STRATEGIC REASSURANCE, POWER ASYMMETRY AND THE PEACEFUL SETTLEMENT OF TERRITORIAL DISPUTES BY RISING POWERS

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Abstract

The study makes an attempt to theorize and offer empirical evidence on the effect of power transition and strategic interactions on states' territorial dispute settlement behavior. While existing studies have contributed substantively to the understanding of peaceful settlement of disputes, some important puzzles remain understudied. No convincing answer is available to the question why and when a dominant state would resort to peaceful means. The cases where a regionally dominant rising power offers major concessions to smaller neighbors are especially intriguing. Over the last two decades, rising powers, despite their increasingly powerful positions relative to regional secondary states, have frequently used cooperative means to manage territorial conflicts. China, for example, compromised in eight separate disputes in the 1990s, during the period when its power grew rapidly.

This thesis argues that many settlements of territorial disputes result from rising powers' decision to reassure secondary states by offering major territorial concessions. Territorial settlements, owing to their high costs, help rising powers mitigate 'information asymmetry' and 'credible commitment problem' that ensue from a rapid growth in their capabilities and status, and thus, create uncertainty among the secondary states. The variation in rising powers' dispute settlement behavior, especially why they fail to settle disputes with certain neighbors, can be explained by the consideration of how the level of power asymmetry influence their calculation of the expected signaling costs versus the benefits of territorial settlements.

This study follows a mixed method approach, combining a preliminary quantitative analysis with an in-depth case study of two selected cases: China in the post-Mao period and India since 1990. The empirical evidence suggests that a dominant state's rising power and status drive its leadership to make increased efforts towards negotiated and peaceful settlements, resulting into concessional settlements of many territorial disputes.

Résumé

Cette étude vise à théoriser et documenter empiriquement les effets des transitions de puissance et des interactions stratégiques sur les décisions étatiques en matière de disputes territoriales. Bien que les études existantes aient contribué significativement à comprendre la résolution pacifique des disputes, des questions importantes demeurent sous-étudiées. Aucune réponse convaincante n'existe à la question du pourquoi et quand un États dominant a recours à des moyens pacifiques pour résoudre une dispute territoriale. Les cas où une puissance émergente régionalement dominante offre des concessions majeurs sont particulièrement intrigants. Durant les deux dernières décennies, les puissances émergentes, malgré leur position de plus en plus avantageuse par rapport à des États limitrophes secondaires, ont fréquemment utilisé des moyens coopératifs afin de gérer des conflits territoriaux. La Chine, par exemple, a accepté des compromis pour huit disputes distinctes durant les années 1990, pendant une période où sa puissance augmentait pourtant rapidement.

Ce mémoire soutient que plusieurs règlements de disputes territoriales résultent de la décision de certaines puissances émergentes de rassurer des États limitrophes en offrant des concessions territoriales. En raison de leurs coûts élevés, les règlements territoriaux aident les puissantes émergentes à atténuer les problèmes d'information asymétrique et d'engagement crédible engendrés par la croissance rapide de leurs capacités et de leur statut, qui suscite de l'incertitude parmi les États limitrophes. La variation dans les comportements des puissances émergentes concernant des disputes territoriales, notamment lorsqu'elles échouent à régler des disputes avec certains voisins, s'explique par comment l'asymétrie de puissance influence leur calcul des coûts de la réassurance versus les bénéfices d'un règlement territorial.

L'étude utilise une méthodologie mixte qui combine une étude quantitative préliminaire avec une étude en profondeur de deux cas : la Chine dans la période post-maoïste et l'Inde depuis 1990. La preuve empirique suggère que la puissance et le statut d'un État dominant poussent ses décideurs à faire des efforts accrus en faveur de règlements pacifiques et négociés.

CHAPTER 1 – INTRODUCTION

1. 1 Introduction: Why Do Rising Powers Settle Territorial Disputes Peacefully?

