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The Microfoundations of Territorial Disputes: Evidence from a Survey Experiment in Japan*

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Abstract

Although territorial disputes are one of the most fraught issues among states, how public opinion on territorial disputes varies within states and what explains the variation have not been sufficiently addressed. This paper argues that citizens who prioritize economic considerations are more likely to support compromises over such disputes, while those who prioritize a country's reputation tend to reject any compromise. Further, the paper hypothesizes that such variation in individual preferences can be explained by proximity to disputed territories. Counterintuitively, residents closer to disputes are more likely to support a compromise than those who live further away, because they are more affected by economic considerations. Those far from the disputed territory can afford to focus on its political aspects, which leads to a more hawkish stance. By using an experimental approach within Japan, this paper examines the validity of the spatial argument, and tests the relative salience of economic and political aspects of territorial disputes. The findings, based on original survey data, show that distance from disputed territories shape individual preferences, and under some conditions, people living further away from disputed territories are more hawkish.

Key words: territorial disputes; audience cost; survey experiments; capital peace

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Introduction

Territory is central to defining sovereignty and thus incredibly salient to political elites and the mass public alike. Every state is concerned with preserving the integrity of its sovereign territory, and scholars find that states are more willing to go to war over territorial disputes than over disputes based on other issue types (Vasquez 1993; Vasquez 2009; Vasquez and Henehan 2001). Despite the general agreement about the high stakes of territorial issues, however, the microfoundations of territorial disputes remain murky. This paper aims to clarify them by using experimental methods. Specifically, the paper asks two related questions: Does public opinion on territorial disputes vary within democratic states?, and what explains this variation? The paper focuses on democratic states because public opinion is systematically incorporated into leaders' calculations through elections, so in theory should influence the resolution or escalation of a dispute.[1]

Despite an abundant literature on territorial disputes, public opinion on territorial conflicts has been relatively neglected. Implicitly, individuals' preferences over territorial disputes are expected to be uniform across a country.[2] Seminal works by Gibler (2012) and Vasquez (2009), for example, suggest that when homeland territories are targeted, individuals tend to bond together and are likely to approve the use of violence or the reinforcement of the army to stave off territorial threats. They assume that individuals in the threatened state have uniform preferences, at least for the long-term, because of their strong biological and psychological attachments to the territories. Although such general assumptions may be useful when conducting cross-country analyses, this paper's starting point is that variation in public opinion exists even for issues such as territorial disputes. Some people are in favor of hawkish approaches to the disputes, while others prefer dovish responses. One important

[1] As Weeks (2008) argues, autocratic leaders may also suffer from audience costs, so the argument may apply to some autocracies as well.

[2] See Miller (2013) and Hutchison (2011a, 2011b) for similar attempts as this paper's.

implication of studying such sub-national variation is that it should lead to a better understanding of the conditions under which states engage in territorial disputes, by revealing when hawkish preferences overwhelm dovish ones.[3]

Yet, if such domestic variation in public opinion over territorial disputes exists, what explains the variation? Two lines of previous research provide particularly useful insights to the question: political and economic arguments to explain international conflicts. While some argue that territorial issues become salient when a territory is associated with symbolic issues such as national identity (e.g., Hensel and Mitchell 2005), and citizens perceive losing a part of it as a political cost, others argue that citizens in contemporary democracies value the health of the economy more, and territorial issues are no longer so important as in the past (e.g., Gartzke 2007).[4] The different views about individual preferences also lead to different implications about when territorial disputes occur – if the former, political argument is correct, democratic states are more likely to engage in territorial disputes when a compromise over a territorial issue damages national reputation or the unity of a country. On the other hand, if the latter, economic argument is correct, we should expect that if democracies do engage in a territorial conflict, it is because citizens and leaders calculate that potential gains of the conflict outweigh economic loss incurred by it.

Which view is more plausible? In this paper, I argue that both the political and economic arguments in the literature are relevant to the citizens and the elites that represent them – but the relevance depends on where people live. I argue that citizens' preferences systematically vary, and can be explained by spatial proximity to disputed territories. If people live close to a disputed area, a territorial dispute is likely to affect their economic activities. For instance, if a country loses a disputed area, citizens around the area may

[3]On the contrary, if we find conditions under which dovish preferences overwhelm hawkish ones, we may be able to provide peaceful solutions to territorial disputes.

[4]The distinction between tangible and intangible issues in territorial disputes is useful, but since this paper focuses on people's preferences, it uses more general terminologies to capture the possibility that individuals' preferences respond to both types of issues.

lose economic rights, such as fishery operation zones. By contrast, without such economic concerns, citizens who live further away from a disputed area can afford to think of the same territorial issue from a political perspective. They may associate a territorial conflict with the reputation of the country or national unity, but not as much with economic issues because the potential economic costs they would incur through a conflict are relatively low. Accordingly, I hypothesize that citizens' policy preferences about territorial conflicts become more hawkish if they live further from disputed areas.

Within-country variation in terms of territorial disputes has been discussed elsewhere. For instance, Huth and Allee (2003) find that the timing of military conflicts is linked with electoral cycles and democratic leaders are likely to make a compromise after national elections. Yet, work on within-country *spatial* variation in preferences over territorial disputes is scarce. This is partly because previous studies assume that territorial disputes create an environment that triggers nationalism and cultivates national unity, thereby limiting the existence of spatial variation (see also Gibler (2012); Tir (2010) for a "rally 'round the flag" effect).[5] However, as I argue above, if sub-national variation exists, then we should study what explains it and how it influences territorial disputes.

This paper uses original survey data with novel questionnaires in Japan to test my spatial argument. In December 2012, I conducted two public opinion surveys asking respondents if they would support a compromise in one of Japan's territorial disputes. One survey was a nationwide online survey, and the other was a mail survey in the closest area to the Takeshima territorial conflict.[6] Both surveys divide the sample into two groups (i.e., a control group and a treatment group), and randomly assign the control groups a proposal to compromise over a territorial dispute based on economic interests. The treatment groups

[5]See also Fravel (2005) for his diversionary peace argument that leaders attempt to cooperate over territorial disputes when their domestic regimes are unstable.

[6]In South Korea, the territory is referred to as Dokdo. In this paper, I use the Japanese names for the disputed islands to be consistent with my surveys.

are assigned a proposal that modifies the control proposal to prime political aspects of the conflict. By comparing respondents' answers between the treatment and control groups, I estimate the relative importance of political and economic aspects of territorial disputes in people's preferences. Further, by interacting the treatment variables with geographical variables, I examine whether the treatment effects vary by the proximity to the disputed areas according to my expectations.

The Japanese context provides an apt environment to examine variation in public opinion on territorial disputes for the following three reasons. First, Japan is a democratic regime, so public opinion should have an effect on whether or not a dispute escalates into a conflict, or ends with a compromise. Second, the country has three ongoing territorial disputes with four states (China, Taiwan, South Korea, and Russia), and the multiple territorial disputes Japan faces allow us to examine important political dimensions of territorial disputes. I exploit these simultaneous conflicts with an additional treatment arm to disentangle which type of political cost is likely to be most salient: possible damage to reputation or nationalism. Third, although a household survey can provide precise indicators of public opinion, it is usually expensive and time-consuming. Yet, relatively cheap online surveys are available in Japan, and such surveys based on a stratified random sample can provide reasonably reliable measures of public opinion (e.g., Tago and Ikeda 2015).

The empirical analyses show that spatial variation in public opinion about territorial disputes does exist, and the salience of political aspects varies depending on where people live. People further away from the disputed territory perceive higher political costs associated with negotiating, and are thus against a compromise over a territorial dispute, while those closer to the disputed territory value economic aspects more and agree to make a compromise as long as it outweighs political costs. However, the experiment also indicates the conditions under which territorial disputes do indeed unify public opinion in favor of a hawkish position. Consistent with previous studies, the surveys show that when people per-

ceive that a compromise is likely to result in a security threat to the country, they reject the compromise position regardless of where they live. In other words, a compromise is possible with high-stakes territorial disputes, particularly for those who live close to disputed areas, if a security threat is not apparent. In addition to the high stakes of territorial disputes in general, the survey was conducted when relations between Japan and its neighboring countries were at their worst (Iida, Kohno and Sakaiya 2012), which should have been the least likely time to find support for a compromise. That some were nevertheless willing to support a compromise suggests that such conflicts are not as intractable as they may appear.

