



Essays on Systemic Theories of Conflict

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Essays on Systemic Theories of Conflict

A dissertation presented

by

Li Chiao Yin

to

The Department of Government

in partial fulfillment of the requirements

for the degree of

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in the subject of

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Abstract

Systemic theories of international politics are in decline in recent years. One factor driving the decline is a conceptual confusion between international system and international structure. International system consists of structure and its constituent units; international structure is the context in which the units interact. Confusing international system with international structure leads to an often unfounded fear of reductionism, which has discouraged analysts from specifying clear mechanisms that link systemic forces to concrete changes in policy maker attitudes, public opinion, and ultimately foreign policy. Consequently, existing systemic theories often have little explanatory power.

This dissertation consists of three essays that are unified by their commitment to studying structural drivers of conflict from the "bottom up". All three essays take care to specify the rationalist and psychological micro-foundations driving structural arguments, before deriving concrete hypotheses regarding the individual- and national- level observable implications of those arguments; I study the forest by examining the trees.

Substantively, each essay of my dissertation engages one of "master" variables in the structural analysis of politics – hierarchy, interdependence, and distribution of capabilities – to study conflict. The first essay investigates why status-driven actors who seek to establish or preserve a hierarchy will not bargain. Building on a body of work in dispute resolution and social psychology, I argue that bargaining corrodes social hierarchy. Consequently, status-driven actors pay a social cost to bargain. With a simple model that endogenizes the timing of negotiation, I show that status-driven actors will not bargain even if the associated

social cost is minor relative to the potential gains from bargaining. This is because their opponent cannot credibly commit not to leverage the costliness of renegotiation and push the status-driven actors to make excessive concessions (if they negotiate).

The second essay examines the psychology of globalization and its implications for the evolution of international social structure. Does globalization promote mutual understanding or does it intensify mistrust among nations? I argue that, contrary to popular conception, transnational social linkages lead individuals to mistrust foreign nations. In a globalized world, individuals often find it difficult to sustain the belief that their national community is distinct. To preserve their sense of distinctiveness, individuals tend to denigrate foreign nations and endorse the belief that international politics are conflictual rather than cooperative.

The third essay argues that preponderance of power encourages warmongering and breeds fear among the citizens of a powerful nation. As a country becomes more powerful – either due to an uneven rate of growth or the failure of other countries to form a counterbalancing coalition – its citizens will become more confident regarding conflict outcome. Consequently, under broad conditions, the citizens are likely to dedicate less time and effort to evaluating any tales of foreign threat propagated by the state. Knowing that the citizens are now less attentive, it would be more likely for the state to propagate "alternative facts" regarding a foreign threat for its own benefits, which the citizens would accept.

In sum, the dissertation argues that diplomacy is ineffective when actors fight for status, interdependence breeds fear, and countries become more insecure as they rise in power.

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I have incurred many debts in graduate school. Please bear with me if I have missed anyone.

I dedicate this dissertation to my dissertation committee.

To my dissertation committee

Contents

1	Introduction: essays on systemic theories of conflict	4
1.1	Introduction	4
1.2	What is systemic analysis and why is it in decline?	7
1.3	Large processes, big structures, and micro-foundations	9
1.4	The essays	12
1.4.1	Status and Social Barriers to Bargaining	12
1.4.2	Globalization and the social construction of power politics	13
1.5	Military balance, threat perception, and the security dilemma	15
1.6	Conclusion	16
2	Status and social barriers to bargaining	18
2.1	Introduction	18
2.2	Information and strategic barriers to bargaining: limitations	22
2.2.1	Information barriers to bargaining	22
2.2.2	Strategic barriers to bargaining	25
2.3	Social barriers to bargaining	26
2.3.1	Bargaining, status and social hierarchy	27
2.3.2	The social cost of bargaining and negotiation	29
2.4	Observable implications for state-terrorism negotiation	33
2.4.1	Religious terrorists	33
2.4.2	States	36
2.5	Data	37
2.5.1	Overview	37
2.5.2	Dependent and independent variables	38
2.5.3	Control variables	40

2.5.3.1	Information and strategic barriers to bargaining	41
2.5.3.2	Terrorist organization objectives	42
2.5.3.3	Transaction cost	43
2.6	Testing the religious extremism thesis	43
2.6.1	Empirical strategy	43
2.6.2	Results	44
2.6.3	States and religious terrorists “off-the-equilibrium path”	48
2.6.4	Ruling out alternative arguments	50
2.7	Conclusion	51
3	Globalization and the social construction of power politics	52
3.1	Introduction	52
3.2	Background	55
3.2.1	Definitions	55
3.2.2	Globalization, identity, and foreign policy attitudes: a review	57
3.3	Theory	60
3.3.1	Globalization and ontological security	60
3.3.2	The quest for optimal distinctiveness	62
3.3.3	Globalization, out-group denigration, and worldview	64
3.4	Evidence	67
3.4.1	Introducing a new data-set on Chinese public opinion	67
3.4.2	Empirical strategy	71
3.4.3	Control variables	73
3.5	Findings	75
3.5.1	Estimation results	75
3.5.2	Robustness checks	79
3.5.3	Interpreting the correlation between foreign contact and adoption of <i>realpolitik</i> worldview	82
3.6	Conclusion	84
4	Military balance, threat perception, and the security dilemma	85
4.1	Threat perception in world politics	88
4.2	A game of threat inflation	92
4.2.1	Overview of the model	92

4.2.2	The citizen	94
4.2.3	The state	97
4.3	Model results	99
4.3.1	Verification and rational ignorance	99
4.3.2	Profiting from fear?	102
4.3.3	Characterizing the equilibrium	103
4.3.4	Results and model features	106
4.4	The illustrative case: Sino-Japanese conflicts over the <i>Diaoyu/Senkaku Islands</i>	107
5	Appendix	113
5.1	Appendix for globalization and the social construction of power politics	113
5.1.1	Descriptive statistics	113
5.1.2	Survey	114
5.1.2.1	Recruitment and survey procedures	114
5.1.2.2	Survey questions	115
5.1.3	Supplementary analyses	118
5.1.3.1	Constructions of <i>realpolitik</i> scores	118
5.1.3.2	OLS analysis based on different constructions of <i>realpolitik</i> scores	121
5.1.3.3	Regression models after decomposing Worldview	125
5.1.4	Placebo test	127
5.1.4.1	Models controlling for perception of Chinese national identity	128
5.1.4.2	Models on nationalism and identity distance	129
5.1.4.3	Heterogeneous effect	131
5.2	Appendix for military balance, threat perception, and the security dilemma	132
5.2.1	Proof for lemma 1	132
5.2.2	Proof for proposition 1	132
5.2.3	Proof for lemma 2	133
5.2.4	Proof for corollary 1	133
5.2.5	Proof for proposition 2	133
5.2.6	Text analysis of Chinese state media reports on Japanese arrests of Chinese citizens who approached/ landed on the <i>Diaoyu/Senkaku Islands</i>	134

Chapter 1

Introduction: essays on systemic theories of conflict

1.1 Introduction

Systemic theories are out of vogue in international relations today (Albert, Cederman and Wendt 2010). Keohane (2009), in his review of recent development of international political economy (IPE), laments the “suppression of the ‘T’ in IPE” (p. 39). Similarly, in security studies, as we focus on studying how regime type, audience cost and leader characteristics affect patterns of conflict and peace, it is easy to overlook how international international politics are. As Braumoeller (2008) points out, existing theories of conflict “has been starved of systemic insights” (77). Although works in the systemic tradition have not completely disappeared, the decline in its popularity is clear.¹

The practice of bracketing systemic forces to allow for the construction of tractable theories at the individual and domestic levels is not necessarily problematic *per se*. As a practical matter, scholars need to treat some parameters as exogenous – and they may be the systemic variables – to facilitate theory building. Theory building is not an exercise to exhaustively incorporate all the rich details that reality can offer into one’s analysis, whether those details concern the international structure or whether foreign policy elites are more likely to be dog or cat people (Waltz 1997). Even

¹ For notable exceptions, see, e.g., Simmons and Elkins 2004, Monteiro 2012, Braumoeller 2014, Monteiro 2014, Gunitsky 2014, Chaudoin, Milner and Pang 2016, and the special 2009 volume in *World Politics* on unipolarity.

Waltz, one of the masters of systemic theorizing in international politics, wrote a book comparing British and American foreign policy (1967) through the lens of domestic and legislative interests. Reductionism might be necessary. The danger is for the field to subscribe to *ontological reductionism* – i.e. the philosophy that international politics can be exhaustively analyzed with reference only to the domestic politics and/ or leadership of nation-states.²

Ontological reductionism in international politics is problematic for at least three reasons. First, it can discourage scholars from asking some of the most important questions in international politics. Is globalization transforming international politics? If so, how? What is the consequence of unipolarity? And what are the conditions under which the emergence of a rising power will lead to conflict? Scholars of international politics should not leave the answers to these questions to pundits and politicians. Second, as Waltz (1959) pointed out half a century ago, it is impossible to assess the importance of human nature and domestic politics in explaining international outcomes if we ignore the international context of unit level dynamics. Systemic forces often shape actor preferences and domestic political dynamics (Gourevitch 1978) and constrain (and sometimes subvert) the capacity to which its constituent political units can attain their objectives (Jervis 1978). Third, lack of attention toward systemic theorizing in IR has arguably fractionalized IR as an academic field. In the era of the Great Debates between structural realists, liberal institutionalists, and constructivists, security studies scholars actively engaged with works in IPE (see, e.g., Powell's (1994) discussion of Grieco's (1990) work on relative versus absolute gain concerns during tariff negotiations). This type of "cross sub-field" debate and engagement is rarer today. As we focus on studying partial equilibria and mid-range theories related to our immediate issue area of interest, it is easy to overlook systemic forces that are driving a range of seemingly disconnected phenomena.

Recognizing the importance of material and social structural forces in driving international outcomes, each essay of this dissertation engages one of the "master" variables in the systemic analysis of international politics – hierarchy, interdependence, and distribution of capabilities – to advance the study of conflict. The first essay explicates why and how status concerns lead to intractable conflict by preventing opposing parties from bargaining, which would at least give foes an opportunity to resolve their conflict peacefully. The second essay explains why globalization, contrary to conventional wisdom, can make policy-makers and citizens more likely to endorse

² The philosophy has its origin in economics. As Kenneth Arrow (1994) once argued, "whatever happens can ultimately be described exhaustively in terms of the individuals involved" (3).

a *realpolitik* worldview and therefore contribute to the emergence of a Hobbesian international culture. The third essay examines why policy-makers from a powerful nation (e.g. a rising power) often feel particularly insecure internationally and therefore more likely to adopt more aggressive foreign policy.

In addition to their focus on systemic explanations for conflict, the essays are also connected by their commitment to studying structural drivers of conflict from the “bottom up”. First, all three essays seek to derive and test empirical expectations of structural theories at the individual- and national- level, which systemic theorists often neglect.³ Second, to achieve the first task, I start with specifying the aspirations and interests of relevant individuals – i.e. the micro-foundation (Kertzer 2016) – when theorizing about observable implications of structural forces in international politics. My proposed strategy to study the international system is *not* uncontroversial – why should we study the forest by looking at the trees? For many, my approach would ring the reductionist alarm. I contend that such alarm is false, and that studying the micro-level implications of systemic theories is key to reinvigorating the “third image” tradition in international politics. *Macro- phenomenon, micro- analysis.*

Before proceeding, I want to discuss the rationale behind my organization of the three essays, which is informed by Waltz’s conception of international system. Building on Durkheim, Waltz (1979) defines international system along three dimensions: (1) ordering principle; (2) unit differentiation; (3) distribution of capabilities. Ordering principle concerns the authority relations to which the units are ordered (e.g. anarchy). Unit differentiation denotes: (a) whether the units are functionally similar; and (b) “the principles on the basis of which the constituent units are separated from one another” (Ruggie 1983: 274).⁴ Distribution of capabilities is self-explanatory. Each of the essays in this dissertation speaks to one component of the international system as defined by Waltz. The first essay on hierarchy examines how the relationship between ordering principle and conflict. The second essay on globalization investigates how an increase in the dynamic density of the international system reinforces unit differentiation. The third essay provides a theory that

³ Braumoeller 2008 and 2014 are exceptions.

⁴ Liberal institutionalists and the constructivists have challenged structural realists on the dimension of unit differentiation. Institutions and cultures are both elaborations on how the international system’s constituent units relate to one another. Also note that international processes (e.g. globalization) should be considered a defining feature of the international system if we correctly understand the term differentiation (Ruggie 1983). Dyadic bargaining (Fearon 1995), on the other hand, is a unit-level process. For a recent discussion on how to define the international system, see Donnelly (2012).

links distribution of power, threat perception, and decision to arm. The readers, therefore, may view the essays in this dissertation as three footnotes on Waltz's *Theory of International Politics*.

The rest of the introduction is organized as follows. Section 2 defines the international system and put forth two explanations why systemic analysis has declined in recent decades. Section 3 discusses the importance to study the micro-level implications of systemic forces, and addresses possible objections. Section 4 previews the three essays that constitute the dissertation. Section 5 concludes.

1.2 What is systemic analysis and why is it in decline?

The international system is one of the most abstract concepts in the social sciences. However, systemic thinking is also more common than we might realize (Rosenau 1969: 71). Statements such as “the Cold War is heating up” or “economic interdependence promotes peace” are judgments about the international system. Similarly, in everyday life, we do not shy away from talking about the economic (e.g. capitalist versus socialist) and political systems of nations (e.g. democratic versus authoritarian) and transportation and computer systems.

Historically, systemic approaches to international relations often overshadow individual-level and domestic explanations of international politics.⁵ Sprout and Sprout (1956), Kaplan (1959), Waltz (1959) and Singer (1961) sparked initial discussion on applying systemic analysis to international politics. However, it is not until Waltz's *Theory of International Politics* (TIP; 1979) that we see a deductive and rigorous theoretical treatment of the topic. After the publication of TIP, systemic approaches to international relations dominate the field for the next two decades and fueled the debates between structural realists, liberal institutionalists and the constructivists.

Since then, however, the gravity of research has shifted. In security studies, scholars have poured their energy and time into studying domestic politics and dyadic bargaining, which arguably had been unfairly neglected early periods (Milner 1992; Moravscik 1997). In international political economy, the OEP (open economy politics) framework that focuses on interest groups is dominant (Lake 2009). Mearsheimer and Walt (2013) provide a set of arguments based on professional incentives explaining the decline of systemic analysis/ grand theory in international poli-

⁵ For instance, it is telling that James Rosenau's influential reader *International Politics and Foreign Policy* (1961) has its first section on the international system.

tics (445-8). However, we may also attribute the decline to two intellectual limitations of existing systemic theories of international politics.

First, many systemic theories in international politics are notorious for their lack in predictive and historical explanatory power. Waltz claimed that systemic theory is not supposed to explain specific international outcomes, but only broad trends in international politics (Waltz 1996).⁶ I am sympathetic to Waltz's position, and I do not believe that international relations scholars should be fortune-tellers and that international relations theories are crystal balls. However, it is questionable whether current systemic theories can even explain "a small number of big and important things" in international politics (Waltz 1986: 329). Systemic theories in the 1980s and the 1990s not only fail to foresee the end of the Cold War; they have a hard time even making sense of it.⁷ After the Cold War, the realist strand of systemic theories contend that NATO will dissolve and Europe will become more conflict prone after the end of the Cold War (Mearsheimer 1990). Neither scenarios has yet to materialize. Why should we not leave the grand theories of international politics behind if they can explain neither specific foreign policy or international systemic change?⁸

Second, it is difficult to study the international system empirically. If we treat each international system as our unit of analysis, we have at most two dozen international/ regional systems in human history (Watson 1992). The number of observations are too small to make robust inference, especially given the huge variations among the international systems in history. For instance, the imperial Chinese system of tributary states is quite dissimilar compared to the current international system of sovereign nation-states. The empirical challenges associated with studying the international system condemned the Great Debates into exercises to make "theories into faiths that must be defended at all costs", as Lake (2013: 573) pointed out. Studying the international system seems to be a doomed enterprise.

⁶ See also Elman 1996 and Fearon 1998.

⁷ For a realist perspective on this critique, see Wohlforth 1995.

⁸ This problem of a lack of explanatory power plagues even the most recent studies in the structural realist tradition, e.g. Monteiro's (2012) work on unipolarity. While Monteiro (2012) made interesting arguments detailing why a unipolar world can be more conflict-ridden, he shied away from explicating when would a unipole pursue a belligerent foreign policy agenda.

1.3 Large processes, big structures, and micro-foundations

I argue that the problems associated current systemic studies of international politics are not insurmountable. In fact, they share a common solution: more explicit theorization of the unit-level implications of systemic theories and their underlying micro-foundations. This might sound unusual (bring back the system by bringing back the units?), but it is a path that has been trodden. Consider Braumoeller's works (2008; 2013) on international conflict that combines systemic analysis with a theory of foreign policy. In his formulation, international politics is characterized by cycles. In the beginning of each cycle, nations would seek to alter the international system (in terms of distribution of power and/ or ideology) if there is a gap between the realities of the world order it faces and its ideal world order according to the worldview of their citizens. The cycle starts anew as nations observe the resultant world order from international political interactions in the previous period, and craft their foreign policies in the new period accordingly.⁹

Logically, systemic forces should have individual- and national-level observable implications if structural forces matter at all in international politics, as Braumoeller's works have highlighted.¹⁰ Recognizing this opens up the possibility to treat nations if not individuals as the unit of analysis when studying the international system, which gives systemic theorists more data points to work with to permit robust inference.¹¹ If we can show that individuals under differential pressure from the same systemic forces (e.g. globalization) exhibit different foreign policy attitudes, opinions, and beliefs, they are new evidences that can further our understanding of the international system (and the actors that constitute the system). It is illuminating that Charles Tilly, one of the masters of macro-historical analysis, wrote in *Big Structures, Large Processes and Huge Comparisons* (1983):

"[A work] need not be grand. When it comes to understanding proletarianization, for example, much of the most valuable work proceeds at the scale of a single village. Keith Wrightson and David Levine's study of Terling, Essex, from 1525 to 1700 tells more about the creation of a property-less underclass than do reams of general essays about capitalism. Ted Margadant's analysis of the 1851 insurrection against Louis

⁹ Braumoeller's works and the three essays proposed for this dissertation also differ in two important ways. First, Braumoeller is happy to treat citizen belief as exogenous, while I explicitly endogenize them. Second, Braumoeller does not explicate how structural forces can affect the domestic politics of foreign policy.

¹⁰ On this point, also see Fearon's (1998).

¹¹ These "new" data points are not necessarily independent.

Napoleon's *coup d'état* has more to teach about the actual process of rebellion than dozens of broad statements about the pattern of revolt in Europe as a whole." (14)

Ignoring the unit-level empirical implications of systemic theories is associated with two pitfalls. First, the omission can prevent researchers from theorizing and the study empirically the conditions under which structural forces will be more or less salient, which is conditional on the characteristics of the units. Second, the omission can easily lead to a deterministic and mechanistic understanding of international politics and history. When scholars ignore the units when studying the system, they also assume away the possibility that the units may desire to rebel against the system. In the words of Marx (1952), even though individuals cannot "select circumstances" and "the tradition of all dead generations weighs like a nightmare on the brains of the living", they may still "make their own history".¹²

It is important to specify the micro-foundation of systemic arguments to derive their logical individual- and national level observable implications. By micro-foundation, I mean *the specification of the aspirations and desires that motivate individuals to take action*, whether it involves buying and selling in a market, support for war, or acquisition of an identity or belief. Specifying the micro-foundation for an explanation of international politics *does not* imply subscription to the view that humans are rational optimizing agents. Actors can be satisficing (Simon 1956; Mintz 2004), subscribe to subconscious habits (Hopf 2010), and susceptible to various forms of psychological biases when making decisions (Jervis 1978). Moreover, actors do not have to be motivated by economic self-interest, but by status concern and emotions (see, e.g., Rosen 2007 and Mercer 2010). Despite the current association of discussion of micro-foundation with "rational choice imperialism", methodological individualism actually has its origin in Weber's discussion of *verstehende* ("interpretive") sociology, with the intentional states of agents serving as the objects of interpretation (Weber 1922/ 1978).¹³

Crucially, specifying the micro-foundation of systemic theories is *not* a strategy of smuggling in first image and second image variables into systemic analysis to increase the proportion of explained variance, but an attempt to specify *clear mechanisms* linking systemic forces to concrete

¹² The Eighteenth Brumaire of Louis Bonaparte. <https://www.marxists.org/archive/marx/works/1852/18th-brumaire/ch01.htm>.

¹³ Current understanding of micro-foundation, however, goes beyond the intentional states of agents. Agents can be driven to action or attitude change due to heuristics or habits in their subconscious. See Kahneman 2003 and Hopf 2010.

changes in policy maker attitudes, public opinion and ultimately foreign policy.¹⁴ The essay on balance of power in this dissertation, for instance, starts with the assumptions that policy-makers and interest groups care about maximizing their material self-interests. However the key explanatory variable remains the international distribution of power, which conditions the domestic political dynamic of foreign threat perception (more details to come in the next section).

Studying the international system from the individual's perspective may ring the reductionist alarm for some theorists. "Because neorealism and most versions of constructivism are structural theories, their ontologies allegedly rule out consideration of domestic political or—horror of horrors—individual levels of analysis" (Kaufman 2012). Such fear of reductionism is driven by a *conceptual confusion* between international system and international structure. International system consists of structure and its constituent units. International structure is the context under which the units interact.¹⁵ If we are interested in studying the international system (and not just the structure), it is impossible for us to ignore its constituent units, whether they are mutually constitutive with the structure (e.g. Wendtian constructivism), a derivative of the structure (e.g. Wallerstein's world system theory) or are simply constrained by the structure (e.g. Waltz's neorealism).¹⁶ Subscription to ontological holism does not imply a rejection of methodological individualism. Moreover, subscribing to methodological individualism does not imply subscription to the extreme ontological individualist view that "whatever happens can ultimately be described exhaustively in terms of the individuals involved" (Arrow 1994: 3). Theorizing and empirically studying the international system from a unit-level perspective does imply our acceptance that systemic forces have unit level manifestations and foreign policy consequences (Fearon 1998), but it is *agnostic* regarding the ontological status of the constituent units of the system.

¹⁴ The "smuggling" problem is a popular critique of neo-classical realism, see Legro and Moravcsik 1997 and Rose 1998.

¹⁵ On this point, see Buzan, Jones and Little 1993.

¹⁶ Studying the international system at the micro-level is *particularly important* for the constructivist variant of systemic analysis that focuses on social structure and norms as key explanatory variables of international politics. This follows from the constructivist commitment to *structurationism*, i.e. that social structure and its constituent units are mutually constitutive (Giddens 1981). Consider Wendt's description of social structure (1987): "[The] deep structure of the social system...exists only in virtue of the recognition of certain rules and the performance of certain practices by states; if states ceased such recognition of performances, the state system as presently constituted would automatically disappear...social structures, unlike natural structures, do not exist independently of the agent's conceptions of what they are doing in their activity...[moreover] social structures acquire their causal efficacy only through the medium of practical consciousness and action (359)."

1.4 The essays

1.4.1 Status and Social Barriers to Bargaining

The bargaining theory of war (Schelling 1966; Fearon 1995) is one of the most influential explanations for conflict today. The theory suggests that rational actors would mutually prefer a negotiated settlements to a risky and costly fight. Given the *ex post* inefficiency of war, rational states fight because of bargaining failures due to: (a) commitment problem; (b) private information; and (c) issue indivisibility. Despite its dyadic nature, the bargaining model of war actual rests on critical structural assumptions that Fearon inherits from neorealism; as Fearon himself noted, his rationalist explanations for war “could just as well be called neorealist explanations” (Fearon 1995, 380). Specifically, two sociological assumptions drives the bargaining model of war. First, political units in the international system are socially identical units unconcerned with hierarchy. Second, international interactions – e.g. bargaining – have no effect on the social relations between the negotiating parties. The first assumption is particularly problematic. As a growing body of works has shown, both leaders and citizens care hugely about status in world politics (Lebow 2010; Renshon 2016; Dafoe and Caughey 2016; Mattern and Zarakol 2017).

By relaxing the two aforementioned assumptions, the first essay of this dissertation argues that status driven foes will often find bargaining undesirable. As studies in dispute resolution and social psychology have shown, bargaining corrodes social hierarchy and status claim. Consequently, status-driven actors pay a social cost to bargain. With a simple model that endogenizes the timing of negotiation, this essay shows that status-driven actors will not bargain even if the associated social cost is minor relative to the potential gains from bargaining. This is because their opponent cannot credibly commit not to leverage the costliness of renegotiation and push the status-driven actors to make excessive concessions (if they negotiate). The bargaining theory of war, therefore, does not apply to conflict situations where foes fight for status.

My argument has implications for both interstate and civil conflicts. In this essay, I illustrate my argument with a newly compiled data-set on terrorist ideology and state-terrorist negotiation to highlight how structural analysis of conflict is important for studying *both* inter-state and sub-national conflicts. In the context of state-terrorist negotiation, my argument implies that religious terrorists – who are uniquely obsessed with establishing their moral status – should be particularly unlikely to bargain. Consistent with my theory, negotiation is much less likely to occur where the state-terrorist dyads involve religious terrorist organizations compared to any other types of

terrorist organizations.

This essay follows this dissertation's overall strategy of examining structural theories of conflict from the "bottom up". Indeed, any theorist who s/he seek to construct a complete sociological explanation of political outcome (especially the structurationist variation that is particularly influential in IR, see, e.g., Giddens 1984, Wendt 1987, and Wendt 1999) must answer three related questions. First, what do the actors want in a particular social environment?¹⁷ Second, how do actors expect their choice of actions to influence the way other actors treat and view them? Third, what is the optimal action that the actors should take given their expectation on how their actions would affect their social relations with others or even their material interest. It would be impossible to answer the first two questions without taking individual psyche seriously. This essay provides answers to all three questions posed above in the context of bargaining.

Before moving on to discuss the next two essays, I want to note that studying non-negotiation is important not only because it is important for IR theory, but also because it is a *prevalent empirical phenomenon*. Huth and Allee (2002) reports that opposing parties embroiled in territorial disputes refuse to talk 73 percent of the time. Cronin (2009) reports that 80 percent of terrorist organizations never engage in any political negotiation with states. Scholars investigating the causes of war commonly assume that rivals are willing to bargain and that conflict results from bargaining failure (Fearon 1995). But a majority of international conflicts do not involve any negotiation. It is problematic that one of our leading explanations for war today does not apply to between 70 - 80 percent of either inter-state or sub-national conflict.

1.4.2 Globalization and the social construction of power politics

The second essay on globalization examines the psychology of anxiety over globalization and its implications for the formation of individual worldview and the evolution of international social structure. Sociological account of globalization and security politics is currently undeveloped. In Risse's (2007) discussion of constructivist approaches to globalization in IR, there is no mentioning of "security", "war", and "conflict". Similarly, in Katzenstein's (1996) edited volume on the culture

¹⁷ Some constructivists may argue that aspiration/ interest is never stable as social interaction reconstitute identity. I disagree. There is *no a priori* reason why identity and aspiration/ interest have to co-vary. Crucially, actor interest/ aspiration is often constant while his/ her changes. For instance, as Ph.D students graduate from their programs and become assistant professors, their social role changes from that of "student" to faculty. Nonetheless, they are driven by the same desire for intellectual discovery.

of national security and Farrell's (2002) review of constructivist security studies, there is almost no mentioning of "globalization" or any related concept e.g. internationalization (Scholte 2005) and complex interdependence (Keohane and Nye 1977). In sociology, there are extensive debates on how globalization shapes political economic systems (Riain 2000) and law (Halliday and Osinsky 2006), but not conflict. This essay fills the gap by developing

There are two competing perspectives on how globalization constitutes social relations among nations. The optimists aver that growth in contact among nations fosters camaraderie and mutual understanding. Scholars from Bentham to Kant have argued that all rational individuals belong to a common moral community beyond national boundaries. That optimism is apparent in the field of security studies, which generally accepts that growth in contact among nations fosters camaraderie (see, e.g., Kupchan 2010).

Contrary to popular conception, I argue that globalization, defined for this project as cross-border social interactions, is culturally corrosive: in a globalized world, individuals find it difficult to sustain the belief that their national community is distinct. To preserve their sense of distinctiveness, individuals tend to denigrate foreign nations and endorse the belief that international politics are conflictual rather than cooperative. Analyzing a unique survey data-set with detailed information on the foreign policy attitudes and foreign connections of 1,474 Chinese citizens, I find that respondents with foreign connections are much more likely to mistrust China's great power peers when compared to respondents with no foreign connections. This result remains robust to various model specifications, different measurements of foreign connections and worldview, and extensive checks utilizing matching and Bayesian techniques.

Although my findings concern individual worldview, it has implications for understanding the evolution of international social structure. Because agents and structure are *mutually constitutive*, it is impossible to understand how globalization may be transforming the international social structure without theorizing and demonstrating how globalization influences how we think about international politics at the micro-level in the first place. As Wendt (1987) notes, "social structures acquire their causal efficacy only through the medium of practical consciousness and action [of agents]" (359).¹⁸ It is therefore critical to take individual psychology – e.g. the micro-foundation

¹⁸ This essay, however, does not provide a complete theory of globalization and international social structural change. To accomplish the task, we will need to specify the distributions of worldview that would make structural transformation possible with the issue of multiple-realizability in mind (Wendt 1999). We also need to explicate the necessary and sufficient conditions under which such distributions will be

of constructivism – seriously if we wish to advance debates on both the development of international social structure and its foreign policy implications.

1.5 Military balance, threat perception, and the security dilemma

Power is a key concept in the study of international politics, but our understanding of how the distribution of power affect international outcomes remain surprisingly incomplete. Cobden (1903/1968) once noted that the balance of power is a “chimera – an undescribed, indescribable, incomprehensible nothing”, a sentiment that Levy and Thompson (2010) suggested still rings true today.¹⁹ Most *large-n* studies of international conflict control for distribution of capabilities within dyads (e.g. Bennett and Stam 2004), but how does the distribution of power affect prospect of war and peace? If so, how and why?

This essay contributes to the debate on distribution of power and conflict by explicating the relationship between military balance, threat perception, and decision to arm. With the aid of a formal model, I argue that an increase in a nation’s military power, paradoxically, can reduce how secure its citizens feel. As a country becomes more powerful, its citizens will become more confident regarding conflict outcome. Consequently, they will dedicate less time and effort to evaluating the negative signals regarding an adversary from the foreign policy hawks with vested interest in tension and conflict (e.g. members of the military-industry complex; Snyder 1991). Knowing that the citizens are now less attentive, it will be more likely for foreign policy hawks to emerge in equilibrium to propagate tales of foreign threat to further their parochial interests. The citizens of a powerful country are therefore more likely to develop an inflated belief that the foreign country is threatening, a key comparative statics that remain robust after introducing doves into the model.²⁰ Furthermore, the powerful nation is likely to over-invest in defense given its citizens’ heightened sense of foreign threat.

Findings from this model has implications for our understanding of three phenomenons in

stable.

¹⁹ I conceptualize “balance of power” as the distribution of power when there is military balance between opposing nations/ alliance blocs.

²⁰ As a country becomes more powerful, we will observe fewer doves in equilibrium, since war becomes less unattractive for the doves as the expected cost of war decreases. If we assume doves oppose war based on perceived economic and human cost of war, which is not an uncommon justification for pacifism.

world politics. First, the model furthers a new explanation on why a unipolar world may be conflict-ridden (Monteiro 2011; Monteiro 2014) that is based on misperception. Citizens of the unipole, the model suggests, are unlikely to dedicate much effort to learn about foreign policy. Consequently, the unipole is prone to engage in unnecessary military adventures because foreign policy hawks are likely to capture the unipole's foreign policy agenda. Second, the model explains why it can be difficult for a nation to rise peacefully. As a nation becomes more powerful, it creates an opening for the hawks to further a more aggressive foreign policy agenda because the citizens of the rising nation are now less attentive to foreign policy. Third, the intuition behind the model highlights how the balance of power promotes peace by deterring the hawks from invading the marketplace of idea and therefore reduces misperception (Ballentine and Snyder 1995; Kaufman 2004). *In toto*, the model suggests that an international system characterized by power imbalance or shifting distribution of power will be more conflict prone compared to a system characterized by balance of power.²¹

I illustrate the empirical implications of my model with a text analysis of Chinese state media reporting. I show that the Chinese state media's reporting of China's territorial dispute with Japan has become more nationalistic since the 2008 financial crisis, which persuaded many Chinese citizens that the West (including Japan) is entering a period of relative decline. The pattern lends support to my model's prediction.

The essay differs from existing theories on distribution of power and conflict by explicitly theorizing how distribution of power affect individual level calculations, whether they concern a hawk's decision to lie or a citizen's decision to check to see if the hawks have indeed lied. The theoretical connection between macro factors and micro dynamics makes it possible to specify the causal mechanism linking distribution of power to foreign policy decision.

1.6 Conclusion

Each essay of this dissertation develops and engages with one of the three major systemic approaches to international politics. The first essay on bargaining provides a sociological account of

²¹ For the sake of mathematical tractability, the essay "only" models how shifting balance of power affects the domestic politics of threat inflation in one country/ bloc of alliances. The analysis presented in this essay therefore only concerns the *partial equilibrium* and not the *general equilibrium* where one would also model threat perception of the adversary. Nonetheless we can still draw some tentative lessons from this model on the general equilibrium.

diplomacy and conflict in world politics that takes social hierarchy seriously. The second essay on globalization challenges the liberal wisdom that growing interdependence is a pacifying force in international politics. The third essay refines the realist insights on war and peace by detailing how changing balance of power affect the domestic politics of foreign policy. This dissertation is a tribute to the brilliant analyses earlier scholars have done on examining the large processes and big structures that define world politics.

