

Resolving China's Island Disputes: A Two-Level Game Analysis

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Although territorial disputes have been much studied, the application of “two-level game” analysis in peace research and conflict resolution is still relatively unexplored. In this essay, I seek to use the analytical propositions derived from this “two-level game” bargaining framework to explain the success, failure, or partial resolution of sovereignty negotiations over China’s island claims to the disputed islands of the Diaoyu/Senkaku, Amur/Ussuri rivers, and South China Sea. This essay will focus on the interaction between governments and domestic nationalist groups, the role of institutions, and the strategies of negotiators to explain the development of the territorial disputes. I will evaluate how different political and social preferences, historical memories, economic priorities, side payments, and institutional constraints affect inter-state bargaining behavior and relations between the government and different segments of society. Basically, I am interested in finding out what significant roles national, sub-national and transnational actors can and do play in aggravating, minimizing, terminating or preventing conflicts over island claims involving China.

Key words: *Diaoyu/Senkaku, Zhenbao/Damansky, island disputes, two-level games, nationalism*

INTRODUCTION

Territorial disputes over islands have become a volatile element in domestic politics, as nationalism is often a popular sentiment to inculcate but a difficult force for contemporary governments to control. Aside from being symbols of national prestige and territorial integrity for certain domestic nationalistic groups, to whom these disputed island are “sacred inalienable territory,” the importance of many of these often tiny, barren, distant, uninhabited and otherwise insignificant, outcrops has been considerably increased by the coming into force of the United Nations Convention on the Law of the Sea (UNCLOS) in November 1994. UNCLOS permits states to claim up to 200 miles of maritime resources around islands in their possessions. While the risk of sustained military conflict over any of these territories developing into full-scale war remains relatively small, each dispute has the potential to damage the broader relationship between the claimant states. Hence it is imperative that we pay attention to how island disputes are raised, contested, prolonged, or settled, from both domestic and international angles, especially when

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the claimants are large and powerful countries, since their actions on these matters may affect us all.

On issues of territorial claims, economic disputes, and security challenges, states often choose to bargain, make promises, or use threats to exact concession from other states. A seminal work analyzing the effect domestic politics have on international diplomacy and vice-versa is Robert Putnam's 1988 article on "Two-Level Games."¹ There have been studies since on the challenges faced by statesmen / diplomats of one state in negotiating an agreement with their foreign counterparts elsewhere, and submitting the agreement for ratification by their domestic constituents. The art of politicking, coalition-forming, and opinion-making involved in both levels of negotiations are also examined. A recent and focused effort relating theories of domestic-level determinants to the shaping of state leaders' foreign policy choices with respect to territorial disputes has been Paul Huth and Todd Allee's book on "democratic peace and territorial conflict in the twentieth century."² Another is M. Taylor Fravel's essay on how domestic threats to regime security and the need for international cooperation explain China's compromises on territorial disputes.³ Still, little seemed to have been done to understand why some inter-state disputes were quickly shelved at the stage of preliminary talks, or were left to linger, while others were swiftly disposed of to the satisfaction of both sides, even after long years of intermittent and fruitless negotiations.⁴

To remedy this inadequacy, I wish to apply the propositions derived from the "Two-Level Game" framework to analyze the recurrent failure to start sovereignty negotiations over the disputed Diaoyutai / Senkaku Islands claimed by China, Taiwan, and Japan, and in contrast, the eventual success which China and Russia had in settling their dispute over Zhenbao / Damansky and other islands lying on their common riparian boundaries, after coming to blows over the same islands twenty years before. Why is the dispute over Zhenbao / Damansky solved while the dispute over Diaoyutai / Senkaku is not, despite a prima-facie similarity between the Chinese claims over these two groups of islands? I shall then examine more briefly the roles that trans-national (or "third – level") actors can play in preventing or minimizing the threat of conflict in the current dispute over the South China Sea islands.

The "two-level games" concept relies on the observation that negotiators involved in international bargaining not only have to negotiate with their (Level I) foreign negotiating counterparts, they also have to negotiate with (Level II) domestic constituents who could block the deal at home.⁵ For agreement to be possible, the negotiating parties' "win-sets" or "space for negotiation" must overlap.⁶ Putnam postulated that the larger the perceived win-set of a negotiator, meaning that more accords would be approved domestically, the weaker his bargaining position.⁷ On the other hand, although the risk of negotiation breaking down is greater, a smaller win-set can be a negotiating advantage, for the negotiator can then credibly inform his opposite that "I'd like to accept your proposal, but I can never get it accepted at home."⁸

Given the importance of win-sets in determining negotiating outcomes, Putnam identified three sets of factors that affect win-set sizes.⁹ The first determinant of win-set size is a combination of Level II preferences and coalitions. It postulates that groups whose interests are most negatively affected by a proposed agreement would become politicized and organized, thus reducing the effective win-set for negotiation. An argument thus presents itself: that because it is much easier for politicized interest groups to organize and propagate their agenda in a democracy, it will be much easier for activists to create, manipulate, or galvanize public opinion in these countries and pressure politicians to reject an agreement. As such, it should be harder to resolve a dispute with a democratic country than with a non-democratic country. Also, the higher cost of achieving no agreement means that open trade-dependent economies will have larger win-sets compared with more self-sufficient economies and will be more willing to enter into agreements with other countries than the latter.

Putnam's second determinant relates win-set size to domestic political institutions, primarily the number of votes required for ratification by a country's legislature. However, Putnam recognizes that not all ratification procedures are formalized by pointing out that the propensity of members of the Japanese Diet for seeking out the broadest possible consensus before passing a bill effectively constrains their win-set.

As for the third determinant of win-set size, the strategies of the negotiators, two are highlighted: "tying hands" and "reverberation targeting." By "tying hands," negotiators exaggerate the tightness of their domestic win-set to coax a deal from their counterparts closer to their preferred outcome. "Reverberation targeting" involves issuing persuasive appeals and proffering side-payments to groups on the opposite side to gain their support for the negotiator's own proposition.

Putnam recognizes the strategic implications of direct communication between societal Level II players of negotiating states, and called for subsequent work to explore this aspect of his bargaining theory.¹⁰ Nationalist groups who perceive their own government to be making territorial concessions they are opposed to may try to gain leverage against their government leaders and negotiators by provoking the governments and nationalist forces of the other disputant countries. The purpose is to force one's own government to demonstrate publicly its national sovereignty over the disputed claim in the face of foreign contest. Even so, I would expect to find extremely weak links, if at all, between domestic constituents on the opposing sides. Nationalist forces seldom if ever needed foreign encouragement to pressure their own leaders to hold a hard line on issues under negotiation, especially on matters of territorial disputes.

China's island disputes raise important issues of territorial sovereignty claims, access to (petroleum and fisheries) resources, and strategic sensitivities of claimant states. By focusing on the interaction between governments and their domestic nationalist groups, the role of institutions, and the strategies of negotiators, I hope to assess the usefulness of Putnam's two-level game framework within the

context of the disputes. I shall be exploring and evaluating if and how different political preferences, economic priorities, risk assessments, historical memories, potentials for side payments, and institutional constraints of different segments of both state and society affect inter-state bargaining behavior and state-society relations. The relevance of the failure or success to settle these disputes for our study lies in i) the way in which the issues have been, or will be, exploited by domestic nationalist groups to further their own objectives, ii) the attempts made, or which should be made, by governments to play down the incidents in the interest of overall foreign relations, economic ties, and regional stability, and iii) the test of the strengths and limitations of “two-level game analysis” for conflict resolution. Perhaps in future, more work can be done to test the appropriateness, strengths and limitations of using “two-level games” analysis to explain state and societal behavior over other Chinese or non-Chinese territorial claims.