The rest of the paper proceeds as follows. The next section provides an overview of the literature on territorial disputes and war, which is followed by the section in which I present my argument on within-country spatial variation in preferences over territorial disputes. Then, I discuss the research design and the survey methods, and present my empirical findings. Finally, I discuss the implications of the findings and conclude.

Literature Review

Territorial disputes and their impact on inter-state war have attracted substantial scholarly interest. Although some scholars point to the possibility of peaceful resolutions (Huth, Croco, and Appel 2013; Simmons 2002), conflictual aspects of territorial disputes tend to receive more attention. This is partly because once a dispute over a territory begins, it is not only likely to escalate into war, but it also becomes more difficult to end the conflict. As a result, the competing states are likely to become enduring rivals (Diehl and Goertz 2001; Huth 1996a, 1996b; Vasquez 2009; Vasquez and Valeriano 2009; Vasquez and Henehan 2001; Walter 2003).

Territorial disputes are among the most intractable between states. Conventional wisdom argues that while borders are both tangible and divisible, the existence of some intervening

factors makes them intangible and difficult to divide (Hensel and Mitchell 2005). Existing explanations have so far identified intangible political variables such as reputation and national unity as the key intervening variables aggravating territorial disputes and border-related conflicts (Hassner 2006; Hensel and Mitchell 2005; Gibler 2012). For example, some scholars argue that a government's decision to refuse to compromise over a territory has little to do with the economic value of the territory, but more to do with reputation costs the government incurs by backing down (Hensel 1996; Hensel and Mitchell 2005; Walter 2003, 2006). Toft (2006) instead claims that territorial issues are so salient for citizens that territorial disputes are likely to create an incentive for unity against rivals and spur feelings of nationalism within a country, and thus lead to a situation in which a compromise becomes difficult (see also Miller 2007).

Although divergent theoretical and empirical implications of the reputation and nationalism arguments exist (e.g., Gartzke and Li 2003; Hechter 2000; Hensel and Mitchell 2005; Miller 2007; Toft 2006), an implication is shared by both arguments: democratic leaders do not want to compromise over a territory because such a compromise carries political costs. Here, what is in play is not just the territory, but also what the territory symbolizes: for some, fighting for the territory represents a state's strength, or a nation's resolve. In contrast, a compromise would imply weakness, which in turn makes territorial issues zero-sum games between states (Vasquez and Valeriano 2009: 195).[7]

Another body of work emphasizes economic, not political, aspects of territorial disputes (e.g., Diehl 1999; Goertz and Diehl 1992; Simmons 2002). Goertz and Diehl (1992) and Diehl (1999), for example, suggest that governments are likely to fight for resource-abundant land.[8] Indeed, plenty of cases indicate the plausibility of a relationship between the like-

[7]While Vasquez (1993; 2009) argue that territorial disputes are by nature salient due to psychological reasons, this paper considers that such human attachment to territory is likely to cultivate nationalism (i.e., the underlying political mechanism tested below) (see also Gibler (2012) for his individual-level argument).

[8]See also Dzurek (2005) and O'Lear (2005) for the role of economic variables in territorial disputes.

lihood of conflict and the economic value of the territory in question: China is in dispute with neighboring countries such as Vietnam over the resource-rich Spratly Islands in the South China Sea, while Cameroon fought over ownership of the oil-rich Bakassi Peninsula in Nigeria.[9] The civil war literature also corroborates this economic argument, and finds that the existence of natural resources increases the likelihood of separatist conflicts (Ross 2004).

If the "economic" line of reasoning is correct, we can expect that territorial disputes are more likely to escalate when the territories have abundant resources, and governments calculate that the cost of losing a resource-abundant territory outweighs the costs of war. Hensel and Mitchell (2005) find that the economic value of the land tends to result in (low-level) militarized conflicts, suggesting that economic aspects are important under some conditions.[10]

I contend that although the economic and political arguments seem incompatible, both can be relevant for citizens within one country. In the next section, I outline a theory that links the economic and political dimensions of a territorial dispute through citizens' proximity to the dispute, and explain why spatial variation in preferences exists. I argue that understanding spatial variation in preferences helps us come closer to what causes disputes and what can prevent or facilitate their resolution. Explaining the spatial variation, in other words, advances the field because it indicates conditions under which democratic leaders are likely or unlikely to make a compromise, given this variation.

[9]Following the International Court of Justice's ruling in 2002, Nigeria handed over the territory to Cameroon in 2008.

[10]Note that the authors hypothesized that it is more difficult to reach agreements over territory for intangible reasons such as image and reputation loss, and such territorial disputes are more likely to lead to militarized conflicts. They find that the intangible salience of territorial disputes has a stronger impact on fatal militarized disputes or full-scale interstate wars than tangible salience. Because territorial disputes elicit citizens' greater emotional investment, mobilization, and societal bonding than other issues (Tir 2010), recent work on territorial disputes (Gibler 2012; Vasquez 2009) tends to focus on political aspects of territorial disputes rather than these economic aspects.

Explaining Spatial Variation in Public Opinion

Based on an accountability model, I assume that the conditions under which democratic leaders make a compromise over a territorial dispute depend on citizens' preferences (see, for example, Barro 1973; Besley 2005; Fearon 1994; Fearon 1999; Ferejohn 1986). The initial set-up of the model is based on the institutional argument of democratic peace (e.g., Schultz 1999) and focuses on audience costs.[11] The basic story is that once a leader makes a public commitment, she is unlikely to back down because such a retreat will lead to electoral punishment (Fearon 1994; Schultz 1999).[12] The implication of this model is that when politicians believe that the majority of voters value a territory in dispute, they refuse to make a compromise.[13] The next sections describe the political and economic mechanisms, respectively.

Political Mechanism

Based on the framework and previous studies (Gibler 2012; Hensel and Mitchell 2005; Vasquez 2009), I start with an assumption: the majority of voters are hawkish and do not accept any compromise over territory, because territorial disputes cultivate national unity and trigger political concerns. This "political" perspective has multiple dimensions; here I

[11] Although Schultz (1999) argues that two logics in the accountability framework, institution and information (or audience cost), are distinct, this paper uses the concept of audience costs in the sense that domestic audiences in democracies can sanction their leaders when they break their initial commitment.

[12] Yet, in terms of territorial disputes, a verbal commitment is sometimes unnecessary to generate audience cost (see Appendix F for a test of the assumption, and see also Gibler and Hutchison (2013) for more systematic discussion of the connection between territorial disputes and audience costs). An audience cost exists even without a politician's public statements, because territorial disputes have higher stakes than other issues. However, some people will not punish politicians even if they make a compromise over a homeland, which means that there is no audience cost. In other words, in terms of territorial disputes, whether or not voters punish politicians when they make a compromise depends on how they perceive the territorial disputes.

[13] There are two scope conditions for my argument. First, it may be only applicable to a democratic state. Second, the argument does not apply when an ethnic group different from the ruling ethnic group lives around the border of interest. As Hechter (2000) and Huth (1996b) suggest, if an ethnic group lives across a border, it is likely that the group has more incentive to try to annex the territory under the banner of nationalism, and the likelihood of a territorial dispute increases.

focus on two – reputation and nationalism.

First, some individuals may believe that making a compromise over a territorial dispute leads to a reputation cost for the country. Schelling (1960; 1966) argues that to avoid the intrinsic problem of "cheap talk," leaders can credibly signal their intentions by tying their reputation to international sources. Sources of such international credibility stem from reputation costs that leaders would incur from other states when they renege on their initial promise, which makes their subsequent behavior less credible. Accordingly, I assume that a reputation cost results when a leader backs down in the initial stage of a conflict, and that this cost carries over into subsequent stages in which the leader's state faces conflicts with other countries.[14] In other words, once a country makes a compromise over one issue, other states consider that the country will be a "chicken" in similar situations, and challenge the targeted state more in the future. This possibility represents a reputation cost for some people.

