rivalries, it relies on data that is more objective or "hard." Secondly, both measurements based on expert-evaluations and on actual military incidents result in highly skewed variables with little variation. Typically, in most existing studies military threat is operationalized by dichotomous variables: For a given country- or dyad-year, one either observe, or do not observe, a strategic rivalry or military incident. Such an operationalization of military threat leads to the impression that for most of the time a large majority of all countries in the postwar era faced no (i.e., "zero") external threats whatsoever.

The third advantage of this measure is that by taking the sum of military spending for all adjacent countries, geographical proximity is accounted for. This matter because – everything else being equal – the closer a country is located to another country, the greater the potential military threat. This is the case because it is extremely costly to move troops, ships and aircrafts across great geographical distances (Boulding, 1962). Furthermore, a shared land-border means that military units can move into the other country without violating another state's territory. This further underscore the importance of adjacent countries, as opposed to countries that are merely located in the same region. The concept of a "buffer state" (Partem, 1983) captures this idea well.

One possible objection to this operationalization is that it doesn't pay enough attention to military alliances. If a neighboring country is an ally, it's military spending should not be considered a threat. For this reason,

[6] For example, the Government Effectiveness indicator provided by the World Bank – on which the scale goes from -2.5 to 2.5 – codes Libya in 2009 as "-1."

I also create an alternative measure, which takes the two most important military alliances of the post-war era – NATO and the Warsaw-pact – into account. If two adjacent countries share membership in either of these alliances, their military outlay will be excluded when calculating the military expenditures of all neighboring countries[7].

FIGURE 3. MILITARY SPENDING IN ADJACENT COUNTRIES OVER TIME

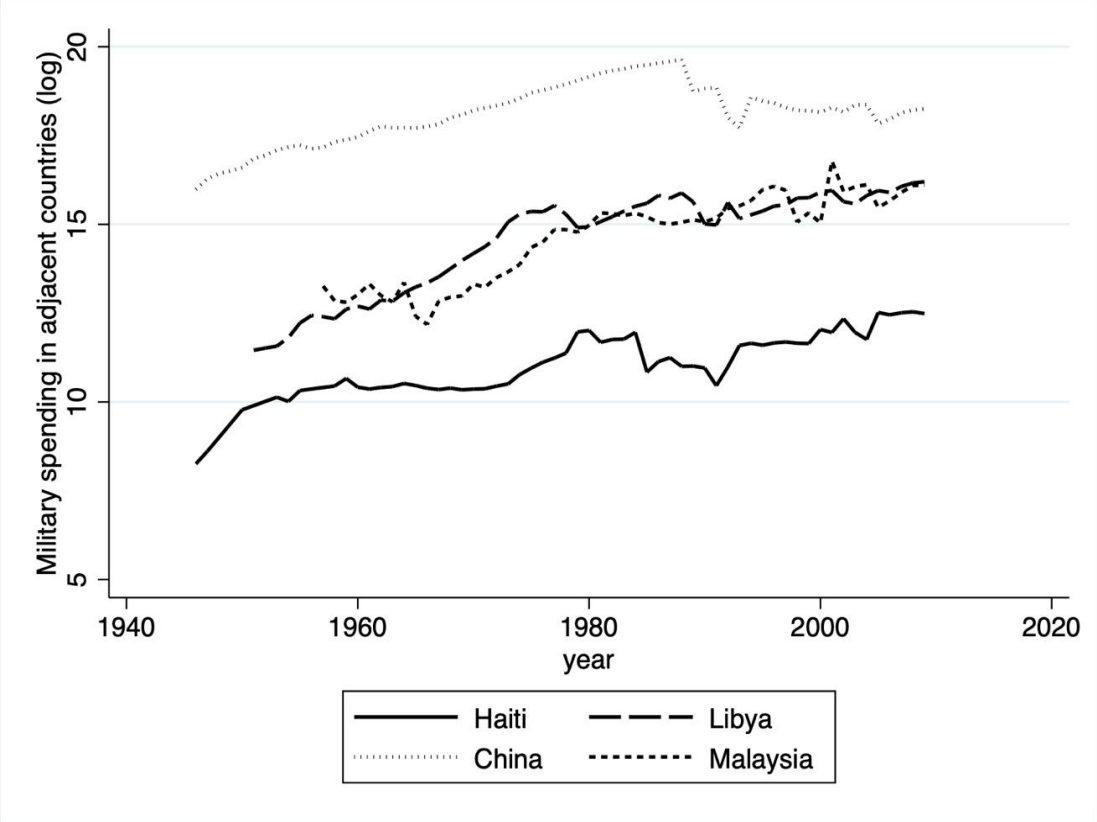


Figure 3 shows how military spending amongst neighbors has changed over time for four selected countries. Although there is considerable variation both within and between countries, there is a clear overall trend of increased military spending. However, we can also discern periods where military spending in adjacent countries drop considerably – sometimes very sharply. For example, in the early 1990s military spending amongst Chinas neighbors fell off a cliff. Obviously, this is related to the breakup of the Soviet Union, which had a big negative impact on Russia's military spending. This highlights the importance of controlling for aggregate time-series trends and shocks.

Moderating Variable

How to operationalize power-sharing in autocracies is far from straight-forward. Much earlier work uses dummies of authoritarian parties or parliaments (see for example Gandhi & Przeworski 2006; Svolik &

[7] As a further robustness check, I also interact the main independent variable – the sum of military spending in adjacent countries, log transformed – with a dummy variable, which takes the value 1 if a country is a member of either NATO or the Warsaw-pact in that particular year.