Chapter 2

Status and social barriers to bargaining

2.1 Introduction

Scholars investigating the causes of war commonly assume that rivals are willing to bargain and that conflict results from bargaining failure (Fearon 1995). However, opposing parties in international politics often refuse to negotiate. Churchill declined to talk to Hitler in May 1940 even though Europe was over-run by the *Wehrmacht*. India repeatedly rejected Chinese offers to negotiate during the Sino-Indian border conflict in 1962. Huth and Allee (2002) reports that opposing parties embroiled in territorial disputes only talked in 1,782 of their 6,542 dyad-month observations. Cronin (2009) shows that only about 20 percent of terrorist organizations have ever entered into any political negotiation with governments. Why would foes refrain from negotiation when they have much to gain from resolving their differences peacefully?¹ Why are some conflicts “bargaining situations” (Schelling 1966, 5) in which opposing parties jointly seek a solution to their disputes, but not others? Is bargaining unfit to resolve some types of conflicts? If so, why?

Surprisingly little scholarship in international politics investigates these questions, despite the prevalence of non-negotiation in international politics and its theoretical importance for explaining the causes of war.² Before studying bargaining failures, we need to first specify whether and,

¹ The reluctance to bargain can be seen as an extreme version of the *hold-up problem* (Grossman and Hart, 1984): the only possible contracts are not only incomplete, they are simply non-existent. See Carnegie (2014; 2016) for applications of the hold-up problem to IR analysis.

² For notable exceptions, see Bearce, Floros and McKibben (2009), Mastro (2012), Fearon (2013), Thomas (2014), and Kaplow (2016).

if so, when and why bargaining would *not* happen. This is critical because, as I will show below, the nature of bargaining delays can influence the dynamics of later negotiation (if it happens at all). Furthermore, studying no-negotiation provides a new angle to study protracted conflicts, which can be difficult for extant theories to explain (Fearon 2007).³ In situations where bargaining is *not an option*, the only means to resolve a dispute is to fight until one of the parties in conflict either collapses or capitulates. Therefore the solution to explaining long, costly conflicts may lie in explicating how and why barriers to bargaining arise. Although international relations scholars have sometimes attributed such conflicts to issue indivisibility – e.g. any issues that “by their very natures, would not admit compromise” (Fearon 1995: 382) – this does not provide a complete picture.

There are three types of barriers to bargaining. The first turns on reputation concerns when there is uncertainty over capabilities and/ or resolve. The second turns on how changing strategic environments (e.g. rapid shift in balance of power) jeopardize the credibility of any negotiated settlement. I argue below that neither the informational nor the strategic barriers to bargaining can explain prolonged delays in negotiation. I advance a new explanation of non-negotiation between foes, which turns on the fact that bargaining is a symbolic interaction that over time transforms the relationship between rivals into one of *social equals*, as a body of studies on bargaining in dispute resolution, international relations and social psychology has established. In Kissinger’s (1957: 43) words, “[a political actor that] has been used to command finds it almost impossible to learn to negotiate, because negotiation is an admission of finite power”. Thus a status-driven actor who seeks to preserve or establish a social hierarchy pays a participation cost to bargain.⁴ This intuition is consistent with our experience of negotiation in other situations of hierarchy. Professors, for instance, are often irritated when their students attempt to negotiate for better grades, because they do not enjoy having their authority challenged. In brief, bargaining can be *costly socially* because it corrodes hierarchy and undermines status claims.

³ Incomplete information cannot explain protracted conflict because foes should be able to learn about each other’s capabilities and resolve after a period of fighting. Commitment problems, e.g. driven by rapid shifts in balance of power, is a more powerful explanation for long conflicts. However, parties in conflict are often both capable and willing to implement measures that would ameliorate if not eliminate the commitment problem (Chadefaux 2014; Debs and Monteiro 2014). On war duration and termination, see Reiter (2009) and Weisiger (2014). I thank Emerson Niou for reminding me the connection between non-negotiation and conflict duration.

⁴ On hierarchy in international politics, see, e.g., Hobson and Sharman (2005), Cooley (2009), Lake (2009), and Mattern and Zarakol *forthcoming*.

Drawing inspiration from the economic analysis of identity (Akerlof and Kranton 2000; Bénabou and Tirole 2003; Shayo 2009), I distill existing insights on the sociological significance of negotiation into a parsimonious model where status-driven actors can choose the timing of negotiation.⁵ I show that the social cost deters bargaining even when status-driven actors value their potential gain from negotiating more than their anticipated "loss of face". This is because their opponent cannot credibly commit *ex ante* to refrain from leveraging the costliness of renegotiation and push them to make excessive concessions.⁶

My central argument is that we cannot assume that a negotiated settlement is *always* an option for parties in conflict, and that the social barrier to bargaining is a particularly formidable obstacle to conflict resolution. Although my thesis may apply to a variety of contexts, for this study I will, for two reasons, focus on studying negotiations between states and terrorist organizations to end conflict. First, negotiations with terrorist organizations throw into sharp relief the informational, strategic and status concerns associated with bargaining. Second, the topic is timely given the growing influence of terrorist groups in Africa and the Middle East in recent years; it is an important, arguably under-studied, topic in its own right.

To study the social barriers of bargaining empirically, we need to identify observable variations in concern for status. In the context of state-terrorist negotiation, a body of works suggests that religious terrorists are *uniquely obsessed* with establishing their moral superiority over other political actors (Goodwin and Darley 2008; Zarakol 2010; Mendelsohn 2012). If status concern does indeed deter bargaining, we should expect to see less negotiation for state-terrorist dyads involving religious terrorist organizations compared to state-terrorist dyads involving secular terrorist organizations (e.g. nationalist, Marxists and right-wing groups).

I carry out extensive analysis of a newly compiled data-set on state-terrorist negotiations to examine the observable implications of my theory in the terrorism context. On average, negotiation is 3.2 times less likely to occur where the dyad involves a religious terrorist organization compared to any other types of terrorist organizations, a result that is robust across a variety of statistical models. I augment the statistical analysis with discussions of the negotiation dynamics associated with the "deviant" cases where states and religious terrorists talked, which lends further support to my theory by validating its off-the-equilibrium path predictions (Weingast 1996).

⁵ On importance of studying how sociologically minded actors make strategic calculations, see Johnston (2005).

⁶ The argument builds on Anderlini and Felli's (2001; 2006) formal critiques of the Coase theorem.

In toto, these findings not only speak to the debate on whether religious conflict is *sui generis* and uniquely intractable compared to other ideological conflicts (Brubaker 2015), but also further our understanding of the relationship between identity, bargaining and conflict.

My theory differs from extant theories on identity and conflict, which typically argue that conflict breaks out because war can bring certain psychological or sociological benefits to an individual or a community, whether it is ontological security (Campbell 1992), reinforcement of group solidarity (Girard 1972; Mercer 1995), or divine reward (Toft 2007).⁷ These benefits of war, however, *cannot explain conflict onset* unless they are high enough to outweigh the benefit for the actor under consideration of a negotiated settlement with a foe (in other words, the value of war must be high enough to eliminate any feasible bargaining range). Crucially, there is often no *a priori* reason why the trade-off should play out in favor of war's psychological and sociological benefits, which reduces this type of argument to *post hoc* if not tautological explanations of conflict. To specify how ideational factors lead to conflict, theorists therefore need to directly consider how they affect bargaining.

The essay proceeds as follows. In section 2, I explain why informational and strategic barriers to bargaining are unlikely to lead to prolonged delay in negotiation. Section 3 details my theory on the social barrier to bargaining. I will start by explaining why bargaining equalizes social relations between parties in conflict, before showing why even minor status concerns can deter bargaining by generating a commitment problem. Section 4 discusses the observable implications of my theory for terrorism. Section 5 introduces the data. Section 6 presents the empirical strategy and results. Section 7 concludes.

Before beginning, I wish to emphasize two points briefly. First, neither secret diplomacy nor tacit bargaining eliminates the social barrier to bargaining. Secret diplomacy does not solve the problem because it gives an opponent the opportunity to threaten to publicize negotiation and blackmail the status-driven actor into making extra concessions. Tacit negotiation, which occurs impersonally via the mass media or through non-verbal demonstrations that seek reciprocation (Spector 1998), is the symptom rather than the solution. Why must foes resort to such ambiguous and inefficient means to resolve their differences?

⁷ For this type of argument, war is therefore an end to itself instead of a costly means for an actor to attain an objective. Sociologists sometimes label this type of argument as the "ritual violence thesis". For recent reviews of the literature on the ideational drivers of conflict, see Gorski and Türkmen-Derviřoglu (2013) and Brubaker (2015). For exceptions to this "ritual violence thesis", see, e.g., Haas's (2005) argument that ideological differences multiplies the possibility for misperception and therefore conflict.

Second, it is not enough to say that opponents will not bargain simply because they expect negotiation to fail. Bargaining is a means to learn the capabilities and resolve of an adversary (Powell 2004). There is no *a priori* reason why actors should believe that bargaining failure is *inevitable* before they negotiate.

2.2 Information and strategic barriers to bargaining: limitations

To bargain is to “negotiate the terms and conditions of a transaction” according to the *Oxford Dictionary of English*. “No-bargaining” in international politics therefore corresponds to one of the two situations below where at least one of the parties in conflict: (1) refuses to engage in any type of dialogue to resolve their differences (Thomas 2014; Kaplow 2016) or; (2) persistently fails to accept/ tender a proposal that has any positive probabilities of getting accepted (Fearon 2007).

Extant explanations on why foes refuse to bargain often focus on how asymmetric information and expectation of future change in the strategic environment deter negotiation. However, I argue that neither factors are likely to cause serious obstacles to bargaining, because parties in conflict are usually capable of (and willing to) adopt measures that would eliminate such obstacles.⁸

I will consider explanations on “no bargaining” that focuses on transaction costs when I discuss social barriers to bargaining, which develops that line of argument.

2.2.1 Information barriers to bargaining

This class of explanations explicates how asymmetric information can deter bargaining when the timing of negotiation is a *strategic choice* (see, e.g., Sobel and Takahashi 1983; Admati and Perry 1987). To illustrate the logic of this class of explanations, consider the case of a labor strike (Hart 1989; Cramton 1992).⁹ A firm usually has better information about its profitability, which the union knows that the firm has an incentive to misrepresent; e.g. a profitable firm would want to persuade the union into believing that it is unprofitable so that the union would settle for a lower wage to end the strike. In such situations, delay to agreement serves as a costly signal for the

⁸ I group explanations for “no bargaining” based on standard commitment problems under the label “strategic barriers to bargaining”. This is because commitment problems are driven by expected shifts in the underlying strategic environments.

⁹ Security studies is hugely indebted to the study of strikes. The efficiency puzzle of war (Fearon 1995), for instance, is analogous to Hick’s Paradox (1932) in labor economics.

firm to credibly communicate its profitability. A highly profitable firm would settle early with a high wage offer since it has more to lose from a strike, while an unprofitable firm would delay agreement until the union accepts a lower wage offer.¹⁰

The insight that delay in bargaining serves as a means to credibly communicate private information travels readily from the study of labor strikes to that of conflict (Heifetz and Segev 2005).¹¹ Instead of profit levels, opposing parties in international politics are often uncertain about the reservation value for which a foe would be indifferent between the continuation of the conflict and settling. Reservation value is a function of both capabilities and the cost of war; e.g. an actor with relatively high capabilities compared to a foe and with low cost of war would have high reservation value for conflict (Fearon 1995: 387). An actor with a high reservation value is likely to have high resolve, since a larger concession would be required to satisfy the actor.

Assume that two parties, A and B, are involved in a costly protracted dispute, which they may end with a negotiated settlement that will make both better-off.¹² Assume that A's resolve is common knowledge, but we are uncertain about B's resolve, which is distributed on a continuum according to a probability distribution. Each side makes two decisions: (1) what to offer; (2) the timing of proposal, and B proposes first with a possibility of delay. If A rejects B's offer, it would make a counter-offer, also potentially with delay. The scheme repeats itself until a proposal is accepted.

In equilibrium, B would make an offer with a delay that is increasing in B's resolve, which A would then accept immediately. When deciding on the timing of negotiation, B *balances* its welfare loss from a delayed agreement and the potential gain from a better settlement after costly signaling through delay. Delayed bargaining is costly, because it entails giving up the potential welfare gain from settling, e.g. the difference between the pay-offs of a negotiated settlement and

¹⁰ There exists a "mirror image" class of models where the union would delay bargaining to *screen out* the highly profitable firms, see Hart (1989).

¹¹ The following informal discussion is based primarily on the formal expositions by Heifetz and Segev (2002; 2005), in addition to models of labor strike by Hart (1989) and Cramton (1992). *Nota bene*: Heifetz and Segev (2005) defines reservation value as distinct from capabilities and cost of war (Heifetz and Segev 2005: 21), while I conceptualize an actor's reservation value as a function of her capabilities and cost of conflict, following Fearon (1995).

¹² Conflict in Heifetz and Segev is a *costly process* instead of a *costly lottery*. This is a deliberate choice made in the spirit of the "second wave of formal work on war" (Powell 2004: 345), which focuses on studying the dynamics of intra-war conflict and bargaining.

of conflict. By definition, the low resolve type would have more to gain from settlement compared to the high resolve type. If B is the low resolve type, it would therefore make a generous offer with minimum delay. Of course, a low resolve B would want to pretend to be the high resolve type, but A would only accept an offer that is optimal given its belief induced by the strategic delay, which is too costly for a low resolve B. In comparison, a high resolve B would find it worthwhile to forgo the welfare gain from faster settlement as a costly signal of its type, and obtain a better term when bargaining happens.¹³

Two points follow from the discussion above. First, uncertainty, whether it is one-sided or two sided (see footnote 13), would only *delay* bargaining. It is unnecessary to refuse to bargain *ad infinitum* to signal one's resolve.¹⁴ The conception that states can *never* talk with terrorists because it will generate a reputation of weakness is therefore invalid.

More importantly, *escalation* – defined as any action that would reduce the welfare-flow for an opponent as long as the dispute remains unresolved – can significantly reduce bargaining delays (Heifetz and Segev 2005).¹⁵ In the context of terrorism, examples of escalation include stepping up policing effort and intensifying terrorist attacks. Crucially, escalation makes bargaining delay more costly for all sides involved in the conflict.¹⁶ The low resolve type with little stomach for conflict will capitulate and settle quickly when conflict escalates, while the high resolve type will fight on. Escalation, therefore, would expedite the separation of low resolve type opponent from the high resolve type. The theoretical result explains: (1) why a perceived hurting stalemate can be a precursor to negotiation and peace, as in the case of the IRA (Zartman 2000; Zartman 2001) and; (2) why, in the context of terrorism, governments seem to “reward” brutal attacks by agreeing to

¹³ The argument *generalizes to the two-sided uncertainty case*, e.g. when A's reservation value is also private knowledge (Cramton 1992; Heifetz and Segev 2005: 30-1). Under two-sided uncertainty, one of the parties would propose after a strategic delay that corresponds to its type, which would reveal its type and transform the game into that of one-side uncertainty.

¹⁴ Only an actor who believes that no mutually beneficial resolution exists ($r \leq 0$) would delay bargaining indefinitely (Heifetz and Segev 2005). On why asymmetric information cannot explain protracted conflicts, also see Fearon (2003: 19).

¹⁵ My definition of escalation – following Heifetz and Segev 2005 – differs from Fearon's (1994), which is “simply waiting or...taking actions such as mobilizing or preparing troops” (582).

¹⁶ An actor would always escalate when the gain from a faster resolution of conflict is larger than the expected welfare-loss from fighting a nastier conflict before its resolution. For a formal exposition of the intuition, see Heifetz and Segev 2005: 25-30. Also see Fearon (2013), which highlights the value of fighting as a screening device.

negotiate (Thomas 2014).¹⁷

In short, uncertainty does not eliminate the possibility of bargaining, and any party involved in a conflict may escalate to overcome the information barrier.¹⁸ Furthermore, given the uncertainty narrative, it is puzzling why policy-makers would often refuse to even entertain the idea of bargaining with a foe. Few people in America today, for instance, would find the idea of negotiating with ISIS to end the violence in Iraq and Syria palatable. If uncertainty is the concern, we should observe more discussions on how to demonstrate resolve/ learn about the resolve of an opponent to expedite negotiation, but we do not.

2.2.2 Strategic barriers to bargaining

When actors expect future change in the strategic environment, they may refuse to bargain because an agreement is unenforceable (Powell 2004). In the extant literature, there are two variations of the general argument on how commitment problem obstructs negotiation.

First, large, rapid change in relative power can generate a commitment problem that deters bargaining. As Fearon (1995) and Powell (2006) show, an actor may prefer to fight today when he/ she foresees a significant deterioration in her future strategic position, e.g. relative decline in military or economic strength. This is because the expected power shift can render it impossible for the actor's opponent to abide by an agreement that he/ she would not renege on later. For an actor facing decline, it is therefore pointless to negotiate if he/ she knows that his/ her opponent cannot offer any credible terms of peace that would make him/ her better off than fighting today.

Explanations of political conflict that focus on this variation of the commitment problem typically assume that power shift is *exogenous*. However, most large and rapid power shifts result from

¹⁷ Mastro's (2012) study of the 1962 Sino-Indian border conflict, on the other hand, highlights how the weaker power need to resort to bargaining delay to demonstrate resolve: "Given that Delhi could not demonstrate resolve through military might, one would expect the Indian side to offer talks less often than Beijing. Furthermore, as the weaker nation, Indian decision makers believed refusing to talk was necessary to demonstrate toughness and credibly communicate that the use of force would be ineffective against them" (78).

¹⁸ There is at least one more critique of the strategy-delay-as-signal models, but it is more technical. The Coase conjecture (1972) suggests that if parties can bargain frequently (i.e. if intervals between bargaining rounds go to zero) and there is not commitment, it will not be in anyone's interest to drag out bargaining after the low resolve type has settled early. Anticipating this, the low resolve type will wait, and bargaining delay ceases to have any information value, see e.g. Gul, Sonnenschein and Wilson (1986), Hart (1989), and Fernandez and Glazer (1991).

endogenous military investment, and commitment problem due to shifting power is arguably an artifact of the exogeneity assumption (Chadefaux 2011; Debs and Monteiro 2014). Debs and Monteiro (2014) shows that an actor will always refrain from “investing” in a future power shift (e.g. starting an armament program) to avoid a preventive attack, unless such investment might go undetected. In a similar vein, an actor should be able to persuade his/ her opponent to negotiate through gestures of good will – e.g. disarming – that would ameliorate the commitment problem.

Second, we may also believe that bargaining with an opponent is impossible if we believe that the opponent is untrustworthy. When facing an ideological opponent, “any peace agreement will merely set the stage for a new attack” (Weisiger 2013: 26). The *dispositional commitment problem* Weisiger (2013) identified is a popular justification against negotiating with terrorist organizations or extremist leaders (e.g. Hitler).

However, actors with a reputation for being untrustworthy can adopt measures to persuade their opponents that they would honor the terms of peace. In Belgium, the Catholic Party in the late nineteenth century purged prominent radicals and publicly renounced its extremist platform to signal to the liberal/ secular elites in Belgium that it would not institute radical religious programs (e.g. challenging the separation of the Church and the State) once in power (Kalyvas 2000). In a similar vein, the Islamic Group (IG) was able to reach a cease fire with the Egyptian administration in 1997 after persistent effort at de-radicalization (Ashour 2007; Blaydes and Rubin 2008). If the expected pay-off from peace is large enough, an extremist political actor should undertake measures that would reassure his/ her opponent and therefore eliminate if not at the least ameliorate the dispositional commitment problem.

In sum, actors are often able (and willing) to overcome conventional commitment problems that obstruct negotiation. We need to look elsewhere for a more powerful explanation as to why foes refuse to negotiate.

2.3 Social barriers to bargaining

The theoretical discussion on social barriers to bargaining proceeds in two stages. First, I review empirical studies on bargaining from law, social psychology and international politics to validate the claim that negotiation corrodes status claims. Second, I discuss how minor status concerns can effectively deter negotiation by generating a novel commitment problem.

To facilitate a direct conversation with the bargaining model of war, I assume in my theoretical analysis that political organizations are rational unitary actors. Domestic constituents will be *passive* in the discussion below, i.e. they will only form the background under which political organizations make decisions to bargain (or not).

2.3.1 Bargaining, status and social hierarchy

IR scholars have traditionally viewed war as a bargaining process between belligerents, and peace as resulting from successful negotiation (Schelling 1966; Fearon 1995). Analysts have paid less attention to the significance of bargaining as a type of *non-verbal appraisal* of a rival (O'Neill 2001, chapters 2 and 3).¹⁹ Specifically, by negotiating, one would signal acceptance to all parties that an opponent is a social equal because bargaining is defined by *reciprocity*. During negotiation, all parties need to listen to one another's concerns, demands and grievances to strike a deal, and any party can propose, counter-propose and reject offers s/he deems unsatisfactory (Stein 1989, 481; Risse 2000, 20).

Bargaining with a rival therefore has two possible (and not mutually exclusive) symbolic implications. First, bargaining can imply relinquishing one's *claim of control* over an opponent. The argument is the most well developed in the body of works on the social psychology of gender inequality. This is why, researchers argue, male employers frequently reject female employees' attempt at negotiating for higher wages, because negotiation challenges the traditional gender hierarchy of male domination (Bowles et al 2007; Small et al 2007; Babcock and Laschever 2009). In the realm of international politics, this is why Kissinger, in his study of the nineteenth century European international system (1957), observes that diplomacy is ineffective when dealing with a revolutionary power. Revolutionary power has little interest to negotiate, because it implies recognition of finite power to dictate and revise the international "rules of the game".

Second, bargaining with an opponent can also entail relinquishing one's *claim to moral superiority* regarding his/ her position in a dispute. This is why individuals in legal disputes who want to "make a point" would opt for long costly legal battles instead of settling their differences out of court through negotiation (see, e.g., Korobkin and Guthrie 1994; Jolls, Sunstein and Thaler 1998, 1594). This is also why Churchill, who believed that Hitler was "evil", adamantly refused to negotiate with Nazi Germany in 1940 after the fall of France, to the great dismay of other members in

¹⁹ For examples of non-verbal appraisals, state B is likely to believe that it is state A's enemy if A subjects B to unfriendly treatments such as recalling its ambassador from B or refusing to meet leaders from B.

his war cabinet (e.g. foreign secretary Lord Halifax; Mnookin 2011). Individuals with a moralizing tendency will easily find negotiation unpalatable because it implies recognizing that an opponent has legitimate grounds in a dispute.

Common to both implications is that bargaining *corrodes status claims*. I define status as common shared belief about placement in a hierarchy, i.e. a social ranking of individuals or groups based on a valued social dimension (c.f. Renshon 2016).²⁰ As the discussions above suggest, the corrosive effect of bargaining on status claims holds whether such claims concern *power hierarchy* – where individuals are ranked based on how much resources they control – or *value hierarchy* – where individuals are ranked based on how much respect they command for committing to the norms of their community.²¹

Bargaining equalizes social relations between actors by triggering a series of *chain social reactions*.²² First, bargaining would encourage the rival to view himself/ herself as the negotiator's social equal with no obligation to defer to the negotiator in the dispute.²³ Second, the negotiator

²⁰ This conception of hierarchy (an implicit or explicit rank order of individuals or groups with respect to a valued social dimension), which I adapt from social psychology (see, e.g., Magee and Galinsky 2008), *differs* from the two mainstream IR definitions: (1) vertical stratification of actors according to the degrees of their political authorities; (2) structures of inequality (see Mattern and Zarakol *forthcoming* for a review). Both mainstream definitions, I argue, are problematic. The first definition conflates the social ranking of actors with authority, which is the ability for actors to induce others to defer to his/her opinion. An actor's rank and degree of authority often co-vary, but that does not have to be the case. For example, U.S. allies can think that the U.S. is wrong and refuse to defer to its opinion regarding international affairs although America is the superpower. Crucially, power does not necessarily endow an actor with authority. The second definition reduces hierarchy to power hierarchy.

²¹ I distinguish between two types of hierarchies based on discussions power and status hierarchies in social psychology, but I substitute "status" in "status hierarchy" with "value" to better reflect common usage of status in IR (for IR scholars, power often engenders respect and prestige, see, for example, Gilpin (1981) and Renshon (2016)). IR scholars are generally more familiar with power hierarchy, and statements such as "India has joined the club of great power with its newly acquired nuclear capabilities" are not uncommon. On value hierarchy in IR, see O'Neill (2001), chapter 12 and Towns (2012).

Nota bene: Although power and value hierarchies are conceptually distinct, *in practice their differences are not so clear-cut*; powerful actors often have more opportunities to promote their values, while any power hierarchy presupposes a set of rules to determine the distribution of valued social resource.

²² The analysis above builds on Wendt's (1999) symbolic interactionist argument that actor identities are mutually constituted through their interactions.

²³ The effect holds even when actors disagree over the proper criterion on social ranking. Crucially, the negotiator would *validate* the rival's rejection of the negotiator's status claim by negotiating.

would internalize his/ her identity as a social equal relative to the rival given his/ her understanding of the message he/ she sends to the rival by bargaining.²⁴ Third, the rival would modify his/ her interactions with the negotiator to reflect a new understanding of the social situation after the negotiator's attempt to bargain.²⁵

The preceding discussion, which draws on a body of behavioral and empirical studies on negotiation, points to the following proposition that undergirds the theoretical discussions and statistical analyses below:

Proposition 1: Bargaining with a rival to resolve a dispute decreases the legitimacy of one's claim to higher status relative to the rival.

2.3.2 The social cost of bargaining and negotiation

Given the symbolic meaning of negotiation, *status-driven actors* – whom I define as actors who desire to establish and/ or maintain higher social rankings relative to their rivals – would find bargaining unpalatable. The dis-utility that status-driven actors suffer if they negotiate is the *social cost of bargaining*, which derives from the negation of their status claims.

Bargaining is costly for status-driven actors for at least two reasons. First, status-driven actors suffer from cognitive dissonance when they negotiate with a low status counterpart, which is driven by the gap between their desired/ pre-existing identity as high status members and their identities as equals when they negotiate (on “status deficit”, see, for example, Volgy and Mayhall 1995 and Renshon 2016). The disconnect challenges the fundamental assumptions on which status-seekers rely to sustain meaningful social interaction, and would lead to angst, confusion and moral outrage (Giddens 1984; Fiske and Tetlock 1997: 286).

Second, bargaining can hurt the status-driven actors' *reputation*, e.g. the expectation of an actor's future behavior based on his/ her past behavior. When the status-driven actor is concerned

²⁴ This is because the negotiator's appraisal also shapes his/ her own identity, which is *relative*. That is, the negotiator is necessarily defined with relation to his/ her rival. The negotiator's appraisal of the rival is thus logically also the negotiator's self appraisal.

²⁵ Crucially, the chain social reactions *do not* assume a third party observer. Secret negotiation, therefore, cannot eliminate the corrosive effect of bargaining on hierarchy. Negotiation is a social act that involves at least two parties in dispute, and thus always has social consequences. The chain reaction arises purely from how each party's perception of self and other is affected.

with establishing/ preserving his/ her dominance within a power hierarchy, the reputation would pertain to whether the actor is willing to defend his/ her position of authority.²⁶ When the status-driven actor is concerned with his/ her moral standing within a value hierarchy, the reputation would pertain to whether the actor is a “sell-out” who is unwilling to defend his/ her principles. Either way, bargaining can jeopardize a status-driven actor’s *social reputation*, e.g. other actors’ expectations regarding one’s willingness to defend his/ her social standing, whether the hierarchy concerns power or value. International relations scholars have mostly focused their attention on studying reputation for resolve (Weisiger and Yarhi-Milo 2015; Dafoe and Caughey 2016) or honesty (Sartori 2002; Sartori 2005), but reputation can also concern an actor’s social standing within his/ her community (see, e.g., Griskevicius, Tybur and Van den Bergh 2010).

When political leaders face status-driven audiences – whether they are domestic (e.g. voters) or international (e.g. allies) – negotiating with foes can come with steep political prices. For states, making a deal with a foe is risky political businesses. In the words of Morgenthau (1948 [1985]), “the public mind...reasons more often than not in the simple moralistic and legalistic terms of absolute good and absolute evil” (165). The Obama administration has taken much political heat for its recent negotiation with Iran regarding its nuclear program. Yitzhak Rabin was assassinated for negotiating the Oslo Peace Accord with the Palestinian Liberation Organization (PLO). Similarly, for non-state actors such as terrorist organizations, pursuing their goals through diplomatic and political processes easily leads the group to become discredited (e.g. the Islamic Salvation Front in Algeria in the early 1990s) or splinter (e.g. the Moro National Liberation Front (MNLF) in the Philippines 1996).

Nonetheless, when there are huge potential gains to bargaining, can an actor just “get over” his/ her status concern and negotiate to end a costly conflict? To answer the question, we can conceptualize the social cost of bargaining as a type of *ex ante* transaction cost – i.e. a price that a party would have to pay *before* negotiation – and consider a model of bargaining with transaction costs (Williamson 1979; Dixit and Olson 2000; Anderlini and Felli 2001). For the rest of the subsection, I will explain how minor legitimacy/ status concerns are destructive for bargaining with an informal discussion of: (1) the set-up of such a model; (2) the key intuitions behind it.²⁷

²⁶ This is distinct from the reputation concern for resolve, if we define resolve as “standing firm”. For instance, we might characterize Chamberlain as having high resolve for pursuing a policy of appeasement towards Fascist Germany in 1937-8 despite protests from Churchill. It is possible to demonstrate high resolve with a policy of engagement and negotiation with a foe that compromises one’s moral position.

²⁷ See appendix for the formal analysis.

Consider the following game with status-driven actor A and rival B.²⁸ In stage 1, A decides whether to pay a social cost to negotiate.²⁹ If A pays the cost, the game proceeds to stage 2 with A and B alternating in making offers to resolve their differences (A extends an offer in odd number rounds and B in even number rounds). In stage 3, A (in even rounds) and B (in odd rounds) can either accept or reject the offer it receives. If the offer is accepted, the game ends with players A and B each receiving the “peace surplus” from resources saved from the destruction of conflict. If the offer is rejected (i.e. negotiation fails), both A and B get pay-offs of 0 (since there is no surplus to be divided) and the game moves on to the next round.³⁰

It is obvious that negotiation will never happen if the status-driven actor’s (A) expected gain from bargaining is *smaller* than the social cost of bargaining it faces. The scenario in which the status-driven actor’s expected gain from bargaining is *larger* than the social cost of bargaining it faces is more interesting: it transpires that even a minor social cost is *sufficient* to deter bargaining. The reason is as follows. Since renegotiation is costly for the status-driven actor, A would be willing to make more concessions to avoid bargaining breakdown – and therefore the need to pay the participation cost again in the future to negotiate – if it agrees to bargain. B knows that A will agree to a less favorable deal under the shadow of costly renegotiation, and will exploit A’s “flexibility” by offering A less on the negotiation table. Knowing B’s calculation, A would refrain from risking “losing face” by negotiating in the first place. Crucially, B cannot *credibly commit* in advance to A that it will not exploit A’s weakened bargaining position after A agrees to negotiate.³¹

The commitment problem persists even when A has the initiative to propose to B: B will reject any proposal from A that is not at least as generous as what it expects to get when it has the

²⁸ The game is identical to that of Rubinstein’s (1982) ultimatum game of alternating offers, with the exception of an addition of the stage in which A must decide whether to pay for the game to proceed to negotiation.

²⁹ I will relax the assumption of one-side transaction cost later, which is not crucial for the argument below.

³⁰ It is possible to let A and B get standard bargaining pay offs $(1 - p, 1 - p + c)$ instead of $(0, 0)$ when bargaining fails, but it would not change the key conclusions later. It would actually make non-negotiation at each round a more attractive choice, since non-negotiation/ fighting is still associated with positive expected pay-off.

³¹ One might wonder if it is possible for B to offer A a unilateral concession before bargaining to cover the social cost A has to pay. The problem with the “solution” is that A does not have the incentive to commit to negotiation after B makes the unilateral concession: A maximizes his/ her pay-off by accepting the concession and delay bargaining until he/ she the initiative.

bargaining power. The discussion so far leads to the following proposition:

Proposition 2: The social cost of bargaining can lead to *indefinite delay* of negotiation, whether the social cost is larger or smaller than the expected gains from bargaining facing the status-driven actor.³²

When both A and B are status driven – e.g. both actors are required to pay a social cost of bargaining to negotiate – the commitment problem discussed above becomes *more salient*. If A negotiates when B has the initiative to propose, he/ she would expose himself/ herself to B's exploitation on the bargaining table, as discussed above. Furthermore, for A, negotiating now would also entail giving up on the *opportunity* in the future to force B to make more concessions when he/ she has the proposal power. A's net-expected loss from negotiation in rounds where B has the initiative therefore amounts to the sum of the social costs for both A and B. B faces an analogous problem when deciding whether to negotiate.³³

In sum, disputes involving actors who are concerned with establishing their dominance or driven by moral commitment(s) – those who have to pay social costs to bargain – are therefore particularly likely to end up as long and bloody conflicts. Status-driven actors will reject diplomacy as a means for conflict resolution, even when they greatly value peace, due to their fear of exploitation by the rival on the negotiation table under the shadow of costly renegotiation.

³² In other words, for both actors A and B, no negotiation is the only strategy that is consistent with the consistently Pareto-efficient sub-game equilibrium (CPESPE) of the game. CPESPE is a refinement of subgame perfect equilibrium (SPE) by requiring the SPE to yield a Pareto-efficient outcome in every possible subgame (Anderlini and Felli 2001: 392). The refinement is destructive to the efficient sub-game perfect equilibrium where A and B reach a settlement immediately. This is the efficient equilibrium in any round of the game can only be sustained by delay of one period or more (off-the-equilibrium path), a strategy that does satisfy the refinement.