> "Behavior in territorial disputes is a fundamental indicator of whether a state is pursuing status quo or revisionist foreign policies, an issue of increasing importance in light of China's rising power."[1]

The issue of territorial disputes lies at the heart of a state's sovereignty and national security. It is one of the last policy arenas where a government is expected to make a compromise.[2] Historically, claims over disputed territories have stirred unbending nationalist sentiments, and hence is one of the main sources of numerous interstate conflicts.[3] This is particularly important in a situation where a state has military advantage over the other disputant in maintaining a forceful control over the contested territory. However, in contrary to expectations, states often adopt different measures including bilateral negotiations, third party mediation or arbitration, and make concessions to settle territorial disputes peacefully.[4]

Although existing studies have contributed substantively to the understanding of peaceful settlement of disputes, some important puzzles remain understudied. For instance, no convincing answer is available to the question why and when would a dominant state resort to peaceful means. While a clear legal advantage could explain partly why the dominant state in a dyad might pursue arbitration,[5] it does not explain the cases where the dominant state offers major concessions. More specifically, why do we see regionally dominant rising powers show higher resolve in settling disputes amicably with smaller neighbors?

In contrary to a general perception, regionally dominant rising powers often take the initiative or signal intention to settle territorial disputes through negotiation or legal arbitration. They often create focal points to institutionalize regular exchange of information and facilitate negotiation to reach out a peaceful

[1] M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," *International Security* 30, no. 2 (2005): 47.
[2] Beth A. Simmons, "Capacity, Commitment, and Compliance International Institutions and Territorial Disputes," *Journal of Conflict Resolution* 46, no. 6 (2002): 829-856.
[3] Paul R. Hensel, "Territory: Theory and Evidence on Geography and Conflict," *What Do We Know about War* (2000): 57-84.
[4] Todd L. Allee and Paul K. Huth, "Legitimizing Dispute Settlement: International Legal Rulings As Domestic Political Cover," *American Political Science Review* 100, no. 2 (2006): 219-234; and Stephen E. Gent and Megan Shannon, "Decision Control and the Pursuit of Binding Conflict Management: Choosing the Ties that Bind," *Journal of Conflict Resolution* 55, no. 5 (2011): 710-734.
[5] Paul K. Huth, Sarah E. Croco, and Benjamin J. Appel, "Does international Law Promote the Peaceful Settlement of International Disputes? Evidence from the Study of Territorial Conflicts since 1945," *American Political Science Review* 105, no. 2 (2011): 415-436.

settlement. Over the last two decades, rising powers, despite their increasingly powerful positions relative to regional secondary states, have frequently used cooperative means to manage their territorial conflicts. China has settled seventeen of its twenty-three border disputes and offered substantial concessions receiving less than fifty percent of the contested land in most of the cases.[6] Evidence suggests that China "did not use its power advantages to bargain hard over contested land, especially with its weaker neighbors… [and] compromised in eight separate disputes especially as its power grew rapidly in the 1990s."[7] India has also recently resolved its long-standing land border and maritime boundary disputes with Bangladesh by accepting a major compromise with its original claims.[8] On the other hand, border disputes between China and India, as well as India and Pakistan, for instance, have not seen any visible progress toward a settlement. These cases present a puzzling relationship between the changing distribution of power, strategic interactions and the settlement of territorial disputes.

The past decade has witnessed an increasing number of studies on peaceful dispute settlement, primarily those adopted legal or domestic political frameworks. However, the effects of changing power distribution and strategic interactions on territorial dispute settlement have not been studied systematically. This thesis makes an effort to fill this gap. While its main objective is to study the underlying motivations driving rising powers to solve territorial disputes amicably, the study also explores the other side of the argument: why rising power status does not lead to the resolution of many of the long-standing territorial disputes, although the same logic should apply to these cases as well.

In this study, I argue that many settlements of territorial disputes result from the regionally dominant rising powers' decision to offer or accept peaceful mechanisms as a form of reassurance gesture to signal their benign intention, and thus to corral support from and harness status among the secondary states. The reason why it is more likely for a dominant rising state to settle territorial dispute peacefully is its higher need of image-building to manage fear and expectations among regional secondary states during the period of its rising capabilities, as well as to pursue ambitious regional and international goals. Territorial settlements, owing to their high costs, help rising powers mitigate 'information asymmetry' and 'credible

[6] For discussion on China's dispute settlement cases, see Fravel, "Regime Insecurity and International Cooperation," 46-83.
[7] Ibid., 46-47.
[8] See Sreeradha Datta, "India-Bangladesh Land Boundary Agreement: Follow-up Concerns Need a Fair Approach," ISAS Working Paper No. 219, Institute of South Asian Studies, National University of Singapore, 12 January 2016.

commitment problem' that result from a rapid change in their capabilities and status and, thus, create uncertainty among the secondary states. However, the variation in rising powers' territorial dispute behavior, particularly with regard to the cases where they have failed to reach a negotiated settlement, can be attributed to the structural factors, including the level of power asymmetry or rivalry over status that shapes strategic interactions between the competing states in a regional subsystem.