THE DIAOYUDAI/SENKAKU ISLANDS DISPUTE AND TWO-LEVEL GAMES

The original dispute in 1970- 71 arose as a result of contending national claims to petroleum deposits found under the seabed adjacent to the Diaoyutai / Senkaku Islands. It was soon aggravated by Taiwanese student demonstrators in North America protesting the Taiwan government’s participation in joint resource development talks with the Japanese government without first clarifying the ownership position of the islands. These Taiwanese student activists were the ones who started the trend of the occasionally recurring popular protests by Taiwanese, Hongkongers and overseas Chinese over the issue. The 1978 Incident was caused by members of a Japanese right-wing nationalist group – the *Seirankai* or “Clear Storm Group” – erecting a lighthouse on the biggest of the islands. The group had wanted to promote efforts by pro-nationalist Liberal Democratic Party negotiators of the China-Japan Peace and Friendship Treaty to pressure the Chinese government into recognizing Japanese sovereignty over the disputed islands as the price for including an “anti-hegemony” clause in the treaty aimed at the Soviet Union. The *Seirankai* members left when they discovered armed Chinese “fishing junks” circling the islands. The 1990 incident was the result of another right-wing group – the *Nihon Seinensha* or “Japan Youth Federation” – repairing the *Seirankai* lighthouse, which invited the attention of Taiwanese athletes and journalists, who attempted to land on the islands but were driven away by the Japanese Maritime Security Agency or coast guard. The noisiest uproar of Chinese all over the world to date was over an attempt by the *Nihon Seinensha* to build and repair another lighthouse on another one of the islands. This 1996 episode witnessed the first fatality directly related to the dispute, when a Hongkong activist drowned as he tried to swim ashore from his boat to protest the construction of the lighthouse. In March 2004, Japanese authorities deported seven Chinese activists after they went to the islands. The activists were the first people to land on the disputed islands since 1996.¹¹

The timing, method, and intensity of the claim by the three sides, when it recurs, are dictated not only by their respective positions on the sovereignty question, but more importantly, by domestic factors not fully within the control of the governments. These factors include the rise of nationalism or irredentism and an increasingly confident military in China, the competition for political legitimacy on Taiwan between separatist and pro-unification forces involving the powerful fishing lobby, and the influence of right-wing nationalist groups in Japanese politics.

Why is it not possible for the claimant countries to forego or divide the claim to this uninhabited group of five islets and three rocks totaling a mere 6.5 squared kilometers? The answer, in short, is the rhetoric of sovereignty. The ownership claim by Chinese in both China and Taiwan rests on historical discoveries by ancient Chinese mariners and envoys from the Ming and Qing dynasties to the Ryukyu Kingdom of Okinawa.¹² They contend that the islands were ceded to Japan under the Treaty of Shimonoseki, which ended the Sino-Japanese War of 1895, and should have been returned to the Chinese when Japan surrendered at the end of World War II. To the Japanese, the islands were taken by them months after the treaty was signed, then came under United States (U.S.) administrative control between 1945 and 1972,¹³ and subsequently reverted to Japanese mandate together with Okinawa. The Chinese retain bitter memories of Japanese atrocities committed in China during the Second World War, and the Diaoyutai Islands and nearby undersea hydrocarbon resources represent to them a continuing attempt by Japan to keep what it had stolen from the Chinese. The Japanese believe that they have the right of ownership by virtue of having been the first country ever to exercise effective administration over the Senkaku Islands. To complicate matters, both historical discovery and effective administration are valid criteria under international law for states to claim title over an unclaimed or disputed piece of territory,¹⁴ although neither alone can be taken to establish ownership title beyond doubt or challenge.

Why did any of the three disputant governments not take unilateral military action to settle the dispute in its favor? In calculating the risks of confrontation against the benefits of cooperation, each of the states must have come to the sobering conclusion that a unilateral seizure of what are tiny bits of uninhabited rocks of little more than symbolic value is not worth provoking possible military attack or breaking economic ties. None of the states involved has a predominant superiority of military force over either of the other two necessary to assure outright victory, and all three are among the most important trading and investment partners of one another. Unilateral military action on the part of any of the three claimant states would at the very least lead to an escalating regional arms race. Furthermore, there is also the possibility that the U.S. as a treaty ally of Japan might get involved in the event the dispute escalates into an armed conflict and jeopardizes regional stability, with unpredictable consequences for all parties concerned.

Can government negotiators hope to compromise, by setting aside the issue of sovereignty, and concentrate on developing or enlarging "win-sets" or common

grounds on areas of joint economic development? The priorities of state governments and societal pressure groups are very far apart on whether to maintain normal neighborly relations, or risk the serious disruptions of these ties for the sake of asserting unilateral sovereignty. Mutual distrust and historical animosity are so deep between the Japanese and the Chinese, and between the Chinese on the mainland and those on Taiwan, that the uniformly negative position taken by pressure groups or social forces on the issue makes it impossible for negotiators on one side to appeal to, or take advantage of, a possible breach or division of public opinion on the other sides which would favor meaningful dialogue, let alone concessions. “Unofficial” or “semi-official” preliminary talks on sovereignty, fishing rights, and petroleum development could not surface into “official” negotiations, for fear of incurring the ire of their nationalistic public.

Nationalistic elements opposed to any form of territorial compromises are also not difficult to find in the governments of the disputant countries. Diet legislators in Japan’s governing Liberal Democratic Party (LDP) who were against the 1978 Peace and Friendship Treaty between Japan and China tried to scuttle it by insisting on Japanese sovereignty over the Diaoyutai / Senkaku Islands.¹⁵ When Taiwan’s fishermen lobby expressed fears that Japanese control of the islands would mean that they would be denied access to fishing grounds in the vicinity, politicians in Taiwan’s then ruling Kuomintang and major opposition parties loudly urged their government to send warships to protect fishing rights near the disputed islands.¹⁶ As for China, when that country was enacting a law on territorial waters in 1992, its Foreign Ministry had argued against specifying the islands claimed by China to avoid diplomatic friction with other claimant countries, but was overruled by the Chinese People’s Liberation Army and navy which insisted that “principles” must be maintained for future sovereignty negotiations.¹⁷

Were the nationalist groups which spearheaded the claims working in tandem with their governments, by offering the opportunity to follow-up on the claims if their private forays were not successfully opposed, and the plausibility of denial of fore-knowledge and involvement if they were successfully opposed? There was some evidence of that in the statements and actions of Japanese nationalist groups and their government officials during the 1996 incident. Right-wing groups from Japan whose activities were clearly protected by patrol crafts from the Japanese Maritime Safety Agency were later depicted by their own Foreign Ministry spokespersons as individuals visiting privately owned land.¹⁸ The proof, however, was less clear with the Taiwanese, whose activists in 1990 were reportedly encouraged by a city mayor to sail for the disputed islands.¹⁹ When fifteen Chinese and Hong Kong activists returned to a Chinese port in June 2003 from circling the Diaoyu rocks with their boats, local officials were on hand to welcome them at the harbor, as a marching band played the Chinese national anthem.²⁰ As to whether the nationalist groups in each state had actually contemplated provoking their counterparts in the other states to force their own

governments to adopt a confrontational stand, no credible evidence was forthcoming.