Proposition 2 is robust to the following exercises: (1) allowing for a game of finite horizon; (2) altering the bargaining protocol; (3) allowing for randomization of proposer after the negotiation costs have been paid; (4) differing discount rates and mixed strategies (Anderlini and Felli (2001). Also note Dixit and Olson's (2000) parallel finding that the introduction of very small transaction costs can be fatal for public goods provision.

³³ Furthermore, a game of two-sided social cost also introduces a coordination problem between A and B: A might refrain from paying the social cost to negotiate when it is unsure whether B would pay the social cost to negotiate too.

Before I proceed, I wish to emphasize two points. First, of course, there are other types of participation/ *ex ante* transaction costs. They include costs associated with collecting and analyzing background information before negotiation (Anderlini and Felli 2006: 226; Bearce, Floros and McKibben 2009: 723) or identifying reliable negotiation partners (Toros 2008; Kaplow 2016).³⁴ However, these *ex ante* transaction costs *do not* generate a commitment problem because no party would have to pay those costs again in future rounds of negotiation. In contrast, renegotiation is likely to remain socially costly for status-driven actors, for two reasons. First, it takes repeated interaction to reconstitute actor identity and therefore social relations (Wendt 1999: 326-330). Second, while it is possible to justify the first round of negotiation on the ground that it is “tactical”, it will become increasingly difficult to rely on the temporary expediency argument again to justify future re-negotiation. The social cost of bargaining, therefore, is *particularly destructive* for negotiation.

Second, some transaction costs are paid *ex post* bargaining. For instance, an actor may pay a reputation cost for lacking resolve if he or she agrees to bargain (Fearon 2004; Walter 2006). In contrast with *ex ante* transaction costs, *ex post* transaction costs would *only* deter negotiation when they exceed that of the potential joint welfare gain from bargaining, e.g. when the net gain from bargaining is negative. This is because parties can always trade concessions during negotiation to ensure that all disputants would gain enough from bargaining to “cover” the *ex post* transaction cost.

2.4 Observable implications for state-terrorism negotiation

As the aphorism goes, all models are wrong, but sometimes they are useful. I argue below that the equilibrium prediction of the model discussed earlier (proposition 2) is relevant for explaining why states and religious terrorists are unlikely to bargain.

2.4.1 Religious terrorists

Religious terrorists are individuals “[who] commit acts of terrorism to comply with a religious mandate or to force others to follow that mandate” (Jones and Libicki 2008, 15). In contrast with

³⁴ In the empirical section of the essay, I will explicitly control for the presence of these other types of *ex ante* transaction costs.

secular terrorists, they often define their struggles “in dialectic and cosmic terms as believers versus nonbelievers, order against chaos, and justice against injustice” (Ranstorp 1996, 52; Cronin 2002). Such a worldview imposes serious constraints on the “foreign policy” of religious terrorists. They frequently argue that it would be *apostasy* to engage in diplomatic exchange with states because it entails recognizing their political authority, which either does not come from God or comes from the wrong God (Hoffman 1995; Juergensmeyer 1997; Mendelsohn 2012). For example, the Armed Islamic Group of Algeria (Groupe Islamique Armé; GIA) famously included in its constitution the clause “no agreement, no truce, no dialogue”. According to GIA’s former chief, Cherif Gousmi, “the GIA is not fighting a war in order to open a dialogue with apostate rulers, nor to establish the ‘democracy’ of a moderate Islamic regime favored by the West, but to purge the land and establish through jihad an Islamic state” (quoted in Kepel 2006: 266).

Religious terrorists are less interested in negotiation than in punishing and terrorizing nonbelievers until they submit instead of negotiation (Spector 2003: 616; Atran and Ginges 2012), because they seek to establish the superiority of their religious doctrine over any other ideology as the basis for political, social and economic orders. Religious terrorists are therefore a rather extreme type of status-driven political actors who seek to establish their political primacy as messengers and true-believers.

Such “self-righteousness” is unsurprising given experimental and observational studies on religion in psychology (see, e.g., Goodwin and Darley 2008; Piazza and Landy 2013; Yilmaz and Bahçekapili 2015). The body of work finds that religious individuals are more likely to believe that moral truth is objective and absolute compared to non-religious individuals. This is because religiosity and *moral realism* – i.e. the belief in objective moral truth – are mutually reinforcing beliefs.³⁵ Religious individuals are more likely to subscribe to moral realism compared to atheists, because God is a natural source of universal moral principles. On the other hand, moral realists are also more likely to be religious, because the existence of a divine being is often taken to provide a ready explanation why objective moral truths exist. To draw an analogy from economics, religiosity and moral realism are “complements” that individuals are likely to “consume” together psychologically, as in the case of bread and butter or tea and sugar.

Of course, religious individuals are *not* religious terrorists, but these findings from the psychology of religion may help us explain why religious terrorists often adamantly claim that their

³⁵ In contrast, *moral relativists* believe that no one is objectively right or wrong in moral disagreements.

doctrines are absolute, inviolable and universal, whether they concern gender norms (“women should cover their faces in public”), child rearing (“male infants should be circumcised”), law (“only a legal system based on *Sharia* is legitimate”) or politics (“only rulers with the appropriate religious pedigree have the right to rule”).

IR scholars do not usually engage in meta-ethical discussions about the possibility of moral objectivity (Sayre-McCord 2005).³⁶ But investigating an actor’s understanding of the nature of his/her ideology is critical for understanding the relationship between ideology and conflict. While studying the content of an actor’s ideology will inform us of that actor’s aspirations and interests, it says little about the relationship between ideology, bargaining breakdown and violence. There is no *a priori* reason why ideological differences would impede negotiation, provided that both sides in a dispute are willing to recognize that there can be legitimate competing understandings of right and wrong.

Compared to religious extremists, adherents to Marxist, nationalists, and right-wing ideologies are less likely to view their struggles in moral terms. Vladimir Lenin explicitly rejected moral absolutism in politics: “there is no such thing as ‘absolute good’; the only guide to action was the criterion: does it facilitate the more rapid and efficient progress through the necessary stages towards the creation of a communist society” (quoted in Service 2000, 80). Michael Collins, the leader of the Irish independence movement in the early 20th century, argued for the *Dáil* to ratify the Anglo-Irish Treaty in 1921 because it “gives us [the Irish people] the freedom, not the ultimate freedom that all nations desire, but the freedom to achieve it”. Collins believed that it was more productive for the Irish people to take a pragmatic approach to independence and accept the treaty, although it contained significant concessions to Great Britain, most notably the requirement for all new *Dáil* members to swear an oath of loyalty to the British monarch. Both Lenin and Collins followed Bismarck in viewing politics as the art of the possible, not an exercise in imposing their political principles on others.

I want to conclude the discussion on religious terrorism by commenting on whether a religious terrorist organization would still be reluctant to negotiate with a state that adheres broadly to the same religious tradition. For example, would it be more or less likely for a Sunni terrorist organization to negotiate with states with Sunni/ Islamist leanings (e.g. Saudi Arabia)? The answer is likely to be no, as “narcissism of small differences” would make it even more difficult for

³⁶ But we do talk about morals! See, e.g., Kertzer et al 2014.

religious terrorists and religious states to negotiate. Religious terrorists can easily become more obsessed with establishing their moral superiority to justify their existence when they are facing a religious state espousing similar religious doctrines. The GIS (Algeria), for instance, vehemently opposes negotiation with the Algerian state, which is under the control of an authoritarian political party with Islamist leanings (*Front de Libération Nationale*, FLN). The GIS considers the Algerian state apostatical, because the FLN has deviated from the “true” teachings of Islam (Hafez 2000: 582-4). It is unclear whether it is worse for a religious terrorist organization to negotiate with an apostatical, heretical or secular state.

The discussion leads to the following proposition.

Proposition 3: Religious terrorists, compared to secular terrorists, are more likely to be *moral realists* who are concerned with the negative status implication associated with bargaining.

2.4.2 States

States face competing considerations on how negotiation with terrorists affect their status. On the one hand, terrorist attacks challenge state sovereignty, which is defined by a state’s ability to monopolize legitimate violence within its territory (Weber [1919] 1978). Talking to terrorists, “given the status and equality that engagement and negotiation hold, [therefore] tarnishes the state, since the state is supposed to represent the highest values of legality and legitimacy” (Zartman and Faure 2011). On the other hand, states justify their legitimate monopoly of coercive power within a defined territory by their imperative to enforce order and protect their citizens, an idea that goes back at least as far as Hobbes’s *Leviathan*. By not negotiating with terrorists, states may jeopardize their sovereignty claim, because they can be seen as neglecting their duty to stop bloodshed and protect their citizens (Powell 2014).

The point of the discussion is not to resolve the debate on whether states should negotiate with terrorists, but to highlight *competing arguments* among policy-makers and the public over whether negotiating with terrorists “tarnishes the state”. Religious terrorist organizations *tilt* the balance away from negotiation. As discussed earlier, religious terrorists frequently believe that political authority can only come from God. Consequently, they refuse to recognize the sanctity of national boundaries, since they are “arbitrary” man-made constraints (Zarakol 2010; Mendelsohn 2012: 596). Leaders of religious terrorist groups, from Yigal Amir, Sheik Omar Abd al-Rahman, and

Shoko Asahara, all “hate secular governments with an almost transcendent passion” (Jurgensmeyer 1997: 22), which they believe represent the corrupt secular political-social order. Therefore, when states face religious terrorist organizations (as distinct from other terrorist organizations), the states are more likely to conclude that their legitimacy will be threatened by negotiation, since this would validate the religious terrorists’ rejection of state sovereignty. This leads to my final proposition:

Proposition 4: States are more likely to pay social costs of bargaining for negotiating with religious terrorists.

Given propositions 1, 3 and 4, we can conjecture that both the religious terrorist organization and the state would oppose negotiation due to status concerns. For religious terrorist organizations, talking to the state jeopardizes their sense of self-righteousness. For states, negotiating with the religious terrorist corrodes their sovereignty claim. In contrast, status-concerns are likely to be much less salient for a state-terrorist dyad where the terrorist organization is secular. The equilibrium prediction of the model (proposition 2) therefore should apply only to state-terrorist dyads where the terrorist organization is religious. Putting the discussion so far together points to the following thesis:

Religious extremism thesis: The probability of political negotiation for state-terrorist dyads where the terrorist organization espouses religious ideology is on average *lower* compared to state-terrorist dyads where the terrorist organization is secular.

The rest of the paper is dedicated to examining this thesis empirically.

2.5 Data

2.5.1 Overview

The unit of analysis for this study is terrorist organization. Following Cronin (2009; 2011), I define a terrorist organization based on the following criteria: (1) the group must have targeted civilians in addition to military and property targets; (2) the group must display sustained organization capabilities, i.e. conducts more than one or a single series of attacks; (3) the group does not hold

territory. According to the criteria, *Al Qae'da* is a terrorist group, but not Gaddafi's Libya, which was a state that employed terrorist tactics and not a terrorist organization.

Data on the key independent variable (terrorist organization ideology) and dependent variable (negotiation between terrorist organizations and governments) come from Jones and Libicki (2008) and Cronin (2009) respectively.³⁷ My dataset includes information on 454 terrorist organizations.

49 terrorist organizations that are included in the Cronin (2009) dataset are missing from the Jones and Libicki (2008) dataset. I coded their group ideology following Jones and Libicki's (2008) coding rules based on information from the *Terrorist Organization Files* hosted by the Study of Terrorism and Response to Terrorism (START).

2.5.2 Dependent and independent variables

The *dependent variable* for my study is a binary variable indicating whether the terrorist group has entered into any talk with the government that governs its base territory of operation over the group's *fundamental objectives or strategies* (1 = talk, 0 = no talk). Given the criteria, all tactical negotiations including bargaining concerning hostage crises are excluded. Currently, Cronin's global terrorism dataset (compiled in 2009) provides the best available data on negotiation between governments and terrorist groups, which is constructed primarily from readings of the qualitative group profiles from the MIPT Terrorism Knowledge Database, and "buttressed and double-checked with extensive searches of media accounts, interviews, secondary sources and other resources". Among the 454 groups, 80 (17.6%) have entered into political negotiations with governments.³⁸

The main *explanatory variable* is a binary variable indicating whether a terrorist group adheres

³⁷ The list of terrorist organizations in my data-set differs from both the Jones and Libicki (2008) and the Cronin (2009) datasets after a clean-up process that involves manually checking for the correct names of terrorist organization names, removing duplicate entries, standardizing translations of terrorist organization names and recoding splinter groups to ensure that they match. I also removed all organizations from the two datasets that do not fit the aforementioned definition of a terrorist organization. For example, the *Liberation Army Fifth Battalion* is removed from the dataset, because it has only conducted one attack – the 1993 bombing attack on the World Trade Center in New York City. I have also removed terrorist organizations that have only targeted properties, such as the *Animal Liberation Front* (ALF; United Kingdom).

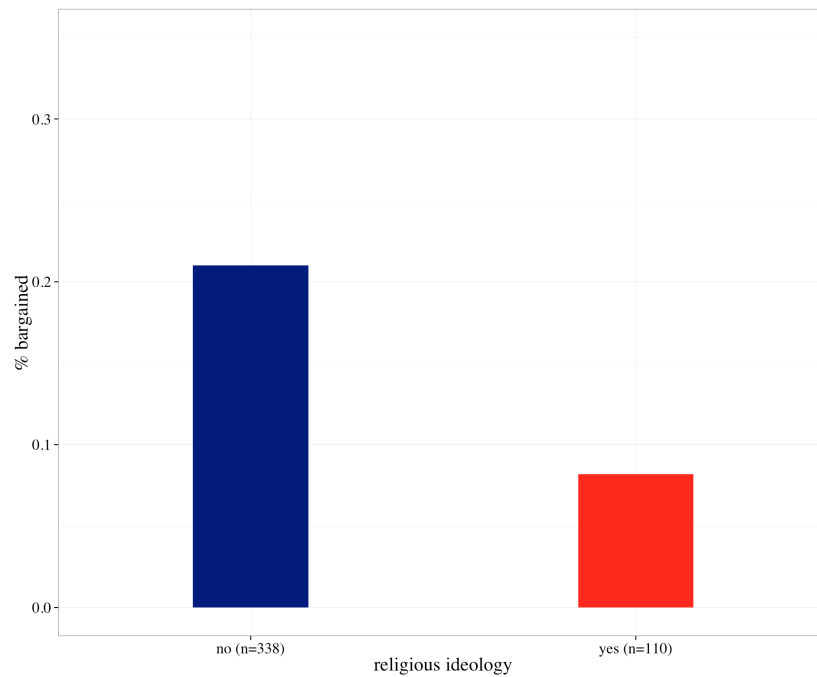
³⁸ Unfortunately, the Cronin dataset does not distinguish between tacit bargaining, secret talk and formal public negotiation.

to a religious ideology (1=yes, 0=no). A terrorist organization is “religious” if its commits “acts of terrorism to comply with a religious mandate or to force others to follow that mandate” (Jones and Libicki 2008: 15). Examples of religious terrorist organizations include *Al Qae'da* (transnational/ Middle East), the Lord's Resistance Army (Uganda), *Hizballah* (Lebanon) and *Abu Sayyaf* (the Philippines).

Some terrorist organizations, such as *Hamas*, may have both religious and nationalist mandates. In such instances, Jones and Libicki (2008) would assess the group's primary motivation based on its statements and actions. *Hamas*, for example, is coded as a nationalist group in the Jones-Libicki dataset because its fundamental objective is the liberation of Palestine. 110 out of the 454 terrorist groups (24.2 percent) from my dataset are religious.

Among the non-religious terrorists organizations (i.e. groups that endorse nationalist, Marxist or right wing ideologies), 21 percent (n=338) have entered into talks with the government to end violence (Figure 1). In contrast, only 8 percent of religious terrorist organizations (n=110) have ever negotiated with the government. It is about 2.625 times more likely for a non-religious terrorist group to seek a political solution to conflict. States and religious terrorists rarely negotiate.

Figure 1: Negotiation between religious terrorists and governments



Note: Data on bargaining is from Cronin (2009), and data on terrorist organization ideology are from Jones and Libicki (2008) and new coding done by the author.

2.5.3 Control variables

I include three sets of control variables in terrorism context that correspond to alternative explanations of decision to bargain (or not) discussed earlier.³⁹

³⁹ When a terrorist group has more than one base country, I average data across all base countries to create a composite figure on the background socio-economic variables of the area where the terrorist organization is active. Furthermore, because currently the only data available on terrorist negotiation and ideology – my key dependent and independent variables – is cross-sectional, I average the data on the base country for each terrorist organization across the years when the group is active.

I focus on base country characteristics instead of target country characteristics, because any negotiation that would settle the “grievances” of a terrorist organization will involve the governing state of the base country, even if the terrorist organization might conduct attacks abroad.

2.5.3.1 Information and strategic barriers to bargaining

There are five control variables that are associated with the information and strategic barriers to bargaining in the context of terrorist-state negotiation.

First, I expect the *lifespan of a terrorist organization* to positively correlate with bargaining. As a terrorist organization lives longer, more information on the group is likely to become available from defectors or persistent work by the intelligence gathering agency (Cronin 2009), which would lower the information barrier to bargaining.

Second, I expect *terrorist strength*, which I proxy with a terrorist group's peak size, to positively correlate with negotiation. I define a group as "strong" if it has more than 100 personnel (the median size of terrorist organizations), and "weak" if otherwise.⁴⁰ Recall the earlier discussion that escalation can help eliminate the information barrier to bargaining by expedite the separation of low-resolve from high-resolve opponents. Larger terrorist organizations are more likely to escalate, e.g. conducting more frequent and more ambitious attacks, for two reasons. First, small groups with few members and resources will find it more difficult to conduct large-scale attacks in higher frequencies compared to large and well-funded groups. Second, powerful terrorist groups also have the incentive to escalate since they would expect better terms from a negotiated settlement given their power (and therefore larger welfare loss per period from bargaining delay). Data on terrorist strength are from Jones and Libicki (2008).⁴¹

Third, I expect *state capacity*, which I proxy with Log (government spending/ GDP), to positively correlate with bargaining.⁴² As in the case of terrorist organization, a powerful state would be both capable and willing to escalate, which would eliminate the information barrier to bargaining. The data are from Banks (2007).

⁴⁰ Large, powerful terrorist organizations include well-known groups such as *al-Fatah* (Palestine), the IRA (Ireland) and the Shining Path (Peru).

⁴¹ This variable is also a good proxy for the *organizational coherence* of a group. Dysfunctional groups get selected out of the population and older groups tend to have a more stable support base that would require a more centralized line of command to manage its resources (Marsden et al 1996; Miller 2008). It is therefore more likely that a state would be able to find an appropriate contact person with whom to initiate negotiation with when dealing with a coherent terrorist group (Kaplou 2016).

⁴² The proxy is imperfect, but good data on policing/ internal security spending difficult to come by. As a robustness check later, I will also proxy state capacity with military spending/ GDP.

Fourth, *the number of terrorist groups* operating in the same base country(ies) may be negatively correlated with bargaining. For states, the cost of acquiring a reputation of weakness by talking to a terrorist organization might be higher as the number of terrorist organizations facing the government increases (Fearon 2004; Walter 2006).⁴³ The data are from Gaibullov and Sandler (2012).

Fifth, states facing Marxist terrorist organizations may face severe commitment problem that would impede negotiation after 1991. After the Soviet Union collapsed, Marxist terrorist organizations expected foreign assistance to dwindle. The expectation generates a time inconsistency problem that may deter bargaining (Jones and Libicki 2008, 21). To capture the possible effect of this exogenous shock on negotiation, I include an interaction term of the variables *Marxist ideology*active after 1991* for some models, which should have a negative coefficient if commitment problem driven by power shift is a problem for state-terrorist negotiation.⁴⁴

The dispositional commitment problem (Weisiger 2013) is less likely to explain variations the occurrence of state-terrorist negotiation; it is not obvious why some type terrorists might be more or less trustworthy compared to other terrorists.

2.5.3.2 Terrorist organization objectives

Issue indivisibility might be an important factor that deters bargaining. Terrorist organizations often pursue expansive and “indivisible” goals ranging from building an empire (e.g. *Al Qae’da*), regime change and revolution (e.g. *Brigade Rosse*), to national independence (e.g. *Basque Country and Freedom*, ETA). These ambitious terrorist organizations might be less likely to negotiate with states compared to less ambitious terrorist organizations seeking social-economic policy change (e.g. the *Adivasi Cobra Force* in India that fought for the minority rights of the *Adivasi* people) and to preserve the status quo (e.g. the *Ulster Defence Association* that fought to preserve British rule in Northern Ireland). To capture the possible effect of issue indivisibility on bargaining, I include the binary variables *empire, regime change and revolution, territorial change, status quo* (*policy change* is the baseline category) as controls for some statistical models.

⁴³ It is only possible to acquire a reputation of weakness when there is uncertainty regarding the resolve of the state, therefore I group the variable together with other variables related to information barriers to bargaining.

⁴⁴ The variable *active after 1991* is a label for all groups that are founded before 1991 and remain active for at least ten years after 1991.

All data on terrorist organization objectives are from the Jones and Libicki (2008) dataset, or coded up by the author with information from START's *Terrorist Organization Files* if the Jones and Libicki (2008) dataset does not include information on the group.

2.5.3.3 Transaction cost

As discussed earlier, there might be transaction costs that may deter bargaining that are unrelated to the status concerns. First, higher *log elevation* might be negatively correlated with bargaining. The variable proxies for transaction cost associated with communication. It might be more difficult to reach a terrorist organization if it operates in a country with more mountainous terrain, where it can hide more easily (Fearon and Laitin 2003: 80). The data are from Gallup et al (1999).

Second, higher levels of *economic development* might be positively correlated with negotiation, because high income levels indicates that the "terrain [would be] more 'disciplined' by roads and rural society more penetrated by central administration" (Fearon and Latin 2003: 80), which reduces the transaction costs associated with communicating with and locating terrorists. The data are from the World Bank's *World Development Indicators* (2007), where countries are divided into four categories low, lower-middle, upper-middle, and high according to their per capita income.

2.6 Testing the religious extremism thesis

2.6.1 Empirical strategy

I start with my empirical examination of the *religious extremism thesis* by estimating a *logit* model:

$$y_i = \alpha + \beta r_i + \gamma X_i + \eta_i + \varepsilon_i \quad (2.1)$$

i indexes each terrorist organization. y_i is the binary variable that denotes whether a group enters into a negotiation with the government. r_i is a dummy variable indicating whether a terrorist group is religious. X_i is a vector of plausible confounders, and η_i are region fixed effects parameters with North America as the baseline. Both X_i and η_i are excluded in some specifications. Lastly, ε_i is the error term. Given my theoretical arguments, I expect to find that religious terrorist organizations are less likely to negotiate with the government ($\beta < 0$).

There are two primary threats to inference for the empirical analysis. First, establishing the measurement validity (Adcock and Collier 2001) of terrorist organization ideology can be chal-

lenging. To start with, terrorists are not necessarily great political theorists or theologians, and their ideological platforms are prone to incoherence (Abrahms 2008: 87-9). Furthermore, it is often difficult to distinguish between religious and nationalist terrorist organizations. This is because religious ideology often presents a ready cleavage for nationalist terrorists to mobilize support for their causes, while religious extremists may also attach their political agendas to nation-building projects (Juergensmeyer 1996; Brubaker 2011). To address the problem, I vetted the list of 295 religious and nationalist terrorist organizations from Jones and Libicki (2008), identified ambiguous cases, and re-ran models with alternative coding of group ideology.

Second, endogeneity is a potential problem. To address the concern, I run a series of models with region-fixed and base-fixed effects, which would eliminate any time-invariant region or base-country level confounders (e.g. religious tension, see Gassebner and Luechinger 2011) that may correlate with *religious ideology* and therefore bias the estimation result. In models with fixed effects for this study, terrorist groups from the same region/ base country(ies) are essentially “pitted against” one another to see whether they are face the “non-negotiation” or “negotiation” equilibrium given their organizational characteristics.

After establishing a robust negative correlation between *religious ideology* and *negotiation*, I marshal additional evidence in support of the causal mechanism that I argue drives the correlation. First, I provide a discussion of the “deviant cases” where states and religious terrorists did negotiate, which gives me an unique opportunity to examine the “off-the-equilibrium-path” prediction of my theory, which generates the commitment problem discussed earlier (Weingast 1996; Goe-mans and Spaniel 2016). Second, I address the alternative arguments that religious terrorists and states do not negotiate because: (1) religious terrorists tend to be more brutal (Cronin 2002; Hoffman 2006) and; (2) religious terrorists are interested mostly in expediting the coming of apocalypse (and therefore a “new world order”) through their attacks (Rapoport 1988).

2.6.2 Results

I start the empirical analysis by estimating a simple bi-variate model (model 1, table 1). Consistent with my theoretical expectation, *religious ideology* is significantly and negatively correlated with the likelihood of bargaining. The results remain robust for: (a) model 2 that includes the set of control variables related to information barriers to bargaining; (b) model 3 that includes the set of control variables on terrorist organization objectives (with *policy change* as the baseline category); (c) model 4 that includes the set of control variables that proxy various sources of transaction

costs; (d) model 5 that includes the full controls. Across all models, *religious ideology* is consistently, negatively and significantly correlated with state-terrorist bargaining (at either $p < 0.01$ or $p < 0.05$).

In addition to the robust negative correlations between *religious ideology* and *bargaining*, two sets of results stand-out. First the variables *terrorist strength* and *state power* (proxied by terrorist group peak size and government spending as a percentage of GDP respectively) are positively and significantly correlated with state-terrorist negotiation across all models. The set of results is unsurprising given my argument that a more powerful terrorist group/ state has more capacity/ incentive to escalate, and escalation eliminates uncertainty over resolve.

Second, the effects of variables associated with terrorist organization objectives on the likelihood of state-terrorist bargaining are inconsistent and weak. Given the issue indivisibility argument, we would expect state-terrorist bargaining to be more unlikely for terrorist groups that seek empire, revolution/ regime change, and territorial change compared to terrorist groups that seek policy change. But *territorial change* has no effect on the likelihood of bargaining across all models, while *empire* and *revolution/ regime change* are negatively correlated with the likelihood of bargaining only for some models. These findings suggests that issue indivisibility might be less important than we commonly assume in explaining intractable conflicts, while actor identity and worldview might be more important.

Does my main finding remain stable if we desegregate secular terrorist organization ideologies into “left-wing” and “right-wing” and “nationalist” groups?⁴⁵ There might be varying shades of extremeness among secular terrorist organizations e.g. left-wing terrorists might be less open to bargaining compared to nationalist terrorists because they reject the legitimacy of states, which they often consider puppets of capital. Based on the results from model 6, the answer to the question posed above is no. *Religious ideology* remains the only statistically significant predictor for bargaining (at $p < 0.01$) in a model where we adopt a fine-grained measurement of secular terrorist organization ideologies (and the sign for *religious ideology* remains negative).⁴⁶

⁴⁵ On definitions of terrorist ideologies: “left-wing includes a range of Marxist-Leninist, environmental, animal rights, anarchical, and antiglobalization groups. Right-wing includes racist and fascist groups. Nationalist includes groups inspired by a desire for independence, territorial control, or autonomy because of ethnic or other affiliations” (Jones and Libicki 2008: 15).

⁴⁶ *Nationalist* is the baseline category for all models in Table 3.

Table 2.1: Testing the religious extremism thesis

	<i>Dependent variable:</i>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
religious	-1.221*** (0.391)	-1.366*** (0.457)	-1.015** (0.416)	-1.707*** (0.443)	-1.382*** (0.515)	-1.239*** (0.409)	-1.354*** (0.431)	-1.404** (0.621)
terrorist str.		1.817*** (0.334)			1.797*** (0.396)			1.930*** (0.406)
state cap.		6.934** (3.535)			5.623 (3.715)			4.915 (3.863)
lifespan		0.039*** (0.012)			0.041*** (0.014)			0.036*** (0.014)
no. of groups		-0.016 (0.012)			-0.014 (0.014)			-0.004 (0.015)
status quo			-0.368 (1.137)		-1.812 (1.503)			-1.508 (1.501)
empire			-0.011 (0.404)		-0.945* (0.536)			-0.980* (0.576)
revolution			1.028* (0.597)		0.854 (0.869)			1.032 (0.930)
territorial change			0.210 (0.403)		-0.524 (0.535)			-0.408 (0.598)
log elevation				-0.756*** (0.251)	-0.672** (0.290)			-0.719** (0.303)
high				-1.697*** (0.468)	-1.335** (0.612)			-1.229** (0.615)
lower-Middle				0.078 (0.319)	0.294 (0.390)			0.294 (0.404)
upper-Middle				-3.097*** (1.043)	-2.688** (1.090)			-2.541** (1.095)
left-wing						0.023 (0.280)	-0.412 (0.345)	0.141 (0.577)
right-wing						-0.398 (0.573)	-0.380 (0.578)	0.089 (0.940)
USSR dissolution							0.773 (0.570)	0.492 (0.741)
USSR diss.*left							0.726 (0.737)	0.410 (0.956)
Observations	448	344	441	345	341	448	441	336

*p<0.1; **p<0.05; ***p<0.01

Note:

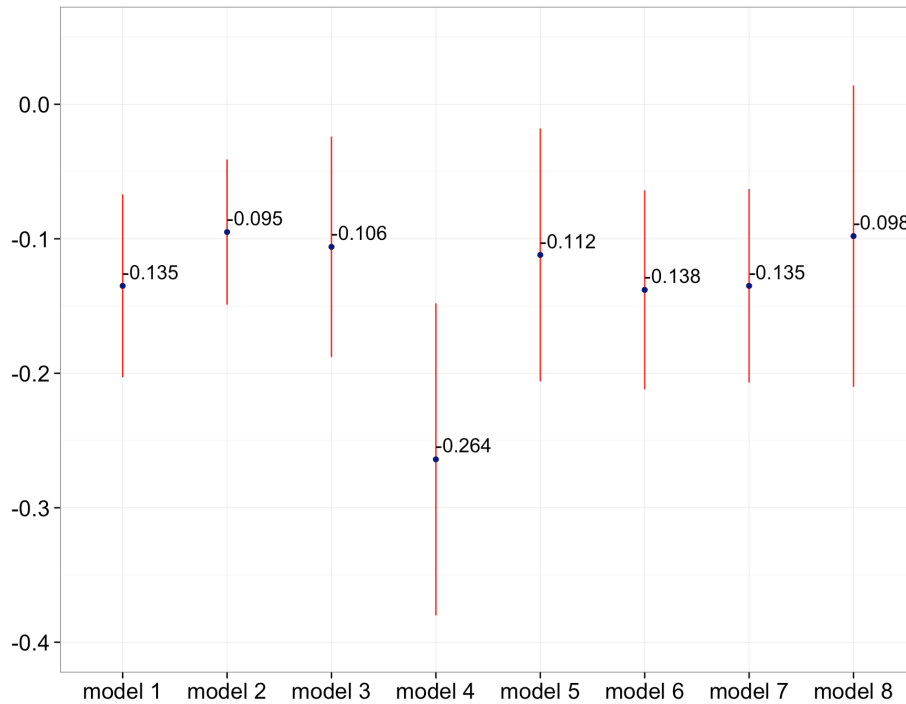
Model 7, by exploiting the dissolution of the USSR in 1991, examines how *religious ideology* performs as a predictor of state-terrorist negotiation against a proxy for the strategic barriers to bargaining driven by rapid exogenous power shift. My main finding remains intact for model 8, while Left-wing terrorists who are active around the dissolution of the USSR *do not* seem to negotiate any less (the *USSR dissolution*left-wing* interaction term is statistically insignificant) compared to other terrorists. Both findings are replicated in model 8. Across all 8 models in table 1, there is a robust negative correlation between *religious ideology* and *negotiation*.

What are the substantive effect of *religious ideology* on negotiation? Simulations show that on average, the likelihood for a religious terrorist organization to negotiate with the government is 5 percent, compared to 16 percent likelihood for a secular terrorist organization (based on model 5). It is approximately 3.2 times less likely for a religious terrorist organization to negotiate compared to a secular terrorist organization. The substantive effect of religious ideology on negotiation is therefore quite significant. Furthermore, the substantive effects of religious ideology on negotiation are similar across models 1-8, with the simulated first differences on the likelihood for terrorist organizations to negotiate with states (changing group ideology from religious to secular with control variables held at their mean or median values) fall between [-.095, -.264] across the 8 models from table 1. Figure 2 plots the *first differences* and their associated 95 percent confidence intervals.

Some terrorist organizations with religious leanings, most notably *Hamas*, are coded “nationalist” by Jones and Libicki (2008) because they are primarily concerned with “liberating” their claimed homelands from foreign influences. To examine the robustness of my finding against potential problems with measurement validity, I identified 9 “religious-nationalist” groups from the list of nationalist groups in the data-set, and I re-ran models 1 - 8 plus the region and base fixed effect models with full controls after recoding them as religious.⁴⁷ There are also 5 religious terrorist organizations in the dataset with strong nationalist undertones, including *Hizballah*, Palestinian Islamic Jihad, MNLF, the MILF, and the Jewish Defense League. I re-ran models 1 - 8 plus the region and base-fixed effect models with full controls after recoding them as nationalist. My main finding remains robust across all models with alternative coding of religious and nationalist terrorist groups.

⁴⁷ The other 8 groups are: Eastern Turkistan Islamic Movement (ETIM), God’s Army, Mujahideen Army, Mahdi Army, Islamic Front for the Iraqi Resistance, New PULO, Islamic Front for the Liberation of Palestine.