This study makes an important contribution by systematically examining the effects of changing power distribution and strategic interactions on territorial dispute settlement. More specifically, it proposes for distinguishing the period of transition from the period of stability in assessing a rising power's dispute settlement behavior. By linking reassurance with crisis bargaining and foreign policy decision-making, it claims that the costly signal conveying information on state intentions is a credible way for rising powers to pursue vital foreign policy goals. It also calls for rethinking of status markers by arguing for dispute settlement as a source of status in the context of declining obsession with territoriality in the post-Cold War world. Therefore, it engages IR literature on power transition, reassurance, status, crisis bargaining, as well as dispute settlement in a theoretically and empirically novel way to explain one major aspect of foreign policy decision-making.

The subsequent sections in *Chapter 1* succinctly outline existing research on territorial dispute settlement, and three alternative explanations; develop the main argument followed by a brief discussion on methodology. *Chapter 2* elaborates on the theoretical perspectives and propositions underlying the arguments developed for this study, as well as the key testable implications, scope conditions and major caveats in the arguments. *Chapter 3* presents the quantitative analysis of the thesis, first by discussing key variables of interests, data sources and empirical strategy, followed by the statistical findings of the study. *Chapter 4* and *Chapter 5* present the case study of the territorial settlements of China and India since 1979 and 1990, respectively. Finally, it concludes by offering some theoretical and empirical implications of the findings from the mixed method analyses of the two rising powers' territorial settlements.

1.2 Literature on Peaceful Dispute Settlement

The extant scholarship on territorial disputes shows two broad trends. First, conflict literature is preoccupied with studying territorial disputes as a significant driver of conflicts, seeking to explain when territorial disputes escalate to crises and armed interstate conflicts.[9] A particular emphasis is also given on the link between territory and enduring rivalries, effects of territorial changes and peaceful territorial transfers on future conflicts, and degree of third-party interventions.[10] One of the central claims of these studies is that mutually acceptable and peaceful transfers of territory leads to higher probability of future peace.[11] However, there has been a lack of research on the management or the processes of peaceful dispute settlement, except exploring the effect of legal and domestic political factors.[12]

Second, with respect to dispute settlement issues, studies focus primarily on legal and domestic political factors, although some emphasis is also given on international norms.[13] Prior studies show evidence that

[9] Major works on the effect of territorial disputes on interstate conflicts include: Paul F. Diehl, "Geography and War: A Review and Assessment of the Empirical Literature," *International Interactions* 17, no. 1 (1991): 11-27, and "What are They Fighting for? The Importance of Issues in International Conflict Research," *Journal of Peace Research* 29, no. 3 (1992): 333-344; Tuomas Forsberg, "Beyond Sovereignty, within Territoriality: Mapping the Space of Late-modern (Geo) Politics," *Cooperation and Conflict* 31, no. 4 (1996): 355-386; Charles S. Gochman and Russell J. Leng, "Realpolitik and the Road to War: An Analysis of Attributes and Behavior," *International Studies Quarterly* 27, no. 1 (1983): 97-120; Gary Goertz and Paul F. Diehl, "The Empirical Importance of Enduring Rivalries," *International Interactions* 18, no. 2 (1992): 151-163; Paul R. Hensel, "An Evolutionary Approach to the Study of Interstate Rivalry," Conflict *Management and Peace Science* 17, no. 2 (1999): 175-206, and "Contentious Issues and World Politics: The Management of Territorial Claims in the Americas, 1816–1992," *International Studies Quarterly* 45, no. 1 (2001): 81-109; John H. Herz, "Rise and Demise of the Territorial State," *World Politics* 9, no. 4 (1957): 473-493; Paul K. Huth, "Enduring Rivalries and Territorial Disputes, 1950-1990," *Conflict Management and Peace Science* 15, no. 1 (1996): 7-41; Paul D. Senese and John A. Vasquez, *The Steps to War: An Empirical Study*, (Princeton: Princeton University Press, 2008); John A. Vasquez, "Why Do Neighbors Fight? Proximity, Interaction, or Territoriality," *Journal of Peace Research* 32, no. 3 (1995): 277-293, and "Mapping the Probability of War and Analyzing the Possibility of Peace: The Role of Territorial Disputes," *Conflict Management and Peace Science* 18, no. 2 (2001): 145-173; John A. Vasquez and Marie T. Henehan, "Territorial Disputes and the Probability of War, 1816-1992," *Journal of Peace Research* 38, no. 2 (2001): 123-138.