An additional political mechanism is that some may think that compromises hurt the nation. In this case, in contrast to the reputation argument, citizens will not link the consequences of a territorial dispute to potential outcomes of other disputes with other countries. Instead, the territory in question will be associated with national unity or national identity. Fearon (1995: 389-390) suggests that leaders cannot make a compromise over a territory in part due to the rise of nationalism. Toft (2003; 2006) also argues that individuals develop an attachment to territory and the attachment makes even worthless territory valuable. Such sentiments of pride and honor associated with a territory often serve to radicalize a territorial conflict and, fearing domestic backlash, politicians are reluctant to make a compromise over a territory.

Economic Mechanism

[14]For similar use of reputation, see Crescenzi et al. (2007); Hensel and Mitchell (2005); Walter (2003).

While the political mechanisms suggest that compromises are unlikely, an economic perspective suggests that they may find support. Territorial disputes do not affect citizens equally, and in particular, some citizens are more affected by the economic implications of a dispute than others. I argue that the extent to which people are affected by the economic aspects of a dispute depends on where they live within a country. This insight builds on political economy theories of foreign policy regionalism. As Fordham (2008) suggests, an economic compromise may bring aggregate benefits to the state as a whole; but some individuals may benefit more, while others think that any benefits are not enough to compensate for political costs. Previous studies suggest that the geographical distribution of industries and the public sector is important on this matter (Fordham 2008; Trubowitz and Mellow 2011). In this paper, I argue that those who live close to the territory are those who would benefit the most from a compromise and the end of the dispute.

If people live in the vicinity of the disputed territory, the likelihood that they are directly and indirectly affected by a territorial dispute is much higher than those who live further away from the area. The most apparent cost is disruption of economic activities. If war breaks out, it will impede their regular economic activities and people in the region incur an opportunity cost. In the worst-case scenario, if the government loses the territory as a result of war, they lose areas where their economic activities are based, and some of them may have to relocate.

Simmons (2002) introduces an additional economic cost of territorial disputes: the loss of trade between states. In the case of the Honduran-Salvadoran territorial dispute, she finds that the dispute disrupted the bilateral economic relationship, and once it was resolved in 1992, the economic ties between the countries improved drastically. Her argument indicates that in an era of globalization, individuals and companies that have economic relationships with neighboring countries can be negatively influenced by territorial disputes independently of where they live. Yet, while it may be plausible that people who have business interests

with neighboring countries are scattered across the state, I claim that it is also true that we find more people who are affected by the dispute the closer we get to the dispute location, and the probability of negative externalities of the dispute is generally higher (see also Polachek, Robst, and Chang 1999).[15]

Within the context of Japan, the geographical distribution of industries incentivize those who live close to territorial disputes to accept economic compromises, because prefectures close to territorial disputes tend to rely on manufacturing and agriculture and fisheries industries, while the economies of prefectures further away depend more on the service sector.[16] The intensification of territorial disputes between Japan and China in late 2012 resulted in a significant drop in manufacturing trade between Japan and China. Based on these past experiences, people in the manufacturing industry may be more likely to prefer a compromise to a hawkish position that can lead to another disruption of trade. Similarly, those in the fishery industry should have an incentive to accept a compromise over territories, in particular if it involves the protection of fishery rights. Further, prefectures close to disputed areas tend to rely on tax transfers from the central government more than those further away.[17] If a compromise involves any economic gains in revenue, such a compromise should increase the likelihood of acceptance for those who live close to disputed areas.[18]

These direct and indirect economic benefits are more likely to favor those who live closer

[15]As previous studies point out, geography can be conceptualized as a social construct rather than a constant variable (Agnew 1996; Flint 1998). Although territory rarely changes, I theorize that territory generates economic value to those who live in the proximity of the territory in question. For instance, fishermen depend on their proximity to rich fisheries to earn their living. In contrast to those who live close to disputed areas, however, territories are less likely to generate such economic value to those who live further away. Instead, they tend to create more symbolic value such as nationalism.

[16]This is similar to what Fordham (2008) and Trubowitz and Mellow (2011) claim in the US context. The information is based on the statistics provided by the Cabinet Office of Japan; `http://www.esri.cao.go.jp/jp/sna/data/data_list/kenmin/files/contents/sakusei.html` and cluster analysis on the data.

[17]The information is based on the statistics provided by the Ministry of Internal Affairs and Communications, `http://www.soumu.go.jp/iken/zaisei/h24_todohuken.html`.

[18]A similar trend was suggested by Trubowitz and Mellow (2011). In the US, red states benefit from military spending, export promotion and import liberalization more than blue states, and this electoral divide based on economic interests determines the possibility of bipartisan cooperation over foreign policy.

to disputed areas; as a result, they should be more likely to accept a compromise over a territory, particularly when the compromise would include economic benefits. By contrast, I argue that individuals further away are less likely to be directly affected by territorial disputes and thus can afford to think of a territorial issue from a broader political perspective. These implications of my argument differ from existing accounts of spatial variation in public opinion. For example, Huth (1996b) points out that people who live closest are likely to view the disputes differently. However, his argument suggests that those who live closest should be more hawkish.[19] By contrast, I argue that citizens around the territory of interest should be less hawkish. Further, politicians' hands are tied not by those people, but by the majority of citizens who live far from the area.[20]

In sum, while political and economic considerations can coexist, this paper argues that some people value political aspects more than economic aspects. Further, I argue that the preference distribution can be explained by the proximity to disputed territories. Individuals prioritize economic aspects the closer they live to the disputed territories, which in turn makes them more likely to accept a compromise. In other words, economic interests are likely to attenuate political interests as the distance to a disputed territory decreases.[21] As a result, I expect the following to be true:

Proximity Hypothesis *Individuals who live closer to a disputed area care more about*

[19]He argues that leaders who claim ethnic irredentism are more likely to engage in military confrontations over territorial disputes. If his argument is correct, people who live close to a disputed area are more hawkish, and the likelihood of military confrontation increases when constituencies from the region become essential for national politics. Note that he could not find statistically significant results for the hypothesis.

[20]Within the context of Japanese territorial disputes, Iwashita (2005; 2006) suggests that people who live closer to disputed territories have different opinions about disputes from citizens in the other regions. In the case of Nigeria, Gibler, Hutchison, and Miller (2012) suggest that how people perceive territorial disputes differ by locations of disputes. They also argue that perceptions of people in targeted states are different from the ones of people in challenger states.

[21]Another observable implication is that since territory creates political and economic values, if people move away from disputed areas, their preferences should change accordingly. This is an avenue for further research.

economic aspects, and are thus more willing to accept a compromise over a territory. In contrast, individuals who live further away from the area consider potential reputation costs and nationalism more, and are more likely to oppose a compromise over a territory.

The next section exploits two territorial disputes between Japan and South Korea and Japan and China to test the hypothesis.[22]

Data and Methods

Survey Experiment

The main task of the empirical analysis is to assess whether or not preferences over territorial disputes vary within countries, and whether or not the salience of economic and political issues vary systematically by distance to the dispute. For that purpose, I designed a survey with an embedded experiment and conducted it among two different populations in Japan in December 2012 (see Tomz 2007 for a similar approach). The first survey was carried out online with a nationally representative random sample of 1,461 Japanese adults. Further, in order to complement the online survey and examine the spatial dimension of territorial disputes, I also conducted a survey of 396 randomly selected adults in Oki Islands, the closest Japanese municipality to the disputed island between Japan and South Korea (the Liancourt Rocks, known as Takeshima in Japanese and Dokdo in Korean). Since many households in the town may not have access to the Internet, I used a mail survey instead of an Internet-based survey (See Appendix A for more detailed sampling methods).[23] Because the two samples have different populations and different survey methods, we cannot combine the two and estimate statistical significance. Further, the sample size of the survey in Oki

[22]see Appendix H for a short history of Japanese territorial disputes.

[23]The response rate was 26.5%, which is not too low for a mail survey (see also Kaplowitz et al. 2004 for the discussion).

is relatively small. I thus employ the national-level sample for the main analysis, and use the Oki Islands sample to complement the analysis. In both surveys, I asked about two Japanese territorial disputes: Takeshima with South Korea and Senkaku Islands with China and Taiwan (also known as the Diaoyutai Islands in Taiwan and the Diaoyu Islands in China).