Boix 2013) to describe situations where the dictator is constrained by a broader coalition. While this results in transparent coding-rules, it is arguably also very blunt. As Meng (2021) points out, far from all parties in autocracies have the capacity to actually constrain the ruler. Strøm et al. (2017) presents another way to measure power-sharing in both dictatorships and democracies. Although more nuanced than simple dummies, their measures suffer from some of the same limitations in that it primarily captures *de jure*, rather than *de facto* power-sharing institutions (Strøm et al., 2017, p. 171). This can be especially problematic in autocracies, where the difference between official rules and actual reality if often large[8].

For this reason, I rely on the "executive constraints" variable provided by Polity (Marshall et al., 2013), built around experts' assessment of the actual level of power-sharing. The values of the variable – which captures "the extent of institutionalized constraints on the decision-making powers of chief executives" (2013, p. 24) – range from one to seven, with higher values indicating a higher degree of institutionalized power-sharing. Autocracies where the executive constraints variable is coded as "1" include regimes such as Saudi Arabia in the postwar era, Uzbekistan after the breakup of the USSR or Libya under Muammar Gaddafi. Non-democracies where the same variable is coded as "7" include Malaysia for parts of the 1960s, South Africa during apartheid or Egypt up to the 1952 revolution. Regimes in the middle of the spectrum include China from 1976 onwards (3), Iran in the 1990s (3-4), and Mexico during the reign of the PRI up to the late 1990s (3-4).

It is worth highlighting that constraints on the executive could also be measured using new data from the V-Dem Institute. It's "judicial constraints on the executive index" and the "legislative constraints on the executive index" both have great geographical and temporal coverage (Coppedge et al., 2020). However, the V-Dem indicators suffer from the fact that they only cover specific forms of constraints on the ruler. By contrast, a strength with Polity's measure is that it is not restricted to a particular type of power-sharing institution. Instead, it aims to measure executive constraints regardless of whether power is shared between the ruler and a parliament, a ruling party, a military junta, or something else.

Controls

Given the two-way fixed effects setup, I am conservative in my selection of further control variables. The only additional controls included in the models are those for which there is a strong theoretical reason to believe that they causally affect both the independent and dependent variable (i.e., "confounders"). Apart from country- and year-fixed effects, I control for GDP per capita, recent history of inter-state armed conflict, and oil production. Controlling for GDP per capita is important, since a country with more economic resources poses a bigger threat to its neighbors, thus potentially influencing military spending in adjacent countries. At the same time, richer countries can devote more resources to the creation of a capable state apparatus.

The history of inter-state war is captured by a dummy variable that takes the value one if any adjacent country has been involved in an inter-state armed conflict (Pettersson & Eck, 2018) in the last five years. Having war-prone neighbors is expected to lead to increased state-building efforts, but it is also likely to have a causal impact on military spending for all countries in the region. Lastly, oil-rich nations represent a bigger threat to their neighbors than those without oil reserves, thus affecting military spending in adjacent countries. Simultaneously, most researchers argue that abundant oil reserves have a negative effect on state

[8] Consider the variable "constraining power-sharing" constructed by Strøm et al. (2017), which attempts to measure the extent to which institutions can constrain politicians from actions deemed "predatory" against vulnerable individuals or social groups. According to the measure, politicians in Sierra Leone in the 1980s where more constrained than those in Sweden, the United States or the Netherlands. At the same time, electoral violence in Sierra Leone was common, and the country's dictator Siaka Stevens was fond of saying that "force is the only language the ordinary man understands" (Kandeh 1999, p. 359).

capacity (Brautigam et al., 2008). The variables capturing oil wealth (Ross & Mahdavi, 2015) and GDP per capita (Gleditsch, 2002) are both log transformed.

TABLE 1. SUMMARY STATISTICS

Variable	Obs	Mean	Std.Dev.	Min	Max
State capacity	3814	-.363	.806	-3.512	2.22
Neighbours' military expenditure (log)	3814	14.558	2.459	8.12	19.637
Executive constraints	3550	2.284	1.382	1	7
Neighbor war history	3814	.33	.47	0	1
GDP p.c. (log)	3814	7.778	1.07	4.889	13.357
Oil wealth (log)	3813	9.7	10.53	0	26.357

Sample

To enter the sample, a country-year must be coded as a non-democracy by Boix et al. (2012). Due to data limitations for the Capacity-index; the maximum time-period covered for any given country is 1960 to 2009. Given the operationalization of military threat as the sum of military spending in all adjacent countries, island states without any shared land borders are excluded from the sample. These rules produce a sample of 3 814 country-years[9]. A full list of the countries and years included in the sample (table A3) is found in the appendix.

Results

In the first step of the analysis, I investigate hypothesis H1. Results are displayed in table 2 below. All models include country- and year-fixed effects, with standard errors clustered by country. Model 1 depicts the bivariate association between neighboring countries military spending and state capacity, excluding any controls bar country- and year-fixed effects. As hypothesized, the coefficient for military spending is statistically significant and signed positively. The magnitude of the "effect," however, is somewhat difficult to interpret. Technically, a one percent increase in military spending is associated with a 0.000782 increase in state capacity. A more meaningful interpretation suggests that if military spending in the surrounding region is increased by one standard deviation – roughly what Libya experienced between the mid-1950s and early 1970s – the Capacity-index would increase by roughly 0.19. As the mean for the Capacity-index in this sample is -0.36, with a standard deviation of 0.81, this is a relatively small effect. This finding is in line with the literature that argues that state-building today is a slow and gradual process (Ayoob, 1995; Thies, 2007).