THE ZHENBAO/DAMANSKY ISLANDS DISPUTE AND TWO-LEVEL GAMES

After four years of intensive but secret negotiations, a boundary agreement was signed between China and the Soviet Union in May 1991. It was subsequently ratified by the national legislatures of both China and Russia, the successor-state to the Soviet Union, in February 1992. This boundary agreement would demarcate 3 700 kilometers of border between both states which runs along the *thalweg* or middle of the main channel of the Amur and the Ussuri. The border agreement also transferred to China some 600 of the 700 or so little islets and rocks, uninhabited except for the itinerant fisherman, which fall on the Chinese side of the mid-channel of the two rivers. This included the island of Damansky / Zhenbao, the site of two short but bloody clashes between Chinese and Soviet soldiers in March 1969.

Following the collapse of a decade of friendship between the ruling Communist Parties of both China and the Soviet Union, Chinese leader Mao Zedong raised the question for Soviet leader Nikita Khrushchev of one million squared kilometers of the Russian Far East, which Mao said was fraudulently acquired by Tsarist Russia in two "unequal" treaties imposed on Imperial China.²¹ Since then, two series of boundary talks had taken place between the two states, a short one in 1964, and a long drawn-out affair which lasted from 1969 to 1978. No agreement was achieved, as the Soviet side preferred to interpret the treaties as demarcating the boundary along the Chinese bank of the rivers, instead of the *thalweg*, which was the Chinese position.

This stalemate was to remain until Soviet leader Mikhail Gorbachev's July 1986 speech in Vladivostok, in which he proposed that the border should run along the main navigation channel, and suggested a fresh round of boundary negotiations. His offer was taken up by the Chinese, and two rounds of preliminary talks at the level of vice-ministers the following year established the principle of deciding the border on the basis of existing treaties and the mid-channel division. A working group of diplomatic and military experts from both sides were established in 1988 to jointly survey the boundary, and the border was re-opened. Except for three small isles, two of which are next to the Russian city of Khabarovsk, the May 1991 agreement demarcated 98% of the boundary between China and Russia. This enabled border troops on both sides to be drastically reduced and bilateral trade to be greatly expanded. Finally, on Russian president Vladimir Putin's visit to China in October 2004, China and Russia agreed to share equally the territory of Bolshoi Ussuriisky, the Tarabov (Heixiazi) islands, and Bolshoi Island on the Argun River, thus bringing to a successful end a decades-long negotiation process.²²

Why was it possible for a claimant country, in this case Russia, to forego territory which, only a few years before, it was prepared to go to war to retain? Certainly, movement on the border issue could not have been expected in the 1960s

in the aftermath of the Sino-Soviet schism and the enunciation of the “Brezhnev Doctrine” justifying the Soviet invasion of Czechoslovakia, and presumably other socialist countries. Strangely, however, it was later revealed that the Soviet negotiators to the border talks had on at least four occasions offered the Chinese the islands they claimed, but received no reply from Beijing.²³ Why did the Chinese miss four opportunities to recover territory that they had always insisted were theirs? The most credible answer is that, after Mao had called the Soviet leadership to account for a vast tract of the Soviet Far East in 1963, national pride and pretension to leadership of the world Communist movement left Mao little choice but to refuse the offer of a few specks of earth from people who had denounced Stalin and compromised with American imperialists over “peaceful coexistence.” Beijing was soon in the grips of a xenophobic Cultural Revolution, actively sought out Moscow as an enemy, and even prepared for nuclear strikes in the months following the Zhenbao / Damansky clashes. There could also not have been any boundary negotiations in the 1970s and early 1980s when Moscow added more than a quarter million troops in the Far East in response to warming relations between China and the United States, supported Vietnam’s invasion of China’s client-state of Cambodia, and invaded Afghanistan.

What changed was configuration of forces in international politics, resulting from Gorbachev’s program to restructure a near-bankrupt Soviet economy and defuse military tensions with its neighbors and the West. A resolution of the border problem in the Far East would enable Moscow to reduce its expensive military presence there and attract trade and investment into the region from the countries of East Asia. The region was heavily subsidized by the rest of the Soviet Union, consuming twice what it was producing. Russia after the Soviet collapse also wanted to do everything it could to entice the Chinese into purchasing Russian weaponry to keep its armament factories open. Meanwhile, Beijing was being ostracized by the rest of the world after the Tiananmen Incident of June 1989, and looked to a speedy resolution of one of its major border disputes to reduce Russian mistrust and suspicion, and create a foreign policy success to forestall possible post-Soviet Russian overtures to the Taiwanese.

It might have seemed as though China “gained” Damansky / Zhenbao and 600 other islands at the expense of Russian “losses.” However, we have to note that settling the riparian boundary according to the *thalweg* principle only means that Russia has resolved a border dispute by adhering to widely accepted international law. In exchange, China renounced openly that she has abandoned all territorial claims to the Russian Far East, although it was territory that she has little opportunity to recapture anyway. Aside from difficulties faced by both states at the end of the 1980s and early 1990s, which drew them closer together, it must not be overlooked that both never fought a general war against one another, unlike China and Japan. Indeed, March 1969 probably had the perverse effect of making them realize how easily they could have started one. In fact, as ideological comrades

through the 1950s decade, the Soviet Union rendered much technical aid to their Chinese brethren, in exchange for ideological support.

Aside from feelings of past friendship, the fact that all boundary negotiations were conducted away from public scrutiny, or even knowledge, until the day they were announced upon completion, helped to defuse public attention from the unavoidable side-payments and possible concessions. The final adjustments to the border between China and Russia were announced by both sides only after Putin has already arrived for his visit to Beijing. Measures taken by both sides to keep fishermen and herb-gatherers from the disputed islands after the Zhenbao / Damansky incident also made interests opposed to the border settlements unable to join forces. The fact that there is no possibility of claiming 200-mile radius 'exclusive economic zones' (EEZs) around these riparian islands, unlike Diaoyutai / Senkaku, certainly expedited the settlements, once a friendly atmosphere prevailed between the two states. However, this in no way meant that the border settlements went unchallenged.

Having long perceived that Moscow had been siphoning off natural resources from the region, residents of the Russian Far East then complained that the Russian central government was leaving them to the mercy of illegal laborers, profiteering traders and smugglers from China.²⁴ The governor and legislature of the Primorye Krai (Maritime Province) rejected the border agreement as compromising to the province's sovereignty,²⁵ but the governor's objection came after the fact, and the introduction of a visa to regulate Chinese visitors in 1994 took much wind out of his nationalist sail. The position of the governor, anti-agreement local politicians, and nationalists who styled themselves "Ussuri Cossacks" and threatened to chain themselves to existing border posts were also undercut when Beijing suggested pulling troops and armaments from both sides back 100 kilometers from the common border, Moscow transferred all border posts back to central control, and the Russian President and Foreign Minister personally reassured their Chinese counterparts that all border markings will be placed and the transfer of islands completed. After the governor had secured from the Russian President orders to the finance ministry to remit to Primorye Krai emergency credits and partial settlement of budgetary debts of 1270 million rubles,²⁶ he claimed that he had never asked Moscow for concessions on the border demarcation.²⁷

In the case of China, both state and society were virtually uniform in favoring the agreement.²⁸ Although there is a breach in interest between center and region in Russia, the center is in a position to offer side payments to induce the region to cooperate on the boundary agreement, and its gains as a result of the agreement would be more than balanced by the region's losses. Synergistic linkages between the two states established in expectation of joint gains were strong enough in this case to allow the Russian central government to reach a deal with the Chinese over the heads of its territorial bosses.