Figure 2: Simulated first differences on the likelihoods for secular versus religious terrorists to negotiate



Note: Probability estimates and 95% confidence intervals are based on 1000 simulations in Zelig on models 1-8 in Table 1, with control variables set to their mean or median values.

Furthermore, to guard against any possible time-invariant base-country level confounders, I estimated a series of region and base fixed effects models.⁴⁸ Across all fixed-effects models, *Religious ideology* is always negatively correlated with negotiation ($p \leq 0.1$).

2.6.3 States and religious terrorists “off-the-equilibrium path”

My theory on social barriers to bargain predicts that both states and religious terrorists are reluctant to bargain even if their status concerns are minor relative to the perceived costs of conflict,

⁴⁸ “Europe” is the baseline category for the region fixed effect models. “Afghanistan” is the baseline category for the base fixed effect models.

because they fear that an opponent will leverage the costliness of renegotiation and push them to make excessive concessions if they negotiate. Crucially, neither the state nor the religious terrorist can commit not to take advantage of the other side's weakness on the bargaining table when it has the initiative to tender a proposal to resolve their conflict.

I present two pieces of evidence that the off-the-equilibrium path mechanism described above drives the *religious extremism thesis*.⁴⁹ First, 6 out of 8 religious terrorist groups that negotiated with states *succeeded* in reaching deals with governments, except for the Lord's Resistance Army (LRA; Uganda) and the Pattani United Liberation Organization (PULO). In the case of PULO, negotiation "failed" because its negotiation partner – the Thai government headed by Yingluck Shinawatra – is deposed by a coup; Yingluck and PULO actually reached an agreement prior to the military take-over.⁵⁰ Among terrorists organizations that have pursued negotiation, the success rate of negotiation for religious terrorists is 75 percent (or 87.5 percent if we consider the negotiation with PULO successful), compared to 58 percent for secular terrorists and 60 percent for all terrorists. Consistent with the off-the-equilibrium path prediction of my theory (which sustains the no-negotiation outcome), both states and religious terrorist organizations try to ensure that talks would be successful ultimately if they decided to negotiate, because they know that re-negotiation is politically difficult.

The "deviant cases" where the state and the religious terrorist organization negotiate raise the question why they would go off the equilibrium path and negotiate in the first place. Addressing the puzzle leads to the second piece of evidence on commitment problem: 5 out of 6 religious terrorist groups that negotiated relied on the help of *mediators* who are trusted by both sides to negotiate.⁵¹ Given my argument, it is unsurprising that mediators are important in facilitating these negotiations by playing two roles. First, mediators can intervene when one party tries to force an "unfair" proposal on the other side. Second, mediators can tender "fair" proposals themselves

⁴⁹ See Weingast (1996) for a discussion of empirically testing game theoretic models' off-the-equilibrium path predictions.

⁵⁰ The other 7 groups are *al-Gama'a al-Islamiyya* (IG; Egypt), Islamic Salvation Front (FIS; Algeria), the United Unit of Jihad (Algeria), Laskar Jihad (LJ; Indonesia), Moro Islamic Liberation Front (MILF; Philippines), and the Moro National Liberation Front (MNLF; Philippines).

⁵¹ The mediators form quite a diverse group ranging from the Malaysian government (PULO), special Envoy of the United Nations Secretary-General (LRA) to Muammar Gaddafi (MNLF). MILF is the sole case of negotiation where a state and a religious terrorist organizations did not rely on mediators to initiate talks.

that would be acceptable to both the state and the religious terrorist organization. Mediators, therefore, may ameliorate the commitment problem facing status-driven actors when they are contemplating the possibility to negotiate.⁵²

2.6.4 Ruling out alternative arguments

We know that religious terrorists often see violence against the infidels as fulfilling a sacred duty that would secure a ticket to heaven (Toft 2007). Religious terrorists are therefore often more brutal compared to secular terrorists (Hoffman 1995; Cronin 2002; Hoffman 2006), which can make it more difficult politically for states to justify negotiation with the religious terrorists.

Indeed, bi-variate regression shows that religious terrorist organizations, on average, kill 17 more individuals per year when they are active compared to secular terrorist organizations.⁵³ However, terrorist organization brutality is *uncorrelated* with negotiation in bi-variate regression. Furthermore, I re-ran models in table 1 controlling for *average number of casualties caused per year while active (brutality)*, and religious ideology remains negatively and significantly correlated with negotiation. I also re-ran all models in table 1, interacting *brutality* with *religious ideology*. If the negative effect of *religious ideology* on bargaining depends on religious terrorists being particularly violent, the interaction term should be statistically significant and positive.⁵⁴ However, the interaction term is never significant across any of the models, while *religious ideology* remains negatively (and significantly) correlated with negotiation.

The somewhat surprising finding that terrorist organization brutality does not affect likelihood of negotiation speaks directly to works in the psychology of morality that emphasize the deontological nature of moral reasoning (Bucciarelli, Khemlani and Johnson-Laird 2008). If we believe that “thou shall not kill”, it is equally wrong to kill person as to kill 5 people (see, e.g., Baron and Leshner 2000; Greene et al 2004).

⁵² For a review of the mediation literature, see Kydd (2010).

⁵³ Data on average number of casualties caused per year while active for each terrorist organization is from the RAND Database of Worldwide Terrorism Incidents (2012). Because complete data on both transnational and domestic terrorist incidents is only available for 1998–2009, 190 terrorist organizations are *dropped* from all analysis using the casualty data.

⁵⁴ I also estimate the interaction models with a binary version of the *brutality* variable that divides groups into highly violent (killed on average more individuals per year active compared to the median terrorist organization; coded “1”) and violent (coded “0”). The interaction term is never significant, and *religious ideology* remains negatively correlated with bargaining across all models.

A variation of the 'brutality' thesis suggests that some religious terrorists may seek to bring about an apocalypse through attacks, and those "Messianic" terrorists are uninterested in negotiating because their sole objective is destruction (Rapoport 1988). I vetted the list of religious terrorist groups in the data-set and identified one clear case of Messianic terrorist organization, the *Aum Shinrikyo* (Japan). I dropped *Aum Shinrikyo* from the data-set and re-run models 1-8.

2.7 Conclusion

In this paper, I contend that the social barriers to bargaining present formidable obstacles to negotiation. Because bargaining corrodes social hierarchy, status-driven actors would have to pay a social cost to bargain. The cost deters negotiation even when the status concern seems minor relative to the cost of war, because it generates a novel commitment problem. I illustrate my theory with an analysis of a new dataset on state-terrorist negotiation. I show that negotiation is much less likely to occur where the state-terrorist dyad involves a religious terrorist organization – which is uniquely obsessed with establishing its moral superiority – compared to any other types of terrorist organizations. The result demonstrates the empirical relevance of social barriers to bargaining.

The general mechanism on how status concern can lead to deadlock, as outlined in the paper, has relevance for settings beyond terrorism. The observation that leaders and states care about prestige and status has a long history in international politics (Gilpin 1981). Similarly, the danger of moralism has received attention from IR scholars since Carr ([1939] 2001) and Morgenthau ([1948] 1985). Future work might examine the implication of social barriers to bargaining in these contexts.

To conclude, the social barriers to bargaining highlights the importance of paying more attention to the two implicit sociological assumptions that the bargaining model of war inherits from Waltz (1979). First, the bargaining theory of war assumes that political units in the international system are socially identical units unconcerned with hierarchy. Second, it assumes that international interactions – e.g. bargaining – have no symbolic significance. By relaxing the two assumptions, we may improve our understanding of why bargaining may be useful for resolving some type of conflicts but not others.

Chapter 3

Globalization and the social construction of power politics

3.1 Introduction

Does globalization promote mutual understanding or intensify mistrust among citizens from different national communities? More specifically, does globalization foster a less or more conflictual international culture (Wendt 1999)? Scholars from Bentham to Kant have argued that all rational individuals belong to a common moral community beyond national boundaries. That optimism is apparent in the field of security studies, which generally accepts that growth in contact among nations fosters camaraderie (see, e.g., Kupchan 2010). However, a small number of scholars notes that globalization may have a dark side. Blainey (1988) avers that “it is difficult to find evidence that closer contacts between nations promoted peace...it is indisputable that during the last three centuries wars are fought by neighboring countries – not countries which are far apart” (30). Huntington (1996) argues that cross-border contacts have “produced a deeper awareness of the differences between people and stimulated mutual fears” (218). Barber (2000) observes that the force of *McWorld* (economic and social globalization) generates the counter-force of *Jihad* (re-tribalization of humankind). However, the debate rarely moves beyond general conjectures, without specifying the theoretical mechanisms that could link globalization to changes in foreign

policy attitudes.

In this paper, I draw on sociological and psychological theories to develop and empirically examine both the optimist and the pessimist positions on the ideational implications of globalization for security politics. I explicate the pessimist position in more detail, as IR scholars often pay insufficient attention to the “bad things in world politics that are socially constructed” (Checkel 1998: 339). Building on social identity theories, I argue that globalization triggers fear of identity loss by making it difficult for individuals to sustain the belief that their national community is distinct. To preserve their ontological security (Mitzen 2006; Steele 2008), individuals are inclined to denigrate foreign nations, which encourages them to endorse the *realpolitik* worldview that world politics is fundamentally conflictual (Gilpin 1996).¹ Good fences make good neighbors, but globalization is a force that pushes many fences over.

I examine competing arguments on globalization and foreign policy attitudes with a new and unique data-set from China that contains detailed information on individual foreign connections and foreign policy attitudes. I focus on China because it is a crucial case for both the optimist and the pessimist arguments, as I will soon explain. I find strong support for the pessimist thesis: on average, respondents with foreign connections – i.e. individuals who know at least one foreign language, and/ or traveled or lived abroad, and/ or have friends and family members who lived or traveled abroad – are 50 percent more likely to endorse a *realpolitik* worldview compared to the average respondents. The result remains robust to different measurements of foreign connections and worldview, various model specifications, a placebo test to address a potential selection problem, and extensive checks utilizing matching and Bayesian techniques.

This study makes three main contributions. First, I advance a new theory of how anxiety over globalization shapes identity choice and subsequently foreign policy attitudes (Wendt 1994; Mercer 1995). Individuals who believe that their national community is losing its distinctiveness can either: (1) embrace an inclusive identity that more closely corresponds to their experience as international citizens, e.g. a cosmopolitan or regional identity; or (2) practice out-group denigration to preserve their sense of national distinctiveness. The puzzle is why individuals in a globalized world would ever opt for the second strategy; I argue that individuals would often find an inclusive group identity deeply unsatisfactory due to human striving for uniqueness and individuation (Snyder and Fromkin 2012). As Theresa May notes, “If you believe you’re a citizen of the world, you’re a citizen of nowhere”. Understanding the psychology that underpins this view is important, particularly given the recent rise of nationalist and anti-foreign sentiments around the

¹ *Nota bene*: I use “identity loss” and “ontological insecurity” interchangeably.

world in response to deepening global integration, whether they are Euro-skepticism, American nativism, or Chinese jingoism.

Second, this is one of the first studies that systematically examines how globalization influences individual-level perceptions about international politics.² Studying the ideational implications of transnational social contact at the micro-level is critical for advancing the currently underdeveloped sociological account of globalization and security politics.³ Since agents and structure are mutually constitutive (Giddens 1984; Wendt 1987, 359), it is difficult to understand how globalization may be transforming the international social structure without examining how globalization shapes individual worldview in the first place.

Third, this study adds to a growing number of investigations on the sources of Chinese foreign policy attitudes and public opinion (Johnston and Stockman 2007; Gries and Sanders 2016). In 1996, Christensen suggests that China is “the high church of *realpolitik* in the post Cold-War world” (37). This study provides a psychological explanation as to why, after twenty more years of engaging with and opening up to the West, China seems to remain more concerned with power and security than providing global public goods and building multilateral institutions.

The paper proceeds as follows. Section 2 defines globalization and *realpolitik* worldview, before reviewing extant works on how globalization shapes foreign policy attitudes. Section 3 explicates my theory of why foreign contacts intensify mistrust towards foreign nations; I take particular care to explicate the micro-foundations and the scope conditions associated with my thesis. Section 4 introduces a new data-set on Chinese public opinion, in addition to discussing the empirical strategy and the control variables. Section 5 presents the findings and details a series of robustness checks. Section 6 concludes.

² Previous works have examined the effects of limited types of foreign contact (e.g. studying abroad) on individual attitude towards the outside world (Han and Zweig 2010; Gries, Crowson and Cai 2011; Jones 2014), while this study examines how *a range of different foreign connections with varying intensity* shape foreign policy attitudes.

³ In Risse’s (2007) discussion of constructivist approaches to globalization in IR, there is no mentioning of “security”, “war”, and “conflict”. Similarly, in Katzenstein’s (1996) edited volume on the culture of national security and Farrell’s (2002) review of constructivist security studies, there is almost no mentioning of “globalization” or any concept related to the term, e.g. interdependence. In sociology, there are extensive debates on how globalization shapes political economic systems (Riain 2000) and law (Halliday and Osinsky 2006), but not conflict.

3.2 Background

3.2.1 Definitions

Globalization. I follow Giddens (1990) and define globalization as “the intensification of world-wide social relations which link distant localities” (64).⁴ In other words, globalization denotes the increase in the global density of interaction among different local and national communities (Ruggie 1983; Buzan and Little 2000, chapter 13). Of course, there are other definitions of globalization, which “can mean anything from the Internet to a hamburger” (Strange 1986: xiii). Scholars of political economy define globalization as growth in the global trade and capital flow (Garett 1998). Others equate globalization with the reconstitution of national sovereignty (Clark 1997) or a particular stage of capitalist development (Marshall 1996). Some regard globalization as a discourse that legitimizes and reproduces a particular international reality (Risse 2007).

I focus on the *social dimension of globalization* because I aim to explicate a sociological and psychological account of globalization and security politics, which has not received much academic attention. The neglect prevents us from fully appreciating how globalization impacts war and peace, even for scholars who focus on economic globalization. As Barbieri and Schneider (1999, 387) notes, international economic exchange contributes to the thickening of transnational social networks, which subsequently shapes how we view foreign nations and international politics.

Worldview. The term, first appearing in Kant’s *Critique of Judgment* (1790), denotes the fundamental set of assumptions that governs one’s understanding of the world (Steiner 1983; Gilpin 1984).⁵ IR scholars often equate worldview with belief system (Holsti 1962).⁶ Whether we speak

⁴ Globalization is also related to concepts such as “internationalization”, which denotes growth in exchange across national borders. On whether to distinguish globalization from internationalization, see Scholte 2000, chapter 2, Buzan 2004, 16, and Katzenstein 2005, chapter 1.

⁵ See Naugle (2002) for the intellectual history of worldview in both the humanities and the social sciences.

⁶ Worldview is also related to, although *distinct from*, a number of other concepts in the study of politics, including *foreign policy disposition, ideology, images, paradigm, and schema*. Worldview and foreign policy disposition (Herrmann, Tetlock, and Visser 1999) are different, as foreign policy disposition has the connotation that one’s view of world politics is tied to immutable personal characteristic while worldview

of worldview or belief system, policy-makers and the public can only avoid decisional paralysis by relying on a set of guiding principles to organize and interpret contradictory and ambiguous information given the complexity, chaos, and uncertainty that characterize international politics (Simon 1985; Abdelal, Blyth and Parsons 2010, chapter 1; Nelson and Katzenstein 2014). Worldview is therefore fundamental to explaining both how leaders and the public make foreign policy decisions.

We can characterize an individual's worldview along a *realpolitik-idealist* spectrum (Johnston 1998). *Realpolitik* worldview denotes a general sense of pessimism about the perennially conflict-ridden nature of international politics, which is dominated by self-interested nations unconstrained by morals or principles in their struggle for power (Gilpin 1984; Drezner 2008). In contrast, the idealist worldview, a concept popularized by Carr (1939 [2001]), denotes a general sense that nations share common interests and are bound by norms and institutions."⁷

Crucially, *realpolitik* worldview is *distinct* from realist theories of international politics, although they share a common intellectual lineage that goes back to the writings of Thucydides, Machiavelli, and Hobbes. Many statesmen whom we usually consider adherents to *realpolitik* such as Richelieu, Metternich, and Bismarck never read the classics of modern international relations theory. Practitioners of *realpolitik* are largely indifferent towards "technical issues" that concern international relations theorists (Kertzer and McGraw 2012): relative versus absolute gain (Grieco 1993), offense-defense balance (Van Evera 1998) and the anarchic nature of the international system (Milner 1991).

does not have that connotation. Worldview is not ideology – commonly defined as "the set of beliefs about the proper order of society and how it can be achieved" (Jost, Federico, and Napier 2009, 309) – because worldview serves not just normative but also analytical purposes. Worldview is not image (Jervis 1989), but a system of images that constitute one's general outlook of world politics (Holsti 1962, 245). Worldview is distinct from both paradigm (Hall 1993) and schema (Axelrod 1973; Larson 1994). They are just used for problem solving, whereas worldview also involves a set of philosophical assumptions for interpreting and understanding the world around us. Therefore, worldview cannot be approved or disapproved by facts (Gilpin 1984, 289), unlike paradigm or schema.

⁷ The idealist worldview is sometimes labeled "liberal internationalism", see, e.g., Chaudoin, Milner, and Tingley (2010).

There are, of course, other important worldview spectra in world politics, e.g. the isolationist-interventionist and the militarist-pacifist spectra (Legro 2005). I focus on the *realpolitik*-idealism distinction for two reasons. First, we frequently characterize important policy makers ranging from Bismarck to Kissinger as subscribing to *realpolitik*. Second, the culture (socially shared belief) governing the international system is defined by the distribution of *realpolitik/idealist* worldview among the units that constitute the system; the international social structure only exists in the cognition of the units that constitute the system (Wendt 1987, 359; Wendt 1999). Therefore, for instance, individuals with a *realpolitik* worldview should dominate an international system characterized by a Hobbesian culture (Rousseau 2006, 49). Studying how globalization can change the prevalence of individuals holding either *realpolitik* or idealist worldview may therefore contribute to our understanding on how globalization shapes the international social structure.⁸

3.2.2 Globalization, identity, and foreign policy attitudes: a review

Globalization has generated extensive debate about war and peace. Current literature focuses on either investigating how *Pax Mercatoria* can bring peace by decreasing the utility of military coercion as a means for nation-states to further their interests (Russett and O'neal 1999; Mansfield and Pollins 2001; Gartzke 2007), or examining how vulnerabilities generated by transnational linkages may generate international frictions (Buzan 1984; Copeland 2014). Works on how globalization shapes actor identities and subsequently their perception of the security environment, however, are rare for at least three reasons. First, as Kupchan (2010) notes, the Cold War encourages "study of conflict and deterrence rather than cooperative security", which scholars often associate with transnational social integration/ globalization (22). Second, analysts of foreign policy beliefs have traditionally focused on studying how individual psychological dispositions, instead of environmental factors, shape how actors form their worldview (Herrmann et al 1997, 423). Third, psychologists often view globalization as a subject outside of their field's academic inquiry (Bandura 2001; Arnett 2002; Chiu et al 2011).

Nonetheless, extant studies on security communities and the psychology of inter-group con-

⁸ Of course, given *multiple-realizability*, changes at the unit-level does not always translate into structural change (Wendt 1999, 152-5). However, unit-level change is a *necessary* (although not always sufficient) condition for structural change (Ruggie 1983, 284-5).

tact – with exceptions – do point to a broadly optimistic account regarding globalization and security politics: transnational social contacts generate trust and encourages individuals to reject the *realpolitik* worldview that international politics is fundamentally conflictual. I label this argument the *social contact thesis*, which builds on Deutsch et al's (1957) insight that high levels of communication and transaction and mobility of persons are key conditions (among others) driving the formation of a security community where members of the community settle their disputes without resorting to violence. Drawing on Deutsch, Adler and Barnett (1998) and Kupchan (2010), in their multi-stage models of security community formation, both emphasize how thickening transnational social networks cement cooperation among nations by fostering trust and collective identity among nations

The social contact thesis echoes social psychological studies on how inter-group contact reduces inter-group prejudice (Allport 1954).⁹ Studies from the first generation of this literature (for a review, see Pettigrew 1998) focus on investigating four facilitating (but not necessary) conditions where inter-group contact may be particularly potent in promoting inter-group harmony: (1) groups have equal status; (2) groups share common goals; (3) there is no inter-group competition; (4) reconciliation receives support from authorities, law or custom.

Recent studies on the psychology of inter-group contact focus on specifying the mechanism linking contact with out-group members to a possible reduction in inter-group rivalry (see, e.g., Paolini et al 2004; Binder et al 2009). Specifically, social contact theorists in psychology argue that contact with out-group members tends to breed familiarity and liking, which decreases feelings of anxiety about current and future inter-group interactions. We know that emotions powerfully condition how we process new information. When we are less anxious, our focus of attention and ability to absorb new information improves (Bettencourt et al 1992). Consequently our perception of out-group variability increases as we become better at distinguishing between out-group members (*differentiation*) and more inclined to see out-group members as unique individuals (*personalization*). The two processes *blur* existing group boundaries (*de-categorization*) and reduces biases toward the out-group (Hewstone et al 2002, 589; Paolini et al 2004, 773).

The social contact thesis has two weaknesses, the first empirical and second theoretical. First, the empirical record of the social contact thesis is at best mixed. Social systems characterized by interdependence and high levels of interactions are often conflict-ridden, contrary to the expectation of social contact theorists. As Wendt (1999, 357) observes, both Arab states and European monar-

⁹ For reviews of this literature, see Pettigrew (1998), Hewstone, Rubin and Willis (2002) and Pettigrew and Tropp (2006).

chies have shown little unity, fighting wars for centuries among one another, despite high degrees of interconnectedness. Furthermore, as Pettigrew (1998) points out, empirical works on which the social contact thesis builds on are observational and often suffer from *selection bias* (69); prejudiced individuals are less likely to initiate contact with the out-group in the first place. In experimental settings, the central finding of the social contact literature *reverses*. In a recent study, Enos (2014) randomly assigned Spanish speaking individuals to different commuter trains in Boston, finding that Anglo-whites who are in contact with the Spanish speaking confederates on the trains are more likely to exhibit exclusionary attitudes towards immigrants, not less. Enos (2014) notes, “there is generally conflict when members of different social groups, such as racial, ethnic, or religious groups, come in contact in the same geographic area” (3699). Similarly, with a natural experiment, Jones (2014) shows that American students who study abroad are not more likely to have a sense of shared international community, and are more likely to endorse nationalism. In sum, neither the symbolic interactionist thesis nor the social contact thesis has a strong empirical record.

Second, the social contact theses pay little attention to individual aspirations and desires, i.e. *they lack micro-foundations*. The theoretical omission is particularly problematic given our knowledge of the importance of motivated reasoning in explaining why individuals would endorse a particular conception of foreign nations and international politics (for a review of the literature, see Herrmann 2013, 10-14). As we know, dispositional factors such as moral belief concerning warfare and ethnocentrism (Hurwitz and Peffley 1987), drive for national superiority (Mercer 1995), political knowledge (Drezner 2008), and personality traits (Kertzer et al 2014) are critical in explaining worldview formation, either on their own or in combination with situational cues (Kertzer and McGraw 2012; Kertzer 2013).

Crucially, the social contact thesis does not explain why and when actors would want an inclusive group identity – whether it is regional or cosmopolitan – in a globalized world. As Wendt (1999) notes, interdependence often triggers fear among societies that their identity will be engulfed by the out-group (348-9). Waltz (2000) agrees, “the impulse to protect one’s identity...from encroachment by others is strong” (15). Similarly, psychologists studying globalization suggest that in a globalized world, groups strive “to maintain, defend, and even expand their local values and practices by establishing a niche for the formation of a stable identity” (Hermans and Dimaggio 2007, 34). Even if inter-group interaction does indeed blur existing group-boundaries, such

effect can easily backfire and intensify our drive to preserve our nation's *raison d'être*.

3.3 Theory

Although several studies in international politics and psychology conjectures that transnational contact threatens stable identity and breeds conflict, the argument has never been fully developed (see, e.g., Blainey 1988; Huntington 1996; Arnett 2002; Kinnvall 2004; Hermans and Dimaggio 2007). Drawing on social identity theories, I construct the argument in three stages. First, I argue that transnational contacts can trigger a fear of identity loss. Second, I introduce ODT – a canonical theory of identity choice in social psychology – to explain why actors are often reluctant to adopt a more inclusive identity – e.g. a cosmopolitan identity – that corresponds to their new experience as international citizens. Third, I explain why actors are likely to denigrate foreign nations as a psychological strategy to “combat” identity loss under the homogenizing pressures of globalization, before discussing the scope conditions associated with my argument.

3.3.1 Globalization and ontological security

Actors are *ontologically secure* when their desired group identity (social identification given their “optimal distinctiveness”) corresponds to their perceived group membership based on “objective” facts (self-categorization; Turner et al 1987; Mitzen 2006; Steele 2008). Conversely, actors are *ontologically insecure* when there is a gap between their desired social identification and their self-categorization, e.g. when they want to be someone who they are not. For instance, individuals who identify as jocks but cannot play sports would be ontologically insecure. A gap between the ideal and reality obstructs clear self-evaluation and generates anxiety (Festinger 1954; Mitzen 2006, 344-6).¹⁰

¹⁰ My definition of ontological security/ insecurity *differs* from that of Mitzen (2006) and Steele's (2005; 2008), which is “the condition that obtains when an individual has confident expectations, even if proba-

Recall that globalization is defined as the intensification of worldwide social relations which link distant localities due to the global compression of space and time. Defined as such, through four mechanisms, globalization threatens the “objective base” that we rely on to sustain our sense of national distinctiveness, which threatens our ontological security. First, foreign contact can socialize us to adopt foreign ideas and habits by encouraging us to increase our consumption of foreign goods, televisions and music (Holton 2000: 142-5; Caplan and Cowen 2004). As the “Mc-World” of “fast food, fast music and fast computers” expands, local cultures and identity disappear (Barber 2000). Second, contact with foreigners may pressure individuals to “assimilate”, i.e. adopt foreign customs, in order to facilitate social interaction and economic transaction (Gordon 1964; Barber 1996). Third, interaction with foreigners can create common experience if not a sense of shared fate (Wendt 1999, 349-353; Brewer 1999, 436-7). Fourth, contact with foreigners may encourage individuals to learn that out-group members are not dissimilar from themselves, as the extensive literature on inter-group social contact predicts (Pettigrew 1998). In sum, globalization *homogenizes*.¹¹

Crucially, both voluntary and involuntary foreign contacts intensify individual fear for identity loss. Indeed, individuals who choose to build foreign connections are probably more likely to adopt foreign customs and habits because they are more receptive to foreign influences. Those who have a rosier view of foreign nations and cultures and voluntarily seek foreign connections and influences, paradoxically, are also people who are likely to face the biggest threat to their national identity. It is telling that in the introduction of *China Can Say No* (1996) – the manifesto of Chinese nationalism that was a best-seller in China in the 1990s – the volume’s authors lamented on how their quest for the “American dream” of Western lives and values in their youth had made them into a spiritually “subjugated people of a conquered nation” (*wangguonu*). In a similar vein, young nationalist netizens in China today, who are nicknamed the “pink gang” (*xiao fenghong*), acquire the label because they often congregate on an internet forum with a pink background where they also chat about American pop music and Japanese manga.

There are two alternative solutions to the problem of identity loss brought about by global-

bilistic, about the means–ends relationships that govern her social life” (345). The two definitions, however, are two sides of the same coin. The behavioral condition Mitzen (2006) characterizes is only possible when an individual has a clear sense of self.

¹¹ *Nota bene*: This literature *does not necessarily argue* that globalization erases all national distinctions; it *merely argues* that globalization exerts pressure for individuals to converge on a shared set of ideas, habits and norms as transnational contact becomes more extensive.

ization. First, actors can embrace a more inclusive identity – e.g. a cosmopolitan or regional identity – that more closely corresponds to their new experience as international citizens (*shifting social identification*). Second, actors can discriminate against the out-group to preserve their sense of national distinctiveness (*revising self-categorization*).¹² To understand the way in which foreign contact affects foreign policy attitudes, we therefore need first to explain why actors might prefer some group identities over others.¹³

3.3.2 The quest for optimal distinctiveness

As *homines sociologici*, we seek to fulfill two competing needs regarding our choice of social identity (Brewer 1991). First, we strive for *assimilation*. No one wants to be an island, and inclusion into a group validates individuals by protecting them from isolation and stigmatization (Fehr and Fischbach 2003). Second, we strive for *differentiation* (Snyder and Fromkin 2012). We prefer to identify with groups that are clearly defined and to some degree exclusive. An individual's social identification with a group tends to be the strongest when the group's level of inclusiveness resolves the individual's conflicting desires for both assimilation and differentiation, i.e. when "optimal distinctiveness" is achieved.¹⁴ For a prototypical case, consider adolescent peer groups. "Each cohort develops a style of appearance that allows individual teenagers to blend in with their age mates while 'sticking out like a sore thumb' to their parents" (Brewer 1991, 477).

Optimal distinctiveness theory is developed partly in response to a key weakness of Social Identity Theory (Tajfel and Turner 1979): while the latter theory explains the dynamics of inter-group conflict, it *does not* explain why individuals would identify with a particular group in the

¹² It is theoretically possible for individuals to differentiate themselves without denigrating the out-group. However, given individual desire for self-esteem, they are likely to focus on comparisons that will make them look favorable compared to the out-group, see Brewer (1991, 478).

¹³ Social identification and group membership are distinct concepts. Group membership can be imposed, but social identification is voluntary.

¹⁴ This is independent of the evaluative implications of group membership, e.g. whether the group is of high or low status.

first place (Hymans 2002; Huddy 2004).¹⁵ Since its inception, ODT has been applied to explain a wide range of phenomena, from identification with political parties (Abrams 1994) and music preference (Abrams 2009) to the identity-dynamic of romantic relationships (when would individuals think about “us” instead of “you and me” when dating; Slotter, Duffy and Gardner 2014) and why members of minority groups tend to practice more in-group favoritism (Bettencourt, Miller and Hume 1999; Leonardelli and Brewer 2001). ODT is a canonical theory of identity choice in social psychology that has received strong support in both experimental and observational studies that utilize different measurements of group identification and in-group favoritism and various operations of inclusiveness (e.g. group size, and perceived similarity/ differences compared to other individuals).¹⁶

Crucially, optimal distinctiveness is *context specific*. For example, at a national political science conference, social identity as a political scientist is inclusive but not distinct enough. Consequently, we are more likely to define ourselves according to our sub-field, such as international relations, which would be optimally distinctive. However, at a national international relations conference, social identity as an IR scholar will cease to be distinctive enough, and we are likely to instead define ourselves according to our “sub-sub-fields” (e.g. security studies or international political economy) to achieve optimal distinctiveness. *Our need for differentiation strengthens when we feel that we are “too similar” compared to others*. This is because an “overly inclusive” identity cannot help distinguish between individuals and therefore generate stable expectations regarding social interaction, which is arguably the most crucial function of any group identity (Hogg 2000; McFarland et al 2014, 4).

Given the homogenizing effect of transnational contact, individuals with foreign connections are therefore likely to have *intense differentiation needs*, and consequently strong preferences for more exclusive social identity – e.g. national identity – over more “inclusive” social identities, from a cosmopolitan identity to ones based on cultural (Huntington 1996), democracy-autocracy (Hermann and Kegley 1995) or regional divisions (Hemmer and Katzenstein 2002). The situa-

¹⁵ ODT is also developed in response to the argument that individuals would simply identify with a higher status group (Abrams and Hogg 1988), which has two weaknesses. First, it is not obvious whether individuals would identify with a group to enhance positive self-esteem, or if identification generates positive in-group bias. Second, and more importantly, individuals who belong to disadvantaged minorities are often reluctant to renounce their group membership (Banaji and Jost 1994).

¹⁶ For a recent review of the literature on ODT, see Leonardelli, Pickett and Brewer (2010).

tion is theoretically analogous to the two scenarios discussed above where political scientists and IR scholars strive to differentiate themselves at conferences by defining themselves according to their sub-field or “sub-sub-field” instead of more inclusive identities. In sum, foreign connections strengthen actors’ strive to differentiate according to ODT, which prevents them from subscribing to a more inclusive identity to restore ontological security in an interconnected world.

3.3.3 Globalization, out-group denigration, and worldview

To eliminate the gap between desired group identity (“citizens of nation X”, as dictated by optimal distinctiveness need) and perceived group membership based on “objective” facts (“citizens of the world”), individuals with foreign connections are prone to exaggerate any small differences between their nation and other nations in a discriminatory fashion (Hornsey and Hogg 1999; Jetten et al 2001). In particular, individuals with foreign experience are likely to question the moral characteristics of the out-group, e.g. whether foreign nations are as peaceful, trustworthy and honest compared to our own nation (Brewer 1999, 435), or two reasons.¹⁷ First, we often lack determinate standards to assess whether another nation is “moral”. We can therefore comfortably endorse almost any beliefs regarding the morality of foreign nations, especially negative ones that boost our self-esteem. Second, given the difficulty of assessing the moral qualities of nations, we face a high degree of uncertainty when trying to discern whether foreign nations are “good”. We dislike uncertainty-induced anxiety and are therefore particularly vulnerable to a strong impulse to substitute an unsure moral assessment of foreign nations with sure prejudice (Hogg 2000).

In sum, out-group discrimination is a *homeostatic response* to the threat of identity loss posed by globalization. To preserve the psychological national boundaries, individuals with foreign connections are more likely to believe that foreign nations are untrustworthy, malicious and un-

¹⁷ By “moral”, I mean pertaining to the principles of right or wrong behavior and the goodness or badness of character (definition according to the *Oxford Dictionary of English*). Also note that out-group discrimination is driven by *both* in-group favoritism and out-group denigration, Brewer (1999).

principled, which leads them to adopt the *realpolitik* worldview that international politics is brutal and nasty. I will refer to this argument as the *identity loss thesis* for the rest of the paper.