Model 2 introduces some time-varying control variables. The coefficient for neighboring countries' military spending remains positive, and highly significant. Controlling for GDP per capita, oil-production and regional war-history somewhat strengthens the relationship between the independent and dependent variable. Model 3 and model 4 replicate model 1 and 2, but uses the alternative independent variable described in the previous section: If two adjacent countries share membership in either NATO or the Warsaw-pact, their military outlay are excluded when calculating the military expenditures of all neighboring countries.

[9] Because of missing data on some covariates, the actual number of observations drop somewhat when including more predictors.

As can be seen, the use of this alternative independent variable does not change the results in any substantial way. All in all, the results presented in table 3 provide clear support for hypothesis H1. Military buildups in neighboring countries are associated with higher levels of state-capacity.

TABLE 2. THE EFFECT OF NEIGHBORS' MILITARY EXPENDITURE ON OWN STATE CAPACITY

	Model 1	**Model 2**	**Model 3**	**Model 4**
Neighbours' military expenditure (log.)	0.0782**	0.100***		
	(0.0293)	(0.0284)		
Neighbours' military expenditure (log.) ***alternative***			0.0774**	0.0973***
			(0.0284)	(0.0272)
Constant	-1.859***	-4.327***	-1.833***	-4.275***
	(0.351)	(0.516)	(0.335)	(0.503)
Country-fixed effects	Yes	Yes	Yes	Yes
Year-fixed effects	Yes	Yes	Yes	Yes
Controls	No	Yes	No	Yes
N	3786	3736	3786	3736
Countries	117	117	117	117
Time period	1960-2009	1960-2009	1960-2009	1960-2009
Within R2	0.279	0.334	0.279	0.333
Between R2	0.212	0.617	0.0714	0.477
Overall R2	0.226	0.572	0.135	0.478

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). The dependent variable in all models is state capacity. $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Hypothesis H2 – that the association between external military threats and state capacity is stronger in more constrained autocracies – is investigated in the next group of models, reported in table 3. In model 5 the effect of neighbors' military spending on state capacity is allowed to vary depending on the degree of power-sharing, but leaves out additional controls. The interaction term is significant at the 99% level, and positively signed. Model 6 includes the same interaction-term as model 5, and also controls for GDP p.c., oil wealth and war-history of neighboring countries. Now, the interaction-term is significant at the 99.9% level, and the size of the coefficient is somewhat bigger than in model 5.

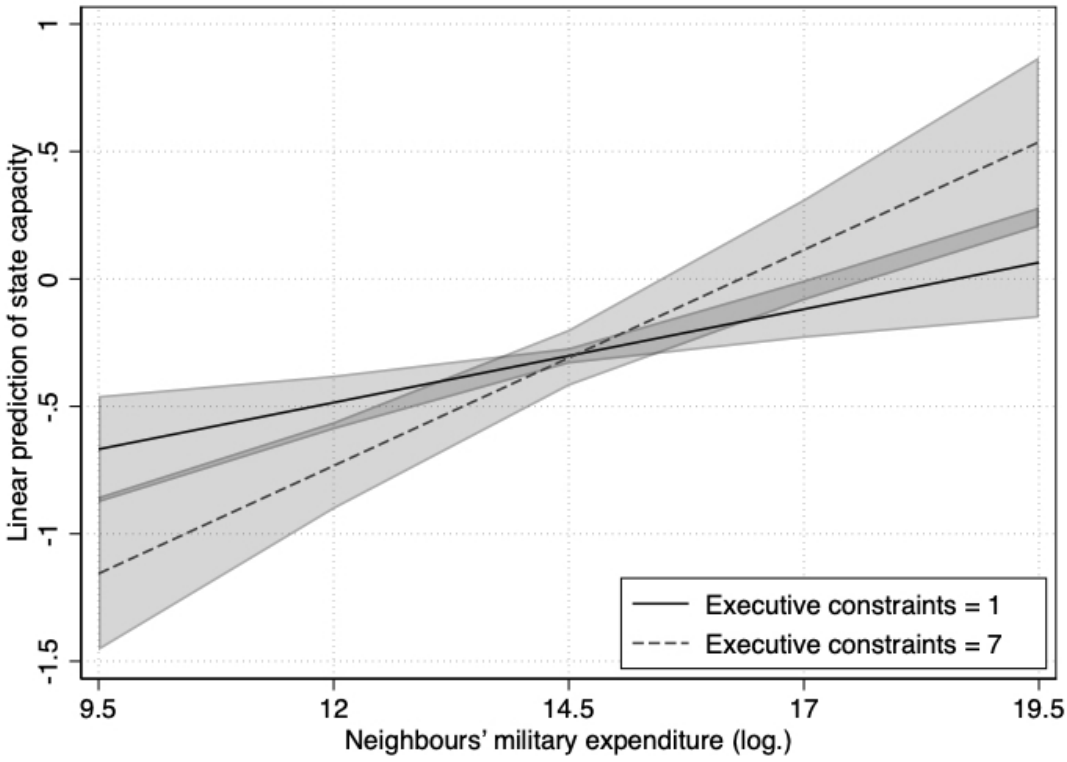
TABLE 3. THE INTERACTION BETWEEN NEIGHBORS' MILITARY SPENDING AND EXECUTIVE CONSTRAINTS ON STATE CAPACITY