[10] For links between territory and enduring rivalry, see Huth, "Enduring Rivalries and Territorial Disputes"; and John A. Vasquez, *The War Puzzle Revisited*, (New York: Cambridge University Press, 2009). See Goertz and Diehl, "Enduring Rivalries" for the effect of peaceful transfer of territory.

[11] However, Goertz and Diehl, "Enduring Rivalries," show that there was actually no difference between the effects of peaceful changes to borders relative to violent changes regarding future peace.

[12] The lack of research on the peaceful settlement of disputes are acknowledged by Derrick V. Frazier, "Third Party Characteristics, Territory and the Mediation of Militarized Interstate Disputes," *Conflict Management and Peace Science* 23, no. 4 (2006): 267-284; and Emilia J. Powell and Krista E. Wiegand, "Strategic Selection: Political and Legal Mechanisms of Territorial Dispute Resolution," *Journal of Peace Research* 51, no. 3 (2014): 361-374.

[13] For details over how different domestic political factors influence dispute settlement, see Arie Marcelo, Kacowicz, *Peaceful Territorial Change*, (Columbia: University of South Carolina Press, 1994); Emilia J. Powell, and Krista E. Wiegand "Strategic Selection: Political and Legal Mechanisms of Territorial Dispute Resolution," and Powell and Wiegand, "Legal Systems and the Peaceful Resolution of Territorial Disputes," *Conflict Management and Peace Science* 27, no. 4 (2010): 129-151; and Paul K. Huth and Todd L. Allee, *The Democratic Peace and Territorial Conflict in the Twentieth Century*, (Cambridge: Cambridge University Press, 2002); and so on.

domestic legal system and regime-type homogeneity,[14] leadership tenure,[15] international law,[16] and international institutions[17] influence territorial dispute settlement decisions.

Although democratic peace literature argues that peace prevails among democracies, empirical findings are mixed with regard to territorial disputes.[18] Allee and Huth find that the likelihood of legal dispute resolution increases significantly when the disputing states have democratic political institutions.[19] They argue that democratic leaders use legal dispute resolution as a form of 'political cover' in order to counter domestic political opposition to the conciliatory settlement. On the other hand, Kacowicz argues that states with similar type of political regimes, whether democracies or autocracies, are more likely to experience peaceful settlement of disputes.[20] Taking a system-level perspective, Mitchell shows that when the proportion of democracies in the system increases, peaceful settlement is more likely for nondemocratic dyads.[21]

Studies exploring the effect of domestic politics emphasize more on the choices of dispute settlement methods by different regime types, often linking democracies with third party legal methods, especially if democratic leaders have weak legal claims.[22] Their arguments are based on the expectation that arbitration and adjudication follow rule-of-law, offer neutral forums for resolution, and oblige parties to agree in advance to the terms of settlement. However, several other studies show opposite evidence, suggesting that democracies are rather less likely to seek binding methods, either due to domestic audience costs of transferring sovereignty to a supranational authority, or their reluctance to lend support to an international