The aim of the experiment was to test the conditions under which respondents would support a compromise over a territorial dispute. A compromise was represented by an agreement to rent or sell the disputed islands. The control group received a scenario that highlighted the economic benefits of a compromise, while the treatment group received two treatment arms: one that introduced a reputation cost, and the other that primed nationalism. My expectation is that the political treatments will be more likely to lead those who live further from the disputed territory to reject the compromise, compared to those who live closer to the disputed territory.

After answering basic socio-demographic questions, survey participants were presented a script in the form of a news article. For participants in the control group, the following script was used:

> "*Today, the Japanese government had an official consultation with South Korea over Takeshima, and both governments agreed that Japan will rent the disputed island to South Korea for 10 years for 20 million US dollars. The money will be spent on the government's social welfare spending. Both governments also confirmed that fishing rights and resource search rights around the island are protected for both parties.*"

Then, participants in the control group were asked to answer whether or not they support the Japanese government's decision on a binary scale of 0 (support) and 1 (oppose).[24]

[24]To check a consistency of responses, I also use a five-point scale from 1 (strongly support) to 5 (strongly oppose).

The story attempts to emphasize the economic aspects of the territorial dispute (e.g., rental fee, fishing rights, and resource search rights), while being neutral about politics – primarily about which country "owns" the territory. However, it is important to note that it is difficult to exclude a political aspect completely, and the terms I used have "information leakage" (Tomz and Weeks 2013).[25] This exercise is also purely hypothetical, but I still believe that this is a useful way to reveal people's preferences over territorial disputes based on my spatial argument about political and economic aspects.[26]

Next, a part of the control group script was manipulated for treatment groups to include political dimensions, so that we can detect who is more likely to react to political costs. Again, I expect that those who are further away from disputes are more likely to be hawkish in response to the treatments. Within the political dimension, I discussed two possible mechanisms that could explain hawkish positions. One was reputation cost, and the other was nationalism. In order to test the relative salience of each, I introduced the following treatments. For the reputation treatment, I used the Senkaku Islands and inserted one sentence following the same script of the control group: "*A leading expert on security affairs in East Asia estimated that the Japanese government's decision to rent Takeshima to South Korea would result in an aggressive measure from China over Senkaku Islands.*"[27] I also manipulated the likelihood of aggressive action from China and inserted the following script for a second treatment group: "*A leading expert on security affairs in East Asia estimated that the Japanese government's decision to rent Takeshima to South Korea would* ***not*** *result in an aggressive measure from China over Senkaku Islands.*" The sentences were meant to capture a possible reputation cost incurred by the compromise over the Takeshima dispute,

[25]By specifying the use of the money, I excluded a possibility that the money will be used for a political purpose such as military expenditure.

[26]Note that South Korea has de facto control over Takeshima and it is unlikely for the government to hand over the territory to Japan. Yet, in the meantime, most Japanese people believe that the island is Japanese territory (Magosaki 2011).

[27]A similar sentence is used in Johns and Davies (2012).

in order to estimate how many people would oppose the government's decision by linking a compromise over one dispute to a potential negative effect for another dispute.

Further, this reputation treatment captures a security threat as well, since the script says that the government's decision to rent the territory could lead to an aggressive action from China. Trubowitz and Mellow (2011) argue that even when a nation has diverse preferences over a foreign policy, national consensus is likely to be achieved through a rally-'round-the-flag effect when security threat exists. Such an effect is widely acknowledged in the literature on territorial disputes (Tir 2010). I thus expect that these treatments are likely to capture a reaction to a perceived security risk as well as a reputation cost, and that it is possible that even if people close to disputed areas care more about economic considerations, the political consequences raised in this treatment will overwhelm economic interests. In other words, we could see less spatial variation in preferences within this treatment group.

Finally, for the nationalism treatment, I changed the compromise to involve the sale of Takeshima rather than its rental, because losing a part of "the homeland" for good should provoke a nationalistic reaction if the theory is correct.[28] Still, if my argument about the varying salience of economic and political dimensions is correct, we should observe spatial variation within this treatment arm, with those further away more likely to reject the sale of the island than those closer to the island. This treatment group read the following script:

> "*Today, the Japanese government had an official consultation with South Korea over Takeshima, and both governments agreed that Japan will* ***sell*** *the disputed island to South Korea for 20 million US dollars. The money will be spent on the government's social welfare spending. Both governments also confirmed that fishing rights and resource search rights around the island are protected for both parties.*"

To examine whether a higher sales price makes a difference, I increased it to 200 billion

[28] Or, following Vasquez (2009), we may be able to interpret a positive result as a biological reaction.

US dollars for another treatment group. If people care about economic aspects of the compromise, I expect them to support the government's decision to sell the island, while those who prioritize political values should oppose the decision regardless of the sale price.

In essence, regardless of the control or treatment groups, respondents are told that the Japanese government decided to compromise over territorial disputes. The treatment groups differ in one respect from the control group, which is that a compromise over Takeshima involves an additional political cost. Table 1 summarizes the control and treatment groups.

[Table 1 about here]

To summarize my expectations, each treatment should trigger a sentiment of national unity or possible reputation cost and increase the salience of territorial disputes. However, I expect the reaction to be uneven across Japan. Those who live further away are more likely to oppose a compromise, while those who live closer to disputed areas are more likely to accept a compromise, because they care more about economic considerations despite the increased political costs (i.e., T1b, T2a & T2b). It is possible that people will oppose a compromise regardless of where they live, due to the rally-'round-the-flag effect (T1b). Yet, when a security threat is not apparent, those who live further away will be more likely to oppose the sale of the island, while those who live closer to disputed areas should be more likely to accept a sale despite political concerns (T2a & T2b). Further, approval for the compromise should become stronger if the price of the sale increases (T2a). Below, I summarize the three main expectations to be tested:

Expectation 1 (Reputation Treatment) *Those who live closer to disputed areas are less likely to oppose a compromise over the rental of the disputed island, even with the existence of a threat from China, while those further away are more likely to oppose it.*

Expectation 2 (Nationalism Treatment) *Those who live closer to disputed areas are less*

likely to oppose the sale of the disputed island, while those further away are more likely to oppose it. Those who live further should also be less sensitive to the sale price of the island.

Expectation 3 (Nationalism Treatment) *Those who live further should be less sensitive to the sale price of the island than those who live closer to the disputed territory.*

Additional Variables

My main interest in this paper is to measure the impact of distance from disputed territories on public opinion in terms of territorial disputes. Thus, I calculate the distance from disputed territories to where each respondent lives based on latitude and longitude. Although I do not have access to the exact addresses of survey respondents, I used the capital city of the prefecture in which each respondent lives as a proxy. Since Japan has three territorial disputes, I constructed a variable which is the minimum distance to any dispute (*Minimum Distance*). To make the regression coefficients easier to interpret, I normalize the variable to run from 0 to 1.[29] The geography data are derived from a Japan shape file version 7.1 of ESRI.

To examine the differential impacts of the political treatment on public opinion by distance, I use an interaction term approach (Brambor, Clark, and Golder 2006; Berry, DeMeritt, and Esarey 2010). This means that the distance variable is interacted with each political treatment variable: *Strong China Concern*, *Weak China Concern*, *High Sales*, and *Low Sales*.

I also collected individual-level variables such as age, sex, marital status, employment status, income level, length of residence, and interest in foreign policy. Since I estimate the impact of a non-experimental variable (i.e., distance) as well as the experimental treatment variables, I include the variables in some of the specifications to minimize omitted variable bias. Especially important for the analysis is the *Local Resident* variable. To factor in a

[29] I also constructed three separate distance variables for each dispute. But the main results hold.

possibility that a respondent just moved to where s/he is now and it attenuates a geography effect, I asked "*How long have you lived in the current location?*" and respondents were asked to choose an answer on a scale from 1 (within 1 year) to 5 (more than 15 years).

The *Income* variable may also affect how a respondent answers the question – perhaps, the higher income someone earns, the less likely they are to be affected by economic loss through territorial disputes. Alternatively, income may be an omitted variable to explain the relationship between distance and individual preference because the closer they live to a disputed territory, the more likely they are to earn lower income. Further, the *Age* variable has been found to be an important indicator to explain public opinion in terms of territorial disputes (Iida, Kohno and Sakaiya 2012). To control for the effect, I include Age in some of the specifications. To make the regression coefficients easier to interpret, the *Age*, *Income*, *Interest in Foreign Policy* variables are standardized.