FINDINGS

Bargaining theory predicts that it is easier for the government of a non-democratic country to accept an international agreement than for a democratic government to do so, because the former can prevent individuals and groups adversely affected by the agreement from organizing to protect their interests. This observation seems to have been borne out by the confrontational stance taken in the Diaoyutai / Senkaku dispute by the right-wingers in Japan and the student organizations, fishermen's lobby and the major political forces in Taiwan after political liberalization of the late 1980s and early 1990s. This is obvious when contrasted with the scant activities and small-scale demonstrations permitted by the Taiwanese authorities in the early 1970s, the extent of which is hardly allowed in mainland China today. In 1970-71, Taiwan's Kuomintang party-state could engage in open discussions with regional countries on joint development of seabed minerals off the disputed islands,²⁹ and China's Deng Xiaoping could suggest "separating" resource development from sovereignty issues to the Japanese in 1978.³⁰ Since the 1990s, however, even as Taiwan democratizes and seeks its own identity, the Chinese political scene is becoming more pluralistic and nationalistic, the latter filling up the ideological space in the national psyche vacated by socialism, and reflecting to a large extent China's growing economic might. Wary of being publicly accused of not holding firm on their countries' sovereignty over the islands, government leaders in both places frequently mention but never follow up on the issue of joint development with Japan, with the most recent talks between China and Japan over oil and gas in the East China Sea in March 2006 failing after only two days, and even fishery talks have become rare and their content closely-guarded.

A similar comparison can also be made between Soviet and Post-Soviet Russia. While the Soviet government had expressed willingness to yield Zhenbao / Damansky and other disputed islands on the Sino-Soviet boundary rivers to China several times during border negotiations in the 1960s, democratic Russia took thirteen years after the 1991 boundary agreement was signed to divide the remaining disputed territories to the satisfaction of the central government, regional authorities and the Chinese. The border negotiations had proceeded rather smoothly for the last four years of Soviet rule and achieved results largely because there was an effective central government and party apparatus whose fiat still ran to the far corners of the vast country, and regions were not yet accustomed to conducting their own foreign policies.

It is a well-accepted argument in the literature of Democratic Peace that in democracies, because people opposed to war can mobilize politically, elected leaders are less insensitive than dictators towards the suffering of their constituencies under war, and might be more willing to make compromises to remain in office.³¹ However, non-democracies like China suffer from no such constraints, and the Best Alternative To a Negotiated Agreement (BATNA) for post-Soviet Russia and post-war Japan in territorial disputes may be a tolerable state of affairs, taking into account domestic interests and nationalistic sentiments.

Furthermore, non-settlement of territorial claims may not necessarily mean a state of war between the parties concerned, but rather a heightened level of tension if and when incidents occur which bring them once again into focus.

Aside from whether it is harder to resolve a territorial sovereignty dispute with a democratic country than with a non-democratic one, perhaps more future work should be devoted to finding out if democratic governments may actually make it much easier than non-democratic governments for latent boundary, territorial, or other disputes between states to surface into very real conflicts. Huth and Allee have found that democratic leaders find it quite difficult to offer concessions to enduring rivals, and are no different than non-democratic leaders in their willingness to threaten force against enduring rivals.³² This is not unreasonable, assuming that political leaders in a competitive electoral system have to respond effectively to public opinion, especially on sensitive issues like territorial sovereignty which has the potential to be created, manipulated, and galvanized by well-organized and well-funded groups with their own agenda. As an example, it was not difficult for both the Chinese and Soviet governments to orchestrate popular demonstrations by quickly assembling a crowd in front of each others' embassies in the aftermath of the March 1969 confrontations, and disassembling it just as quickly.³³ However, just as it was for the government of Russia in the 1990s, it would be equally difficult for authorities today in Taiwan or Hong Kong to dampen the enthusiasm of their respective nationalists who choose to sail into disputed stretches of water to plant flags, erect beacons, and place border markings on disputed pieces of rocks and islands, in the name of protecting national sovereignty. In Japan, nationalists have been gaining strength in the governing LDP and its coalition partners.

The "two-level games" framework predicts that when the costs of an agreement are relatively concentrated on certain segments of a population while the benefits are diffused throughout the country, then those sectors and regions whose interests are most negatively affected by the agreement would organize and agitate to thwart the negotiating process, or failing that, derail its ratification.

For the 1991 Sino-Russian boundary agreement, both state and society in China were overwhelmingly in favor of it, for they stood to gain all they had always asked for in exchange for giving up virtually nothing. Both central and border administrations in China understood very well that an "open-door" policy on cross-border trading would raise standards of living for the Chinese people in the border regions and provinces. However, preferences within the Russian federation were clearly divided between Moscow, which favored the agreement, and inhabitants and authorities of the Russian Far East, who wanted to scuttle it for being detrimental to their own interests. Although opposition groups within Russia initially adopted a hard-line attitude against territorial transfers to China, President Boris Yeltsin's support for negotiations and synergistic linkages between the two states was strong enough in this case to isolate and override resistance against implementation of the negotiated agreement. Both states were looking forward to markedly improving

their trade relations, and aligning their foreign policy positions against US criticisms of human rights contravention in Russia's war in Chechnya and China's control over Tibet and Xinjiang. It should not be forgotten that monetary transfers from Moscow to the region constituted an attractive form of side-payment to the cash-strapped regional leadership to induce them to compromise on the boundary and other issues important to the center.

In the case of the Diaoyutai / Senkaku Islands dispute, Taiwan and Okinawa fishermen, both afraid that their livelihood would suffer if their access to waters off the islands is obstructed by the other's coast guards, repeatedly appealed to their respective national legislators and county councilors for naval escort.³⁴ By holding noisy demonstrations and writing petitions urging their own government to uphold the country's sovereignty over the islands,³⁵ fishermen cooperatives wanted the authorities to ensure that their interests were not sacrificed in any proposed territorial compromises.

Domestic win-sets for entering into international agreements are theorized to be bigger the more open a country is to trade. Boundary negotiations between China and the Soviet Union was certainly most difficult from 1964 to 1970, when bilateral trade plunged from a high of 1849 million rubles in 1959 to a low of 42 million rubles in 1970.³⁶ On the other hand, the largely successful negotiations from 1987 to 1991 were aided in large part by the "goodwill" generated by the resumption of cross-border trade, with bilateral trade surpassing the previous high in 1988.³⁷ Both countries suddenly discovered that trade was too mutually advantageous to be held hostage to pieces of disputed rocks.

This positive attitude toward trade also seemed to have prevailed between China and Japan after the Diaoyutai / Senkaku fracas of 1978, when the value of bilateral trade rose from \$4.073 billion in that year, to \$18.201 billion in 1990, to \$62.230 billion in 1996,³⁸ to \$197.9 billion in 2004.³⁹ Having lost diplomatic recognition to China by the United States and Japan in 1972, Taiwan's already significant economic relations with Japan took on greater importance than before. Japan competes with the United States and Hongkong to be the most important trading partner and source of investment for China and Taiwan. For all the talk about "shelving sovereignty issues for joint development," what Tokyo, Beijing and Taipei really want are to shelf all contentious matters for increases in one another's trade and investment. Hence the desire for all three governments to play down the periodic incidents over the Diaoyutai / Senkaku Islands, if and when they are ignited by nationalist hotheads, without being seen to have compromised on the sensitive question of their country's sovereignty. Hopefully, increasing economic interdependence will not only strengthen political leaders' interest in cooperation, but also create more domestic groups who see cooperation as preferable to confrontation.