[14] Allee and Huth, "Legitimizing Dispute Settlement."
[15] Giacomo Chiozza and Ajin Choi, "Guess Who Did What: Political Leaders and the Management of Territorial Disputes, 1950-1990," *Journal of Conflict Resolution* 47, no. 3 (2003): 251-278.
[16] Huth, Croco and Appel, "International Law Promote the Peaceful."
[17] Simmons, "International Institutions and Territorial Disputes."
[18] Krista Eileen Wiegand, *Enduring Territorial Disputes: Strategies of Bargaining, Coercive Diplomacy, and Settlement*, (Athens: University of Georgia Press, 2011).
[19] Allee and Huth, "Legitimizing Dispute Settlement."
[20] Kacowicz, *Peaceful Territorial Change.*
[21] Sara M. Mitchell, "A Kantian System? Democracy and Third-party Conflict Resolution," *American Journal of Political Science* (2002): 749-759.
[22] A detailed discussion on the different choices of dispute settlement methods can be found in Allee and Huth, "Legitimizing Dispute Settlement"; Huth, Croco and Appel, "International Law Promote the Peaceful Settlement"; and Powell and Wiegand, "Strategic selection."

court.[23] The domestic legal system, no matter whether common, civil, or mixed legal systems, is also found to dictate the states' choices of resolution methods.[24]

The preoccupation with the correlation between territorial disputes and interstate wars in one hand, and in framing peaceful settlement primarily as an outcome of domestic political and legal processes on the other, have important theoretical and empirical implications. Strategic and geopolitical factors have not been systematically linked with states' preference for peaceful dispute settlement through bilateral negotiations, mutual concessions or legal arbitration. The result is a dearth of scholarly studies that seek to formulate interesting questions by linking dispute settlement with strategic interactions—the dynamics of power relationship, status competition, and foreign policy signaling and so on, and thus, the absence of relevant empirical evidence.

While most empirical studies grossly touch on the effects of some military or strategic factors, including power ratio and alliance ties on dispute settlement, these have become standard control variables, appearing to have somewhat fixed linear effects on territorial dispute settlement.[25] A high power gap is linked to the lower probability of peaceful settlement, as it creates incentives for unilateral gain-seeking behavior.[26] The perspective on the alliance relationship adopts the 'balance of power' logic, arguing that a common security interest against an external threat leads to tighten existing alliance ties through territorial settlements.[27] However, the effects of changing distribution of power on dispute settlement have neither been adequately developed theoretically nor explored through in-depth empirical investigations. Wiegand partially touched on this by taking a power transition approach. She claims that a challenger state has little

[23] For audience costs and democracies' choice of dispute settlement methods, see Stephen E. Gent, and Megan Shannon, "Decision Control and the Pursuit of Binding Conflict Management: Choosing the Ties that Bind," *Journal of Conflict Resolution* 55, no. 5 (2011): 710-734. The argument of why democracies do not often lend support to an international court can be found in Jack L. Goldsmith and Eric A. Posner, *The Limits of International Law*, (Oxford: Oxford University Press, 2005). Some other studies with contrary evidence include Sara M. Mitchell, Kelly M Kadera and Mark JC Crescenzi, "Practicing Democratic Community Norms: Third Party Conflict Management and Successful Settlements," in Jacob Bercovitch and Scott Gartner (eds) *International Conflict Mediation: New Approaches and Findings*, (New York: Routledge, 2008, 243-264); and Powell and Wiegand, "Legal Systems and the Peaceful Resolution."

[24] See Powell and Wiegand, "Legal Systems and the Peaceful Resolution."

[25] Almost all major large-N quantitative studies referred in this study, particularly the ones by Huth and Allee and Powell and Wiegand, include power ratio and alliance ties as standard control variables where findings are quite consistent, showing that a higher gap is negatively correlated with negotiated settlement, and a preexisting alliance has positive effect on peaceful settlement or settlement efforts.

[26] Powell and Wiegand, "Legal Systems and the Peaceful Resolution."

[27] Allee and Huth, "Legitimizing Dispute Settlement."

incentive to resolve a territorial dispute due to its significance as a bargaining leverage.[28] Empirical investigations exploring power-transition-induced geopolitical imperatives in explaining regionally dominant rising powers' dispute settlement choices are largely absent. More specifically, an interesting area that is yet to be explored is whether states use peaceful dispute settlement as a foreign policy tool to signal information on state intentions and to harness status in their pursuit of regional ambitions.