The identity loss thesis holds when the following two assumptions are both valid: (1) individuals value uniqueness; (2) individuals in a globalized world are restricted to choosing between a national identity and a regional/ cosmopolitan identity. However, we can relax both assumptions to explore possible scope conditions associated with the thesis. Regarding the first assumption, psychologists of culture have shown that individuals across different cultures value uniqueness differently (Kashima et al 1995; Kim and Markus 1999). For individualist cultures that value volition and self expression (e.g. American culture), uniqueness is a positive trait because it signals individual freedom to follow one's mind. In contrast, for collectivist cultures that emphasize restraint for group interest and deference to group norms (e.g. East Asian cultures), uniqueness is a *negative trait* because it signals rebellion against one's group. The identity loss thesis, therefore, might be more powerful for individuals with Western backgrounds, because they are socialized to value differentiation.

The second assumption concerns a paradox that seems to contradict ODT. Despite the rise of anti-foreign sentiments around the world, as evident in recent events such as Brexit, there is a group of international elites who completely embrace a cosmopolitan identity. Huntington (2004) calls these elites the "Davos Man" after the annual World Economic Forum in Davos, Switzerland, where the rich and powerful from around the world meet.¹⁸ The existence of "Davos Man" who has little need for national loyalty might appear to defy ODT. However, ODT actually explains his identity choice. Crucially, elites in a globalized world face *more options* when it comes to identity choice compared to average citizens. In addition to "citizen of nation X" and the "citizen of the world", transnational elites can also claim membership in either the "national elites" or the "Davos Man" clubs. Crucially, the "cosmopolitan elite" identity would serve best the 1 percent's quest to balance their competing needs for assimilation and differentiation: the "Davos Man" identity is more exclusive than both the "citizen of nation X" and the "citizen of the world" identities, but also more inclusive than the "national elite" identity. Consequently, it is unnecessary for a "Davos Man" to denigrate foreign nations to reinforce his/ her optimal identity in a globalized world. Instead, the "Davos Man" is more likely to denigrate the nationalists with few foreign connections – whether they are elites or average citizens – as parochial, and "citizens of the world" as belonging to a less urbane sub-class. In brief, the theory of optimal distinctiveness explains

¹⁸ Though I use gender-neutral terms whenever possible, I will use Huntington's neologism here to avoid cumbersome language.

why transnational social contacts both breed mistrust of foreign nations and facilitate the “denationalization of elites” across countries, as Huntington (2004) predicts. Although all individuals strive for optimal distinctiveness, they may adopt different strategies to achieve it in a globalized world.¹⁹

I conclude the theory section by anticipating two sets of questions. First, do we need to vary the identity loss thesis given the context of foreign contact? Does it matter for the identity loss thesis whether the respondent increases in contact with citizens from a country that is the hegemon (the US) or a non-threatening middle-ranking power (e.g. Germany)? And would the foreign policy attitudes of a Chinese student in Japan change in the same way as a Chinese executive working in Japan? Crucially, there is no *a priori* reason why variation in the social context of inter-group contact would eliminate the threat that foreign contact poses to one’s perception of national distinctiveness. Sociological studies of globalization suggest that all individuals face pressure to acquire foreign ideas and customs when interacting with a foreigner (see, e.g., Holton 2000). This applies irrespective of the foreigner’s nationality and is unaffected by whether the foreigner is that individual’s boss, subordinate, or peer. The identity loss thesis, therefore, should hold across a variety of social contexts where foreign contact may happen.

Second, do individuals generalize the impressions they formed regarding one foreign nation when they interact with individuals from that nation to other foreign nations? According to studies in psychology, yes. Individuals routinely generalize impressions formed by contacting with an out-group member to other, seemingly unrelated, out-groups (Hewstone et al 2002, 589; Brown and Hewstone 2005, 261; and Pettigrew 2006, 767). This is because individuals, after developing preference for a particular social identity, are predisposed to over-emphasize the homogeneity of both the in-group (e.g. members of one’s national community) and the out-group (e.g. all foreign nations), which maximizes perceived inter-category differences and minimizes intra-category differences (Turner et al 1987; Hornsey 2008, 208). The psychological strategy reduces any cognitive dissonance that might result from identity choice. Individuals with foreign connections, therefore, are prone to make an over-arching negative judgment about all foreign nations and not just one or two particular nations.

¹⁹ Unfortunately, the dataset analyzed in this paper *does not* have a large enough sample of individuals from high social-economic backgrounds ($n=16$) to permit examination of the argument that elites and the average citizens would make different identity choices.

3.4 Evidence

3.4.1 Introducing a new data-set on Chinese public opinion

Overview. I examine the social contact and the identity loss theses with an original data-set on the foreign policy attitudes and foreign connections of Chinese individuals. The data was collected in 2009 by a major Chinese university's public opinion research center. Subjects were selected according to a probability-proportional-to-size sampling procedure (a type of stratified random sampling; Landry and Shen 2005), and the final data-set contains a total of 1474 subjects from age 18 to 75 who had lived in Beijing for at least six months. Appendix B describes the recruitment and survey procedures in detail and provides the English translations of all survey questions.

This dataset is ideal for examining both the identity loss and the social contact theses. First, China is a crucial "least likely" case for the identity loss thesis (Eckstein 2000; Levy 2008). As discussed previously, studies in cultural psychology show that individuals from East Asia value differentiation less. Therefore Chinese individuals should be more open to adopting a cosmopolitan identity and consequently an idealist worldview in a globalized world. This dataset thus presents a *demanding test* for the identity loss thesis. Furthermore, China is a "most likely" case for the social contact thesis. Social psychologists suggest that equal status is a key facilitating condition that would make inter-group contact more potent in reducing out-group denigration. In 2009, China had just escaped largely unscathed from the 2008 financial crisis and hosted the 2008 summer Olympics. The two events renewed Chinese confidence in its status as a first class world power on par with any developed nation, including the U.S. If foreign contact does indeed promote camaraderie, we should find support on Chinese individuals in 2009.

We have to be cautious when drawing inferences from any results based on this data-set. Compared to citizens from the rest of China, the residents of Beijing are richer, more educated and more informed about politics. The citizens of Beijing in 2009 are also one of the most cosmopolitan populations in China (41 percent of them has some type of foreign contact), especially after a large dose of foreign contact just before the survey due to the 2008 Summer Olympics. However, even if the opinions represented are not representative, they *matter*. The residents of Beijing have been members of the selectorate in China who participated in crucial political events including the *Tiananmen* incident in 1989 (Bueno de Mesquita et al 2005).

Dependent Variable: Worldview. Worldview, as in the case of political ideology (Huber and Inglehart 1995) and democracy (Trier and Jackman 2008), is a latent variable that we cannot observe directly. To measure any latent variable x , we need to infer it with data on observables y that correspond to the unobserved traits.

The survey asks the respondents four questions that provides us with information on respondents' understanding of world politics: would you characterize the great powers (*daiguo*) as (1) peaceful or belligerent (*aihao heping/ haozhangde*); (2) constructive or unconstructive in world affairs (*zai shijieshiwu shanqi jiji de zuoyong/ xiaoji de zuoyong*); (3) humble or arrogant (*qianhe/ aoman*); (4) sincere or hypocritical (*yanxingyizhi/ yanxingbuyi*; questions H2 - H2c)? Note that the second question (H2a) captures whether the respondents believe that the great powers subscribe to international institutions and law. *Jiji/ xiaoji* in Chinese have strong connotations suggesting that an actor contributes to/ undermines a social group that he or she belongs to by abiding by/ violating the rules that govern social interactions for the group members. For each of these questions, the respondents pick a number from a 1-7 scale, with 1 corresponding to strong agreement with the positive attribute and 7 the opposite negative attribute.

These questions are *proxies* to gauge respondents' worldview. As Waltz (1979) points out, "the number of consequential states is small....[V]iewed as the politics of the powerful, international politics can be studied in terms of the logic of small-number systems" (131). Thus if the respondents believe that the great powers are morally degenerate and selfish, they are most likely to hold the *realpolitik* worldview that world politics are competitive and conflictual rather than cooperative. Factor analysis (details in §Appendix C. 1) confirms that responses to the four questions correspond to the latent *realpolitik*-idealist dimension.²⁰

To "score" the respondents on how "realist/ idealist" they are, I sum up and standardize (to the original 1-7 scale) all responses to the great powers questions into *realpolitik* scores.²¹ Subsequently, I create a binary *Worldview* variable by coding all respondents receiving a *realpolitik* score higher than 3 (the mean *realpolitik* score) as endorsing the *realpolitik* worldview (1), and *idealist*

²⁰ Factor loading scores for all four items are between 0.89 and 0.92, which are significantly higher than the usual rule of thumb (0.3 for each item) to be confident that responses to a question are indeed represented by a particular factor.

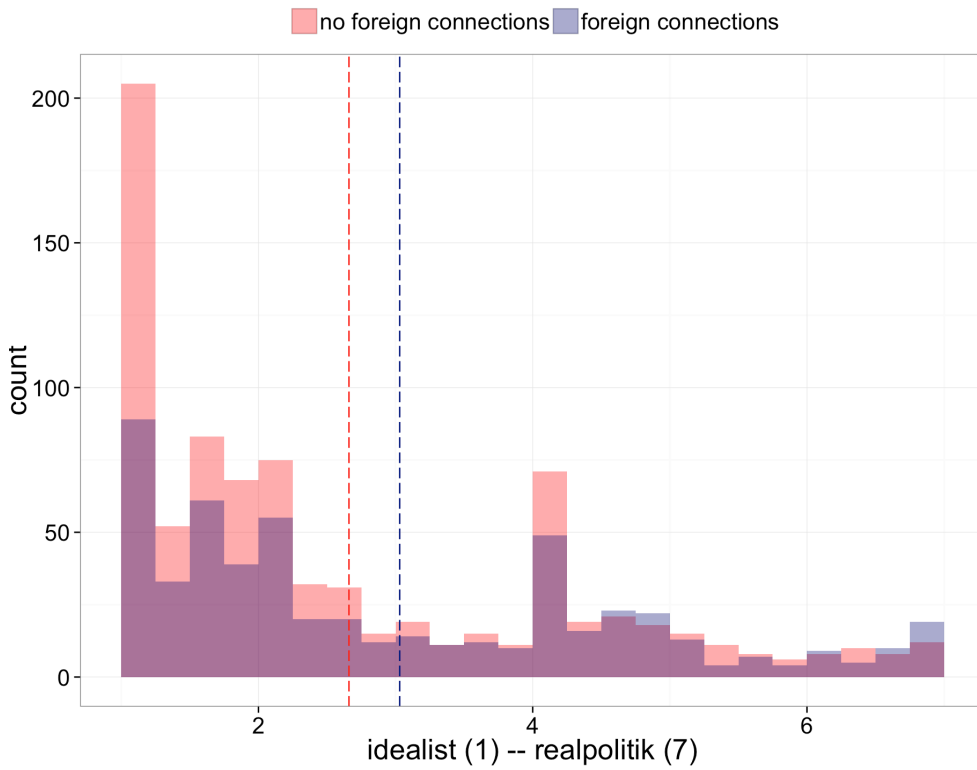
²¹ $realpolitik\ score = \frac{H2+H2a+H2b+H2c}{4}$. There are of course alternative methods to construct the latent variable *Worldview*. §Appendix C. 2 contains estimation results from models that utilize alternative constructions of *realpolitik* scores.

worldview otherwise (0). 38% of the respondents are “realist” and 62% are “idealist”. I focus on the binary variable as the main dependent variable because it is easier to interpret and it attenuates outlier problems for later analysis (there are some respondents with extreme beliefs); supplementary analysis includes estimation results from models that use the raw *realpolitik* scores as the dependent variable (§Appendix C. 2).

Independent Variable: Foreign connections. Four questions from the survey measure directly how “cosmopolitan” the respondents are by asking them if they: (1) speak any foreign language (34%); (2) have traveled abroad (5%); (3) have family member(s) who studied, worked or lived abroad (14%); (4) have friends who studied, worked or lived abroad (17%; questions k31-34). If a respondent answers ‘yes’ to the question on foreign travel, the interviewer asks the respondent how long he or she has spent abroad. The first two questions measure each respondent’s direct foreign connections, while the latter two measure indirect foreign connections. I code a respondent as having foreign connections if he/ she answered yes to at least one of the questions above. Among the respondents, 584 have some foreign exposure (41 percent).

According to Figure 1 (left panel), 43.7% of the Chinese individuals with foreign connections subscribe to *realpolitik*, compared to 34.7% among the respondents with no foreign connections. The bar-plot provides preliminary support for my thesis. The right panel of of Figure 1 shows the distributions of *realpolitik* scores for respondents with foreign connections (mean score = 3.03) versus respondents without foreign connections (mean score = 2.66). On average, respondents with foreign connections are roughly 14 percent more “realist” ($\frac{3.03-2.66}{2.66} \times 100\%$) compared to their less international counterparts.

Figure 1: Overview of independent and dependent variables



Note: I code individuals as having foreign connections when they either: (1) speak a foreign language; (2) traveled abroad; (3) have family members who traveled abroad; (4) have friends who traveled abroad. I construct the *realpolitik* scores by combining responses to questions H2 - H2c; the dashed lines plot the mean *realpolitik* scores of respondents with/ without foreign connections. When constructing the *idealism-realpolitik* worldview binary categories, I code all respondents receiving scores of 3 (the mean) and above as adherents to *realpolitik*. For respondents who receive scores lower than 3, I code them as *idealist*. n = 1469.

3.4.2 Empirical strategy

While globalization is a systemic level force to be reckoned with, it affects individuals *unevenly*. A farmer in a remote Chinese province is probably less susceptible to the influence of globalization compared to a university graduate working for a multi-national corporation in Shanghai. By exploiting the differential influence of globalization on individuals, we can examine how globalization shapes foreign policy attitudes while controlling implicitly for potential national and system-level confounders, whether it is balance of power, national culture, or regime types. To examine whether the foreign policy beliefs of individuals with foreign connections differ systematically from individuals with none, I estimate a *probit* model:

$$y_i = \alpha + \beta F_i + \gamma X_i + \varepsilon_i \quad (3.1)$$

i indexes each respondent, and y_i is the binary variable *Worldview*. F_i , on the other hand, is *Foreign connections*, the key independent variable. Across variations of the probit model, I will substitute *Foreign connections* for various measurements of foreign exposure to examine in detail competing arguments on the ideational consequences of globalization. ε_i is the error term and I will estimate α , β and γ . The parameter β – the effect of *Foreign connections* on foreign policy attitudes – is the primary parameter of interest. The identity loss thesis predicts $\beta > 0$, while the social contact thesis predicts $\beta < 0$. Lastly, X_i is a vector of plausible confounders.

To show that my finding remains robust to different measurements of *Worldview*, I run two sets of analyses. First, to ensure that the results were not driven by the particular cut-off (the mean *realpolitik* score) that I use to construct the *realpolitik-idealist* category, I re-estimate the Ordinary Least Squares (OLS) variants of equation 1 with y_i as the raw *realpolitik* scores instead of the binary variable.²² As a further robustness check, I also construct *realpolitik* scores with two alternative

²² I focus on presenting models using the dichotomous *realpolitik-idealist* variable because of likely outlier problem if I use the continuous *realpolitik* scores directly (the distribution of the scores is highly skewed

factor analysis techniques and re-run the OLS variants of equation 1 with the new scores. Second, I decompose *Worldview* into its four constituent variables that describe particular views that the respondents hold toward the great powers – whether they (a) are belligerent, (b) have a negative influence on international affairs, (c) are immoral, or (d) are hypocritical – and re-estimate four separate versions of equation 1.

Potential issues with measurement validity aside, observational studies are often plagued by two problems. First, estimation results are often sensitive to model specification. Second, when running statistical analyses, we often underestimate the uncertainty around our findings by making the strong assumption that we know what the true model is (Bartels 1997). To address both problems, I run a Bayesian Averaging Model (BAM), which combines the estimation results from a universe of models after weighing the result from each model by the researcher’s prior and the model’s posterior probability ($pr(M_k|D)$, i.e. the likelihood that the model is correct given dataset D with M_1, \dots, M_k as all the models considered (Hoeting et al 1999; Mongotmery and Nyhan 2010).²³ It is a demanding robustness check that limits the possibility for researchers to cherry-pick and present only results that conform to their theoretical expectations. The technique has been applied to studying topics ranging from illegal absentee ballots (Imai and King 2004) to civil wars (Warren 2014).

Selection problem is another possible source of bias since individuals do not build foreign connections at random. Crucially, individuals who cultivate foreign connections might be more competitive and ambitious, which would make them more likely to subscribe to a *realpolitik* worldview. I address the selection problem with two strategies. First, I run a placebo test (Sekhon 2009: 501-3). I re-estimate the full model but substitute the dependent variable with a measurement on whether each respondent endorses *mercantilism*, i.e. associates economic interdependence with the intensification of competition for markets and resources among nations (H13). If respondents with foreign connections are indeed more competitive compared to the respondents with no foreign connections, they should also be more mercantilist. Second, I re-estimate the full model with genetic matching to simulate an experimental study (Diamond and Sekhon 2012). Of course, matching is not a panacea to inference problems. My result will still be biased if there is selection into “treatment” (foreign connections) driven by individual-level unobservables, e.g. personal-

to the right).

²³ $pr(M_k|D) = \frac{pr(D|M_k)pr(M_k)}{\sum_{i=1}^k pr(D|M_i)pr(M_i)}$, where $pr(D|M_k) = \int pr(D|\theta_k, M_k)pr(\theta_k|M_k)d\theta_k$ with θ_k as the vector of parameters of model M_k . All probabilities are implicitly conditional on μ , the set of all models being considered.

ity traits such as generalized trust (Rathbun 2011). To address this concern, I run Rosenbaum sensitivity tests alongside all matching analyses to qualify our confidence in the matching results (Rosenbaum 2002).

Even if we are confident that the positive correlation between foreign contact and the adopting of *realpolitik* worldview is robust ($\beta > 0$), two questions remain. First, if there is any competing interpretation of the aforementioned correlation that is unrelated to identity loss, can we rule out that alternative explanation empirically? Second, is there any evidence suggesting that it is identity loss that is driving the correlation? I conclude the empiric section with further evidence on the interpretation of β .

3.4.3 Control variables

This sub-section discusses plausible individual-level confounders. §Appendix A contains all descriptive statistics.

Level of education: This variable measures the education level of the respondents, with “0” indicating primary education or lower, “1” indicating completion of secondary education, and “2” indicating completion of a college degree and above (question A5a). The variable is frequently used to measure how “skilled” one is in the labor market. Skilled labor generally benefits more from economic exchange in a globalized world (Scheve and Slaughter 2001). Thus the more educated respondents in this study might be more pacific, because they have a stake in maintaining international economic exchange between China and the outside world.

Gender: The literature on gender and violence suggests that men and women fight for different reasons. Importantly, studies have repeatedly shown that men are more likely to fight for status compared to women because higher status gives men more reproductive opportunities (McDermott 2015, 768). Males, therefore, might be more likely to adopt a zero-sum view of international politics where states fight incessantly for dominance compared to females. Respondents are coded “0” if male, and “1” if female (question A).

Attention to international news: This variable measures how much attention the respondents dedicate to international news, on a scale from 1 (attentive) to 3 (apathetic; question H17). Drezner (2008) suggests that some Americans might be more receptive to *realpolitik* because they are largely

“uninformed and uninterested in world politics” (62). Such ignorance (which can be rational) generates uncertainty, which can encourage individuals to hold a *realpolitik* worldview as a risk-averse response to an environment that they find complex and opaque. Drezner’s insights may travel to China.

Class: This variable measures whether the respondent belongs to the low-income (coded “1”), middle income (coded “2”) or the high income categories (coded “3”; question B1).²⁴ Johnston (2004) suggests that the middle class in China might be more liberal, given their concerns for economic well-being, which is tied to an economically free and stable international order.

post-80s: I divide all respondents into those who were born before and after the 80’s (A1). The “post-80s generation” (*balinghou*) is the first cohort of Chinese citizens who were born after the introduction of the one-child policy, and grew up during the era of economic liberalization and boom. They have significantly different historical and social experiences during their adolescence compared to their parents, and are therefore subject to different socialization and education processes that condition the development of their political dispositions. I code a respondent who is born after the 80s as “1” and “0” otherwise.

Communist Youth League and Communist Party : These two 1-0 dummy variables correspond to question K36 in the survey, which asks the respondents their participation in social organizations. Participation in both organizations might subject the respondents to distinct socialization processes that could affect their worldview, e.g. picking up the Lennist theory of imperialism and international politics.

National attachment: We often associate nationalist sentiments with preference for assertive foreign policy in China (Whiting 1995; Gries 2004; Weiss 2014). The variable is constructed from responses to the question: “If I have a choice, I prefer to be a Chinese citizen instead of a citizen of any other country” (H10a). The responses are situated on a scale from 1 to 4, with 1 being “strongly agree” and 4 “strongly disagree”. I code respondents who either agree or strongly agree with the statement above as patriotic (“1”), and apathetic (“0”) otherwise.

²⁴ I combined the high and middle-to-high categories to form the high income category, since very few respondents are coded as having high income. To avoid the problem of relying on arbitrary income cut-off points to define class, the survey based its assessment of respondent class on the impressions student interviewers formed during their house visits. On the use of interviewer impression to evaluate survey respondents, see Bartels (2005).

3.5 Findings

3.5.1 Estimation results

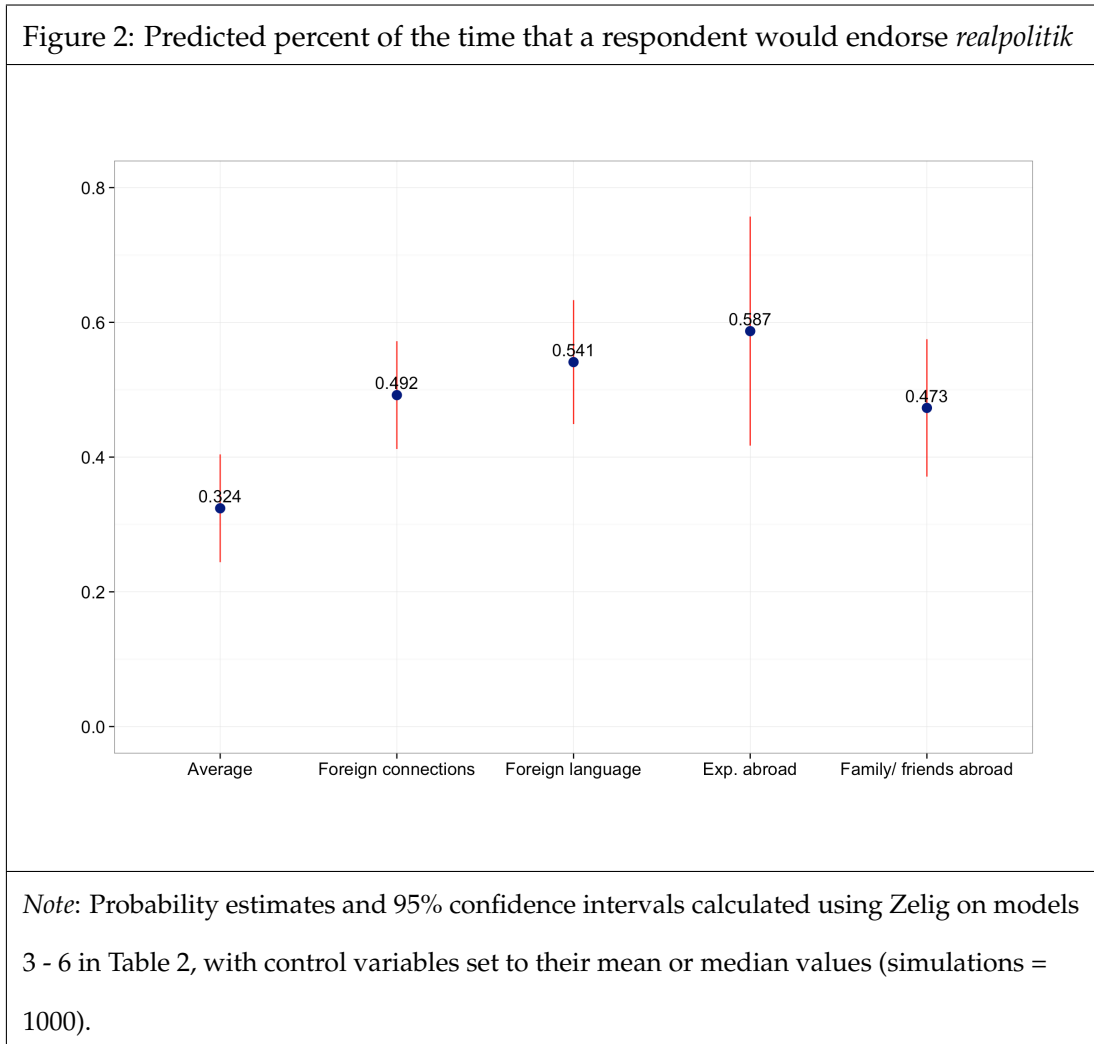
I start the empirical analysis by estimating a simple bi-variate model (model 1, table 1). Consistent with the identity loss thesis, *Foreign connections* is positively and significantly correlated with the adoption of a *realpolitik* worldview (at $p < 0.01$). The result remains robust for: (a) model 2 (table 1), which controls for demographic and economic variables; (b) model 3 (table 1), which controls for variables on the political backgrounds of the respondents in addition to the demographic and economic variables. In contrast, estimation results from models 1-3 (table 1) do not lend any support for the social contact thesis.

On average, the likelihood for a respondent with foreign contacts to hold a *realpolitik* worldview is 49.2 percent, compared to 32.4 percent for a respondent with no foreign connections (Figure 2).²⁵ *Foreign connections* leads to a 53 percent increase in magnitude of the likelihood for a respondent to endorse *realpolitik* worldview, using the probability for a respondent with no foreign connections to hold a *realpolitik* worldview as the baseline; the effect of *Foreign connections* on worldview is substantively significant.

The positive correlation between *Foreign connections* and *realpolitik* worldview remains robust across various types of foreign exposures. I re-estimate the full model (model 3) for worldview but substitute *Foreign connections* with the following explanatory variables: (a) knowledge of foreign language (model 4); (b) lived or traveled abroad (model 5); and (c) have family or friends who traveled, lived or studied abroad (model 6). It transpires that all types of foreign contact increase mistrust of foreign powers, whether it is direct or indirect, although the effect is the most salient for respondents who have traveled abroad. Among respondents who have spent time abroad, 58.7 percent subscribes to a *realpolitik* worldview, the highest proportion among all respondents. In contrast, only 47.3 percent of respondents with indirect foreign connections endorses *realpolitik*, a 11 percent decrease (Figure 2). The correlation between foreign contact and adoption of *realpolitik*

²⁵ The likelihoods are calculated in Zelig, with reference to model 3, table 1.

worldview strengthens as the intensity of international social contact increases. This is unsurprising, since respondents who have more extensive foreign contacts are also individuals who are the most likely to suffer from identity loss.



Does the result change if we distinguish between respondents who spent different periods of time abroad? The social contact thesis may be more applicable to people who spend longer time abroad, since they are more likely to form deeper personal connections with foreigners. To examine this possibility, I create new dummy variables indicating whether the respondents spent

short (≤ 1 month) or long periods (> 1 month) abroad (question K32), and re-estimate the full model comparing the worldview of those respondents with respondents who have no foreign connections. The association between foreign contacts and *realpolitik* worldview remains robust (models 1 and 2, Table 2).

Table 3.1: Types of foreign connections and worldview

	<i>Dependent variable:</i>					
	worldview					
	(1)	(2)	(3)	(4)	(5)	(6)
foreign connections	0.234*** (0.068)	0.450*** (0.082)	0.447*** (0.085)			
foreign language				0.574*** (0.092)		
lived/ traveled abroad					0.762*** (0.189)	
family or friends abroad						0.434*** (0.106)
education		-0.118 (0.077)	-0.134* (0.080)	-0.221*** (0.084)	-0.216** (0.109)	-0.110 (0.091)
gender		-0.151** (0.071)	-0.173** (0.072)	-0.197*** (0.075)	-0.150 (0.092)	-0.127 (0.082)
attention to int'l news		-0.062 (0.053)	-0.053 (0.054)	-0.050 (0.057)	-0.014 (0.067)	-0.030 (0.060)
socio-economic class		-0.147* (0.078)	-0.126 (0.080)	-0.104 (0.084)	-0.139 (0.104)	-0.175* (0.091)
born in 80's		-0.185** (0.079)	-0.178** (0.081)	-0.183** (0.084)	-0.153 (0.111)	-0.167* (0.095)
youth league			-0.005 (0.137)	-0.092 (0.143)	-0.147 (0.193)	-0.018 (0.153)
party mem.			0.022 (0.099)	0.009 (0.102)	0.100 (0.148)	-0.006 (0.123)
nationalism			-0.372* (0.194)	-0.356* (0.196)	-0.346 (0.246)	-0.449** (0.213)
Observations	1,443	1,344	1,310	1,231	829	1,037

Note:

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

To show that my results are not driven by the cut-off point defining short/ long periods of time abroad, I repeat the analyses using six months (models 3 and 4, Table 2) and one year as benchmarks (models 5 and 6, Table 2). Respondents who spent more than 6 months (or 1 year) abroad are actually *more likely* to hold a *realpolitik* worldview compared to respondents who spent 6 months (1 year) or less abroad. The results are unsurprising given the identity-loss thesis; individuals who have more extensive foreign contacts are also individuals who face the largest threat of becoming too much like foreigners.

Table 3.2: Length abroad and foreign policy attitudes

	<i>Dependent variable:</i>					
	realpolitik worldview					
	(1)	(2)	(3)	(4)	(5)	(6)
≤ 1 month	0.871*** (0.257)					
> 1 month		0.811*** (0.259)				
≤ 6 months			0.810*** (0.218)			
> 6 months				0.877** (0.345)		
≤ 1 year					0.767*** (0.214)	
> 1 year						1.035*** (0.377)
Observations	793	792	807	778	810	775

Note:

*p<0.1; **p<0.05; ***p<0.01

3.5.2 Robustness checks

The results from the previous section lend support for the identity loss thesis. To provide further empirical evidence in support of the identity loss thesis, I address three sets of potential problems with my results: measurement of the dependent variable, selection problem, and model specification.

Measurement of worldview and *realpolitik* scores

Could the results be driven by my selection of the cutting-off point when constructing the variable *Worldview*? To address the concern, I re-estimate all models in table 1, but substitute the dependent variables with continuous “*realpolitik* scores” (Appendix §C. 2). The correlation between *Foreign connections* and belligerent foreign policy beliefs remains positive and significant at $p < 0.01$. As an additional check, I also calculate each respondents’ *realpolitik* score with two additional methods from factor analysis, and re-estimate all models in table 2 (the OLS versions) with alternative constructions of the *realpolitik* scores. The key result stays unchanged.

Furthermore, could the positive correlation between *Foreign connections* and *realpolitik* worldview be contingent on how I measure *Worldview*? To address the concern, I substitute *Worldview* with four binary variables that describe particular views that the respondents hold toward the great powers – whether they (a) are belligerent, (b) have a negative influence on international affairs, (c) are immoral, or (d) are hypocritical – and re-estimate four separate versions of the main model.²⁶ The negative correlation between *Foreign connections* and adoption of *realpolitik* worldview persists and remains statistically significant (Appendix §C. 3)

²⁶ To create the binary variables, I use “3” on the 1-7 scale as the cutting off point.

Selection problem

Individuals who build foreign connections might be more competitive and ambitious, making them more likely to view international politics through the lens of *realpolitik*. Two strategies check for the robustness of my results against potential selection problems. First, I run a placebo test. I re-estimate the full model but substitute the dependent variable with a variable measuring how mercantilist each respondent is. If the selection problem is driving my results, having foreign connections should be positively and significantly correlated with endorsement of mercantilism. However, on average, respondents with foreign connections are actually 12.5% more likely to *reject* mercantilism compared to respondents with no foreign connections (significant at $p < 0.01$). It is therefore unlikely that the hypothetical selection problem drives my results (Appendix §C. 4).

Second, I re-estimate the full model with genetic matching, which processes the data to approximate a randomized experiment by achieving balance among covariates between the treatment and the control group. I follow a two-step process when matching. I first estimate the covariate balancing propensity scores (CBPS), which allows the estimation of robust treatment effects even if the propensity score model is misspecified while optimizing covariate balance (Imai and Ratkovic 2014).²⁷ Second, I run the genetic matching algorithm using the CBPS from step 1, which searches amongst a range of distance metrics to find the particular measure that optimizes post-matching covariate balance (Diamond and Sekhon 2013).