Our analytical framework also predicts that the size of the win-sets correlate inversely with the number of votes needed in a country's highest legislature to ratify an international agreement. In itself this is no remarkable insight, except for the

Japanese propensity to seek the broadest possible domestic political consensus before passing important legislation, which severely constraint their ratification win-set. Japanese nationalist activities over the Diaoyutai / Senkaku islands always happened to coincide with prolonged and often rancorous Diet debates over the ratification of the Okinawa Reversion Bill between 1969 and 1971, the Sino-Japanese Peace and Friendship Treaty in 1978, the Overseas Peace-Keeping Bill for the Japanese Self Defense Forces in 1990, and the United Nations Law of the Sea (UNCLOS) in 1996. The ratification of UNCLOS would enable Japan to enact a 200-mile Exclusive Economic Zone around the Japanese isles, perhaps including the Senkaku Islands. The reason why these nationalist forces took action during these times was exactly their hope that like-minded legislators would press for the inclusion of Japanese sovereignty over the disputed islands in those legislative bills being considered. They know as well as anyone else that in post-war Japanese political culture, unanimous or near unanimous opinion on an important legislation are desired, which means that their territorial concerns will have to be heard and hopefully addressed.

In June 2005, in a show of support for Taiwanese fishermen expelled from the Diaoyutai area by the Japanese coast guard, Taiwan's Defense Minister, the Speaker of the Legislative Assembly, and fourteen other senior politicians and legislators from all three major Taiwanese parties boarded a warship and sailed around the disputed islands.⁴⁰ The move apparently enjoyed such widespread popular support that Taiwan's President Chen Shui-bian, although the leader of the most anti-China and pro-Japan political party, had to say that his government has never wavered on its sovereignty claim over the islands, and that any negotiation with Japan is only about fishing rights.⁴¹ By taking into account the influence of informal institutional constraint on win-set size, two-level games framework has shown itself to be culturally sensitive.

The success and failure of any negotiating behavior obviously depend heavily on the strategies adopted by the negotiators themselves. In addition, I discovered in my study that the presence or absence of leadership in negotiation affects both the duration and direction of the entire negotiating process and is instrumental in determining its ultimate success or failure. Leadership would refer to the chief negotiator at Level I, the person who gives instructions to the chief negotiator, and the person who brings the negotiated agreement for ratification before the legislative process at Level II, if they are not one and the same.

The absence of effective leadership in official negotiations means that the initiative in setting the agenda or blocking an agreement will pass from Level I negotiators to Level II opposition forces both within the governmental institutions and outside in the societal realm. The Japanese government showed uncommonly decisive leadership in 1997 in denouncing several Japanese nationalists who landed on a disputed island,⁴² and ordering its Maritime Security Agency to prevent protest boats from Taiwan and Hongkong from entering its territorial waters, thus limiting the entire affair to three days.⁴³ In March 2004, Japanese authorities deported seven

Chinese activists after they landed on the islands.⁴⁴ The Japanese police had initially wanted to turn the activists over to prosecutors for violating Japanese immigration laws,⁴⁵ but decided to deport them quickly to dampen emotions, as Japanese national flags were burnt by protestors before the Japanese Embassy in China. In contrast, Beijing, Taipei, the Hongkong authorities and Tokyo demonstrated little or no leadership initiatives throughout the 1996 fracas, except reiterating their sovereignty over Diaoyutai / Senkaku and appealing for calm, thus allowing nationalist agitators to take control of the situation, which took three very tense months to exhaust.

However, it seems as though the Chinese and Taiwanese authorities have also learnt their lessons. Twice, in April and July 2004, the Chinese government stopped two planned excursions by the 'China Federation for Defending the Diaoyu Islands', the same group that organized the successful landing in March that year.⁴⁶ After the Japanese government announced in February 2005 that it was taking over the lighthouse built by Japanese right-wing activists on the disputed islands, dozens of protestors demonstrated, shouted slogans and burnt paper Japanese flags outside Japanese diplomatic missions in Beijing, several other mainland cities, and Hong Kong,⁴⁷ but they were carefully shepherded, strictly watched, and quickly dispersed by Chinese authorities. The Chinese government also shut down computer websites calling for the boycott of Japanese goods. Taipei authorities merely restated its claim over Diaoyutai.

Although it may be impossible to alter the historical memories or geographical circumstances of contested claims, leaders should suppress, or at least restraint, the activities of nationalist and other obstructive groups and organizations. In negotiations over territory, having one's hands tied wittingly or unwittingly is apparently not a wise or effective strategy.⁴⁸ My findings contradict Thomas Schelling's logic that "having one's hands tied" might be advantageous, risking no agreement but increasing the chances of getting an agreement one desires.⁴⁹ Huth and Allee have even suggested that state leaders are more likely to offer concessions to politically secure negotiating partners who controls a significant majority of seats in the legislature, because they view commitments to ratify agreements as more credible from leaders with strong backing at home.⁵⁰ Indeed, for the foreseeable future, the real danger from the Diaoyutai / Senkaku imbroglio would stem from contrived or genuine political weakness of a claimant government in the face of nationalist demands for unilateral action to settle the sovereignty claim and extend the concomitant EEZ, leading to a cycle of vicious behavior on the part of all the claimants.

If the opportunity for conducting sensitive negotiations over territorial compromises appears, leaders should keep details of the talks, if not the talks themselves, as secret as possible until some form of agreement can be reached, so that forces opposed to the agreement would not have occasion to join hands. The Zhenbao / Damansky case clearly shows that an asymmetrical distribution of information domestically actually increases the chances of a cooperative agreement,

while the converse is true for Diaoyutai / Senkaku.⁵¹ This is an important finding for the use of two-level games in the study of territorial disputes.

While the absence of leadership during the negotiation process is drift and the loss of initiative, the presence of leadership does not equate a speedy resolution of a dispute. Leadership in a dispute negotiation may either increase or decrease tension, depending on whether the purpose of the leader or leaders involved are really interested in promoting or blocking agreement. While Chiang Kai-shek's initiative allowed Taipei to participate in the only set of publicized discussions ever to take place on the ownership and resource development of the Diaoyutai / Senkaku islands in 1970-71, Deng Xiaoping's permission for the "fishing junks" in 1978 to set off from Chinese ports almost sabotaged negotiations of his country's Peace and Friendship Treaty with Japan, let alone future talks on territorial compromises.

The effect on international bargaining of leadership orientation is most clearly shown through the Sino-Russian dispute over the Amur / Ussuri islands. What prevented the resolution of the dispute in the 1960s was not so much the intransigence of the Soviet negotiators, but Mao's dogged determination, nay personal quest, to castigate the Soviet leadership as "revisionist" to Socialist countries, and expose Soviet leaders as "social-imperialists" and "new tsars" to the rest of the world. On the other hand, the border dispute was amicably resolved when the Soviet and Chinese leadership under Gorbachev and Deng empowered their deputy foreign ministers and later their foreign ministers to push forward negotiations on surveying, mapping and concluding a comprehensive boundary agreement on the basis of equality in state to state relations.

