

Abstract

Analysis of the dynamics of the interactions between multiple levels is demanding because it requires us to answer theoretical puzzles and statistical challenges inherent in multilevel data. Multilevel data has been widely used in studies of international relations. Nevertheless, it is hard to find a well-defined empirical model that accounts for the dynamic interplay across levels of analysis with theoretical consistency, properly determining the hierarchical relationship between levels. This paper argues that this failure to account for multilevel structure in the data may cause serious theoretical and statistical problems, and explores the potential of *multilevel models* for studies of international politics. This paper exemplifies the potential to underestimate standard errors and to make erroneous conclusions about statistical significance and substantive implication, if the multilevel structure of the data is ignored. A systemic approach to the democratic peace is examined as a substantive example. The results in this research support the argument that international democratic norms have a positive effect on third party settlement attempts to territorial disputes. That is, as the proportion of democracies in the international system increases, nondemocratic states are more likely to rely on peaceful measures such as third party intervention to settle their territorial disputes.