	Model 5	**Model 6**	**Model 7**	**Model 8**
Neighbours' military expenditure (log.)	0.0313	0.0572*		
	(0.0262)	(0.0226)		
Executive constraints	-0.213**	-0.233***	-0.194**	-0.207***
	(0.0708)	(0.0577)	(0.0697)	(0.0563)
Neighbours' military expenditure (log.) ## Executive constraints	0.0146**	0.0160***		
	(0.00486)	(0.00418)		
Neighbours' military expenditure (log.) ***alternative***			0.0364	0.0607**
			(0.0253)	(0.0219)
Neighbours' military expenditure (log.) ***alternative*** ## Executive constraints			0.0133**	0.0142***
			(0.00478)	(0.00405)
Constant	-1.218***	-3.445***	-1.268***	-3.480***
	(0.328)	(0.473)	(0.313)	(0.459)
Country-fixed effects	Yes	Yes	Yes	Yes
Year-fixed effects	Yes	Yes	Yes	Yes
Controls	No	Yes	No	Yes
N	3547	3498	3547	3498
Countries	117	117	117	117
Time period	1960-2009	1960-2009	1960-2009	1960-2009
Within R2	0.373	0.425	0.371	0.423
Between R2	0.172	0.584	0.0575	0.419
Overall R2	0.234	0.594	0.143	0.469

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy).The dependent variable in all models is state capacity. $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Just as when investigating hypothesis H1 above I rerun the regressions using the alternative measure of neighboring countries' military spending. The results are displayed in model 7 and 8. Again, the results stay largely the same. The size of coefficient for the interaction-term becomes somewhat smaller when using the alternative independent variable, but is still significant at the 99,9% level, and signed in the theoretically expected direction.

FIGURE 4. THE MODERATING EFFECT OF INSTITUTIONALIZED POWER-SHARING



Estimated from model 6 in table 3, with 95 % confidence intervals.

To better grasp the size of the interaction effect, the relationship between neighbors' military spending and state capacity is plotted in Figure 4, at the minimum and maximum values of executive constraints. As can be seen in the figure, the slope of the two lines differs rather dramatically. For unconstrained dictatorships, a one standard deviation increase in adjacent countries' military spending is associated with an increase in the Capacity-index of roughly 0.18. However, in autocracies with the highest degree of power-sharing, the same upturn in neighboring countries' military expenditure is associated with an increase in the Capacity-index of about 0.42. To get a sense of what an increase in the Capacity-index of 0.42 means, we can examine the level of state capacity in two African countries in 2009. The Capacity-index for Nigeria in West Africa was about -0.97, which can be contrasted with East-African Rwanda's Capacity-index in the same year (-0.53). Thus, a 0.42 increase in the Capacity-index is about as big as the difference between Nigeria and Rwanda in 2009. While both countries are relatively underdeveloped by global standards, the Rwandan state is often considered somewhat of an "outlier" in terms of state capacity. Many observers have noted that despite being fiscally poor, Rwanda possess a high degree of infrastructural power (Soifer, 2008; Straus, 2006). As a further comparison, in 2009 the World Bank ranked Rwanda 68th out of 191 countries in terms of control of corruption – ahead of countries such as Croatia and Greece – and 91st from the top in terms of government effectiveness. Nigeria, by contrast, was ranked 157th and 173rd for the same two measures. To sum up, the results presented in table 4 provide clear support for hypothesis H2. While an upturn in surrounding states' military spending is associated with an increase in state capacity, this effect is especially pronounced in autocracies with a high degree of power-sharing.

Robustness

In addition to the models presented in table 2 and table 3, I conduct several robustness checks. To make sure that the results are not driven by a particular categorization of non-democracies, I replicate the study using alternative ways to select the sample. Running the main models using Geddes et al. (2014) classification of autocratic regimes rather than relying on the coding by Boix et al. (2012) does not alter the main findings substantively. The same is true when using different cut-off points of the polyarchy-index (Coppedge et al., 2020) to discriminate between observations, or when I exclude all autocratic country-years from Europe from the analysis. Although the size of the main coefficients varies somewhat, in all models the relevant coefficients are statistically significant, and signed in the theoretically expected direction (table A4-A8). I also interact the main independent variable – the sum of military spending in all neighboring countries – with a dummy which takes the value 1 if a country-year is a member of either NATO or the Warsaw-pact (table A9). Again, results change very little. Moreover, I control for two of the 24 indicators that make up the Capacity-index – military expenditures p.c. (log), and military personnel p.c. – given that military spending in neighboring countries could affect these directly. In some models, the size of the relevant coefficient decreases somewhat, but they remain statistically significant and signed in the theoretically expected direction throughout (table A10-A11). To mitigate concerns that the executive constraints variable is in fact only measuring the level of democracy (Gleditsch & Ward, 1997), I control for two components of democracy that are not tapping into this concept: suffrage and free and fair elections (Coppedge et al., 2020), with results staying substantively the same (table A12).

I also employ two alternative measures of power-sharing: the judicial constraints and the legislative constraints on the executive index, both from V-Dem (Coppedge et al., 2020). In both cases, the interaction-term is signed in the theoretically expected direction, although the interaction-term including legislative constraints on the executive is not statistically significant (table A13). Given the fact that parliamentary checks on the ruler are relatively rare in modern dictatorships, this should not come as a great surprise[10]. I also check for outliers, since the results could be driven by a few unusual cases with the combination of very high levels of external threat and strong executive constraints. Dropping such outliers from the sample completely, as well as including an outlier dummy in the model, do little to change the overall picture (table A14-A16). The results of the robustness checks, as well as additional descriptive information, are available in the appendix.