To mend ties and settle the border dispute with China, Gorbachev set about creating a constituency for negotiation by expanding the win-set of the Chinese Communist leadership. While Gorbachev's concession on the *thalweg* principle in July 1986 provided the Chinese with sufficient political space (face) to reopen border talks, his visit to Beijing in May 1989 was a victory for "reverberation targeting." Gorbachev's leadership on both counts succeeded in normalizing Sino-Soviet relations by breaking the deadlock over the border question, shaking Chinese assumption and expectation that a Soviet leader since Khrushchev must be unrelentingly hostile toward their country, demonstrating the irreversibility of his goodwill by his public pronouncements on promoting peace and trade, and employing his considerable charismatic charm and image of honesty to create or mobilize a favorable public opinion in China.

There is no gainsaying the role played by leadership in diplomacy. For all the factors which determine the outcomes of bargaining, while international negotiations may still succeed in spite of unfavorable societal preferences, dicey political coalitions, and complicated ratification procedures, they will certainly fail if leadership for pushing an agreement at home and abroad is not forthcoming. Hence, the indispensable role of leadership in international negotiations is another

significant finding in the application of two-level game analysis on the territorial disputes described.

THE SOUTH CHINA SEA ISLANDS DISPUTE AND “THREE-LEVEL” GAMES

Social preferences, trade intensity, bargaining strategies of negotiators, the different impact of costs and benefits on sectarian interests, institutional constraints, and the possibility of domestic restructuring of state priorities dominated the discussion of the Diaoyutai / Senkaku and Zhenbao / Damansky disputes. These factors also figure prominently in attempts to resolve the multiple and often overlapping claims over the sovereignty of the Spratly and other islands in the South China Sea among China, Taiwan, Vietnam, Malaysia, Brunei, and the Philippines.

While fishermen from the claimant countries will have every incentive to form lobby groups to pressure their own authorities to claim as much as possible of their country's territorial waters and EEZs, high ranking naval and air force officers from China and several Southeast Asian states were known to have argued for increases in their military budgets based on the need to patrol their own claimed areas of the South China Sea more effectively. On the other hand, trade between China and Southeast Asian countries has increased five-fold from about US\$20 billion in 1996 to more than US\$100 billion in 2005. If this rate of increase keeps up, it will expand the domestic constituencies for greater economic interdependence, which will lead to more willingness to cooperate on other non-economic issues affecting the South China Sea region. However, the South China Sea lies astride sea-lanes of strategic importance and its seabed is potentially rich in hydrocarbon. As such, the roles of “third-level” transnational forces like multinational oil companies and multilateral non-governmental confidence-building forums in influencing the actions of state leaders or government negotiators and establishing linkages with sub-national actors should also be taken into account.⁵²

China, Vietnam and the Philippines have invited bids for oil exploration in the Spratlys.⁵³ Indeed, throughout the 1990s, China and Vietnam have traded accusations over the granting of oil contracts to foreign consortiums in overlapping stretches of disputed South China Sea territories, even while boundary talks were being held between the two countries.⁵⁴ In time, the participation of multinational oil companies from the United States, Japan and Europe in offshore oil extraction in the South China Sea will have the effect of magnifying the dispute. Many of these oil companies not only have business dealings with every country contesting the area; they also have close connections with their home governments. The last thing these companies want is to get involved in a war, in the event of which their home governments may also be pulled into the crisis once the interests of their nationals are hurt. Hence, these oil multinationals are likely to establish linkages with one another to exert influence on their host governments and also their home governments to prevent the outbreak of hostilities which would damage their

interests. However, it is not inconceivable that they may also separately call upon their host governments to back up their oil exploration contracts with force, if threatened by a third party claimant. For the sake of peace and prosperity in the region, it would be best for claimant states to put together a consortium of foreign and national oil companies to jointly prospect for petroleum in the disputed Spratly islands.

A promising effort at building confidence and security cooperation is offered by non-governmental organizations (NGOs) through the so-called "Track II" channels in the Southeast Asian region. Foreign ministers from the Association of Southeast Asian Nations (ASEAN) have security dialogues with officials from Asia-Pacific countries at its annual Post-Ministerial Conferences (PMCs). Paralleling these dialogues are unofficial multilateral consultative processes that focus on regional political and security issues too "sensitive" or "disputatious" to be raised at the official "Track I" level. A relevant "Track II" arrangement would be the series of annual workshops on "Managing Potential Conflicts in the South China Sea" hosted by Indonesia and largely financed by the Canadian International Development Agency (CIDA) from 1990 to 2001, which has complemented the yearly meetings of the ASEAN Regional Forum (ARF) since 1994. This workshop series is the only forum where the Spratly issue can be addressed multilaterally by all claimants, including Taiwan and China. Although participating in their private capacities, the individuals involved in the workshops are usually influential opinion-leaders in their own countries with high-level political contacts gained through current or previous government service and personal associations with state leaders. Their opinions may be decisive in shifting the priorities of these leaders from war to peace.

Confidence building at both tracks bore fruits when, after five years of protracted negotiations, a non-binding Declaration of the Conduct of Parties in the South China Sea that made no reference to sovereignty was reached between China and ASEAN in November 2002, but only after Vietnam compromised by not insisting on naming the disputed Paracels, and the Philippines agreed not to push for a complete ban on the erection of new structures on locations under dispute.⁵⁵ Still, reaching a Code of Conduct that eschews the use of force in settling the dispute should be considered a major achievement for both China and ASEAN. Freedom of navigation and over-flight in the vicinity by both civilian and military craft, a key American demand,⁵⁶ has been guaranteed to all nations. Given the proximity of the natural outcrops to one another, China as the most powerful claimant should take the lead in forgoing all claims to the seas surrounding the isles or reefs.

For now, discussions on both "tracks" have deliberately focused on the potential for joint economic development, maritime research, anti-piracy measures, and "transparency enhancement" of military postures, to the exclusion of sovereignty issues that many fears may jeopardize the still fragile and semi-institutionalized confidence-building mechanisms. Still, for the sake of diminishing tensions and preventing conflicts in dispute situations such as this one, the possible

peace-making roles of transnational actors like foreign oil companies and relevant NGOs should be more carefully examined in future studies of domestic-international interactions than have been done in the past.

CONCLUSION

Since the early 1990s, territorial sovereignty disputes to the Chinese elite have almost exclusively meant claims over China's island frontiers. Hence, given the potential for trouble and regional instability in East Asia, it is imperative that we pay attention to how these island disputes develop.

Neither national interest nor the potential strategic or economic value of disputed islands suffices as an explanation for why China's island disputes are resolved or not. National interest is a shifting agglomeration of elite group or self interests that is hard to aggregate or even define. In any case, a nation's interest does not dictate when or why sub-state actors will want to block efforts to settle a dispute, which is usually done out of the belief that a settlement will damage their own interests or affront the territorial integrity of their country, nor does it predict when or why state leaders may decide to negotiate a compromise to resolve an existing dispute with very little direct or immediate gains.

As to the value of the disputed islands, the Diaoyu / Senkaku islands are part of a broader disagreement between China and Japan over the maritime boundary separating their EEZs in the East China Sea. However, it is unclear whether the islands may be used to claim fishing and petroleum rights in the adjacent waters, for Article 121(3) of the Law of the Sea has stated that, "rocks, which cannot sustain human habitation or economic life of their own, shall have no EEZ." The Diaoyu / Senkaku islands are really unpopulated rocks, and there is not even a military garrison on them, although Japanese navy ships have patrolled the surrounding waters. It is also unclear how much legal effect to give to the various outcrops collectively known as the Spratlys in drawing the maritime boundaries among the claims of the disputants. The Amur-Ussuri islands have no strategic or economic values to speak of, yet they were the site of some ferocious fighting between soldiers of China and the former Soviet Union.