I start with exact 1-1 matching, which provides the most stringent set of paired comparisons. Only “untreated” respondents (individuals with no foreign connections) who are associated with the exact same covariate values as the treated respondents are included in the analysis. Results from the last section remain robust. To reduce attrition of data – which can be a source of bias – I also run caliper matching and only drop matches not equal to or within .2 standard deviations

²⁷ Propensity scores are the likelihoods that each respondents will receive the “treatment” (Foreign connections). The propensity score model includes all control variables from model 2 in table 2 (less the foreign connections variable), in addition to the variables *Chinese national identity* and *identity distance*. The balance matrix, however, only includes the 8 control variables from model 2 (table 2) to avoid possible *post-treatment* bias.

of each covariate in the set of control variables are dropped per advice of Lunt (2014). I also allow for the possibility to match: (1) each “treated” respondent with one neighbor; (2) each “treated” respondent with two neighbors; (3) each “treated” respondent with three neighbors. The finding that the Chinese citizens with foreign connections are more likely to hold a *realpolitik* worldview remains significant at $p < 0.01$ across all matching analyses.²⁸

The results from matching are only unbiased if there is no unobserved confounder, which we cannot match on. To examine the robustness of my results against unobservables, I calculate the threshold sensitivity parameters Γ^T from a series of Rosenbaum sensitivity tests to accompany the matching analysis. The sensitivity tests examine how the *p-values* for results from matching change for increasing values of Γ , which is the assumed log odds of differential assignment to treatment due to unobserved factors (Rosenbaum 2002). Generally, any result that “survives” (remains significant at the 0.1 level) a Γ of 1.5 – which translates to an 82% higher likelihood for the treatment group to receive treatment given a hidden bias – is considered relatively robust (Keele 2010). All results remain highly significant at the 0.05 level as Γ goes far beyond 1.5.²⁹ The high Γ^T s associated with my results from matching suggest that the effect of an unobserved confounder (e.g. personality trait) must be *very large* to alter my findings.

Specification uncertainty

To demonstrate that the result is not a product of cherry-picked model specifications to support my theoretical expectations, I run a Bayesian Averaging Model with full controls (model 2, table 2). I set my prior weight for each variable and each of the 512 models – there are 2⁹ possible model

²⁸ *T-stats* calculated using Abadie-Imbens (2006) standard errors.

²⁹ $\Gamma^T(\text{exact}) = 3.7$, $\Gamma^T(1 - \text{neighbour}) = 5.5$, $\Gamma^T(2 - \text{neighbours}) = 5.8$, $\Gamma^T(3 - \text{neighbours}) = 7.3$.

specifications with 9 covariates – uniformly at 0.5. The signs, magnitudes and standard deviations from the BAM for Foreign connections are consistent with the result from the full model.³⁰

For a BAM, the posterior inclusion probability ($P(\beta = 0|D)$; *PIP*) for a variable is the probability that the coefficient associated with a variable is non-zero given data available, which is analogous to the *p value* associated with a variable under the frequentist framework (Hoeting et al 1999). The posterior inclusion probability ($P(\beta = 0|D)$) associated with *Foreign connections* is 99.7%, which is far higher compared to any other covariates (for variable *post-80s*, the variable with the second highest PIP, is only 31.6%). This is strong evidence that my result is neither spurious nor a product of convenient model specifications.

3.5.3 Interpreting the correlation between foreign contact and adoption of *realpolitik* worldview

Having shown that the positive correlation between *Foreign connections* and endorsement of *realpolitik* worldview is robust, I now marshal additional evidence to make the identity-loss thesis more compelling. First, I address a possible alternative interpretation of the result that is unrelated to identity loss. Second, I show that foreign contacts are only associated with *realpolitik* worldview for respondents who identify as Chinese. This heterogeneous effect of foreign connections holds because only individuals who are attached to their Chinese identity would feel the threat foreign contact poses to their national identity.

Alternative interpretation. While *realpolitik* worldview can color how the respondents perceive China's international role, the respondents might also rely on their understanding of Chinese foreign policy as a reference point when thinking about the nature of international politics. Crucially, individuals with foreign experience might have developed a negative conception of the Chinese

³⁰ The mean and standard deviation from the BAM for Foreign connections are averaged (and weighted) over all model iterations that include the variable, and therefore directly incorporate model uncertainty.

nation while abroad, and simply project their dislike of China to all great powers, which explains why they are more “realist”. Could the findings be biased because, to avoid post-treatment bias, I do not control for respondents’ conception of Chinese national identity in my main analysis? To address the concern, I re-estimate all models in table 3 controlling for *Chinese national identity*.³¹ The effect of foreign connections on adoption of *realpolitik* worldview remains positive and significant at $p < 0.01$, and the magnitude of the effect remains stable (Appendix §C. 5).

Furthermore, estimation results from probit and OLS regressions show that respondents with foreign contacts are more likely to: (1) subscribe to ethnocentrism and believe that “China is better than most other nations in the world” (question H10b; significant at $p < 0.05$); and (2) perceive of China as morally superior to other great powers (significant at $p < 0.01$). These results imply that respondents with foreign contacts *do not* have a negative view of China. Therefore, their belief that international politics is conflictual does not stem from their negative view of China but rather from out-group discrimination triggered by identity loss (Appendix §C. 6).

Heterogeneous effect. As argued earlier, out-group denigration is a homeostatic psychological mechanism that eliminates the disequilibrium between an individual’s desired national identity and perceived cosmopolitan identity in a globalized world. Consequently, it is difficult to measure identity loss post out-group denigration, which is the theoretical link between foreign contact and adoption of *realpolitik* worldview. However, we may still examine this causal mechanism by drawing out the observable implications of the identity loss thesis, which suggests that *only* individuals who are attached to their Chinese identity should feel the threat foreign contact poses to their identity and practice out-group denigration. Conforming to this observable implication associated with the identity loss thesis, Foreign connections is positively associated with the adoption of a *realpolitik* worldview *only* among respondents who value their Chinese national identity (significant at $p < 0.01$). In contrast, the correlation between *Foreign connections* and *realpolitik* worldview for respondents who do not identify with China loses its statistical significance (Ap-

³¹ The variable corresponds to survey questions H3 - H3c, “would you characterize China as (1) peaceful or belligerent; (2) moral or immoral; (3) humble or arrogant; (4) principled or hypocritical?” I create the variable by summing up and standardizing (to the original 1-7 scale) all responses to the questions.

pendix §C.7).

3.6 Conclusion

The 2010 U.S. National Security Strategy paper declares that world politics in an interconnected world is “no longer a zero-sum game”. I argue that we need to treat such optimism with caution. Global interconnectedness, instead of promoting mutual understanding, can intensify mistrust between individuals from different nations. In a globalized world, it can be difficult for individuals to sustain the belief that their national community is distinct. To preserve the psychological national borders, individuals with foreign contacts are inclined to denigrate foreign nations. Consequently, they are more likely to embrace the *realpolitik* worldview that international politics is fundamentally conflictual. I illustrate my argument with analysis of a new data-set from China. Across a battery of statistical models, foreign connections are consistently, positively and significantly correlated with respondent endorsement of *realpolitik* worldview. Both IR scholars and the public can be quick to declare realist thinking obsolete in the era of globalization (Waltz 2000). But new times, paradoxically, may reinforce old thinking.

Chapter 4

Military balance, threat perception, and the security dilemma

The concept of balance of power first appears in a series of correspondences between Lorenzo De Medici (the Duke of Florence) and Ludovico Sforza (the Duke of Milan) in which they discuss the importance of checking Venetian hegemony (Watson 1992, 160-1). Balance, originally a term from banking, was aptly adopted by Lorenzo De Medici as an allegory for power politics. Since the Renaissance, balance of power has become a key concept for leaders, the public, and academics to understand international politics.

Nonetheless, studies in IR have made limited progress explaining how balance of power affects international outcomes. As Levy (2004) noted, “while the balance of power concept is one of the most prominent ideas in the theory and practice of international relations, it is also one of the most ambiguous and intractable ones” (29). In fact, recent scholarship suggests that balance of power matters little for explaining war and peace.¹ For example, in the canonical bargaining model of war, the distribution of power is *unrelated* to the equilibrium probability of conflict (Fearon 1995). Powell (1996; 1999) shows that the probability of war is a function of the disparity between the status quo and the distribution of power; distribution of power *does not* indepen-

¹ *Nota bene*: Balance of power depicts the situation where the distribution of power between rival states/ rival alliance blocs is equal. For this essay, I will focus on military and material balance to facilitate engagement the classical theories on the balance of power; I do not dispute the importance of “non-material” powers (Barnett and Duvall 2005).

dently affect prospects for war absent consideration of the international distribution of benefits.² Have statesman taken an antiquated conception of international politics from the Renaissance too seriously? Most *large-N* studies of international conflict control for distribution of capabilities within dyads (e.g. Bennett and Stam 2004), but how does military balance affect prospects of war and peace? If so, how and why?

This essay contributes to the debate on balance of power and conflict by explicating the relationship among military balance, threat perception, and decisions to arm. I begin my theoretical investigation by setting up a game-theoretic model that explicates the domestic politics of threat inflation. In the model, the state – defined as a group of foreign policy elites within the government (Krasner 1978) – can pay a cost to propagate a narrative of foreign threat (“signal”) in order to scare citizens into contributing more to defense, a portion of which the state can then extract as rent. Citizens, on the other hand, decide whether they would pay a cost to learn about foreign policy and challenge the negative signal from the state before investing in national security. The citizens want to ensure that their country is prepared for conflict if an adversary is revisionist, while not antagonizing the adversary unnecessarily with a military build up if the adversary is a status quo power.

Military balance is the key to understand the domestic politics of threat inflation. As a country becomes more powerful – either due to uneven rate of growth (Gilpin 1981) or the failure for other countries to form a counter-balancing coalition (Schweller 2006) – its citizens will become more confident regarding conflict outcome. Consequently, the citizens are likely to dedicate less time and effort to evaluate any tales of foreign threat propagated by the state. Knowing that the citizens are now less attentive, it would be more likely for the state to spread tales of threat for its own benefit, which the citizens would accept. Preponderance of power, therefore, encourages warmongering and breeds fear. Conversely, balance of power preserves peace by making the citizens more vigilant, which deters foreign policy hawks from exaggerating foreign threats. I illustrate my model with a contemporary case longitudinal textual analysis of essays from the Chinese state media *Xinhua News Agency*. I show that the Chinese government have stepped up its use of nationalist rhetoric against Japan as more Chinese citizens subscribe to the belief that the developed nations are in relative decline after the 2008 financial crisis.

This essay seeks to achieve two primary objectives. First, it provides a novel argument linking the distribution of power to threat perception. Currently, the theoretical connection between

² On this point, also see Organski and Kugler (1981), Gilpin (1981) and Powell (1999).

materialist structure and threat perception is far from clear. This is highly problematic for realist theorists of international politics, who rely on threat perception as the crucial intervening variable linking anarchy and balance of power to a range of phenomena from alliance formation (Walt 1990), over-expansion of empires (Snyder 1991), the security dilemma (Jervis 1978), to retrenchment (Friedberg 1988; Parent and MacDonald 2011). If we can explain the sources of threat perception solely by referring to human psychology or domestic politics, we will need to call into question the analytical utility of many structuralist explanations of international politics from the realist tradition.

Second, the essay explores how structural variables affect the domestic politics of fear *à la* “second image reversed” (Gourevitch 1978).³ It thus highlights the importance of integrating domestic politics into systemic theories to improve the *precision* of structural arguments. This is *not* a strategy of smuggling in first- and second image variables into systemic analysis to increase its explanatory power (Legro and Moravcsik 1999), but an attempt to specify clear mechanisms linking systemic forces to concrete changes in attitudes and ultimately foreign policy. Specifically, this essay furthers our understanding on how the “marketplace of ideas” functions (Snyder and Ballatine 1996; Kaufmann 2004). We know that the foreign policy elites and interest groups sometimes propagate myths about foreign adversaries to further their own agenda (Snyder 1991; Mearsheimer 2013). But when and why would the citizens accept (or at least not challenge) those myths when they know that the leaders have the incentive to inflate foreign threat?

Before proceeding, I want to emphasize three points. First, this essay does not explain when and why states balance, a key issue that preoccupies many balance of power theorists (see, e.g., Niou and Ordeshook 1986; Walt 1990; Little 2004; Schweller 2006 Nexon 2009). However, the findings from this essay have important implications for understanding why states balance. As Feaver (2000) argued, “realist theories [on balance of power] are as much about the consequences of behavior as about the determinants of behavior....[The] probability that “unrealistic” behavior will suffer adverse consequences is the key causal mechanism that makes the “realist” behavior [e.g. balancing] predictable in the first place” (166). Without explicating the ramifications of power (im)balance, it is difficult to explain why states balance/ underbalance, and why we should care about balancing behavior in the first place.

Second, following Powell (1996; 1999), this model examines the distribution of power in a dyadic context. Indeed, many IR theories on distribution of power and conflict, both qualitative or

³ Also see Rose (1998) on neoclassical realism.

formal, are implicitly if not explicitly dyadic. This is because IR theorists are frequently interested in studying the interaction between a hegemon/ unipole and its primary challenger, which has important implications for both regional and global international systems (Gilpin 1981). Furthermore, even in a multi-polar world, great powers often cohere into two competing blocs, whether it is the Capitalist versus the Communist bloc during the cold war, the Allied powers versus the Axis powers during World War II, or the Allied powers versus the Central powers during World War I.⁴ Consequently, we can often apply insights from dyadic theories to analyze how competing blocs interact.

Third, the set-up of my model draws on Glaeser's (2005) model of the electoral politics of ethnic hatred and redistribution. Nonetheless, our models differ in an important way. In Glaeser's model, the adversary (ethnic minority) does not have the option fight back (e.g. revolt) when the electorate subscribes to ethnic hatred and supports its "unfair" taxation; the adversary in Glaeser (2005) is *passive*. In contrast, this model allows an adversary (a foreign nation) to retaliate when the citizens mistakenly support arming against it because of lies from the state. This difference generates different incentives for the citizens to verify negative signals from political leaders regarding an adversary.

The essay is organized as follows. Section 1 reviews the literature on threat perception, which is the key variable that provides the theoretical link between distribution of power and arming. Section 2 sets up the model. Section 3 solves for the perfect Bayesian equilibrium of the model. Section 4 illustrates the logic of the model with an analysis of Chinese state media reporting of the *Diaoyu/ Senkaku Islands* between China and Japan. Section 5 concludes.

4.1 Threat perception in world politics

Existing studies on threat perception can be divided into four strands: (1) the anarchy thesis; (2) the signaling thesis; (3) the domestic politics thesis and; (4) the psychology thesis.⁵ The *anarchy thesis* suggests that the lack of a global sovereign/ "world police" encourages "a conservative tendency [among foreign policy makers] to think of the future in the worst possible or worst plausible terms" (Snyder and Diesing 1977: 188; Mearsheimer 2001; Tang 2005). If a country trusts another

⁴ Of course, there are also exceptions. Some argue that after the Sino-Soviet split in the 1960s, international politics is defined by the strategic triangle involving the U.S., the Soviet Union, and China (Dittmer 1981).

⁵ Yarhi-Milo (2013; 2014) adopted a similar division of the literature.

country when it should not (i.e. mistakenly believes that a revisionist power is peaceful, as in the case of Britain and France's assessment of Nazi Germany in the 1930s), since no higher entity will intervene to protect her, the trustful country will suffer from serious damage to its national interest if not annihilation. Consequently, the high stakes associated with mistrust for countries under anarchy encourage them to adopt the safest strategy: an adversary is always threatening. The anarchy thesis is elegant, but it lacks explanatory power. Since anarchy is a constant feature of the international system, it cannot explain why countries often find some countries more threatening than others. For instance, why did the US feel more threatened by Iran's nuclear program than by Israel's?

The *signaling thesis* suggests that states assess whether an adversary is threatening based on the adversary's change in its armament policies and/ or the adversary's offensive capabilities. First, countries may elect to "tie their own hands" as a costly signal (i.e. by signing an arms control agreement) to communicate their peaceful intent, and states should feel less threatened by adversaries willing to pursue such strategy less threatening (Glaser 1999; Kydd 2000). Second, states should feel more threatened by an adversary that has more offensive capabilities (Walt 1985; Walt 1990). Crucially, offensive capabilities are conditioned by geography; a country that is geographically encircled without the protection of any mountain or sea should feel more threatened (Mearsheimer 2001). The capabilities thesis is powerful, but it overlooks how foreign policy elites and citizens often ignore the "facts" and either inflate (Thrall and Cramer 2009) or underestimate threat (Schweller 2006) due to psychological biases or domestic political reasons. Yarhi-Milo's (2013; 2014) studies of American and British foreign policies showed that foreign policy elites and the citizens often ignore an adversary's capabilities when they assess whether an adversary is threatening.⁶

The *domestic politics thesis* explains how and why citizens develop the idea that an adversary is a threat through the lenses of interest group politics and elite rhetoric. Snyder (1991) documented how interest groups in imperial great powers (e.g. Wilhelmine Germany, Imperial Japan, and the Soviet Union) band together to propagate a myth of empire that overstates both foreign threat and the profitability of expansion. Schweller (2006) discussed the opposite cases (Britain in the 1930s, France before World War I, and Brazil and Argentina in the 1850s) where a lack of elite and social cohesion led to paralysis and therefore a nation's inability to correctly assess the threat posed by

⁶ However, Yarhi-Milo did find that the intelligence community (compared to politicians) puts more emphasis on capabilities when it assesses the intention of an adversary.

an adversary. To address the problem that Schweller (2006) identified, Schuessler (2010) argued that foreign policy elites may engage in deception to persuade the public that an adversary is a threat. Krebs (2015a; 2015b) further elaborated on this theme and suggested that whether elites can successfully reshape foreign policy narrative depends on three factors: (1) the rhetorical demands of the environment (e.g., whether the nation has recently faced a major foreign policy defeat or victory); (2) the material, normative, and institutional powers speakers bring to bear and; (3) the rhetorical modes they adopt.

While Snyder (1991) has a cynical view of the elites and assumed that they care primarily about their political or financial fortune when they participate in the domestic politics of foreign threat, Schweller (2006), Schuessler (2010), and Krebs (2016) viewed the elites (at least some of them) as genuinely concerned with the security of their nation. Nonetheless, despite their differences, these scholars converge on their emphasis on elite maneuvers that “manufacture” threat. The domestic politics thesis provided some powerful insights into why countries may over- or underestimate the threat an adversary poses, but it almost entirely ignored the “demand side” of the theoretical story, e.g. why would the citizens buy those tales of foreign threat, whether elites propagate them for narrow personal interests or national security? The domestic politics thesis remains incomplete if the “demand side” of the theoretical story is missing.

The *psychology thesis* explicates how our identity concerns and cognitive biases influence how we assess an adversary (Jervis 1976; Larson 1997; Kahneman and Renshon 2009). With a series of case studies, Haas (2005) argued that countries with “close” ideological distances (e.g. liberal democracies) tend to find each other less threatening. Rousseau and Garcia-Retamero (2007) advanced a similar argument, and showed that shared identity decreases threat perception with experiments. Drawing on studies in cognitive psychology, Yarhi-Milo (2013; 2014) argued that leaders often produce an assessment of the intention of an adversary based on: (1) their interpretation of that country’s foreign policy conditional on their existing beliefs and expectations about the country; (2) their reliance on “vivid details”, such as their personal interactions and impressions with leaders of that country.

The psychology thesis is powerful, but it has weaknesses. The social psychology variant of the thesis that focuses on identity, in particular, overlooks how identity/ ideological distances can be fluid and open to elite manipulation. Joseph Stalin was nicknamed “Uncle Joe” in America during World War II while he was denounced as an evil Communist dictator at the height of McCarthyism. Communist China was denounced by American politicians as the “red menace” until

Nixon and Kissinger popularized the idea of China as a tacit American ally because China is the “enemy of my enemy (the Soviet Union; Goh 2005)”. In practice, threat perception seems to drive perception of inter-group differences, not the other way around. Furthermore, discourse picturing an adversary as a threat are difficult to separate from discourse that paints the adversary as the “out-group”; this raises the issue of why and when citizens would buy into a threat discourse in the first place.

In sum, current systemic explanation of threat perception formation (the anarchy thesis) is un-persuasive, while the signaling, domestic, and psychology theses provide some powerful insights into understanding how leaders and citizens assess an adversary. Overall, current works on threat perception are predominantly *reductionist*. This is not a problem *per se*. If reductionist theories can adequately explain the phenomenon that we are interested in, what is the problem for being reductionist? The threat perception literature’s focus on domestic politics and psychology, however, put pressure for realist theorists to explicate the relationship between distribution of power and fear. Threat perception, as discussed earlier, is the key intervening variable between power and a variety of international outcomes in realist theories. Consequently, if we cannot establish a strong theoretical link between power and threat perception, realist theories of IR loses much of its analytical utility.

Furthermore, investigating the relationship between power and threat perception is important for understanding crucial historical cases of arming and conflict. Curiously, empires at the height of their power are often the most vulnerable to scaremongering by political entrepreneurs. In 1756, Britain initiated conflict against France due to false reports alleging a French invasion of the American colonies; this resulted in the Seven Year’s War between the British and the French Empires across four continents. Despite its growing power due to the Acts of Union in 1707 that unified England and Scotland and its ever expanding colonies, the British was intensely fearful of French aggressive attentions (Van Evera 2006, x). A hundred years later between 1854 and 1856, the British fought the Russians in Crimea to avert a threat that “existed largely in the imagination of the British government” (Van Evera 2006, xi). In the same period, the British also competed for influence with Russia in Central Asia (“the Great Game”, in the words of Rudyard Kipling) in fear of an imaginary Russian invasion of British India (Seton-Watson 1937). The Russian scare in Britain in the 1850s is irrational given that the Britain Empire was at the height of its power; it was the wealthiest nation in Europe due to banking and the industrial revolution, it had extensive colonies around the globe, and it was the key power broker of Europe under the Vienna system.

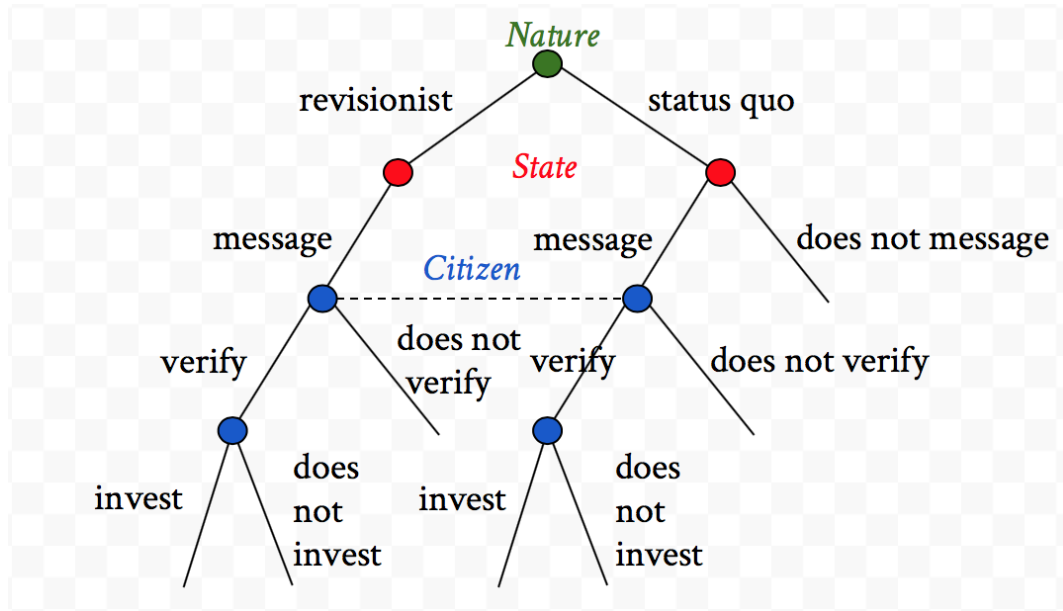
By the end of the nineteenth century, the malaise of threat inflation had shifted to the new German Empire, which contributed to entangling secret alliances and intense arms races (e.g. the Anglo-German dreadnaught race) that eventually led to World War I. Across the globe in East Asia, Japanese elites in the early 1930s were obsessed with “ABCD encirclement” – an imagined scheme where America, Britain, China, and the Dutch were colluding to colonize Japan – despite Japan’s military dominance in Asia (Gordon 2013). The model below seeks to make sense of these cases by revealing why and how power breeds fear.

4.2 A game of threat inflation

4.2.1 Overview of the model

The model seeks to answer three related questions. First, when and why do the citizens subscribe to tales of a foreign threat when the state spreads them? Second, when and why does the state lie about a foreign threat? Third, how does military balance affect the citizen’s incentive to verify the state-sponsored message regarding a foreign threat, and consequently the incentive facing the state to lie about an adversary?

Figure 1: A Game of Threat Inflation



Note: To avoid clutter, I did not specify the payoffs and the branches concerning the adversary R , which is not the focus of this model.

The timing of the game is as follows (Figure 1):

1. Nature makes a potential rival R revisionist with probability θ ; the state observes nature's move but not the citizen.⁷
2. The state decides whether to lie to the citizen and tell her that R is revisionist when R is actually a status quo power. The game ends if the state does not lie when R is a status quo power. The state *always* sends a message to the citizen warning her that R is revisionist when R is indeed revisionist.
3. The citizen decides whether to verify the message from the state, if the state sends a message.

⁷ Following Krasner (1978), I define a state as a coherent groups of elites who make decisions on behalf of the populations that they represent.

4. The citizen decides whether to invest in national security. The state derives either political or financial benefits from the citizen's investment if the citizen decides to invest.⁸
5. R observes the citizen's investment decision. When the citizen invests and R is revisionist, the investment deters a revisionist adversary's plan to attack. When the citizen invests and R is status quo the investment provokes R into arming, and the citizen suffers a loss. When the citizen does not invest and R is revisionist, the citizen suffers a loss from military unpreparedness. When the citizen does not invest and R is status quo, there is no arms race and therefore peace.

For the rest of the section, I will discuss the strategies (and their associated pay-offs) and the information environment facing the citizen and the state in more detail.

4.2.2 The citizen

The citizen believes that R is revisionist with probability $P(T) = \theta$. θ may be a function of the history of conflict with R (He 2009), identity distance (Rousseau and Garcia-Retamero 2007), cognitive biases (Larson 1997; Yarhi-Milo 2013; Yarhi Milo 2014), offensive capabilities (Walt 1990), and geography (Mearsheimer 2001).

The citizen may update her belief regarding whether R is revisionist when the state sends her a negative message regarding R 's type.⁹ In this model, *only* the state observes nature's move in stage 1 of the game.¹⁰ The modeling choice implies that the state enjoys an "informational advantage" compared to the citizen; it knows with certainty whether the adversary is revisionist. I justify this choice on three grounds. First, adversaries frequently rely on private reassurance to credibly signal their intentions (Yarhi-Milo 2013b). Crucially, only the state would know – absence a leak – how the adversary acts during episodes of secret diplomacy, and therefore R 's type. Second, the state often acquires crucial information regarding the adversary's intention from face to face to interaction with leaders and diplomats representing that adversary. As Holmes (2013) argues, "face-to-face meetings allow individuals to transmit information and empathize with each other,

⁸ Such rent may be political in nature, e.g. added support for the state for carrying out the citizen's preferred foreign policy agenda.

⁹ Given the focus of this essay is on threat inflation, the state *can only send a negative message* regarding R .

¹⁰ The state, therefore, knows with certainty whether R is revisionist.

thereby reducing uncertainty, even when they have strong incentives to distrust the other. The human brain has discrete architecture and processes devoted to parsing others' intentions via cues in face-to-face interaction" (829). Third, the state often has a large number of dedicated personnel to gather and analyze information regarding an adversary's intention. In the United States, the Department of State is one of the largest federal agencies.

Although the citizen knows that the state has crucial information regarding R 's type, the citizen is *uncertain* whether the state is lying. The citizen, however, knows that the cost of lying for the state, κ , is drawn from a distribution with uniformly distributed density function $f(\kappa)$ and cumulative distribution function $F(\kappa)$. The citizen also knows that the state has the incentive to inflate threat, because the state may benefit from her defense investment. Therefore, the citizen believes that the negative signal from the state is false with probability ϕ , which is endogenous to the actual probability that the state would send a signal inflating foreign threat (in other words, ϕ is a function of κ).

Given θ and ϕ , the citizen follows Bayes rule and will believe that R is threatening with probability $P(T | \alpha = 1) = \pi = \frac{\theta}{\theta + \phi(1 - \theta)}$ after receiving a signal from the state. If the citizen does not receive any signal from the state, she believes that R is threatening with probability θ .

With a cost s , the citizen can verify the signal from the state ($v = 1$) before investing d in national security. Verification would allow the citizen to accept or reject the belief that R is threatening. For $1 - \pi$ of the time, the citizen who verified will find the signal false and save herself from wasting resource on national defense.¹¹ The citizen has the incentive to learn about R – e.g. read about how the most recent summit has gone – instead of accepting the state's signal *prima facie* because a wrong decision to support a military build up can decrease her security.

The citizen knows that her state faces two possible scenarios when she decides whether to invest d . First, the state may face a *prisoner's dilemma* (Axelrod 1984, and see Downs, Rocke, and Siverson 1986 for an application of the prisoner's dilemma to the studying of arming). Under this scenario, all states will be collectively better off if no state arms. However, each state also benefits from arming when its adversary chooses not to arm, as it creates a window of opportunity to revise the status quo in its favor. Furthermore, a state would suffer if the adversary arms but it did not arm, as lack of military preparedness invites aggression. As the Romans put it, *si vis pacem,*

¹¹ *Nota bene*: the citizen is thinking about the situation *ex ante*, i.e. before verification.

para bellum (if you want peace, prepare for war). The prototypical case that corresponds to the scenario is World War II, where appeasement fueled Nazi Germany's expansion.¹²

Second, the state may face a *spiral/ security dilemma* (Herz 1950; Jervis 1978; Kydd 1997; Glaser 1997). Under this scenario, all states are security seekers who do not have an interest in aggression. However, as a state builds up its own defense, it would decrease the security of the adversary. Consequently, the adversary would respond by building up its own military capabilities, which would subsequently decrease the security of the state that initiates the build up and encourage that state to invest further in military capabilities. The action-reaction process fuels a spiral of military build-up and tension. The prototypical case that corresponds to the spiral is the intense arms race before World World I.

Crucially, R under the prisoner's dilemma is revisionist, while R under the spiral is satisfied with the status quo. If R is revisionist, d will be an insurance against R 's malicious plan (e.g. arming or a surprise attack); I standardize the pay-off to the citizen for correctly insuring against a revisionist R to 0.¹³ On the other hand, if R is revisionist, but the citizen fails to invest, she will suffer a loss w without the military insurance. Conversely, if R is a status quo power, d will trigger a security dilemma that would cost the citizen w . Note that the more powerful D is (when p , a parameter that captures the military balance between D and R , increases), the lower w would become, since D would be more likely to prevail in any conflict situation ($dw/dp < 0$). If R is benevolent, and the citizen refrains from investing, peace would prevail (pay-off standardized to 0). p may denote the dyadic military balance between D and R (e.g. a hegemon versus a rising power), but also the distribution of power between the alliance blocs that D and R each belongs to.¹⁴

If the citizen verifies, she will invest with probability π (the likelihood where she finds that R is indeed a revisionist power), and not invest with probability $1 - \pi$ (the likelihood where she finds that R is actually a status quo power). I assume that it would *always* be rational for a citizen who does not verify to invest, i.e. the expected gains from investing as an insurance would outweigh that of the cost $\pi w > d$. I make the simplifying assumption because the analytical focus of the

¹² In equilibrium, all states would arm.

¹³ Kydd (1997, 374) labels malicious and benevolent states "greedy" and "security seeking".

¹⁴ On the idea that alliances serve capability aggregation purposes, see Morgenthau 1948 [1973].

model is to explicate when and why would the citizen question a lie from the state regarding an adversary, not whether an uninformed citizen would support an arms race.¹⁵

Table 1. summarizes the pay-off to the citizen for her investment in security, depending on R 's type.

Table 1. Investment decisions and pay-offs to the citizen		
	Invest d	Does not invest
R is status quo	$-w$	0
R is revisionist	0	$-w$

To summarize, the pay-offs to the citizen are as follow. If the citizen decides to verify ($v = 1$), she receives $-\pi d - s$. If the citizen chooses not to verify ($v = 0$), she receives $-(1 - \pi)w - d$.

4.2.3 The state

The state observes the first stage of the game, where nature moves and dictate whether R is revisionist or status quo. When R is revisionist, the state always sends a warning signal to the citizen, because it has an interest in security. When R is status quo, the state can lie to the citizen with a cost κ , which varies across states. There are two reasons why κ varies. First, we may interpret κ as the money and time that the state must spend to spread lies about a foreign adversary. It differs because some states might be better at telling lies, or that some facts are more easily distorted. Second, we may interpret κ as the "moral cost" that the state will have to pay for lying to the citizens. Some states may care more about preserving the lives and properties of their citizens compared to others, and will therefore find it less palatable to manufacture international tension for their self-interest.

The state has the incentive to lie when R is status quo, because it derives political and/ or financial benefits τd from the citizen's national security contribution d ; τ is a multiplier capturing how "profitable" it is to scaremonger. The idea that states profit from international tension is not

¹⁵ Relaxing this simplifying assumption would introduce the possibility that an ignorant citizen will refrain from investing. It would complicate the interpretation of key comparative statics later, but it *does not* change it.

new. Lenin (1935) argued that World War I broke out because the imperialists wanted to divert labor's attention away from domestic issues. Schumpeter (1939) suggested that military elites used war and external threat to preserve if not to expand their domestic political power. More recent studies in political science indicated that elites benefit from international tension for primarily two reasons: (1) foreign threat increases domestic cohesion ("rally-round-the-flag"; Mueller 1973); (2) managing a foreign threat gives the elites an opportunity to demonstrate their competence ("gambling for resurrection"; Downs and Rocke 1994; Smith 1996). Furthermore, the state may also benefit financially from international tension (Snyder 1991). The model is *agnostic* regarding what type of benefits the state may receive from ruling a population obsessed with a foreign threat.

