

Appendix

A Sampling Methods

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

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

B Summary Statistics

Table A: Summary Statistics for the National Survey

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

C Balance Test

Table B: Balance Test: Reputation Treatment

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

Table C: Balance Test: Nationalism Treatment

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

Table D: Balance Test: Oki Sample

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

D Differences in Demographic Attributes

Table E: Differences in Demographic Attributes

| | National Average | Oki Average |
|--------|------------------|-------------|
| Age | 46.2 | 65.3 |
| Income | \$48,145 | \$24,255 |

E Analysis with Full Sample

Table F: Logit Analyses: Analysis with Full Sample

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

Robust standard errors in parentheses.

All four models include the same covariates as Tables 3 and 4.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

F Testing the Assumption of Territorial Commitment

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

Table G: Logit Analyses: Takeshima Day Commitment

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

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

G Implications of the Spatial Argument

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

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

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

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

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

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

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

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

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

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

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

H Short History of Japanese Territorial Disputes

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

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

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

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

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

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

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

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

⁴²The information is based on the website of Ministry of Foreign Affairs of Japan: <http://www.mofa.go.jp/>

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