Conclusion

In this article I improve on the orthodox interpretation of the "bellicist" theory for state-building by suggesting that external threats and domestic institutions interact in motivating rulers to invest in state capacity. Drawing on research from international relations and autocratic politics, I argue that dictatorships with little or no institutionalized power-sharing are less likely to respond to foreign threats with successful state-building, and that the opposite is true for autocracies with highly constrained executives. I empirically test two hypotheses derived from this theory by creating a novel indicator of military threats and leveraging it against a measure of state capacity under demanding controls in a dataset covering nearly all autocratic country-years in the world between 1960 and 2009. The data provided strong support for both testable

[10] As discussed previously, modern dictators can be constrained in many different ways, and a potential weakness with the indicators provided by V-Dem is that they only measure a particular type of power-sharing.

propositions: A neighbors' military expenditure matter for one's own state capacity, and the effect on state capacity is stronger in autocracies with higher institutionalized power-sharing.

The article makes a number of contributions to the literature. Apart from the theoretical synthesis, it also introduces a novel measure of military threats that is both intuitive and exhibits variation both within and between countries. Secondly, by treating state capacity as the dependent variable it fills an important gap in the research on autocratic politics that has so far avoided studying the causes of state-building in autocracies systematically. Since it typically is through state organizations that autocratic regimes extract revenue, quell public discontent and implement economic policies (Slater & Fenner, 2011), understanding why only some autocrats successfully build up capable states is paramount.

However, a number of aspects of this study warrant further development. To begin with, the empirical investigation is subject to the same problems as all studies relying on observational data. Although two-way fixed effect regressions represent a tough "test" for the theory, endogeneity remains a concern. Moreover, the origins of institutionalized power-sharing are not addressed in the article. The theoretical framework presented here could potentially benefit from studies treating power-sharing as the dependent variable (Boix & Svolik, 2013).

In recent years, a number of developments have put in question the assertion that border wars are a thing of the past. Russia's invasion of Ukraine, Azerbaijan's take-over of Nagorno-Karabakh, and growing tensions over territorial disputes in the South China Sea, all point to a future in which national boundaries are once again contested and militarized. Notably, these developments occur while autocracy globally seems to be on the rise (Lopes da Silva, 2020; Lührmann et al., 2020). Studying how dictators respond to foreign military threats may be ever more important in the years to come.

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Appendix

TABLE A1. SUMMARY STATISTICS

Variable	Obs	Mean	Std.Dev.	Min	Max
State capacity	4322	-.366	.79	-3.512	2.22
Neighbours' military expenditure (log)	4322	14.527	2.472	8.12	19.711
Neighbours' military expenditure (ordinal sc.)	4322	2.869	1.433	1	5
Executive constraints	4035	2.617	1.648	1	7
Neighbor war history	4322	.321	.467	0	1
GDP p.c. (log)	4322	7.781	1.042	4.889	13.357
Oil wealth (log)	4321	9.56	10.442	0	26.357
Alliance dummy (NATO or Warsaw)	4322	.055	.229	0	1
Military expenditure p.c. (log)	4116	-4.158	2.263	-18.713	3.015
Military personnel p.c.	4274	.007	.008	0	.077
Suffrage	4321	71.575	44.204	0	100
Elections, free & fair	4302	.216	.206	0	.921
Judicial constraints on the executive	4321	.36	.234	.005	.938
Legislative constraints on the executive	3594	.293	.244	.026	.918

Table A1 presents summary statistics for all variables used in the main regression models presented in the paper, as well as all robustness checks.

TABLE A2. INDICATORS USED TO CREATE THE CAPACITY-INDEX

Admin. & Civil Service (Global Integrity, 2012)	Fractal Borders (Alesina et al., 2011)
Admin. Efficiency (Adelman and Morris, 1967)	(Log) Mountainous Terr. (Fearon and Laitin, 2003)
Anocracy (calculated from Polity IV)	Political Terror Scale (Gibney et al., 2011)
Bureaucratic Quality (Political Risk Services)	Quality, Budgetary & Financial Man. (World Bank)
Census Frequency (calculated from UN 2011)	Quality of Public Administration (World Bank)
Civil Service Confidence (World Values Surveys)	Rel. Pol Capacity (Arbetman-Rabinowitz et al. 2011)
Contract-Intensive Money (WDI)	Statistical Capacity (World Bank)
Military Personnel per capita (COW)	Tax Evasion not Damaging (IMD, 2011)
(Log) Military Spending per capita (COW)	Taxes on Income as % of Revenue (IMF, WDI)
Monopoly Use of Force (Bertelsmann TI)	Taxes on Int. Trade as % Revenue (IMF, WDI)
Effective Implementation of Gov. Decisions (IMD)	Total Tax Revenue as % GDP (IMF, WDI, OECD)
Efficiency of Revenue Mobilization (World Bank)	Weberianness (Rauch and Evans, 2000)

Source: Hanson & Sigman (2013).