It is highly challenging to engage alternative explanations of territorial dispute settlement, given the divergent focus and distinct framing of the research questions explored in the existing studies. It could be analytically problematic to test arguments on why states do not settle disputes to assess why they do. This is because, a state's peaceful settlement decisions might be driven by a set of entirely different considerations, contrary to the factors that make the state intransigent with regard to some other territorial disputes. The findings from the studies on the effects of domestic politics are not conclusive as well. The disparate levels of analysis as well as the use of diverse variables and measurements in accounting for an analogous argument made these studies difficult to be precisely compared. More importantly, since most of these studies are large-N quantitative analyses, their arguments are often limited to generalizable trends, and thus, are less conducive to be explored in-depth in case study settings. Therefore, I closely engage M. Taylor Fravel's regime insecurity argument, which offers a domestic political explanation of dispute settlement behavior, as it presents a clear causal mechanism to be tested and is more relevant to the cases explored in this thesis.

Two other alternative explanations are salience and irredentism. The salience argument explains dispute settlement based on the importance of the disputed territory and is frequently used in the study of territorial disputes. It has a particular connection to the strategic factors examined in this study. Irredentism appears into the literature more recently, and offers an ideational perspective in understanding dispute settlement decisions, focusing on justification and legitimacy of territorial claims.

[28] Wiegand, *Enduring Territorial Disputes.*

1.3 Alternative Explanations

1.3.1 Regime Insecurity

Regime insecurity argument locates the state's motivation for territorial compromise in internal political turmoil that weakens the domestic legitimacy of the incumbent political leadership. Taking a counterintuitive perspective, Fravel argues that "internal conflict often creates conditions for cooperation, producing a "diversionary peace" instead of war."[29] Building on the logic of Steven David's theory of "omnibalancing",[30] Fravel sees a state's cooperation with others as a form of exchange where compromise is offered in exchange of receiving support for the concerned regime in countering domestic insecurities, primarily in two areas: internal threats to territorial integrity and internal threats to political stability.

According to Fravel, domestic threats to regime security, especially rebellions and legitimacy crises, can force the incumbent leaders to make territorial compromise, and to trade territorial concessions to neighboring states for their assistance in suppressing the rebellion or increasing bilateral trade. He specifically mentioned that these leaders may seek out three types of support: "(1) to gain direct assistance in countering internal threats, such as denying material support to opposition groups; (2) to marshal resources for domestic priorities, not defense; or (3) to bolster international recognition of their regime, leveraging the status quo bias of the international system to delegitimize domestic challengers."[31] This strategy also aims at preempting potential interventions by other states to profit from any domestic instability or crisis.

Fravel applies this argument to China's dispute settlement cases, arguing that regime insecurity best explains China's compromise in most of its territorial disputes. China faces territorial disputes in its remote land border where, he claims, the authority of the regime has been weak and the adjacent frontiers are dominated by the ethnic minorities. According to his claim, during the political unrest or rebellions, such as the Tibetan revolt in 1959, Tiananmen upheaval in 1989 and Xinjiang unrest in early 1990s, threats to territorial integrity challenged the regime's authority and control over the frontier territories. Therefore,

[29] Fravel, "Regime Insecurity and International Cooperation," 49.
[30] Omnibalancing theory suggests that states form alliances to balance against the most pressing threat that they face and these threats can be foreign or domestic. For detail on omnibalancing, see Steven R. David, "Explaining Third World Alignment," *World Politics* 43, no. 1 (1991): 233-256.
[31] Fravel, "Regime Insecurity and International Cooperation," 52.

the leaders, fearing that neighboring countries might provide support for the rebels or take the advantage to intervene in the conflict, made territorial concessions to a number of countries in South Asia, Central Asia as well as in East Asia. In return, they sought direct assistance from those countries in suppressing the rebellions, including denying material support or sanctuaries for the rebels, and assisting in crushing the rebel bases.

While the argument seems plausible, reducing these costly compromises to only regime insecurity overlooks the complexity of China's bilateral relations with these countries and its strategic and geopolitical compulsions. Arguing for a counterintuitive crisis behavior, his explanation cannot account for the propositions of externalization theory, that is why leaders would choose to make peace instead of war to build internal cohesion.[32] His straightforward view of the linkage between regime insecurity and dispute settlement rests on two important assumptions: First, the regime is weak to the extent that it cannot manage or suppress the rebellions or unrests on its own, and thus, is dependent on external assistance. Second, neighboring countries have adequate incentives and are capable enough to take the advantage of the domestic unrest in posing credible threats, by providing support for the rebels, for instance, that outweighs costs associated with territorial concessions.