Table A in Appendix B summarizes the data collected in the online survey. According to the 2010 Japanese Census and the 2010 Annual Report on the Family Income and Expenditure Survey, most variables in Table A are similar to the national average. For instance, as of 2010, the population distribution of sex in Japan is 51.3% women and 48.7% men, while the sample distribution is 50.0% women. Age indicators are also similar: the mean age in the population is 45.0 years old, compared to 46.2 in the sample. The only discrepancy is the employment rate. While the national average is 61.7%, the rate in the sample is slightly higher than the population average: 69.3%. Yet, other than the employment variable, the sample more or less matches the population average (see also Appendix C for balance test).

Finally, Table E in Appendix D summarizes the main differences in individual attributes between online survey participants and mail survey participants. As the table shows, respondents in the Oki islands are significantly older and have lower income than the ones in the national online survey.[30]

[30]I dropped 21 observations since their answers were significantly inconsistent, although including them

Results

This section first examines the main effect of the experimental variables, and then analyzes how distance from disputed territories affect the treatment effects by using logit models for the binary dependent variable. Finally, to corroborate the analyses, I use the Oki sample as well.

First, Table 2 presents the percentage of people who support and oppose the government decisions by control and treatment groups. Given the recent intensification of the territorial disputes surrounding Japan, it is somewhat surprising to see that 41.4% of the sample support the government's decision to rent Takeshima without a China concern (i.e., the control group), while 31.1% of the respondents are fine with selling Takeshima for $200 US billion dollars.

[Table 2 about here]

Reputation Treatment

Turning to examine the effects of the experiment, Table 3 shows the main results of the reputation treatment. Model 1 includes only the reputation treatment variables. Model 2 includes the distance variable as well as control variables. Model 3 includes the interaction term between the experimental variables and distance variable. To fully examine the geography effect, this analysis limits the sample to those who are long-term residents in the current address, but the analysis with full sample shows a similar result (Appendix E).

First, the table shows that those in the reputation treatment group who were told that it is likely that the rental of Takeshima will be followed by an aggressive measure by China over Senkaku tend to oppose the government decision. In other words, people are generally concerned with a potential reputation cost or perceived security threat. An F-test shows

does not change the main results.

that there is a statistically significant difference between *Rental Only* – the control – and *Rental with Strong China Concern* (F = 164.940, $p = 0.0033$), the treatment in which an expert speculated that China would make a move over Senkaku. When the rental is not expected to trigger Chinese action, support for a compromise remains unchanged; i.e., there is no statistically significant difference between *Rental Only* and *Rental with Weak China Concern* (F = 164.940, $p = 0.2197$). Finally, Model 3 indicates that there is no geographical effect of the reputation treatment, and everyone reacts to the increased political cost of compromise in a similar way – regardless of where they live, respondents tend to oppose a compromise that could carry a reputation cost or security risk. This finding does not support the argument about spatial variation in preferences.

[Table 3 about here]

Nationalism Treatment

Moving to the other political dimension, Table 4 shows a summary of the results of the nationalism treatment. Like Table 3, Model 1 only includes the treatment variables. Model 2 includes the distance variable and controls. Model 3 includes the interaction term between the distance and the treatment variables. If my argument is correct, we should observe that those who live further away from disputed areas are more likely to oppose the Takeshima sale, and there should be a positive interaction effect between the treatment and distance variables.

[Table 4 about here]

First, like Table 3, the analyses show that there is a positive, significant relationship between the political treatments and respondents' support for a compromise – generally, those who are told that the government decided to sell Takeshima, regardless of the price, are more likely to oppose the decision. The difference in the mean support for a compromise

in the control and treatment groups is statistically significant, both for the high sale price and the low price sale (F = 5.60, $p = 0.018$; F = 8.81, $p = 0.003$, respectively), and there is no statistically significant difference between the treatment groups.

Additionally, Model 3 indicates that the treatment effect varies depending on where respondents live, and, consistent with my expectations, those who live further away are more likely to oppose the government decision. However, the results indicate a threshold effect: only the interaction term between *High Sales* and *Minimum Distance* shows a significant effect on the support for a compromise, while the one with *Low Sales* is not significant at the 10% level. The results suggest that those who live closer to a disputed territory are more likely to support a compromise than their counterparts further from the territory, but only when the sales price is large enough to compensate for their loses.

To ease interpretation of the logit coefficients from the tables, I plot the effect of distance on the probability of opposing the government decision to sell the island in Figure 1 (based on Model 3 of Table 4).[31] First, the top panel of the figure shows that distance does not have an effect on a respondent's likelihood of opposing the government decision if the sales price is low – respondents generally oppose the idea of selling Takeshima across Japan. However, the bottom panel shows that if the sales price is high, going further away from disputed areas decreases the likelihood that a respondent will support the government decision, across the observed range of distance from the disputed areas. The probability that respondents oppose the government's plan is lower for respondents who live closer to a disputed territory.

[Figure 1 about here]

Alternative Arguments

The analysis so far provided evidence that those who live further from a disputed territory will be less likely to support a compromise over the territory than those who live closer to it,

[31] The values of all the covariates are set at the median.

because the former are more likely to consider territorial disputes in terms of politics rather than economics, and the latter are more likely to prioritize economics. However, in order to improve my inference, I now consider alternative arguments that may explain the empirical results. First, the results may be an artifact derived from the geographical distribution of people who have different regional culture and different trust levels in the government (see also Hutchison 2011a). Although I cannot completely exclude this possibility, the cultural and trust arguments cannot explain why respondents close to the disputed areas tend to accept the compromise with the high sale price, not the low sale price.[32] Another argument is about personal vulnerability to territorial conflicts. It is possible that those who live close to disputed areas are the ones who incur physical costs once a war begins, so are more likely to support a compromise. Yet, this is inconsistent with the paper's analysis – once a security threat emerges, not only those who live close to disputed areas but also those who live further away tend to oppose compromises. However, in the absence of a security concern, those who live in the proximity to the areas can consider economic issues, and therefore are more likely to agree with a compromise. While some of the alternative arguments may explain some of the analyses, I believe my argument so far provides the most consistent interpretation of both Tables 3 and 4.

Oki Sample

I now move to the sample from Oki, the closest place in Japan to Takeshima. Due to the limited sample size, I implemented one treatment, *Rental with Strong China Concern*. If my argument is correct, those who live in Oki should be unaffected by the political treatment, and likely to agree with the government's decision to compromise over Takeshima across

[32]Further, the ruling Liberal Democratic Party is a catch-all party and has a wide range of supporters. Right before the survey, the LDP won a landslide victory in the 2012 election across the country, and it is unlikely that those who live close to the disputed areas tend to support the government decision because they are LDP supporters.

control and treatment groups.

The main result using the Oki sample is reported in Table 5. Model 1 only includes the treatment variable, while Model 2 tests the treatment effect with control variables. Models 1 and 2 show that compared to the national sample (i.e., Table 3), Oki respondents tend not to change their attitudes about the Japanese government's decision, even if respondents are told that there is a strong likelihood of an aggressive Chinese action over Senkaku. This suggests that people in Oki are not so concerned with a reputation cost or a security threat, while respondents in mainland Japan are more affected by the perceived costs. The percentage of the Oki respondents who support the Japanese government's decision to rent Takeshima was 32.3% for the treatment group, which is lower than the control group, but the difference between the treatment and control groups is not significant at the 10% level. Figure 2 illustrates this point by showing the simulated probabilities that respondents oppose the government's decision.[33] As Figure 2 shows, although the probability of opposing the decision is higher for the treatment group, the confidence intervals overlap each other, demonstrating that the difference between two groups is not significant. However, we should be upfront about the limitations of the analysis and it is important to note that the non-finding may be driven by the low response rate and small sample size.[34]

[Table 5 about here]

[Figure 2 about here]

Yet, the survey results as well as the comments I received from some respondents suggest that the results are in fact reliable and consistent with my argument. Looking at the treatment group, it is surprising that more than 30% of the respondents *support* the government's

[33]The simulation is based on Model 2.