TABLE A3. COUNTRY-YEARS INCLUDED IN THE SAMPLE

Afghanistan	1960-2009
Albania	1960-1991; 1996
Algeria	1960-2009
Angola	1976-2009
Argentina	1962; 1966-1972; 1976-1982
Armenia	1992-2009
Azerbaijan	1992-2009
Bangladesh	1972-1990; 2007-2008
Belarus	1994-2009
Benin	1961-1990
Bhutan	1971-2009
Bolivia	1960-1978; 1980-1981
Brazil	1964-1984
Bulgaria	1960-1989
Burkina Faso	1961-2009
Burundi	1963-2004
Cambodia	1960-2009
Cameroon	1960-2009
Central African Republic	1961-1992; 2003-2009
Chad	1961-2009
Chile	1973-1989
China	1960-2009
Congo	1963-2009
Congo (DRC)	1961-2009
Côte d'Ivoire	1961-2009
Croatia	1992-1999
Cyprus	1975-1976

Djibouti	1977-2009
Dominican Republic	1960-1965
Ecuador	1963-1978; 2000-2002
Egypt	1960-2009
El Salvador	1960-1983
Equatorial Guinea	1969-2009
Eritrea	1993-2009
Eswatini	1969-2009
Ethiopia	1960-1992
Gabon	1960-2009
Gambia (the)	1965-1971; 1994-2009
Georgia	1992-2003
Germany, East	1960-1990
Ghana	1960-1969; 1972-1978; 1981-1996
Greece	1967-1973
Guatemala	1963-1965; 1982-1985
Guinea	1960-2009
Guinea-Bissau	1975-1993; 1998-2009
Guyana	1966-1991
Haiti	1960-2009
Honduras	1963-1970; 1972-1981; 2009
Hungary	1960-1989
Indonesia	1960-1998
Iran	1960-2009
Iraq	1960-2009
Jordan	1960-2009
Kazakhstan	1992-2009
Kenya	1964-2001
Korea, North	1960-2009

Korea, South	1961-1987
Kuwait	1963-2009
Kyrgyzstan	1992-2009
Laos	1960-2009
Latvia	1992
Lebanon	1960-2009
Lesotho	1967-2001
Liberia	1960-2005
Libya	1960-2009
Malawi	1965-1993
Malaysia	1963-2009
Mali	1961-1991
Mauritania	1961-2009
Mexico	1960-1999
Mongolia	1960-1989
Morocco	1960-2009
Mozambique	1975-2009
Myanmar	1962-2009
Namibia	1990-2009
Nepal	1960-1990; 2002-2007
Nicaragua	1960-1983
Niger	1961-1992; 1996-1998; 2009
Nigeria	1966-1978; 1983-2009
Oman	1971-2009
Pakistan	1977-1987; 1999-2007
Panama	1968-1990
Paraguay	1960-2002
Peru	1962; 1968-1979; 1990-2000
Poland	1960-1988

Portugal	1960-1975
Qatar	1972-2009
Vietnam, South	1960-1975
Romania	1960-1990
Russia	1999-2009
Rwanda	1963-2009
Saudi Arabia	1960-2009
Senegal	1961-1999
Sierra Leone	1967-1991; 1993-2001
Somalia	1969-2009
South Africa	1965-1993
Spain	1960-1976
Sudan	1960-1964; 1969-2009
Syria	1961-2009
Tajikistan	1992-2009
Tanzania	1964-2009
Thailand	1960-1974; 1976-1982; 1991; 2006-2009
Togo	1960-2009
Tunisia	1960-2009
Turkey	1960; 1980-1982
Turkmenistan	1992-2009
Uganda	1963-1979; 1985-2009
United Arab Emirates	1972-2009
Uruguay	1973-1984
Uzbekistan	1992-2009
Venezuela	2005-2009
Vietnam	1960-1975
Yemen	1990-2009
Yemen Arab Republic	1962-1989

Yemen People's Republic	1968-1989
Yugoslavia	1960-1991
Zambia	1965-2007
Zimbabwe	1970-2009

TABLE A4. AUTOCRATIC COUNTRY-YEARS ACCORDING TO GEDDES ET AL.

	Model 9	**Model 10**
Neighbours' military expenditure (log.)	0.112***	0.0625*
	(0.0267)	(0.0238)
Executive constraints		-0.294***
		(0.0822)
Neighbours' military expenditure (log.) ## Executive constraints		0.0200**
		(0.00596)
Constant	-4.529***	-3.825***
	(0.588)	(0.516)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3516	3381
Countries	110	110
Time period	1960-2009	1960-2009
Within R2	0.386	0.453
Between R2	0.590	0.567
Overall R2	0.580	0.591

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. *Standard errors in parentheses.*

Table A4 displays the results for the first set of robustness tests. Model 9 and 10 replicate model 2 and 6 in the main paper, this time using the autocratic regime data set developed by Geddes et al. (2014) to classify observations as autocratic.

TABLE A5. AUTOCRATIC COUNTRY-YEARS = POLYARCHY BELOW 0,5

	Model 11	**Model 12**
Neighbours' military expenditure (log.)	0.0978***	0.0679**
	(0.0270)	(0.0222)
Executive constraints		-0.151**
		(0.0464)
Neighbours' military expenditure (log.) ## Executive constraints		0.0106**
		(0.00335)
Constant	-4.256***	-3.629***
	(0.498)	(0.454)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3992	3718
Countries	122	121
Time period	1960-2009	1960-2009
Within R2	0.345	0.435
Between R2	0.620	0.598
Overall R2	0.571	0.599

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Table A5 displays the results for the second set of robustness tests. Model 11 and 12 replicate model 2 and 6 in the main paper. Instead of using the dichotomous regime-classification developed by Boix et al. (2012) to classify observations as non-democratic, these regressions are based on all country-years in the 1960-2009 time period where the polyarchy-index (Coppedge et al., 2020) is below 0.5.