How much the state would profit from lying depends on whether the citizen will verify (which would reduce the likelihood that the citizen would invest in defense). The state is *uncertain* whether the citizen will verify its signal if it lies. The state, however, knows that the verification cost for the citizen is drawn from a distribution with uniformly distributed density function $\omega(s)$ and cumulative distribution function $\Omega(s)$. The state believes that the citizen will verify with probability ψ , which is endogenous to the actual probability that the citizen would verify (in other words, $\psi = \Omega(s)$).

To summarize, the pay-offs to the state are as follow. If the state decides to lie ($\alpha = 1$), its will receive a pay-off of $[1 - \psi]\tau d - \kappa$. If the state does not lie ($\alpha = 0$), its pay-off is standardized to 0.

Table 2 summarizes all the variables of the model.

Table 2. Model notation	
<i>variable name</i>	<i>substantive interpretation</i>
θ	the citizen's prior that R is a threat
ϕ	belief that the state is lying
π	belief that R is a threat after receiving a state signal
v	decision to verify
s	cost of verification
d	contribution to defense
w	cost of conflict
p	military balance
ψ	belief that the citizen will verify
α	decision to lie
κ	cost for the state to lie
τ	"rent" extracted from defense contribution

4.3 Model results

The equilibrium concept employed here is perfect Bayesian equilibrium (PBE), which requires that: (1) all players play strategies that correspond to their beliefs/ information sets (*sequential rationality*); (2) beliefs – both on and off the equilibrium path – are determined by Bayes rule and the players' equilibrium strategies whenever possible (*consistency of belief*).¹⁶ There is one PBE associated with this game where some types of citizens always prefer ignorance and some types of states always lie. I follow two steps to characterize this PBE. First, I characterize the condition under which a citizen will verify a signal from the state. Second, I describe when and why would the state lie, which is determined by its belief regarding the likelihood what the citizen would verify its message.

4.3.1 Verification and rational ignorance

Herbert Simon (1971) once observed that the fundamental scarcity in modern society is scarcity of attention. When would the citizen verify the negative signal from the state regarding an adver-

¹⁶ On PBE, see, e.g., Gibbons (1992), chapter 4.

sary? In the model, the expected loss from foreign harm and national defense investment for the citizen who verified is πd , given that the citizen will only contribute if she finds the potential adversary threatening after verification (with probability π). For a citizen who choose not to verify the signal from the state, the net expected loss is $(1 - \pi)w + d$. Verification, therefore, can benefit the citizen by: (1) saving unnecessary military investment (“gun”) for private consumption, which amounts to $(1 - \pi)d$ and; (2) preventing unnecessary provocation of the foreign country when it is actually benevolent, which would decrease the pay-off to the citizen by $(1 - \pi)w$. The citizen will only have the incentive to check for the truthfulness of a negative signal if the cost of verification s is lower than the expected gain from verification (lemma 1).

Lemma 1: There exists a value $\tilde{s} \equiv (1 - \pi)(w + d)$ at which the citizen is indifferent between verifying and not verifying; $\pi = \frac{\theta}{\theta + \phi(1 - \theta)}$, or the citizen’s belief that R is revisionist after receiving a signal from the state. When $s < \tilde{s}$, the citizen verifies. When $s \geq \tilde{s}$, the citizen does not verify.

\tilde{s} is the threshold verification cost that will make the citizen indifferent between checking the signal or defer to the state and invest¹⁷. When $s \geq \tilde{s}$, the citizen would prefer to remain ignorant and take the signal from the state at its face value. When $s < \tilde{s}$, the citizen would verify the signal sent by the state. We can interpret \tilde{s} as an indicator of the citizen’s *willingness to learn about foreign policy* after receiving a signal from the state regarding an adversary, given the expected benefit of learning. A citizen with a high \tilde{s} is more willing to pay the cost to verify a signal from the state compared to a citizen with a low \tilde{s} .

Crucially, \tilde{s} decreases as D ’s military strength increases relative to R . In other words, when the military balance favors D , the citizen would become less willing to verify any signal from the state. The intuition is simple. As D becomes more powerful, the citizen would become more confident regarding conflict outcome ($dw/dp > 0$) and therefore worry less about possibly provoking R if she mistakenly invests in defense. In other words, the benefit of knowledge for the citizen decreases when D is powerful.

The effect of military balance on the citizen’s willingness to verify a signal from the state, however, is *conditional* on how much the state asks the citizen to contribute to defense. This is because

¹⁷ An increase in \tilde{s} indicates that the citizen is now more vigilant.

a second mechanism is at work: the citizen knows that the state would have more incentive to lie if D is militarily strong relative to R , because she knows that the state would expect her to become less vigilant precisely for the reason stated above ($d\phi/dp > 0$). Nonetheless, if the requisite d to insure against the possibility that an adversary is revisionist is small enough, it would still be rational for the citizen to become more reluctant to verify a signal from the state even if her nation D rises in power (\bar{s} is decreasing in p whenever $d \leq \tilde{d}$). \tilde{d} is the maximum amount of defense contribution that the state can ask from the citizen that would *not* encourage her to learn about foreign policy as the military balance tilts in favor of D (Proposition 1).

Proposition 1: As D becomes more powerful relative to R , the citizen becomes less willing to verify a negative signal from the state regarding R ($\frac{\partial \bar{s}}{\partial p} < 0$) if investing in national security is not too costly for the citizen ($d < \tilde{d} \equiv \frac{-\frac{\partial \phi}{\partial p}(\theta - \theta^2)w - \frac{\partial w}{\partial p}(1 - \pi)}{\frac{\partial \phi}{\partial p}(\theta - \theta^2)/[\theta + \phi(1 - \theta)]^2}$).

The inequality $d \leq \tilde{d}$ is particularly likely to hold when w is high (because $d\tilde{d}/dw > 0$). Recall that w is the cost that the citizen pays if D is unprepared for a revisionist power, and also the cost that the citizen pays for triggering a security dilemma with unnecessary arming. w , therefore, should increase as offense becomes more dominant, and decreases as defense becomes more dominant (Jervis 1978; Christensen and Snyder 1991; Lynn-Jones 1995; Van Evera 1998). As w increases, \tilde{d} rises, because the citizen is now more willing to contribute to defense even when she is ignorant about international politics as the value of an insurance (in the form of investment in arming) is higher in a dangerous world where the offense is easy. As \tilde{d} rises, the citizen is now less compelled to challenge the state given her increased willingness to contribute to national defense.

Imperial Germany before World War I represents the prototypical case where w is high and $d\tilde{d}/dp > 0$. As Van Evera (1984) and Snyder (1984) both argued, elites and the public in Europe before 1914 believed that offense has the advantage in warfare. Under the spell of the “cult of the offensive”, German citizens were quite willing to support a military build up as an insurance for possible aggression by Germany’s rivals. Militarist interest groups with connections to the state, such as the Navy League under Admiral Alfred von Tirpitz, exploited this window of opportunity and cultivated an irrationally intense fear of encirclement among the German population despite Germany’s status as the preeminent power in continental Europe.

Before proceeding, I want to note that the inequality $d \leq \tilde{d}$ is also particularly likely to hold for a populous and wealthy nation (e.g. the U.S.). Such a nation can afford to extract less per capita

from the population for the same target amount of defense spending compared to an adversary that is less wealthy and populous.¹⁸ Consequently, results from this model is probably the most relevant for studying the international politics of great powers (as compared to a civil conflict where none of the combatants have much resource at their disposal).

4.3.2 Profiting from fear?

The state expects the citizen to verify its negative signal with probability ψ – defined by the cumulative density function $\Omega(\tilde{s})$ – and “rationally ignorant” with probability $1 - \psi$. The expected benefit for the state from spreading fear is therefore τ multiplies the net expected defense contribution given the probability that a citizen is vigilant and the probability that the citizen is “rationally ignorant”. When a citizen is vigilant, she is $1 - \pi$ less likely to contribute to defense compared to an ignorant citizen who takes the state’s signal regarding the adversary *prima facie*.

Given the cost of spreading fear κ , the state will send a negative signal regarding R if and only if the expected benefit from lying exceeds that of the cost (lemma 2).

Lemma 2: There exists a value $\tilde{\kappa} \equiv [1 - \psi]\tau d$ at which the state is indifferent between lying and not lying. When $\kappa < \tilde{\kappa}$, the state lies. When $\kappa \geq \tilde{\kappa}$, the state does not lie.¹⁹

$\tilde{\kappa}$ is the threshold cost of spreading fear that will make the state indifferent between spreading and not spreading fear. When $\kappa \geq \tilde{\kappa}$, the state would prefer to not sent a negative signal regarding R . When $\kappa < \tilde{\kappa}$, the state inflates threat. We can interpret $\tilde{\kappa}$ as an indicator of the state’s willingness to send a negative signal regarding R , given its expected pay-off from lying. A state facing a high $\tilde{\kappa}$ is more willing to lie compared to a state facing a low $\tilde{\kappa}$.

Clearly, the state would profit more from lying (and therefore more likely to lie) when the citizen is likely to be ignorant and just contribute to defense without spending questioning. Thus whether the state will scaremonger depends critically on its belief regarding the likelihood for the citizen to verify its lie.

¹⁸ If a country is populous, the burden of defense for each citizen is smaller in absolute terms compared to a less populous country. If a country is wealthy, the burden of defense for each citizen is smaller in relative terms compared to a poorer country.

¹⁹ v^* is the optimal choice that the citizen makes in equilibrium regarding whether to verify a signal from the state.

How does shifting distribution of power – either due to uneven economic growth, the building of new alliances, or the acquisition of a key strategic territory – affects D 's incentive to spread fear? Recall that ϕ (citizen belief regarding the truthfulness of the state's signal on ϕ) depends on $\tilde{\kappa}$ (the state's desire to lie), $\tilde{\kappa}$ depends on $\Omega(\tilde{s})$ (the state's belief that the citizen would be vigilant), and $\Omega(\tilde{s})/\tilde{s}$ depends on ϕ . The key to answer the question posed above is therefore to specify how changing distribution of power affects the triangular relationship between ϕ , $\tilde{\kappa}$ and $\Omega(\tilde{s})$.

An increase in D 's relative power will make the citizen less likely to be vigilant ($\Omega(\tilde{s})$ decreases). As discussed earlier, as D becomes more powerful, the expected cost of conflict when the citizen mistakenly invests against a status quo R decreases, which makes it rational for the citizen to refrain from questioning the state and just invest in national defense given that verification is costly ($d\tilde{s}/dp < 0$). However, as the military balance p shifts in D 's favor, the citizen should become more suspicious of the state for lying, because the state now expects her to become less vigilant and therefore has more incentive to lie ($\frac{d\phi}{d\tilde{\kappa}} \frac{d\tilde{\kappa}}{d\tilde{s}} \frac{d\tilde{s}}{dp} > 0$, with $d\tilde{\kappa}/d\tilde{s} > 0$ and $d\phi/d\tilde{\kappa} > 0$). Crucially, it would become more rational for the citizen to verify if ϕ increases $d\tilde{s}/d\phi > 0$ (this is the second order effect of p on \tilde{s} , e.g. a second casual pathway on how military balance affects citizen vigilance). In brief, as D grows stronger relative to R , the citizen faces competing incentives on whether to verify. Nonetheless, as proposition 1 suggests, the direct effect of changing military balance on citizen vigilance dominates its second order effect if the state does not ask the citizen to contribute too much to defense ($d \leq \tilde{d}$). Proposition 1 therefore implies that the state will form the belief that the citizen would become less vigilant as D becomes more powerful whenever $d \leq \tilde{d}$. This leads to corollary 1.

Corollary 1: As D becomes more powerful relative to R , the state becomes more willing to lie ($\frac{\partial \tilde{\kappa}}{\partial p} < 0$) if investing in national security is not too costly for the citizen ($d < \tilde{d}$).

4.3.3 Characterizing the equilibrium

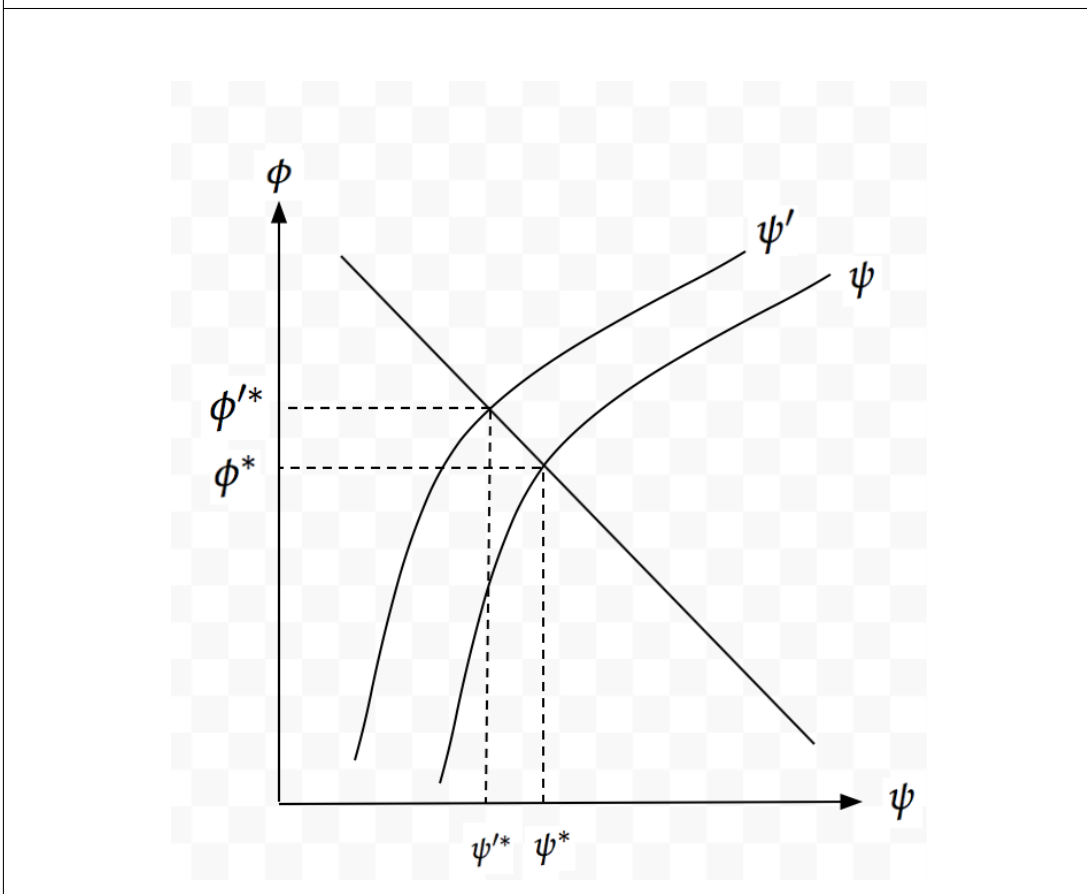
Now we are ready to formally characterize the PBE of this game.

Proposition 2: A PBE exists where after receiving a message from the state: (a) a citizen facing a verification cost $s < \tilde{s}$ will verify the message while a citizen facing a verification cost $s \geq \tilde{s}$ will not verify; (b) a citizen believes that R is threatening with probability $\pi^* = \frac{\theta}{\theta + \phi^*(1-\theta)}$ if she receives a message from the state, and θ if she does

not receive a message from the state; (c) a state facing a cost of lying $\kappa < \tilde{\kappa}$ will inflate foreign threat while a state facing a cost of lying $\kappa \geq \tilde{\kappa}$ will not inflate foreign threat; (d) if a citizen does not verify, she will always invest in national security and D arms; if a citizen verifies, she will invest only if she finds that R is indeed revisionist (with probability π^*), and not invest if she learns that R is status quo. The state believes that the citizen will verify with probability $\psi^* = (1 - \pi^*)(w + d)$ and the citizen believes that the state lies with probability $\phi^* = 1 - (1 - \pi^*)(w + d)\tau d = \frac{-[\theta - (1 - \theta)(1 - w - d)\tau d] + \sqrt{[(1 - \theta)(1 - w - d)\tau d + \theta]^2 + 4(1 - \theta)(\tau d\theta)}}{2(1 - \theta)}$. When the citizen does not receive a message, she does not verify, does not invest, and D does not arm.

In this equilibrium, it is always possible that the citizen does not verify and the state lies. Importantly, as D rises in power, we are more likely to observe the threat inflation scenario where the citizen prefers ignorance and the state exaggerates foreign threat. This is summarized by Figure 2. When the military balance tilts toward D 's favor (p increases), the likelihood that a citizen prefers ignorance increases, *ceteris paribus* (proposition 1). Put differently, $\psi = \Omega(\tilde{s})$ will shift upward to ψ' as p increases, as long as $d < \tilde{d}$; both ψ and ψ' are the *demand curves for verification* facing the citizen. ψ' intersects with the *supply curve of lies* (the negative sloping line which shows that as the likelihood of citizen verification increases (ψ), the likelihood for the state to lie decreases). The equilibrium probabilities of citizen verification and state lies are determined by the intersection of the demand and supply curves.

Figure 2: Demand for verification, supply of lies, and power shift



When the demand curve for verification shifts out to ψ' as D becomes more powerful, the equilibrium likelihood of verification by the citizen decreases from ψ^* to ψ'^* . Concurrently, after the power shift, the citizen also believes that the state is now more likely to lie in equilibrium (ϕ^* increases to ϕ'^*). This is because the citizen expects the state to take advantage of a decrease in her likelihood to verify any negative signal. Nonetheless, the citizen may still find it rational to not verify as long as the state only asks her to contribute a moderate sum to defense (proposition 1).

Furthermore, for the ignorant citizen who decides not to verify, her equilibrium level of threat perception π^* is strictly larger than θ , as long as if $\phi < 1$. In other words, the ignorant citizen will always update upward her perception of foreign threat as long as she believes that there is some probability that the state is being honest. Each negative signal from the state of a powerful nation,

however, will only have a small effect on the citizen's belief regarding the adversary, because the citizen now expects the state to lie with a high probability. The state, however, can bombard the citizen with multiple negative signals regarding an adversary who is actually a status quo power. The citizen will not find each discrete negative signal from the state persuasive, but the cumulative effect of lies can be large.

4.3.4 Results and model features

I want to conclude this section by discussing four features of the model. First, the model assumes that the state cares only about its own narrow political and/ or financial interest. In other words, in the model, the state has little interest in safeguarding the lives and properties of the citizens it presides over. Do my results remain robust if we allow the state to also care about the security and welfare of citizens? In this richer model, the "cost" for the state to spread fear in terms of jeopardizing the citizen's security will decrease as p rises and the potential cost of war w decreases, *ceteris paribus*. As long as if the state cares about *both* rent and security of the citizen all predictions involving distribution of power, threat perception, and arming remain identical to the simple model presented in this essay.²⁰

Second, the model assumes that the state is unitary (Krasner 1978), e.g. the foreign policy elites form a coherent group. In reality, the assumption does not always hold, and foreign policy elites often disagree passionately with one another (Schweller 2006). To model elite disagreement, we can add a stage to the game in which a "challenger" may decide to send a signal to the citizen state lies (with a cost c). The challenger may deter the state from inflating a foreign threat by making lying less effective. We can conceive of the challenger as a representative member from a group of foreign policy elites whose welfare is highly sensitive to conflict between countries D and R (for example, international bankers and elites with investments in economic sectors that exports to R , see, e.g., Kirshner 2007; Brooks 2013). Let us assume that the cost of conflict between D and R for the challenger is ω , which decreases as D becomes more powerful ($\partial\omega/\partial p < 0$).

My key comparative statics hold with the addition of this "challenger stage" to the game. As the distribution of power shifts in favor of D , the cost of international tension ω for the challenger decreases. Thus, given that calling out on the state for spreading a lie is costly, the challenger would now face less incentive to question the state. Knowing that a challenger is now less likely to challenge, the state would be more inclined to spread fear as p increases.

²⁰ Unsurprisingly, an "altruistic" state that cares solely about the citizen's welfare will never lie.

Third, what does the model say about regime type and the domestic politics of threat inflation? Does an authoritarian state face more or less incentive to inflate foreign threat compared to a democratic state? In the model, the cost for the state to spread fear, κ , is likely to be lower for an authoritarian state that controls the media. While citizens in democratic systems can actively challenge “alternative facts”, it would be more difficult for the citizens to do so under an authoritarian system. Furthermore, citizens under an authoritarian system may find it more difficult to obtain objective information on foreign affairs (Lorentzen 2014). Consequently, we should find it more likely to observe threat inflation equilibrium in authoritarian countries (as $\kappa < \bar{\kappa}$ is more likely to hold for authoritarian states). Crucially, the key results on military balance and threat inflation true across any value of κ , e.g. the finding that power breeds ignorance and fear is true for both authoritarian and democratic polities.

Fourth, to keep the model tractable, the essay “only” models how shifting balance of power affects the domestic politics of threat inflation in country D . The analysis presented in this essay therefore only concerns the *partial equilibrium* on the distribution of power and threat perception, instead of *general equilibrium* where one would also characterize the model threat perception of the adversary. Nonetheless, the partial equilibrium analysis still provides important insights into understanding the general equilibrium. Power imbalance makes it more likely for the nation that enjoys a preponderance of power to arm when there is actually no threat. Although the state of the weaker nation is unlikely to inflate foreign threat, the weaker nation will be forced to respond to the powerful nation’s “aggression”. It only takes one side to arm mistakenly (after it develops an inflated fear of the adversary) to trigger a deadly spiral that would lead to the break down of peace.

4.4 The illustrative case: Sino-Japanese conflicts over the *Diaoyu/Senkaku Islands*

To illustrate the model, I provide a discussion of China’s clashes with Japan over the *Diaoyu/Senkaku Islands* in 2004, 2010, and 2012. I focus on the Sino-Japanese territorial disputes, for two reasons. First, in China, the state media is still an important source of information for its citizens, and we know that words in the major state-owned newspapers are deliberately chosen. The state will not send a message that it does not want the population to believe in. Thus, if the Chinese state wants to inflate foreign threat among the population, we can observe it clearly from statements made by

the state media.²¹ Second, incidents in 2004, 2010, and 2012 are similar in nature, which allows me to control implicitly how the basic features of a clash influence the ability for the state to spin the incident to further its own interest.²² On March 24, 2004, the Japanese coast guard arrested seven Chinese activists who had landed on one of the *Diaoyu/Senkaku Islands*. In the early September 2010 event, the Chinese captain and crew of a Chinese fishing boat were detained by the Japanese coast guard for allegedly colliding with Japanese patrol boats. On August 15, 2012, the Japanese coast guard arrested 14 Chinese activists who had landed on the *Diaoyu/Senkaku Islands*, planting Chinese and Taiwanese flags on one of the islands. These incidents all involve the Japanese government arresting Chinese citizens who approached the *Diaoyu/Senkaku Islands*.²³

I begin my analysis by conducting a text analysis of Chinese state media reporting (e.g. “signals” in the model) of Chinese clashes with Japan over the *Diaoyu/Senkaku Islands* in March 2004, September 2010, and August 2012. Given the model, I would expect the Chinese state media to adopt a more nationalist and aggressive stance towards Japan in response to Sino-Japanese conflict over the *Diaoyu/Senkaku Islands* in 2010 and 2012 compared to 2004. After the onset of the 2008 financial crisis, there is a pervasive sense among Chinese citizens, lower-level government officials, and nationalist commentators in the media that the West is declining and China is rising (Christensen 2011: 59). Therefore, Chinese state after 2008 should have more incentive to propagate a fear of foreign threat, which would allow the state to take the helm as patriotic defenders of the Chinese nation and reinforce regime legitimacy.

My analysis shows that the *Xinhua News Agency* – the news source of record for the PRC Government, which sets forth the official line for foreign policy reporting in China – has been reporting Sino-Japanese clashes over the *Diaoyu/Senkaku Islands* in a more nationalist tone after 2008.

²¹ In contrast, it would be more challenging for us to discern whether the U.S. government wants to inflate foreign threat by analyzing articles from the *New York Times* or the *Washington Post*, as those articles contain opinions that are not necessarily sanctioned by the government.

²² The model does not require an incident with R for the state to send a signal. Nonetheless, in reality, states often find it the easiest to propagate a tale of foreign threat following an incident (which may either occur accidentally or manufactured by the state that has interest in tension). For an example where a state propagated a tale of foreign threat following a manufactured incident, consider the Ems Telegram incident that triggered the Franco-Prussian War in 1870.

²³ To improve the robustness of my inference, I will refrain from analyzing Chinese state media reporting of the “island” purchase incident – which happened right after the 2012 coast guard incident – because the nature of conflict is different.

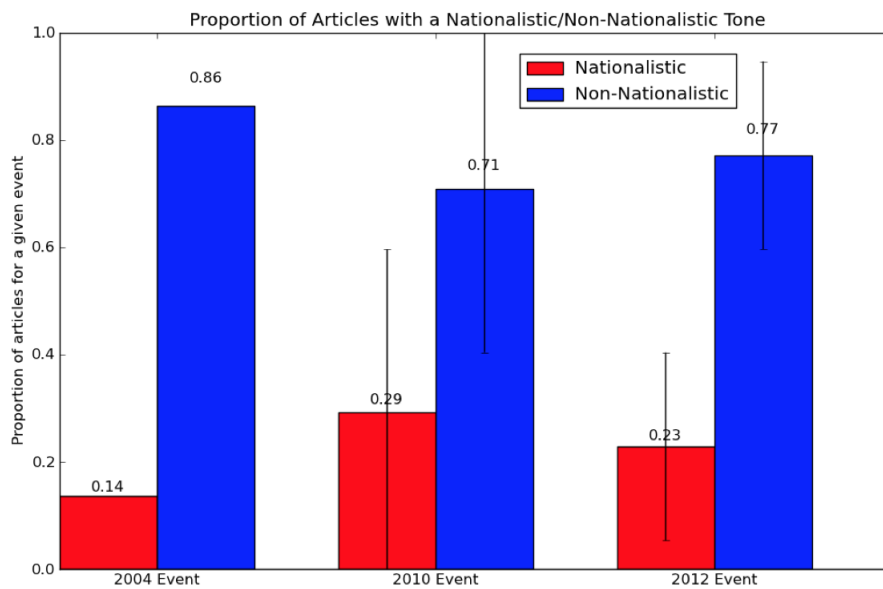
By hand-coding the documents, I find that 3 out of the 22 articles (14%) of the articles on the 2004 incident had a nationalistic tone/frame, and 19 out of the 22 articles (86%) of the articles on the 2004 incident had a non-nationalistic tone/frame.²⁴ In contrast, computer assisted analysis shows that the articles on the 2010 incident is 29% nationalistic and 71% non-nationalistic, with standard errors of 0.15.²⁵ I repeated the computer assisted analysis for the 2012 incident, which shows that articles on the incident were 23% nationalistic and 77% non-nationalistic, with standard errors of 0.09.²⁶ Comparing the 2004 incident to the 2010 incident, the proportion of nationalist articles jumps by 15 percent. Comparing the 2004 incident to the 2012 incident, the proportion of nationalist articles jumps by 8 percent. The comparisons lend support to one of the predictions of my model: the state of a powerful country is more likely to propagate a tale of foreign threat. Figure 1. summarizes results from the text analysis of *Xinhua News Agency* reports on Sino-Japanese clashes over the *Diaoyu/ Senkaku Islands* in 2004, 2010, and 2012. Details on the text analysis are in the appendix.

²⁴ The relatively small number of articles in this period (22 non-duplicate articles, excluding irrelevant articles, such as those about the weather) precluded automatic analysis via ReadMe.

²⁵ Results are from 285 computationally intensive bootstrap runs; I run the text analysis with the Hopkins and King ReadMe package.

²⁶ Results are from 300 computationally intensive bootstrap runs.

Figure 1: Proportion of *Diaoyu/Senkaku* Islands related articles with nationalistic/non-nationalistic frames



Note: Each “event” represents all applicable articles from one of the following 24-day periods: 2004-03-24 to 2004-04-16 (with 22 articles), 2010-09-07 until 2010-10-01 (with 90 articles), 2012-08-15 to 2012-09-09 (with 122 articles). The 2004 articles were hand coded because the corpus is too small to apply computational techniques. The error bars on the 2010 and 2012 proportions represent 95% confidence intervals calculated via multiple bootstrap samples. The large variance associated with the 2010 event proportions is a consequence of the relatively small number of articles.

Ideally, to provide further support for my model with the Sino-Japanese territorial conflict case, I would want to provide direct evidence on the Chinese state’s cost and benefit calculation of threat inflation and show that the Chinese state believed that propagating a tale of Japanese threat in 2010 and 2012 is a good strategy. Unfortunately (and unsurprisingly), such evidence on

the Chinese state's calculation on inflating Japanese threat is difficult to come by. Nonetheless, two pieces of evidence indicate that inflating Japanese threat is likely to be cost-efficient for the Chinese state. First, the Chinese state should expect its negative signals regarding Japan to change how Chinese citizens think about Japan. Truex's (2016) survey experiment and Esarey, Stockmann, and Jie's (2017) focus group studies both demonstrated that Chinese citizens genuinely trust the Chinese state-controlled media outlets, *even if they know that the official mouthpieces are biased*. The findings from these studies dovetail nicely with the model's result that citizens will still update their belief regarding a foreign threat even if they know that the state might be lying.

Second, anti-Japanese rhetoric in the Chinese state media does seem to increase Chinese perception of Japan as a threat. As Johnston (2017) showed with his analysis of a time-series survey of Beijing residents from 1998 to 2015, Chinese amity towards Japan is on average lower after 2008 compared to the earlier period. Of course, there may be many factors driving the rise and fall of anti-Japanese sentiments in China, but state mobilization of anti-Japanese rhetoric is likely to be one of them. In sum, upon receiving a negative signal from the Chinese state, the Chinese citizens are likely to refrain from verifying the signal and simply update upward their belief regarding a Japanese threat given their confidence in China's emergence as the regional hegemon; as China rises and Japan declines, we should expect the Chinese state to engage in more threat inflation directed at Japan.

Conclusion

Robert Gilpin (1996) famously lamented that nobody loves a realist (more recently, William Wohlforth reiterated this complaint in 2012). The realists themselves are partly responsible for their love problems. Despite the centrality of both balance of power and threat perception in realist theories of international politics, realists have yet to establish a clear and robust theoretical link between those two concepts. This is a problem for realist theories, particularly the structural variant (Waltz 1979; Mearsheimer 2001). If unit level explanations alone – whether they concern *Innenpolitik* or human psychology – are suffice to explain why one nation finds another threatening, most realist explanations for international politics become irrelevant, as threat perception is the key link between the material conditions nations face and their decision to balance, bandwagon, or buck-pass.

This essay presents a novel model that reveals why preponderance of power encourages war-mongering and breeds fear. As a country becomes more powerful – either due to an differential rate of economic growth or the failure of other countries to form a counter-balancing coalition –

its citizens will become more confident regarding conflict outcome. Consequently, the citizens are likely to dedicate less time and effort to evaluating any tales of foreign threat propagated by the state. Knowing that the citizens are now less attentive, it would be more likely for the state to spread tales of threat for its own benefits, which the citizens would accept. I examine the empirical implications of my model with a discussion of Sino-Japanese clashes over the *Diaoyu/ Senkaku Islands* in 2004, 2010, and 2012.

In the introduction, I suggested that although the focus of the model is *not* to explain when and why states balance, the findings from this model nonetheless have implications for understanding balancing in international politics; I want to conclude the essay by discussing what those implications are. The first implication is that nations desire balance of power because it preserves peace by deterring political entrepreneurs from spreading lies about foreign threat. This is a new rationale for balancing that existing studies have overlooked. The second implication is that although balance of power is conducive to peace, international systems characterized by balance of power should be rare in history (Watson 1992; Wohlforth et al 2007). The model suggests that a powerful nation – whether it is a unipole or a rising power – is likely to view other nation’s attempt at balancing as driven by greed and expansionism (instead of security) and therefore over-react. The leading power’s paranoia may deter any potential competing power from investing in military capacity (Debs and Monteiro 2014; Gowa and Ramsay 2017), which will attract the leading power’s suspicion and wrath. Although nations have good reasons to balance against a leading power, they may nonetheless find it difficult to do so.

Chapter 5

Appendix

5.1 Appendix for globalization and the social construction of power politics

5.1.1 Descriptive statistics

Table 1: Descriptive statistics					
<i>variable</i>	<i>mean</i>	<i>sd.</i>	<i>median</i>	<i>range</i>	<i>n</i>
worldview	0.38	0.49	0	0-1	1469
foreign connections	0.40	0.49	0	0-1	1448
education	1.07	0.54	1	0-2	1459
gender (social dominance orientation)	0.50	0.50	0	0-1	1474
attention to international news	0.34	0.68	0	0-1	1406
socioeconomic class	0.99	0.48	1	0-2	1449
born in the 80's	0.33	0.47	0	0-1	1474
communist youth league	0.16	0.36	0	0-1	1457
communist party	0.08	0.27	0	0-1	1474
national attachment	0.96	0.19	1	0-1	1448

5.1.2 Survey

5.1.2.1 Recruitment and survey procedures

Each respondent was recruited by a specially trained Chinese college student, who visited the respondent at his/ her residence for recruitment. 65.3% of the individuals who were selected ultimately agreed to participate in the survey, which is *above* average (52.7%) for studies that utilized data collected from individuals (interviews, phone surveys and online questionnaire; Baruch and Holtom 2008). If an individual refused to participate in the interview after initial contact, the research center would send a different student interviewer who would approach the individual again. The research center would only “give up” on a selected individual after *at least 6 rejections*. After an individual accepted the request for interview, he or she was interviewed face-to-face by the specially trained student interviewer, who would be accompanied by a supervisor from the research center for quality assurance. All respondents were ensured that their responses would be totally confidential.