Indeed, as Fravel admits, the role of nationalism remains a wild card in Chinese foreign policy that might constrain the future ability of China's leaders to compromise.⁵⁷ The influence of sub-state nationalist groups on the failure or success to negotiate or resolve a dispute settlement, not only for China but also the other countries with which it has island disputes, particularly Japan, has been highlighted in the essay. There are also island territorial issues in East Asia involving South Korea and Japan over Tokdo / Takeshima and between Russia and Japan over the Southern Kuriles / Northern Territories that are occasionally played up by nationalist groups in these countries. Given that the forces of nationalism have shown few signs of abating since the end of the Cold War, and may well experience an increase in influence in bad economic times, the role of nationalism in the negotiation of international boundary disputes merits further investigation.

Notes

¹ See Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42 (Summer 1988), pp. 427-60.

² Paul K. Huth and Todd L. Allee, *The democratic peace and territorial conflict in the twentieth century* (Cambridge: Cambridge University Press, 2002).

³ M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," *International Security*, vol. 30, no. 2 (Fall 2005), pp. 46-83.

⁴ The many works of Janice Gross Stein on diplomatic negotiations and pre-negotiations in the Arab-Israeli peace process are a notable exception.

⁵ Putnam, "Diplomacy and Domestic Politics," pp. 434-36.

⁶ Putnam defined the "win-set" for a given Level II constituency as the set of all possible Level I agreements that would gain the necessary majority among the constituents when simply voted up or down. See Putnam, "Diplomacy and Domestic Politics," p. 437.

⁷ Putnam, "Diplomacy and Domestic Politics," p. 440.

⁸ *Ibid.*

⁹ These are drawn from Putnam, "Diplomacy and Domestic Politics," pp. 441-52.

¹⁰ Putnam, "Diplomacy and Domestic Politics," p. 459.

¹¹ Staff Writer, "Japan moves to a harder stance on contested islands," *Taipei Times*, 10 February 2004.

¹² The Japanese view is most succinctly articulated by Toshio Okuhara, "The territorial Sovereignty Over the Senkaku Islands and Problems on the Surrounding Continental Shelf," *Japanese Annual of International law*, vol.15, 1971, pp. 97-106. The Chinese view is most strongly articulated by Kiyoshi Inoue, "The Tiaoyu (Senkaku) Islands are China's Territory," *Beijing Review*, vol.15, no.19, May 12, 1972. For a Taiwanese perspective (in Chinese), see Hungdah Chiu, "A Study of the Tiaoyutai Islets Problem" *Chengchi Law Review*, vol. 6, 1972, pp. 241-270. Historical arguments supporting the Chinese claim are presented in the most meticulous details (in Chinese) in Tianying Wu, *A Study of the Diaoyu Islets Claim Before the Sino-Japanese War – With Arguments Against Professor Toshio Okuhara* (Beijing: Social Science Literature Publishing Company, 1994).

¹³ Greg Austin, *China's Ocean Frontier: International Law, Military Force, and National Development* (St. Leonard's: Allen & Unwin, 1998), p. 172.

¹⁴ For a detailed assessment of the Tiao-yu-tai / Senkaku issue with regard to concepts of sovereignty and international law, see Peter N. Upton, "International Law and the Sino-Japanese Controversy Over Territorial Sovereignty of the Senkaku Islands," *Boston University Law Review*, vol. 52, 1972, pp. 763-790; Comment, "The East China Sea : The Role of International Law in the Settlement of Disputes," *Duke Law Journal*, vol. 23, 1973, pp. 823-65; Victor H. Li, "China and Offshore Oil : The Tiao-yu-Tai Dispute," *Stanford Journal of International Studies*, vol. 10, 1975, pp. 143-162; and Tao Cheng, "The Sino-Japanese dispute Over the Tiao-yu-tai (Senkaku) Islands and the Law of Territorial Acquisition" *Virginia Journal of International Law*, vol. 14, no. 2, pp. 221-266.

¹⁵ Daniel Tretiak, "The Sino-Japanese Treaty of 1978: The Senkaku Incident Prelude," *Asian Survey*, Vol.18, December 1978, p. 1241 & n17. See also, "LDP Group Urges 'Resolute Action'," FBIS Daily Report, Asia and Pacific, Japan, April 13, 1978, C10. Tokyo KYODO in English, 0555 GMT 19 April 1978.

¹⁶ Lin Zefeng, "National Assembly Concerned – Request Naval Protection for Fishermen," *Central Daily News* (Taiwan), July 21, 1996. See also, "The Woes of Wu," *The Economist*, November 3, 1990, p. 42.

¹⁷ "Foreign Ministry Opposes Law," FBIS-CHI-92-039, 27 Feb 1982 15-16, Tokyo KYODO in English, 0512 GMT 26 Feb 92.

¹⁸ Press conferences by Press secretary of Ministry of Foreign Affairs of Japan on September 10 & 27, and October 15, 1996; available from <http://www2.ntca.com:8010/infomofa/press/1996> (accessed 20 January 2005).

¹⁹ Phil Deans, "The Diaoyutai / Senkaku Dispute: The Unwanted Controversy," December 17, 1996, 4 and 9-10, n40-41; available from <http://snipe.ukc.ac.uk/international/papers.dir/deans.html> (accessed 20 January 2005).

²⁰ Shijie luntan junshi luntan (World Forum Military Forum), "Beijing gai zhengce: Baodiao bian aiguo xingwei," (Beijing changes policy: Protecting Diaoyudao becomes patriotic behavior) <http://www.wforum.com/conf> (accessed 20 January 2005).

²¹ "A Comment on the Statement of the Communist Party of the USA," *People's Daily*, March 8, 1963, quoted in Dennis J. Doolin, *Territorial Claims in the Sino-Soviet Dispute: Documents and Analysis*, (Stanford University: Hoover Institution Studies 7, 1965), pp. 29-31. The two treaties referred to by Mao were the "Treaty of Aigun" of 1858 and the "Treaty of Peking" of 1860.

²² Sergei Blagov, "Russian Mix of Oil and Weapons to Resolve Border Disputes," *The Eurasian Daily Monitor*, vol. 2, no. 12, 18 January 2005.

²³ USSR Reportedly Offered Border Islands to CPR," FBIS Daily Report, USSR, International Affairs, A31, January 13, 1970. Bombay PTI in English 0134 GMT 13 Jan 70 B. See also, Peter Jones and Sian Kevill, *China and the Soviet Union 1949-1984*, ed. Alan J. Day, (New York: Facts on File Publications, 1985), 144.

²⁴ Boris Reznik, "Chinese in the Far East: Guests or Masters of the House?" *Current Digest of the Soviet Press*, 1993, vol. XLV, no. 49; Won Bae Kim, "Sino-Russian relations and Chinese workers in the Russian Far East: A Porous Border," *Asian Survey*, December 1994, vol. XXXIV, no. 12, p. 1066; and Eric Hyer, "Dreams and Nightmares: Chinese Trade and Immigration into the Russian Far East," *Journal of East Asian Studies*, summer / fall 1996, vol. X, no. 2, p. 295.

²⁵ "Referendum on Demarcation of Russian-Chinese Border Proposed," *Current Digest of the Soviet Press*, 1995, vol. XLVII, no.12; and "Survey of Leaders on Russia-Chinese Border Demarcation," in FBIS-UMA-95-196-S, 11 October 1995.