TABLE A6. AUTOCRATIC COUNTRY-YEARS = POLYARCHY BELOW 0,4

	Model 13	**Model 14**
Neighbours' military expenditure (log.)	0.101***	0.0676**
	(0.0288)	(0.0230)
Executive constraints		-0.169**
		(0.0551)
Neighbours' military expenditure (log.) ## Executive constraints		0.0123**
		(0.00400)
Constant	-4.214***	-3.614***
	(0.515)	(0.464)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3642	3387
Countries	116	115
Time period	1960-2009	1960-2009
Within R2	0.347	0.437
Between R2	0.599	0.588
Overall R2	0.570	0.601

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Table A6 displays the results for the third set of robustness tests. Model 13 and 14 replicate model 2 and 6 in the main paper. Instead of using the dichotomous regime-classification developed by Boix et al. (2012) to classify observations as non-democratic, these regressions are based on all country-years in the 1960-2009 time period where the polyarchy-index (Coppedge et al., 2020) is below 0.4.

TABLE A7. AUTOCRATIC COUNTRY-YEARS = POLYARCHY BELOW 0,3

	Model 15	**Model 16**
Neighbours' military expenditure (log.)	0.107**	0.0742**
	(0.0318)	(0.0243)
Executive constraints		-0.202***
		(0.0597)
Neighbours' military expenditure (log.) ## Executive constraints		0.0150***
		(0.00434)
Constant	-4.171***	-3.527***
	(0.553)	(0.471)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3153	2976
Countries	108	107
Time period	1960-2009	1960-2009
Within R2	0.363	0.454
Between R2	0.587	0.574
Overall R2	0.574	0.596

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Table A7 displays the results for the fourth set of robustness tests. Model 15 and 16 replicate model 2 and 6 in the main paper. Instead of using the dichotomous regime-classification developed by Boix et al. (2012) to classify observations as non-democratic, these regressions are based on all country-years in the 1960-2009 time period where the polyarchy-index (Coppedge et al., 2020) is below 0.3.

TABLE A8. AUTOCRATIC COUNTRY-YEARS OUTSIDE EUROPE

	Model 17	**Model 18**
Neighbours' military expenditure (log.)	0.0966**	0.0533*
	(0.0290)	(0.0225)
Executive constraints		-0.228***
		(0.0566)
Neighbours' military expenditure (log.) ## Executive constraints		0.0159***
		(0.00414)
Constant	-4.542***	-3.683***
	(0.510)	(0.461)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3449	3215
Countries	103	103
Time period	1960-2009	1960-2009
Within R2	0.351	0.448
Between R2	0.610	0.589
Overall R2	0.571	0.605

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Table A8 displays the results for the fifth set of robustness tests. Model 17 and 18 replicate model 2 and 6 in the main paper, but excludes all autocratic country-years from Europe.

TABLE A9. INTERACT WITH ALLIANCE DUMMY (NATO OR WARSAW-PACT)

	Model 19	**Model 20**
Neighbours' military expenditure (log.)	0.0967***	0.0555*
	(0.0284)	(0.0224)
Alliance-dummy (NATO or Warsaw-pact)	1.787	1.659
	(1.210)	(1.013)
Neighbours' military expenditure (log.) ## Alliance-dummy	-0.0791	-0.0704
	(0.0877)	(0.0739)
Executive constraints		-0.222***
		(0.0563)
Neighbours' military expenditure (log.) ## Executive constraints		0.0152***
		(0.00408)
Constant	-4.409***	-3.555***
	(0.514)	(0.465)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3736	3498
Countries	117	117
Time period	1960-2009	1960-2009
Within R2	0.340	0.433
Between R2	0.638	0.615
Overall R2	0.587	0.614

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Table A9 displays the results for the sixth set of robustness tests. Model 19 and 20 replicate model 2 and 6 in the main paper, but includes an interaction-term between the main independent variable (neighbours' military expenditure) and a dummy which takes the value 1 if a country-year is a member of either NATO or the Warsaw-pact.

TABLE A10. CONTROL FOR MILITARY EXPENDITURES PER CAPITA

	Model 21	**Model 22**
Neighbours' military expenditure (log.)	0.0671**	0.0339
	(0.0245)	(0.0212)
Military expenditure p.c. (log.)	0.0948***	0.0909***
	(0.0165)	(0.0161)
Executive constraints		-0.168**
		(0.0616)
Neighbours' military expenditure (log.) ## Executive constraints		0.0120**
		(0.00427)
Constant	-2.985***	-2.358***
	(0.533)	(0.511)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3549	3365
Countries	117	117
Time period	1960-2009	1960-2009
Within R2	0.474	0.515
Between R2	0.739	0.721
Overall R2	0.706	0.709

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Table A10 displays the results for the seventh set of robustness tests. Model 21 and 22 replicate model 2 and 6 in the main paper, controlling for military expenditures per capita.

TABLE A11. CONTROL FOR MILITARY PERSONNEL PER CAPITA

	Model 23	**Model 24**
Neighbours' military expenditure (log.)	0.0894**	0.0521*
	(0.0293)	(0.0231)
Military personnel p.c.	18.29***	12.12***
	(4.677)	(3.415)
Executive constraints		-0.240***
		(0.0563)
Neighbours' military expenditure (log.) ## Executive constraints		0.0166***
		(0.00412)
Constant	-4.240***	-3.421***
	(0.513)	(0.470)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3689	3469
Countries	117	117
Time period	1960-2009	1960-2009
Within R2	0.365	0.439
Between R2	0.704	0.662
Overall R2	0.627	0.646

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$. *Standard errors in parentheses.*

Table A11 displays the results for the eight set of robustness tests. Model 23 and 24 replicate model 2 and 6 in the main paper, controlling for military personnel per capita.