[34]In this sense, the analysis still leaves room for Huth's (1996b) argument about the hawkishness of those living closer to disputed areas even in the Japanese case, and future research should address the issue further and unpack what people in the proximity of territorial disputes think about the disputes. At the same time, the Z-score for the treatment variable is about 1.56 in Model 2 in Table 5, and the probability that the Z-score is larger than 1.56 is about 12%.

decision, especially in light of a press article about Oki islanders, which suggested that they are unlikely to approve any compromise:

> The residents in their 80s and 90s are working hard to hand down to younger generations stories of the islets, including for some of them their memories of trips to the territory in their youth. Katsumi Iwataki, 88, and Wahei Hara, 94, from the town of Okinoshima are among the few Japanese still alive who have gone to Takeshima. They maintain it is "undeniable" that Takeshima is part of Okinoshima. ("Aging Islanders Long for Takeshima's Return." *Japan Times*. February 23, 2013)

The last sentence suggests that people who live close to a disputed territory are hawkish. Yet, the result in Table 5 shows that roughly one-third of Oki respondents are actually willing to make a compromise as long as economic activities are protected, and are even willing to risk a reputation cost or face a security issue. The survey shows that even in close proximity to a disputed territory, some people are willing to compromise. One respondent in her 70s in the treatment group even wrote a comment in the survey that "Now that all governments make a similar claim and are locked in disputes, they have to find a compromise to move forward."

Conclusion

This paper contributes to the literature on territorial disputes by systematically investigating how people perceive territorial disputes, and how preferences vary within a state. The paper argued that the variation in preferences over territorial disputes can be accounted for by proximity to disputed territories, and those who live close to a disputed territory are

more concerned with economic considerations, and are thus willing to make a compromise over a territorial dispute as long as the compromise does not affect their economic considerations. In contrast, without such economic concerns, those who live further away from the territory can afford to think of the issue from a political perspective. Fearing a political cost of a compromise, people who live further away are more likely to oppose a compromise over territorial disputes.

I tested the argument with two survey experiments in Japan. The analyses provided support for the argument: residents who live closer to the disputed territory were more likely to accept a compromise, but only if the price was high enough. In other words, while residents further from the disputed territory were unwilling to compromise regardless of the economic benefits, those living closer to the territory were more willing to accept the compromise. At the same time, when respondents perceived a possible political cost in terms of the country's reputation or a security threat, residents from across Japan were equally likely to reject the compromise.

Further research can build on the findings here. Because some information leakage is inevitable, the survey experiment may not completely differentiate the economic dimension of the territorial disputes from the political dimension. This could also be aggravated by the high stakes nature of territorial disputes generally, and the timing of this survey specifically. In 2012, relations between Japan and its neighboring countries were the worst over the territorial disputes (Iida, Kohno and Sakaiya 2012). Despite these issues, however, the survey results showed that those who live close to the territorial disputes responded to treatment effects in a different way from those who live further, and were more likely to accept the compromise. Tests of the argument's external validity and scope conditions in which the spatial argument is applicable would be a promising avenue for future research.

Although a large literature on territorial disputes exists, the relationship between public opinion and disputes does not receive much attention, because many assume that there is

no variation in preferences among citizens. By contrast, this paper highlighted variation in citizens' preferences. This variation could provide an opportunity for resolving a dispute peacefully. Despite potential positive (political and economic) benefits of peaceful solutions to the disputes (Simmons 2002), political leaders tend to believe that the domestic political consequences for those who compromise on a territorial dispute are severe, and accepting an unfavorable change to the territorial status quo leads to electoral punishment by hawkish voters. Yet, this paper suggests that some people value economic considerations more than political considerations even about high stakes territorial disputes, particularly when security threats are not apparent. Political leaders could use this insight to guide public opinion towards compromise, following the lead of those who live closest to the disputed territories and avoiding international conflict.

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Tables and Figures

Table 1: Summary of Survey Treatments and Expectations

	Reputation Treatment Arm (T1)	**Nationalism Treatment Arm (T2)**
Control Group	Rental	Rental
Treatment Group (a)	Low Pr(China aggression) (T1a)	High Sales ($200 billion) (T2a)
Treatment Group (b)	High Pr(China aggression) (T1b)	Low Sales ($20 million) (T2b)

Table 2: Preferences for Economic Solutions by Treatment for the National Survey

	Support	**Oppose**
Rental	41.4%	58.7%
Low Pr(China aggression)	35.4%	64.6%
High Pr(China aggression)	27.5%	72.5%
Low Sales	27.5%	72.5%
High Sales	31.1%	68.9%

Table 3: Logit Analyses: Reputation Treatment

VARIABLES	(1)	(2)	(3)
	Rental (0: Support, 1: Oppose)		
Rental with Strong China Concern	0.618***	0.603***	0.551
	(0.210)	(0.226)	(0.576)
Rental with Weak China Concern	0.253	0.227	0.567
	(0.206)	(0.225)	(0.584)
Minimum Distance		-0.211	-0.072
		(0.342)	(0.579)
Strong Concern × Minimum Distance			0.085
			(0.833)
Weak Concern × Minimum Distance			-0.525
			(0.839)
Sex		0.068	0.065
		(0.214)	(0.214)
Age		-0.85	-0.867
		(0.624)	(0.626)
Local Resident		-0.034	-0.035
		(0.082)	(0.083)
Employment		0.194	0.193
		(0.227)	(0.227)
Income Level		-0.212	-0.218
		(0.373)	(0.375)
Interest in Foreign Policy		1.043***	1.036***
		(0.386)	(0.386)
Constant	0.350**	0.099	0.032
	(0.141)	(0.592)	(0.632)
Log likelihood	-389.577	-339.332	-339.031
Observations	610	536	536

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 4: Logit Analyses: Nationalism Treatment

VARIABLES	(1)	(2)	(3)
	Sales (0: Support, 1: Oppose)		
High Sales	0.445**	0.463**	-0.463
	(0.188)	(0.207)	(0.516)
Low Sales	0.620***	0.756***	0.727
	(0.209)	(0.233)	(0.578)
Minimum Distance		0.553*	-0.082
		(0.312)	(0.573)
High Sales × Minimum Distance			1.500**
			(0.757)
Low Sales × Minimum Distance			0.03
			(0.831)
Sex		-0.142	-0.173
		(0.197)	(0.197)
Age		-1.983***	-1.862***
		(0.664)	(0.669)
Local Resident		0.151*	0.154*
		(0.078)	(0.079)
Employment		-0.111	-0.117
		(0.220)	(0.220)
Income Level		-0.212	-0.186
		(0.349)	(0.358)
Interest in Foreign Policy		0.731**	0.724**
		(0.359)	(0.368)
Constant	0.350**	-0.142	0.216
	(0.141)	(0.549)	(0.613)
Log likelihood	-452.394	-375.9	-373.314
Observations	712	614	614

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

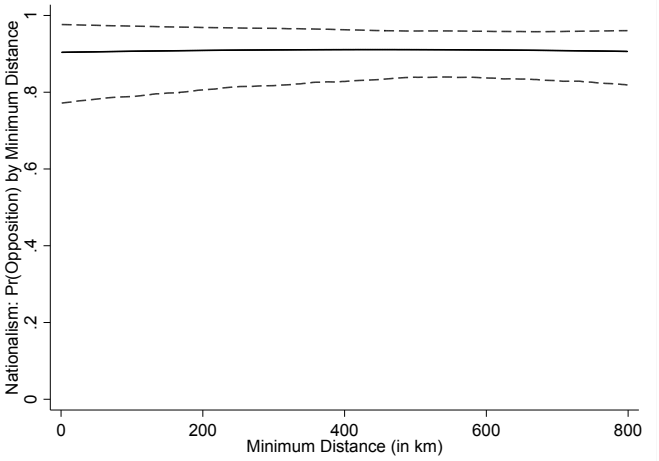
Table 5: Logit Analyses: Rental with Oki Sample