²⁶ *Kommersant -Daily* (Moscow), January 25, 1996, translated in FBIS, Arms Control, February 8, 1996, 63.

²⁷ *Vladivostok News*, "Border Dispute Tests Governor's Wits," 17 April 1996, issue 17.

²⁸ The only indication of dissatisfaction in the Chinese officialdom is a *neibu* (internal publication) article written by a Chinese scholar criticizing the treaty for signing away too much of historical Chinese territory to a collapsing Soviet Union in exchange for very little in return. See "China: Russian border deal criticized," *South China Morning Post* (Hong Kong), February 21, 1992.

²⁹ *The True Facts of the Diaoyutai Affair* [*Diaoyutai Shijian Zhenxiang*] (Hongkong: Xinhua Publishing Company, 1971), 17-18.

³⁰ *Peking Review*, November 3, 1978, p.16.

³¹ For a comprehensive review of the "democratic peace theory" literature, see James Lee Ray, *Democracy and International Conflict: An Evaluation of the Democratic Peace Proposition* (Columbia, SC: University of South Carolina Press, 1995); Rudolph J. Rummel, *Power Kills* (Newark, NJ: Transaction Publishers, 1997), pp. 103-15; and Spencer Weart, *Never at War* (New Haven, CT: Yale University Press, 1998).

³² Huth and Allee, *The democratic peace and territorial conflict in the twentieth century*, p. 286.

³³ Harold C. Hinton, "Conflict on the Ussuri: A Clash of Nationalisms," *Problems of Communism*, January - April 1971, vol. 20, p. 49; and Shi Chih-yu, *The Spirit of Chinese Foreign Policy* (London: Macmillan Press, 1990), p. 185.

³⁴ Lin Zefeng, "National Assembly Concerned - Request Naval Protection for Fishermen," *Central Daily News* (Taiwan), July 21, 1996.

³⁵ "Ilan Fishermen Decides to Visit Tiaoyutai to Plant National Flag and Declare Sovereignty," *China Times* (Taiwan), July 22, 1996. See also *Tumultuous Age* [*Feng Yun Ti Nien Tai*] 2d ed., (Taipei: Lian Ching Chu Pan Shi Ye Kong Si, 1991), p. 316.

³⁶ Volume of Sino-Soviet trade 1950-1982: For 1950 –1955 data, see G. Grause, *History of Economic Relations between Russia and China*, trans. M. Roublev (Jerusalem: Israel Program for Scientific Translation, 1966), p. 284. For 1956-1971 data, see *USSR National Economic Yearbook*, 1956-1971. For 1972-1973 data, see *Facts on File Yearbook*, 1972-1973. For 1974-1982 data, see *Soviet Foreign Trade Yearbook*, 1974-1982.

³⁷ Volume of Sino-Soviet trade 1983-1989: For 1983-1989, *China's Custom Statistics*. Data for 1983-1987 are given in Renminbi, 1988-1989 in U.S. dollars. Conversion to the ruble done by author according to Peter Havlik, "The Exchange Rate Policy of the CMEA Countries and Problems of Convertibility" in *Soviet and Eastern European Foreign Trade*, vol. 26, no. 71(Fall 1990), Table 1 (Official Exchange Rate).

³⁸ Japan Import Export Data. *Direction of Trade Quarterly*, June 1979, September 1991, and September 1997.

³⁹ Lau Cheuk Lun, Poon Yat Ki and Wong Lok Hang, "Sino-Japanese Relations," unpublished manuscript, Hong Kong: Lingnan University, 2005.

⁴⁰ David McNeill, "Taiwan sends warship to islands claimed by Japan," *New Zealand Herald*, June 22, 2005.

⁴¹ Sofia Wu, "ROC has never wavered on Tiaoyutai sovereignty claim: President," *Central News Agency* (Taiwan), June 22, 2005.

⁴² "Politician joins activists in landing on Senkaku Islands," *Japan Times*, May 6, 1997.

⁴³ Russell Skelton, "Japanese patrol boats keep protest ships at bay," *Sydney Morning Herald*, May 27, 1997.

⁴⁴ Staff Writer, "Japan moves to a harder stance on contested islands," *Taipei Times*, 10 February 2004.

⁴⁵ "Japan grills isle intruders; China demands their release," *Japan Times*, 25 March 2004.

⁴⁶ Denny Roy, "The Sources and Limits of Sino-Japanese Tensions," *Survival*, 47:2, Summer 2005, p. 206.

⁴⁷ Shi Jiangtao, "Lighthouse move sparks anti-Japan rallies," *South China Morning Post*, 16 February 2005.

⁴⁸ This finding is in consonant with the results on the strategy of "tying hands" derived from the collaborative project on two-level game analysis directed by Peter Evans, Harold Jacobson, and Robert Putnam. See Peter B. Evans, "Building an Integrative Approach to International and Domestic Politics: Reflections and Projects," in Peter B. Evans, Harold K. Jacobson, and Robert D. Putnam, eds., *Double-Edged Diplomacy: International Bargaining and Domestic Politics* (Berkeley: University of California Press, 1993), pp. 402-3.

⁴⁹ Thomas C. Schelling, *The Strategy of Conflict* (Cambridge, MA: Harvard University Press, 1960), pp. 19-28.

⁵⁰ Huth and Allee, *The democratic peace and territorial conflict in the twentieth century*, pp. 293-4.

⁵¹ This conclusion supports Helen Milner's finding that an asymmetrical distribution of information domestically increases the chances of cooperative agreement. The distribution of information internally is one of three factors posited by Milner as conditioning a state's ability to cooperate. The other two factors are the structure of domestic preferences and the nature of domestic institutions. See Helen V. Milner, *Interests, Institutions and Information – Domestic Politics and International Relations* (Princeton NJ: Princeton University Press, 1997), pp. 239-40.

⁵² The third level of "three-level games" in the existing literature usually refers to international or supra-national regimes. See Lee Ann Patterson, "Agricultural Policy Reform in the European Community: A Three-Level Game Analysis," *International Organization* 51:1 (Winter 1997), pp. 135-165; H. Wayne Moyer, "The European Community in the GATT Uruguay Round: Preserving the Common Agricultural Policy at All Costs," in William Avery, ed., *World Agriculture and the GATT, International Political Economy Yearbook*, 7 (Boulder, CO: Lynne Rienner, 1993), pp. 95-119; and Dale Smith and James Lee Ray, "The 1992 Project," in Dale Smith and James Lee Ray, eds., *The 1992 Project and the Future of Integration in Europe* (Armonk, NY: M. E. Sharpe, 1993).

I have used it in a broader sense to denote organized trans-national forces that may have an impact on the negotiating behavior between parties among and within states.

⁵³ Elizabeth Economy, "China's Rise in Southeast Asia: implications for the United States," *Journal of Contemporary China*, 14:44, August 2005, p. 418.

⁵⁴ Allen Carlson, "Constructing the Dragon's Scales: China's approach to territorial sovereignty and border relations in the 1980s and 1990s," *Journal of Contemporary China*, 12:37, November 2003, pp. 695-6.

⁵⁵ Barry Wain, "China and ASEAN: Taking Charge," *Far Eastern Economic Review*, 14 November 2002, p. 26; Ralf Emmers, "ASEAN, China and the South China Sea: An Opportunity Missed," *IDSS Commentaries*, 19 November 2002, p. 2.

⁵⁶ United States Department of State, *United States Policy on the Spratlys and South China Sea* (Washington DC: Government Printing Office, 11 May 1995)

⁵⁷ M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," p. 82.