TABLE A12. CONTROL FOR SUFFRAGE & FREE AND FAIR ELECTIONS

	Model 25	**Model 26**
Neighbours' military expenditure (log.)	0.0556*	0.0572*
	(0.0225)	(0.0224)
Executive constraints	-0.240***	-0.234***
	(0.0567)	(0.0578)
Neighbours' military expenditure (log.) ## Executive constraints	0.0161***	0.0158***
	(0.00412)	(0.00417)
Suffrage	0.000577*	
	(0.000267)	
Elections, free & fair		0.0525
		(0.101)
Constant	-3.428***	-3.456***
	(0.470)	(0.472)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3497	3479
Countries	117	117
Time period	1960-2009	1960-2009
Within R2	0.426	0.424
Between R2	0.579	0.588
Overall R2	0.591	0.596

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. *Standard errors in parentheses.*

Table A12 displays the results for the ninth set of robustness tests. Model 25 and 26 replicate model 6 in the main paper, controlling separately for suffrage and free and fair elections (Coppedge et al., 2020).

TABLE A13. ALTERNATIVE POWER-SHARING MEASURES

	Model 27	**Model 28**
Neighbours' military expenditure (log.)	0.0508	0.0628
	(0.0301)	(0.0394)
Judicial constraints on the executive	-1.789*	
	(0.696)	
Neighbours' military expenditure (log.) ## Judicial constraints	0.119*	
	(0.0511)	
Legislative constraints on the executive		-1.761*
		(0.828)
Neighbours' military expenditure (log.) ## Legislative constraints		0.0934
		(0.0600)
Constant	-3.549***	-3.362***
	(0.561)	(0.627)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3735	3044
Countries	117	117
Time period	1960-2009	1960-2009
Within R2	0.341	0.330
Between R2	0.614	0.541
Overall R2	0.566	0.543

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. *Standard errors in parentheses.*

Table A13 displays the results for the tenth set of robustness tests. Model 27 and 28 replicate model 6 in the main paper, using two alternative measures of power-sharing: The judicial constraints on the executive index, and the legislative constraints on the executive index (Coppedge et al., 2020).

TABLE A14. IDENTIFYING OUTLIERS

Executive Constraints	**Neighbours' military expenditure, ordinal scale**					
	1	**2**	**3**	**4**	**5**	**Total**
1	392	318	261	252	187	1410
2	100	143	128	82	138	591
3	249	238	168	201	299	1155
4	20	2	19	33	40	114
5	25	22	65	28	24	164
6	9	10	8	7	3	37
7	22	29	17	10	1	79
Total	817	762	666	613	692	3550

Table A14 shows the distribution of country-years for different combinations of executive constraints and external military threats. To make the data easier to read, I converted the main independent variable – neighboring countries military expenditures, log transformed – into an ordinal scale, where 1 represents the lowest quintile, 2 the second lowest quintile, and so on. As can be seen, relatively few observations are found in the lower right corner; that is displaying the combination of high executive constraints and high levels of neighboring countries military spending. This raises the possibility that one of the main results of the paper – that the effect of external military threats on state-building is stronger in more constrained autocracies – are in fact driven by these outliers. To alleviate such concerns, I identify the 73 country-years with high executive constraints (5-7) and high levels of external threats (4-5), displayed in table A15 below. I then rerun the main regressions, either dropping these observations from the sample, or include an outlier dummy as a control (table A16).

TABLE A15. COUNTRY-YEARS, OUTLIERS

Albania, 1996	Kyrgyzstan, 2006	Nepal, 1990; 2006-2007
Algeria, 2009	Lebanon, 2005-2009	Paraguay, 1992-2002
Armenia, 1992-1994; 1998-2009	Malaysia, 1992-1994; 2008-2009	Romania, 1990
Belarus, 1994	Mexico, 1997-1999	Russia, 2000-2006
Georgia, 1992-2003	Namibia, 1990; 2005-2009	Venezuela, 2005

TABLE A16. CONTROLLING FOR OUTLIERS

	Model 29	**Model 30**
Neighbours' military expenditure (log.)	0.0580*	0.0585*
	(0.0226)	(0.0228)
Executive constraints	-0.225***	-0.223***
	(0.0607)	(0.0584)
Neighbours' military expenditure (log.) ## Executive constraints	0.0156***	0.0151***
	(0.00448)	(0.00426)
Outlier dummy		0.0947
		(0.0880)
Constant	-3.451***	-3.453***
	(0.469)	(0.476)
Country-fixed effects	Yes	Yes
Year-fixed effects	Yes	Yes
Controls	Yes	Yes
N	3430	3498
Countries	116	117
Time period	1960-2009	1960-2009
Within R2	0.430	0.426
Between R2	0.598	0.579
Overall R2	0.602	0.593

All predictors are lagged one year. Robust standard errors (clustered by country). Controls include GDP p.c. (log), Oil wealth (log) and Neighbor war history (dummy). * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. *Standard errors in parentheses.*

Table A16 displays the results for the eleventh set of robustness tests. Model 29 and 30 replicate model 6 in the main paper, controlling for outliers. Model 29 excludes the outliers identified in table A14 and A15 from the sample entirely. Model 30 is based on the same sample as model 6 in the main paper, but also includes an outlier dummy as a control.