VARIABLES	(1) Rental (0: Support, 1: Oppose)	(2) Rental (0: Support, 1: Oppose)
Rental with Strong China Concern	0.356	0.934
	(0.496)	(0.600)
Sex		0.513
		(0.630)
Age		-5.686***
		(1.959)
Employment		-1.763**
		(0.736)
Interest in Foreign Policy		0.063
		(1.036)
Constant	0.029	4.775**
	(0.737)	(1.999)
Log likelihood	-47.838	-40.676
Observations	73	71

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Figure 1: Differential Impacts of Nationalism Treatment by Distance

(a) Small Sales



(b) Big Sales

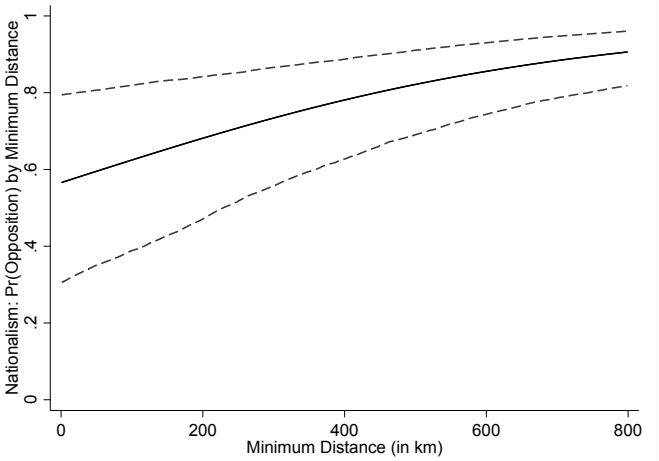
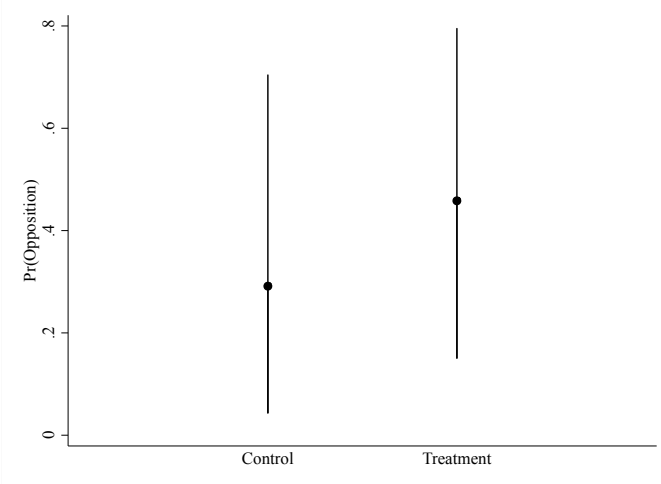


Figure 2: Probability Change by Groups, Oki Sample



Appendix

A Sampling Methods

Online Survey: The online survey discussed in the paper was administered by a Japanese survey firm. Participants in the survey were randomly chosen from a pool of 700,000 who registered in the Japanese survey firm. The survey took place in December 2012, right after the general elections in Japan that the LDP (Liberal Democratic Party) won by a overwhelming majority.

Mail Survey: The mail survey was conducted around the same time of the online survey, specifically between December 2012 and January 2013. I first identified the population in the Oki Islands by using the voter registration list, which is available in the local electoral council. Then, by using a table of random digits, I selected 396 voters from the eligible voters of 12,920. A small gift was enclosed in the survey questionnaire. The response rate was 26.5%.

B Summary Statistics

Table A: Summary Statistics for the National Survey

VARIABLES	Mean	Std. Dev.	Min	Max
Rental (0: Support, 1: Oppose)	0.652	0.477	0	1
Sales (0: Support, 1: Oppose)	0.182	0.386	0	1
Rental with Strong China Concern	0.181	0.385	0	1
Rental with Weak China Concern	0.182	0.386	0	1
High Sales	0.272	0.445	0	1
Low Sales	0.183	0.387	0	1
Minimum Distance	0.636	0.272	0	1
Sex (0: Male, 1: Female)	0.500	0.500	0	1
Age	0.387	0.164	0	1
Local Resident (1: Shortest - 5: Longest)	3.800	1.349	1	5
Employment (0: No, 1: Yes)	0.693	0.461	0	1
Income Level (1: Lowest - 7: Highest)	0.401	0.255	0	1
Interest in Foreign Policy (1: Lowest - 5: Highest)	0.693	0.283	0	1

C Balance Test

Table B: Balance Test: Reputation Treatment

VARIABLES	Treatment (N=260)	Control (N=262)	P-value
Sex	0.500	0.504	0.931
Age	0.365	0.394	0.047
Minimum Distance	0.650	0.634	0.506
Local Resident	3.669	3.748	0.506
Employment	0.691	0.669	0.592
Income Level	0.422	0.400	0.341
Interest in Foreign Policy	0.697	0.686	0.651

Table C: Balance Test: Nationalism Treatment

VARIABLES	Treatment (N=263)	Control (N=262)	P-value
Sex	0.502	0.504	0.965
Age	0.365	0.386	0.128
Minimum Distance	0.650	0.635	0.534
Local Resident	3.837	3.748	0.448
Employment	0.722	0.669	0.194
Income Level	0.422	0.414	0.728
Interest in Foreign Policy	0.697	0.692	0.848

Table D: Balance Test: Oki Sample

VARIABLES	Treatment (N=41)	Control (N=56)	P-value
Sex	0.317	0.446	0.201
Age	0.670	0.672	0.969
Local Resident	4.378	4.475	0.641
Employment	0.600	0.441	0.109
Income Level	0.276	0.215	0.227
Interest in Foreign Policy	0.773	0.703	0.221

D Differences in Demographic Attributes

Table E: Differences in Demographic Attributes

	National Average	**Oki Average**
Age	46.2	65.3
Income	$48,145	$24,255

E Analysis with Full Sample

Table F: Logit Analyses: Analysis with Full Sample

VARIABLES	(1)	(2)	(3)	(4)
	Approval (0: Support, 1: Oppose)			
Rental with Strong China Concern	0.641***	0.611		
	(0.221)	(0.570)		
Rental with Weak China Concern	0.251	0.493		
	(0.220)	(0.578)		
Strong Concern × Minimum Distance		0.050		
		(0.818)		
Weak Concern × Minimum Distance		-0.373		
		(0.827)		
High Sales			0.471**	-0.406
			(0.201)	(0.501)
Low Sales			0.712***	0.856
			(0.225)	(0.556)
High Sales × Minimum Distance				1.419*
				(0.733)
Low Sales × Minimum Distance				-0.258
				(0.797)
Minimum Distance	-0.155	-0.052	0.513*	0.007
	(0.337)	(0.562)	(0.302)	(0.555)
Constant	0.218	0.159	-0.084	0.233
	(0.564)	(0.605)	(0.511)	(0.588)
Log likelihood	-354.526	-354.371	-400.959	-397.926
Observations	561.000	561.000	651.000	651.000

Robust standard errors in parentheses.
All four models include the same covariates as Tables 3 and 4.
*** p<0.01, ** p<0.05, * p<0.1

F Testing the Assumption of Territorial Commitment

In the survey, I also examined whether usual concept of audience cost exists within a context of territorial disputes. The questionnaire is based on an actual commitment made by new Prime Minster Shizo Abe who took office in December 2012. During his election campaign, he promised that he will organize an official ceremony to commemorate the day Takeshima was incorporated in Japanese territory. The Takeshima day is February 22. While Prime Minster Abe ultimately did not hold such event, I asked a related question in December 2012, right after he took office. Specifically, I asked half of the respondents to read the following script: *Today, the Japanese government announced that they decided to call off an official event to commemorate the Takeshima Day on February 22.* And the other half read the following: *Today, the Japanese government announced that as they promised, they will not organize an official event to commemorate the Takeshima Day on February 22.* The following table shows the survey result. Without control variables, the treatment effect is not significant, indicating that Japanese citizens will not punish the government even if they recognize the government broke a promise they made. Even after controlling for socio-demographic variables, as Model 2 and Model 3 show, the results are not consistent. The current analysis thus suggests that a verbal commitment may not be necessary to generate political costs in terms of territorial disputes.