However, both of these assumptions are highly questionable on the ground that the authoritarian regime in China has been very strong in maintaining control and authority in the distant borderlands, as exemplified in China's stronghold in the dreadfully rough border with India and its record of decisive victory in the Sino-Indian border war in 1962. Even during the heydays of Sino-Soviet split, including 1969 border conflict, the superpower Soviet Union could not profit from the internal unrests in China to gain any advantages in its border disputes or put pressure on the regime.[33] Given the level of power asymmetry between Central Asian countries and China for instance, it would be naïve to claim that China's fear of those countries' potential support for rebels in Xinjiang was credible enough in forcing the regime to make major territorial concessions. In this context, the application of the logic of omnibalancing is quite problematic. It primarily

[32] For externalization theory, see Quincy Wright, *A Study of War*, (Chicago: University of Chicago Press, 1965); Ernst B. Haas and Allen S. Whiting, *Dynamics of International Relations*, (New York: McGraw-Hill, 1956); and Richard N. Rosecrance, *Action and Reaction in World Politics: International Systems in Perspective*, (Boston: Little, Brown, 1963).

[33] During 1969 border war, China showed a commendable defense against Soviet Union, despite a high power asymmetry favored the latter. See Michael A. Gerson, "The Sino-Soviet Border Conflict: Deterrence, Escalation, and the Threat of Nuclear War in 1969," Strategic Studies Division, CNA, 2010.

applies to weak states in the developing world where a regime with a strong domestic opposition or fragile political legitimacy often seeks support from a powerful and dominant neighbor through forming alliances. In any account, China cannot be categorized as one of those weak states, especially in relation to the smaller neighbors to which it made territorial concessions.

It is also not clear what incentives those weaker neighbors might have in providing material supports for the rebels, given their newly independent status with land-locked geographical locations. Unless they fear of China's domination, they are more likely to seek cooperation with China. If their threat perception from China is the primary motivation, then the decisions by the Chinese leadership to make concessions should underlay not in regime insecurity but in the management of its foreign policy postures that result in such threat perception by those countries. Therefore, it can be extremely difficult to differentiate strategic and geopolitical interests in settling disputes from the ones linked to internal regime insecurities. Fravel's argument also fails to account for the dynamics of power structure that prevents the settlement of many of those disputes with Soviet Union or India from which China should fear the most in terms of credible threats in the border during the domestic political crises.[34] Besides, the argument cannot explain cases of dispute settlement by some other states, for instance, India's territorial concessions to Bangladesh during a period when the Modi government has the strongest grip on domestic politics.

Finally, the argument does not address the issue of how the leaders counterbalance the domestic costs of territorial concessions. Fravel himself mentions that "cooperation is risky because concessions over territory can carry a high domestic political price, which may weaken a leader's position or even result in political death."[35] Especially in China, nationalist sentiments are linked with territory, owing to the legacies of the unequal treaties with foreign powers signed by the Qing dynasty in the nineteenth and early twentieth century. These treaties imposed one-sided terms requiring China to cede land, pay reparations, open treaty ports, or grant extraterritorial privileges to foreign citizens.[36] During a political crises leading to regime insecurity in China, any territorial concessions run the risk of further curbing domestic legitimacy of the regime.

[34] During the Tibetan revolt, India was a more credible threat, and yet China failed to settle the dispute with India, and also with Bhutan which was under a *de facto* Indian control. It could resolve disputes with Nepal and Myanmar, both of these two countries were very weak compared to China.
[35] Fravel, "Regime Insecurity and International Cooperation," 53.
[36] Fravel also mentioned about those treaties in a footnote.

1.3.2 Salience

It is often argued in territorial dispute literature that salience or the value of the disputed territory is the key determinant of states' decision over dispute settlement. "The importance of the territory in question might make a substantial difference upon the prospects to resolve peacefully or not the territorial issue."[37] Arguments linking salience with territorial dispute and the likelihood of settlement range from rationalist explanation to symbolic-nationalist intransigencies. The central position claims that the more valuable the disputed territory, the higher the costs a state has to bear when considering compromise or offering concessions,[38] and hence, the less likely state leaders are to compromise but to prefer conflict, instead.