Nota bene: that individuals who would refuse requests for an interview after persistent attempts are probably more unfriendly and untrusting compared to average individuals, which implies that the respondents who agree to get interviewed are likely to be agreeable and trustful individuals. Both of these unobserved personality traits would be *negatively correlated* with the error term and therefore, if anything, biased *against* my argument that foreign exposure leads to mistrust of foreign nations, because agreeable and trustful people are both more likely to build foreign connections and reject a *realpolitik* worldview.

5.1.2.2 Survey questions

The data of this study comes from a larger survey conducted in Beijing in 2009. Below are the English translations for the survey questions that appeared in this study.

A1. "Which year are you born?"

A5. "What is your highest level of education?" Less than primary school (1), primary school (2), middle school (3), high school (4), technical high school (5), technical school (6), college (7), master's program (8), doctorate (9).

H2. "Do you think in general great powers (*daguo*) are peaceful (1) or aggressive? Please select on the 7 point scale below a value that expresses your view." (*aihaohepingde – haozhangde*)

H2a. "Do you think in general great powers (*daguo*) are modest (1) or arrogant (7)? Please select on the 7 point scale below a value that expresses your view." (*qianhede – aomande*)

H2b. "Do you think in general great powers (*daguo*) are sincere (1) or hypocritical (7)? Please select on the 7 point scale below a value that expresses your view." (*yanxingyizi – yanxingbuyi*)

H2c. "Do you think in general great powers (*daguo*) are constructive (1) or unconstructive in world affairs (7)? Please select on the 7 point scale below a value that expresses your view." (*zai shijieshiwu shanqi jiji de zuoyong – xiaoji de zuoyong*)

H3. "Do you think in general China is are peaceful (1) or aggressive (7)? Please select on the 7 point scale below a value that expresses your view." (*aihaohepingde – haozhangde*)

H3a. "Do you think in general China is are modest (1) or arrogant (7)? Please select on the 7 point scale below a value that expresses your view." (*qianhede – aomande*)

H3b. "Do you think in general China is sincere (1) or hypocritical (7)? Please select on the 7 point scale below a value that expresses your view." (*yanxingyizi – yanxingbuyi*)

H3c. "Do you think in general China is constructive (1) or unconstructive in world affairs (7)? Please select on the 7 point scale below a value that expresses your view." (*zai shijieshiwu shanqi jiji de zuoyong – xiaoji de zuoyong*)

H10. "Do you strongly agree (1), agree (2), disagree (3), or strongly disagree (4) with the following statement?"

H10a. "I prefer to be a Chinese citizen than a citizen of another nations in the world".

H10b. "In general, China is better than any other nation in the world".

H13. "There are two different understandings of economic interdependence, which interpretation is closer to your understanding of the concept?

Competition for market and resource increasingly affects the welfare of a nation (1).

Nations have become increasingly dependent on one another for products and services (2).

H17. "How much are you interested in international news – are you very interested (1), quite interested (2), average interest (3), almost not interested (4), or not interested at all (5)?"

K31. "Do you know any foreign language?" Yes (1), No (0).

K32. "Have you ever been abroad" Yes (1), No (0). If yes, proceed to question K32a. If no, proceed to question K33.

K32a. "How long were you abroad? Less than one month (1), 1-6 months (2), 6 months - 1 year (3), 1 - 3 years (4), more than 3 years (5).

K33. "Do you know any relatives who have studied, lived, or worked abroad?" Yes (1), No (0).

K34. "Do you know any good friends who have studied, lived, or worked abroad?" Yes (1), No (0).

K35. Now we want to know what organizations/ clubs you are a member of.

K35a. The Communist Party. Yes (1), No (2).

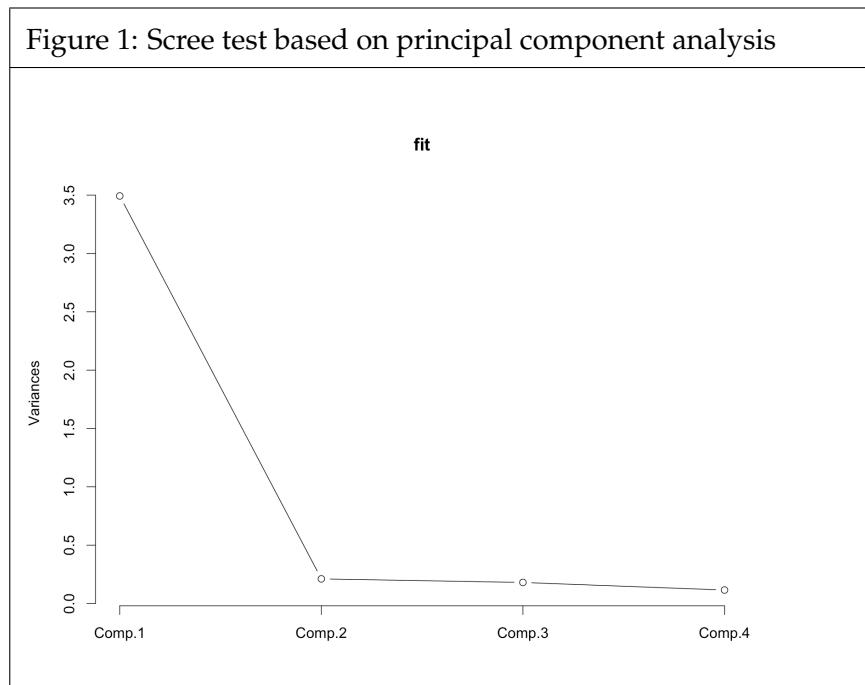
K35c. The Communist Youth League. Yes (1), No (2).

Z6. Given your impression of the household (the specially trained graduate student interviewer), please estimate the economic condition of the family. Is it a low income family (1), an average income family (2), a middle-high income family (3), or a high income family (4)?

5.1.3 Supplementary analyses

5.1.3.1 Constructions of *realpolitik* scores

I first run the scree test (based on exploratory principal-component analysis) to determine the number of factors necessary to summarize the four items in the survey on respondent perception of the great powers (Cattell 1966). The scree test shows that all four items correspond to the same factor (Figure 1).

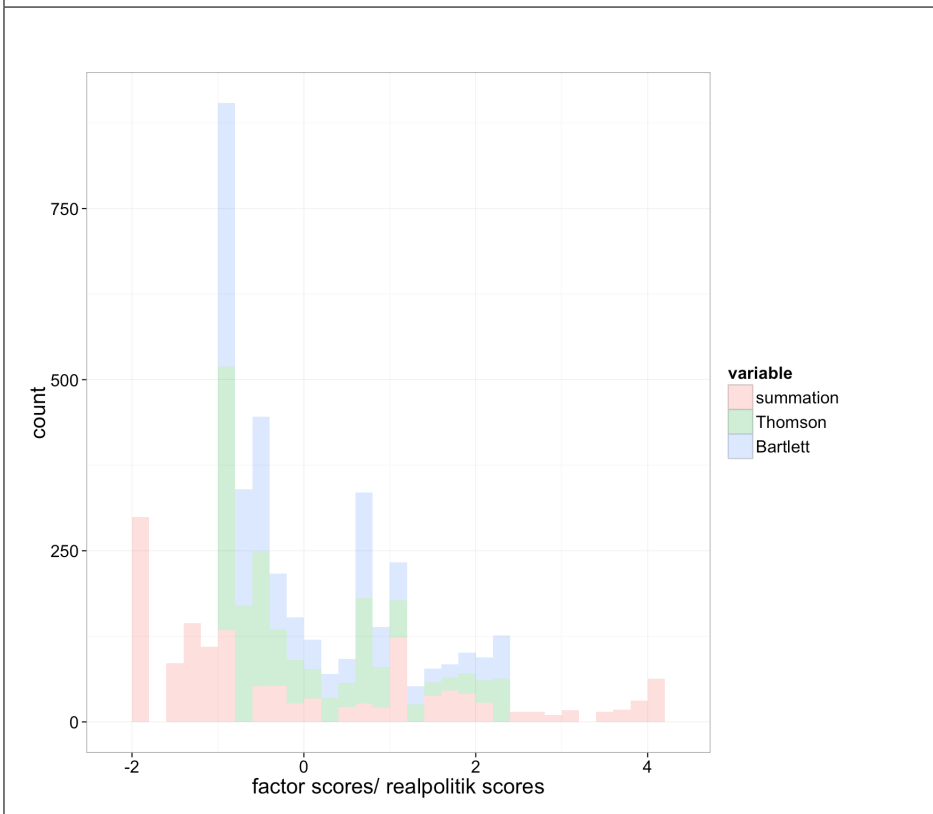


The factor loading score – i.e. the amount of variance that the factor captures for an item – for each of the four items h2, h2a, h2b and h2c is 0.904, 0.891, 0.924 and 0.927. The factor loading scores are well above the conventional minimum factor loading threshold of 0.32 (Costello and Osborne 2005). This is strong evidence suggesting that the *realpolitik* factor *alone* adequately describes all four items on worldview.

The results presented in the main body of the article are based on factor scores (“*realpolitik* scores”) computed with the summation method (sum up and standardize to the original 1-7 scale each respondent’s answers to questions h2, h2a, h2b and h2c). I opt for the summation method because the method produces factor scores that are easy to interpret, and the two problems that

we commonly associated with the method are non-existent for this study. First, the summation method is often criticized for assuming that all items on a factor are given equal weight (DiStefano, Zhu and Mindrila 2009). This is not a concern for this study, however, since all four items have the same factor loading scores (~0.9). Second, the summation method can make it difficult to handle cross-loading (an item might load onto more than one factor). Again, this is not a concern for this study, because there is only 1 factor.

Figure 2: Comparing methods of deriving factor scores/ *realpolitik* scores



Note: To facilitate comparison between factor scores from summation and the from Thomson's and Bartlett's methods, I *re-centered* the factor scores from summation to 0 (the original actor scores from summation is in the 1-7 range).

Nonetheless, as a precaution, I calculated factor score/ *realpolitik* score for each respondent based on the Thomson's (sometimes also called Thurstone's) and the Bartlett's methods. Both methods belong to the "refined" approach of calculating factor scores based on regressions. The "independent variables" in the regression equation are the standardized observed values of the items in the estimated factors or components, while the dependent variable is the factor score. Thomson's method can help us obtain maximal correlation to the estimated factor, but it can produce biased estimates of factor score parameters. Bartlett's method, on the other hand, is unbiased, but the correlation between factor scores and the underlying factor is lower compared to Thomson's method (DiStefano, Zhu and Mindfrilla 2009).

Factor scores produced by regression methods are always centered around 0. In the context of this study, a factor score of 0 indicates that a respondent's *realpolitik*-ness is close to the average of the sample. A negative factor loading score means that the respondent's *realpolitik* rating is less than average, and a positive factor loading score means that the respondent's *realpolitik* rating is more than average. To visually compare the *realpolitik* scores produced by the summation, Thomson and Bartlett methods, see Figure 2. Note that the shapes of the distributions are identical.

5.1.3.2 OLS analysis based on different constructions of *realpolitik* scores

As a robustness check, I re-estimated the OLS versions of the bivariate model and models 1 to 5 from table 2 of the main article, using factor scores produced by the summation, Thomson's and Bartlett's methods. The correlation between various types of foreign connections and *realpolitik* score is positive and highly statistically significant across all models and different methods of deriving factor scores. See tables 2, 3, and 4 below.

Table 5.2: Types of foreign connections and realpolitik scores (summation method)

	<i>Dependent variable:</i>					
	worldview					
	(1)	(2)	(3)	(4)	(5)	(6)
foreign connections	0.374*** (0.097)	0.573*** (0.115)	0.568*** (0.119)			
foreign language				0.728*** (0.129)		
lived/ traveled abroad					0.840*** (0.261)	
family or friends abroad						0.522*** (0.148)
education		-0.133 (0.109)	-0.141 (0.112)	-0.254** (0.118)	-0.190 (0.148)	-0.092 (0.126)
gender		-0.261*** (0.100)	-0.278*** (0.101)	-0.332*** (0.105)	-0.280** (0.126)	-0.194* (0.112)
attention to int'l news		0.073 (0.075)	0.082 (0.076)	0.085 (0.079)	0.087 (0.091)	0.101 (0.083)
socio-economic class		-0.110 (0.110)	-0.106 (0.113)	-0.061 (0.118)	-0.088 (0.142)	-0.158 (0.126)
born in 80's		-0.199* (0.111)	-0.188* (0.114)	-0.202* (0.117)	-0.099 (0.148)	-0.156 (0.130)
youth league			0.009 (0.141)	-0.018 (0.145)	0.120 (0.203)	0.049 (0.170)
party mem.			-0.058 (0.193)	-0.207 (0.200)	-0.127 (0.260)	-0.016 (0.213)
national attachment			-0.686** (0.279)	-0.644** (0.280)	-0.856** (0.345)	-0.865*** (0.302)
Constant	2.660*** (0.062)	3.030*** (0.241)	3.675*** (0.395)	3.688*** (0.405)	3.818*** (0.484)	3.828*** (0.436)
Observations	1,443	1,344	1,310	1,231	829	1,037
R ²	0.010	0.025	0.029	0.039	0.031	0.027
Adjusted R ²	0.009	0.020	0.022	0.032	0.020	0.019

Note:

*p<0.1; **p<0.05; ***p<0.01

Table 5.3: Types of foreign connections and realpolitik scores (Thomson's method)

	<i>Dependent variable:</i>					
	worldview					
	(1)	(2)	(3)	(4)	(5)	(6)
foreign connections	0.202*** (0.052)	0.308*** (0.062)	0.306*** (0.064)			
foreign language				0.393*** (0.069)		
lived/ traveled abroad					0.454*** (0.140)	
family or friends abroad						0.282*** (0.079)
education		-0.071 (0.058)	-0.075 (0.060)	-0.136** (0.063)	-0.105 (0.080)	-0.049 (0.068)
gender		-0.138** (0.054)	-0.148*** (0.054)	-0.178*** (0.056)	-0.148** (0.067)	-0.101* (0.060)
attention to int'l news		0.041 (0.040)	0.046 (0.041)	0.045 (0.043)	0.048 (0.049)	0.056 (0.045)
socio-economic class		-0.057 (0.059)	-0.056 (0.061)	-0.031 (0.063)	-0.044 (0.076)	-0.085 (0.068)
born in 80's		-0.109* (0.060)	-0.104* (0.061)	-0.111* (0.063)	-0.057 (0.080)	-0.085 (0.070)
youth league			0.005 (0.075)	-0.010 (0.078)	0.058 (0.109)	0.026 (0.091)
party mem.			-0.035 (0.104)	-0.118 (0.108)	-0.071 (0.140)	-0.014 (0.114)
national attachment			-0.386** (0.150)	-0.364** (0.151)	-0.477** (0.185)	-0.486*** (0.162)
Constant	-0.082** (0.033)	0.110 (0.129)	0.476** (0.212)	0.484** (0.218)	0.552** (0.260)	0.563** (0.234)
Observations	1,443	1,344	1,310	1,231	829	1,037
R ²	0.010	0.025	0.030	0.040	0.031	0.028
Adjusted R ²	0.010	0.020	0.023	0.033	0.021	0.019

Note:

*p<0.1; **p<0.05; ***p<0.01

Table 5.4: Types of foreign connections and realpolitik scores (Bartlett's method)

	<i>Dependent variable:</i>					
	worldview					
	(1)	(2)	(3)	(4)	(5)	(6)
foreign connections	0.212*** (0.055)	0.324*** (0.065)	0.321*** (0.067)			
foreign language				0.412*** (0.073)		
lived/ traveled abroad					0.477*** (0.147)	
family or friends abroad						0.296*** (0.083)
education		-0.075 (0.061)	-0.079 (0.063)	-0.143** (0.066)	-0.110 (0.084)	-0.051 (0.071)
gender		-0.144** (0.056)	-0.155*** (0.057)	-0.187*** (0.059)	-0.155** (0.071)	-0.106* (0.063)
attention to int'l news		0.043 (0.042)	0.048 (0.043)	0.048 (0.045)	0.050 (0.051)	0.059 (0.047)
socio-economic class		-0.060 (0.062)	-0.058 (0.064)	-0.032 (0.066)	-0.047 (0.080)	-0.090 (0.071)
born in 80's		-0.114* (0.063)	-0.109* (0.064)	-0.117* (0.066)	-0.060 (0.084)	-0.089 (0.073)
youth league			0.005 (0.079)	-0.011 (0.082)	0.061 (0.115)	0.028 (0.096)
party mem.			-0.037 (0.109)	-0.124 (0.113)	-0.074 (0.147)	-0.014 (0.120)
national attachment			-0.405** (0.157)	-0.382** (0.158)	-0.501** (0.194)	-0.510*** (0.170)
Constant	-0.086** (0.035)	0.115 (0.136)	0.499** (0.223)	0.508** (0.228)	0.579** (0.273)	0.591** (0.246)
Observations	1,443	1,344	1,310	1,231	829	1,037
R ²	0.010	0.025	0.030	0.040	0.031	0.028
Adjusted R ²	0.010	0.020	0.023	0.033	0.021	0.019

Note:

*p<0.1; **p<0.05; ***p<0.01

5.1.3.3 Regression models after decomposing Worldview

Table 5.5: Foreign connections and worldview

	<i>Dependent variable:</i>							
	belligerent (1)	(2)	(3)	negative (4)	arrogant (5)	(6)	hypocritical (7)	(8)
foreign connections	0.222*** (0.069)	0.412*** (0.086)	0.162** (0.070)	0.390*** (0.087)	0.184*** (0.068)	0.387*** (0.085)	0.200*** (0.069)	0.386*** (0.085)
education		-0.077 (0.081)		-0.149* (0.081)		-0.095 (0.080)		-0.079 (0.080)
gender		-0.179** (0.074)		-0.189** (0.074)		-0.206*** (0.072)		-0.149** (0.073)
attention to int'l news		-0.018 (0.055)		-0.058 (0.055)		-0.063 (0.054)		-0.005 (0.055)
socio-economic class		-0.182** (0.082)		-0.086 (0.082)		-0.101 (0.081)		-0.017 (0.081)
born in 80's		-0.201** (0.083)		-0.149* (0.083)		-0.197** (0.082)		-0.233*** (0.083)
youth league		0.011 (0.101)		-0.022 (0.102)		0.025 (0.100)		0.002 (0.101)
party mem.		0.105 (0.137)		0.028 (0.140)		0.020 (0.137)		-0.028 (0.138)
national attachment		-0.397** (0.195)		-0.072 (0.202)		-0.398** (0.194)		-0.304 (0.195)
Observations	1,443	1,310	1,443	1,310	1,443	1,310	1,443	1,310

Note: *p<0.1; **p<0.05; ***p<0.01

5.1.4 Placebo test

Table 5.6: Placebo test: foreign connections and competitive worldview

	<i>Dependent variable:</i>	
	mercantilism	
	(1)	(2)
foreign connections	-0.169** (0.082)	-0.319*** (0.097)
education		0.150 (0.096)
gender		-0.214** (0.085)
attention to int'l news		-0.135** (0.067)
socio-economic class		0.361*** (0.099)
born in 80's		-0.016 (0.094)
youth league		0.071 (0.115)
party mem.		-0.103 (0.149)
national attachment		0.206 (0.227)
Observations	949	910

Note: *p<0.1; **p<0.05; ***p<0.01

5.1.4.1 Models controlling for perception of Chinese national identity

Table 5.7: Models controlling for Chinese national identity

	<i>Dependent variable:</i>					
	worldview					
	(1)	(2)	(3)	(4)	(5)	(6)
foreign connections	0.179*** (0.069)	0.407*** (0.083)	0.402*** (0.086)			
foreign language				0.524*** (0.093)		
lived/ traveled abroad					0.679*** (0.191)	
family or friends abroad						0.377*** (0.108)
education		-0.133* (0.078)	-0.144* (0.080)	-0.229*** (0.084)	-0.234** (0.110)	-0.116 (0.092)
gender		-0.141** (0.071)	-0.159** (0.073)	-0.183** (0.075)	-0.137 (0.093)	-0.118 (0.082)
attention to int'l news		-0.062 (0.053)	-0.054 (0.054)	-0.053 (0.057)	-0.003 (0.067)	-0.031 (0.061)
socio-economic class		-0.163** (0.078)	-0.136* (0.081)	-0.119 (0.084)	-0.137 (0.105)	-0.173* (0.092)
born in 80's		-0.176** (0.080)	-0.174** (0.082)	-0.175** (0.085)	-0.153 (0.111)	-0.181* (0.096)
youth league			0.038 (0.100)	0.024 (0.103)	0.107 (0.149)	-0.010 (0.124)
party mem.			-0.015 (0.138)	-0.105 (0.144)	-0.138 (0.194)	-0.015 (0.154)
national attachment			-0.266 (0.200)	-0.253 (0.201)	-0.241 (0.254)	-0.311 (0.220)
national identity	0.267*** (0.048)	0.239*** (0.050)	0.234*** (0.051)	0.239*** (0.053)	0.239*** (0.075)	0.251*** (0.061)
Observations	1,440	1,341	1,307	1,228	826	1,034

Note:

*p<0.1; **p<0.05; ***p<0.01

5.1.4.2 Models on nationalism and identity distance

Table 5.8: Nationalism and identity distance

	<i>Dependent variable:</i>					
	nationalism		identity distance			
	<i>probit</i>		<i>OLS</i>		<i>quantile regression</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
foreign connections	0.273*** (0.104)	0.268* (0.146)	0.152 (0.099)	0.356*** (0.121)	0.250* (0.142)	0.500*** (0.151)
education		-0.001 (0.136)		-0.197* (0.115)		-0.050 (0.123)
gender		-0.068 (0.125)		-0.214** (0.103)		-0.250** (0.100)
attention to int'l news		0.113 (0.097)		0.076 (0.078)		-0.200*** (0.076)
socio-economic class		-0.255* (0.139)		-0.104 (0.116)		-0.150 (0.119)
born in 80's		0.057 (0.138)		-0.164 (0.116)		-0.050 (0.100)
youth league		0.143 (0.161)		0.075 (0.143)		0.050 (0.136)
party mem.		0.339* (0.202)		-0.094 (0.197)		-0.000 (0.224)
national attachment		-2.311*** (0.216)		-0.223 (0.287)		-0.300 (0.212)
Observations	1,422	1,308	1,440	1,307	1,440	1,307

Note:

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

I measure nationalism by looking at responses to question H10b: In general, do you agree that China is better than most other countries? I code all respondents who answered "agree" and "strongly agree" as nationalistic (1), and (0) otherwise.

By identity distance, I mean the perceived socio-psychological differences between groups that differentiates China from the other great powers (for application of the concept to the study of IR, see Ryu 2013). A positive identity distance would denote a respondent's belief in China's moral

superiority compared to great powers in general, and $\beta > 0$ would indicate that the individuals with foreign connections are more likely to subscribe to Chinese exceptionalism. I measure each respondent's perceived identity distance between China and the great powers by subtracting the worldview variable – which details respondent perception of the great powers – from the variable *Chinese national identity*, which I constructed from responses to survey questions H3 - H3c. The questions ask each respondent to characterize China as either (1) peaceful or belligerent; (2) moral or immoral; (3) humble or arrogant; (4) principled or hypocritical on 1-7 scales, with 1 corresponding to strong agreement with the positive attribute and 7 the opposite negative attribute. I sum up and standardize (to the original 1-7 scale) all responses to the four questions to create the Chinese national identity variable.

I also run quantile regression models (models 5 and 6) where I estimate the median instead of the mean identity distance. I run the quantile regressions because identity distance is highly skewed to the right (skewness = 0.912), which poses outlier problem that can bias OLS models.

5.1.4.3 Heterogeneous effect

Table 5.9: Identity loss and the heterogeneous effects of foreign contact on worldview

	<i>Dependent variable:</i>			
	realpolitik worldview			
	identifies with China		does not identify with China	
	(1)	(2)	(3)	(4)
foreign connections	0.229*** (0.070)	0.463*** (0.086)	0.302 (0.356)	0.170 (0.535)
education		-0.167** (0.081)		0.606 (0.465)
gender		-0.184** (0.074)		0.171 (0.451)
attention to int'l news		-0.061 (0.055)		0.279 (0.350)
socio-economic class		-0.154* (0.082)		-0.006 (0.492)
born in 80's		-0.182** (0.083)		0.149 (0.528)
youth league		0.055 (0.101)		-1.155* (0.658)
party mem.		-0.040 (0.141)		0.231 (0.768)
Observations	1,369	1,265	50	45

Note:

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

The n for the regression models on respondents who do not identify with China is small, which raises the possibility that the null effect is driven by small sample size. To address the concern, I run power analysis to determine the minimum required sample size that would allow us to discover effects that are genuinely true (at $p = 0.05$) 80 percent of the time (the standard benchmark; Button et al 2013) for models 3 and 4. For the power analysis, I set desired effect sizes for models 3 and 4 as 0.229 and 0.463, which are the coefficients associated with foreign connections for models 1 and 2 in table 9. Power analysis suggests that the minimum required sample size that would allow us to uncover the effect of *Foreign connections* on worldview is 35 (< 50) and 38 (< 45) for models 3 and 4 (table 9) respectively. The null effect of *Foreign connections* associated with models

3 and 4 is therefore *not driven* by small sample size.

5.2 Appendix for military balance, threat perception, and the security dilemma

5.2.1 Proof for lemma 1

For the citizen to verify, the following inequality must hold:

$$-s - (1 - \pi)0 - \pi d > -d - (1 - \pi)w - (\pi)0$$

Rearrange the terms, we get $s < \tilde{s} \equiv (1 - \pi)(w + d)$.

5.2.2 Proof for proposition 1

Take the derivative of $(1 - \pi)(w + d)$ with respect to p , we get:

$$\frac{\partial w}{\partial p}(1 - \pi) - \frac{\partial \pi}{\partial p}(w + d)$$

The first component of the expression above represents the *first order effect* of an increase in p on \tilde{s} . As p increases, the citizen has less incentive to verify because conflict is now less costly ($\frac{\partial w}{\partial p} < 0$, by construction). The second component of the expression above represents the *second order effect* of an increase in p on \tilde{s} . To see this, we solve for $\frac{\partial \pi}{\partial p}$ by the quotient rule:

$$\frac{0 \cdot [\theta + \phi(1 - \theta)] - \theta \left[\frac{\partial \phi}{\partial p}(1 - \theta) \right]}{[\theta + \phi(1 - \theta)]^2}$$

$\frac{\partial \phi}{\partial p}$ expands to $\frac{\partial \phi}{\partial \bar{\kappa}} \frac{\partial \bar{\kappa}}{\partial \tilde{s}} \frac{\partial \tilde{s}}{\partial w} \frac{\partial w}{\partial p}$. We know that $\frac{\partial w}{\partial p} < 0$, $\frac{\partial \tilde{s}}{\partial w} > 0$ (the citizen has less incentive to be vigilant as conflict becomes less costly), $\frac{\partial \bar{\kappa}}{\partial \tilde{s}} > 0$ (as the citizen becomes less vigilant, the state has more incentive to lie), $\frac{\partial \phi}{\partial \bar{\kappa}} > 0$ (as the state has more incentive to lie, the citizen has more reason to believe that the state is lying). In sum, as p increases, the citizen becomes more suspicious of the state lying (knowing that the state now expects her to become less vigilant). The citizen would therefore have more incentive to verify.

To derive the condition under which $\frac{\partial \tilde{s}}{\partial p} < 0$, we set $\frac{\partial w}{\partial p}(1 - \pi) - \frac{\partial \pi}{\partial p}(w + d) < 0$. After substituting in $\frac{-[\frac{\partial \phi}{\partial p}(\theta - \theta^2)]}{[\theta + \phi(1 - \theta)]^2}$ for $\frac{\partial \pi}{\partial p}$ and rearrange the terms, we get $d < \tilde{d} \equiv \frac{-\frac{\partial \phi}{\partial p}(\theta - \theta^2)w - \frac{\partial w}{\partial p}(1 - \pi)}{\frac{\partial \phi}{\partial p}(\theta - \theta^2)/[\theta + \phi(1 - \theta)]^2}$, which

guarantees that $\frac{\partial \tilde{s}}{\partial p} < 0$. Note that \tilde{d} is decreasing in w ; as offense becomes dominant, the citizen becomes more likely to refrain from verification and just invest.

5.2.3 Proof for lemma 2

Recall that the state believes that the citizen verifies it's message regarding R as a threat with probability $\psi = \Omega(\tilde{s})$. For the state to lie, the following inequality must hold:

$$-\kappa + [1 - \psi]\tau d > 0$$

After some simple algebra, we get $\kappa < \tilde{\kappa} \equiv [1 - \psi]\tau d$.

5.2.4 Proof for corollary 1

Corollary 1 follows directly from proposition 1, as $\tilde{\kappa} \equiv (1 - \tilde{s})\tau d$.

5.2.5 Proof for proposition 2

(a) follows from lemma 1. (b) follows from Bayes rule. If the state lies with probability ϕ and the state always sends a message when R is revisionist, the citizen updates her belief $P(\text{revisionist}|\text{message}) = \frac{\theta \cdot 1}{\theta \cdot 1 + (1 - \theta)\phi^*} = \frac{\theta}{\theta + \phi^*(1 - \theta)}$. (c) follows from lemma 2.

The first part of (d) – that a citizen will invest in national security if she does not verify – is true by the assumption $\pi w > d$. The second part of (d) – that a citizen will invest with probability $\pi^* = \frac{\theta}{\theta + \phi^*(1 - \theta)}$ if she verifies – is true because the citizen will find that R is revisionist with probability π^* , and d is necessary to deter a revisionist R and therefore prevent a loss of w .

To solve for the equilibrium beliefs that sustain the PBE, note that $\psi^* = \Omega(\tilde{s})$ is $\tilde{s} = (1 - \pi^*)(w + d)$ and $\phi^* = F(\tilde{\kappa})$ is $\tilde{\kappa} = [1 - \tilde{s}]\tau d$, as we assume that $\Omega(\cdot)$ and $F(\cdot)$ are both cumulative density distribution functions associated with uniformly distributed density functions.

To solve for ϕ^* , we first substitute in \tilde{s} and rewrite ϕ^* to $[1 - (1 - \pi^*)(w + d)]\tau d$, which expands to $\phi^* = [1 - \frac{\phi^*(1 - \theta)(w + d)}{\theta + \phi^*(1 - \theta)}]\tau d$, and is the equivalent of the quadratic equation $(1 - \theta)\phi^{*2} + [(1 - \theta)(1 - w - d)\tau d + \theta]\phi^* - \tau d\theta$. Subsequently, we solve for ϕ^* with the quadratic formula. $\frac{-[\theta - (1 - \theta)(1 - w - d)\tau d] + \sqrt{[(1 - \theta)(1 - w - d)\tau d + \theta]^2 + 4(1 - \theta)(\tau d\theta)}}{2(1 - \theta)}$ is the positive solution that we are interested in, as $0 \leq \phi \leq 1$.

5.2.6 Text analysis of Chinese state media reports on Japanese arrests of Chinese citizens who approached/ landed on the *Diaoyu/ Senkaku Islands*

The article text dataset was generated from directed queries to LexisNexis for the source "Xinhua General News Service". *Xinhua* is the news source of record for the PRC Government, which sets forth the official line for foreign policy reporting. "Xinhua General News Service" is Xinhua's English translation of the Chinese newswire.¹

The articles covering the *Senkaku/Diaoyu* Islands disputes were generated from the following query: "((Senkaku) OR (Diaoyu))". There are 1879 individual articles in total resulting from the initial query. However, some of these are articles of length 1 word (i.e., just headlines in the newswire), are duplicates, or are weather reports. Figure 1 and the analyses here omit these articles. Such filtering results in a substantial reduction in the total number of articles to 876.

Subsequently, I pick out all articles on the disputes that appeared within a 24-day window after each event was referenced for the first time in the state media. The procedure generates 22, 90 and 122 articles for the incidents on March 24, 2004, September 2010 and August 2012 respectively. I then employ computational techniques to identify the tone of the articles (whether it is negative/nationalist) based on Hopkins and King's ReadMe package (2010). Any essay that contains one or more terms from the "history" list AND one or more terms from the "protest" list would be considered nationalist.²

The 2004 event, described in the main body of the text, was first noted in the state media on March 24, 2004. The period examined was thus 2004-03-24 to 2004-04-16. The September 2010 event was first noted in the state media on September 7, 2010. The period examined was thus

¹ Initial samples from the Chinese language version of the newswire suggest that the English articles are close translations of the Chinese originals; there are neither major omissions nor substantive additions compared to the originals.

² The "history" list contains: humiliation, Japanese occupation, Japan's occupation, Japanese invasion, Japan's invasion, Nanjing Massacre, Nanking Massacre, unequal Treaty 1895, 18 incident, 18th incident, textbook, bullied against the Chinese people, history, World War WWII, right-wing Japan, stole, historical since ancient times. The "protest" list contains: feelings patriotic, patriotism, boycott, Chinese flags, Chinese national anthem, anti-Japanese motherland demonstrators, vented anger, provoked anger, widespread anger, indignation and anger, expressed their anger, flames of anger, stirred anger, nationwide anger, stirred great anger, ignited the anger, protestors, protesters, demonstrations, petition, Chinese community. *Nota bene*: many words that might seem applicable are missing in these term lists because their inclusion in the list left the cardinality of the resulting document set unchanged.

2010-09-07 to 2010-10-01 (24 days). The August 2012 event was first noted in the state media on August 15, 2012. The period examined was thus 2012-08-15 to 2012-09-09 (24 days). During this period there was also an smaller event on August 19, 2012 in which a group of Japanese nationalists landed on the islands. The 52 state media articles between 2012-08-19 and 2012-09-09 tended to mention both of these events. When looking at the 70 articles from 2012-08-15 to 2012-08-18 before this second event, it turned out that the proportions were similar to those of the full 24-day window. The automatically determined proportions from a single run were 78% non-nationalistic and 22% nationalistic.

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