Table G: Logit Analyses: Takeshima Day Commitment

VARIABLES	(1)	(2)	(3)
	Commitment (0: Support, 1: Oppose)		
Backdown Treatment	0.139	0.218	0.240*
	(0.126)	(0.139)	(0.136)
Sex		-0.252	-0.269*
		(0.158)	(0.154)
Age		-1.930***	-1.911***
		(0.487)	(0.476)
Local Resident		0.129**	0.082
		(0.062)	(0.055)
Employment		0.296*	0.296*
		(0.169)	(0.164)
Income Level		0.012	0.008
		(0.276)	(0.270)
Interest in Foreign Policy		0.799**	0.805***
		(0.313)	(0.303)
Constant	0.083	-0.477	-0.281
	(0.085)	(0.414)	(0.388)
Log likelihood	-707.117	-594.583	-624.630
Observations	1025	886	931

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

G Implications of the Spatial Argument

This paper suggested that there is spatial variation in citizens' preferences over salient issues, and I argued that this is because some citizens systematically prioritize political costs over economic costs within a country depending on where they live. Yet, this political vs. economic cost distinction may not only be about territorial disputes, but also related to the larger debate of democratic peace. This appendix discusses the implications of the paper for the debate.

The empirical agreement about the "democratic peace" has not led to a theoretical consensus. Recent theoretical developments in the literature focus on political costs.[35] For example, Bueno de Mesquita et al. (2003) differentiate the size of coalitions, and argue that because leaders with large winning coalitions (i.e., democracies) are more likely to be replaced if they lose conflicts, they are likely to fight harder than leaders in small winning coalitions. Therefore, states that are in dispute with democracies have an incentive to avoid war and settle conflicts peacefully. Based on Schelling's (1960) credible commitments, Fearon (1994) instead focuses on audience cost and proposes that democracies are more likely to be peaceful because leaders will be punished when they break a promise, and opponents thus take their commitment or resolution more seriously. Despite the differences in causal mechanisms, the literature has a common baseline assumption: democratic leaders face domestic political costs if citizens perceive that they make a mistake during an international conflict.[36]

By contrast, an economic line of argument also explains the democratic peace. Gartzke (2007) argues that economic development and free financial markets can account for democracies' lower likelihood of militarized conflicts, while Oneal, Russett, and Berbaum (2003) find that international trade also reduces the likelihood of war. By employing a network

[35]The typical arguments are that it is normative or institutional constraints on democratic leaders that explain the law-like relationship between democracies and international conflicts (see Rosato (2003) for a critics of the arguments).

[36]Note that the arguments are more monadic than other dyadic arguments.

analysis, Lupu and Traag (2013) argue that trading partners do not go to war because trade ties create opportunity costs of war, and war also brings negative externalities to their extended trading partners. While the arguments have different logics explaining democracies' pacifist behavior, they share a focus on economic costs, rather than political costs.[37]

The differences in the literature not only stem from assumptions about costs, but also lead to different observable implications regarding whether democratic leaders are more likely to make a compromise during an international dispute or not.[38] If citizens in democracies care more about political costs, democratic leaders are less willing to back down over an issue that citizens perceive as salient (or an issue over which a leader made a public announcement). In this case, fearing electoral punishment, a leader is unlikely to back down and may have to go to war. By contrast, if citizens focus more on economic loss and many citizens' economic activities are concerned, democratic leaders may be more willing to back down over the same salient issue (or the issue over which a leader made a public commitment). In this case, democratic leaders are likely to go to war only when economic activities are not disrupted by the war.

Based on the empirical analyses of this paper, I contend that although these two arguments about citizens in democracies seem inconsistent, both could be correct even within one country, because preference rankings vary depending on where citizens live in a country. Previous studies assume that citizens have uniform preferences about political and economic costs, or at least in the aggregate, preferences are assumed to be uniform. By contrast, although further analyses will be needed, this paper pointed out that there is indeed systematic spatial variation in preferences over political and economic costs, depending on citizens'

[37]Note that they eventually rely on political cost as well to account for democratic peace, as they implicitly hypothesize that democratic leaders are afraid of *political punishment* if they ignore citizens' preferences over economic activities and go to war.

[38]More specifically, the observable implications may not be so different at a pre-phase of conflict initiation – both observations should be peace and it is unclear about which mechanisms is at work – but they should differ once they are into a conflict phase.

distance from a disputed territory. Identifying the existence of spatial variation may advance our field by disaggregating the conditions under which democratic leaders are likely or unlikely to make a compromise, given this variation.

H Short History of Japanese Territorial Disputes

Japan has three territorial disputes. First, Japan is in dispute with Russia about four islands called the Northern Territories located off the northeast coast of Hokkaido, which is the northern limit of Japan. Second, Japan claims eight uninhabited islands and rocks within an area of about seven square kilometers in the East China Sea, while China and Taiwan also claim sovereignty over the islands. The islands are called *Senkaku* in Japan, *Diaoyu* in China, and *Tiaoyutai* in Taiwan. Finally, Japan is in dispute with South Korea over a group of islands called *Takeshima* in Japanese and *Dokdo* in Korean. The islands are located in the Sea of Japan, about 157 kilometers northwest of Oki Islands, Shimane Prefecture.[39] According to Japanese municipality law, Takeshima islands belong to Oki Islands of Shimane Prefecture, which is the closest inhabited town in Japan to Takeshima.

While all parties involved in the disputed territories have different claims, this paper focuses on the Japanese view about the disputes, especially the ones with China and South Korea about which I conducted a survey. The Japanese government claims that there is no doubt that Senkaku and Takeshima are a part of the territory of Japan. Further, Magosaki (2012)**?** suggests that almost all Japanese people believe that they are Japanese territories.

In terms of Senkaku, the Japanese government claims that a series of surveys from 1885 showed that there was no evidence that Senkaku was under the Chinese control, and based on the survey result and following international law at the time, the Japanese government formally incorporated the islands into the territory of Japan in 1895. Further, the Japanese government claims that it was only after 1971, around when a survey suggested there is a possible significant oil reserve in the vicinity of the islands, that China and Taiwan started to claim that Senkaku is part of their territories. Yet, Japan is also aware of the strategic importance of the islands and acknowledges that the islands are strategically important in

[39]The islands are also 217 kilometers away from the mainland of South Korea.

terms of maritime navigation and shipping, natural resources, including fisheries and hydrocarbons, and for military defense purposes.[40] Lastly, in September 2012, the government of Japan agreed to purchase three of eight islands from a private Japanese landowner with a total of 20.5 million US dollars, while the government had previously paid a rental fee to the landowner.[41] Currently, the islands are under the control of the Japanese government, and private citizens are not allowed to visit the islands.

In contrast to Senkaku, Takeshima has several different situations. First, while the Japanese government claims that Takeshima is clearly a part of the territory of Japan, the island is currently controlled by South Korea. While the Japanese government claims that the origin of Japanese sovereignty over Takeshima dates back the beginning of the Edo Period in the early 17th century, the government formally incorporated Takeshima into the territory of Japan in 1904. This decision was based on a request by Yozaburo Nakai, a local resident of Oki islands who ran a sea lion hunting business and wanted to have government protection for his fishing zone. Yet, once Japan was defeated in World War II, Japan gave up several territories including Takeshima until the government signed the San Francisco Peace Treaty in 1951, and regained sovereignty over the territories. Nonetheless, in 1952, South Korean President Syngman Rhee unilaterally declared maritime sovereignty and drew the so-called "Syngman Rhee Line" that includes Takeshima. Further, in 1954, the South Korean government decided to send a permanent battalion to Takeshima. Since then, Takeshima has been under the control of South Korea, while the Japanese government claims that the occupation is illegal. In addition, compared to Senkaku, there is no description about the strategic importance of Takeshima in the government documents. The government mentions that Takeshima has scarce vegetation and drinking water resources,but can be used a fishing ground.[42]

[40]The information is based on the website of Ministry of Foreign Affairs of Japan: `http://www.mofa.go.jp/region/asia-paci/senkaku/` (accessed on December 1, 2012).

[41]The artificial exchange rate of 1 US dollar to 100 Yen is applied in the calculation.

[42]The information is based on the website of Ministry of Foreign Affairs of Japan: `http://www.mofa.go.`

jp/region/asia-paci/takeshima/ (accessed on December 1, 2012)