A state intransigence over disputed territory can result either due to tangible value intrinsic to the territory, or intangible value linked with collective memories and history.[39] Territory is "a very substantial material, measurable, and concrete entity," but territory is also "the product and indeed the expression of the psychological features of human groups."[40] Tangible value includes either strategic significance based on locational or geopolitical characteristics such as mountains, swamps, or deserts, which can provide territorial buffers for a state;[41] or economic salience such as natural resources that could generate export earnings, trade routes, key ports, and industry.[42] Although tangible value often considered 'intrinsic', that is inherent regardless of the disputants, it can also be 'relational', different disputants having different assessment of the salience based on their perceived significance of the territory.[43]

Sometimes, intangible value attributed to the territories can also make dispute settlement highly difficult. "Intangible value can include ethnic links to the land, homeland territory status compared to dependency

[37] Kacowicz, *Peaceful territorial change*, 55.
[38] See M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes*, (Princeton: Princeton University Press, 2008).
[39] For a discussion on tangible and intangible value of territory see James Anderson, "Nationalist Ideology and Territory," *Nationalism, Self-determination and Political Geography* (1988): 18-39; Diehl, "What are They Fighting for?"; Paul R. Hensel, and Sara McLaughlin Mitchell, "Issue Indivisibility and Territorial Claims," *GeoJournal* 64, no. 4 (2005): 275-285; Paul R. Hensel, "Contentious Issues and World Politics: The Management of Territorial Claims in the Americas, 1816-1992," *International Studies Quarterly* 45, no. 1 (2001): 81-109; and Alexander B. Murphy, "Regions as Social Constructs: the Gap between Theory and Practice," *Progress in Human Geography* 15, no. 1 (1991): 23-35.
[40] Jean Gottmann, *The Significance of Territory*, (Charlottesville: University of Virginia Press), 1973, 15.
[41] Jaroslav Tir, *Redrawing the Map to Promote Peace: Territorial Dispute Management via Territorial Changes*, (Lanham: Lexington Books, 2006).
[42] Huth, "Enduring Rivalries and Territorial Disputes."
[43] For the argument on intrinsic versus relational value of the territory see Diehl, "What are They Fighting for?"

status, or symbolic, nationalist value based on lost autonomy or feelings of attachment to the territory."[44] In this account, certain territories acquire a high symbolic-nationalist salience, because their possession is viewed as essential to the assertion of nationalism, due to either the popular perception of those territories as integral part of the traditional, historic borders, or the ethno-religious composition of the disputed territory's population.[45] This is particularly the case when state paranoia with territory reaches up to a stage known as "indivisible value," when the territory is perceived as indivisible and nonnegotiable.[46] Such embedded symbolism and indivisibility increases the cost of territorial compromise for the leaders and the resultant disputes are more likely to be enduring and intractable. Past empirical findings show that strategic salience has negative correlation with peaceful settlement but positive correlation with armed conflict, whereas economic value is found to have positive effect on peaceful settlement.[47] However, intangible values are found to have the most constraining effect on peaceful settlement, as ethno-nationalist elements show higher propensity in escalating disputes into armed conflicts.[48]

Although salience literature offers an intuitively strong argument of the states' territorial dispute behavior, there are a number of limitations that warrant scrutiny and exploration of alternative explanations. The salience argument offers a static view of how leaders would assess the value of a disputed territory, often creating an expectation that states would always be intransigent in making concessions for a territory with high strategic or/and intangible value, and would readily make compromises on less valuable territories.[49] This simplistic account fails to capture the complexity and changes in the state's level of preoccupation with certain territory. First, the story is often different in the empirical world, leaders showing willingness to make concessions on highly salient territory, while adopting indivisible stance with regard to less important

[44] Wiegand, *Enduring Territorial Disputes*, 23.
[45] Mahesh Shankar, *Insuring the Future: the Reputational Imperative and Territorial Disputes in South Asia, 1947-1965*, Diss, McGill University, 2012.
[46] For details on the indivisible value of territory, see Stacie E. Goddard, *Indivisible Territory and the Politics of Legitimacy: Jerusalem and Northern Ireland*, (New York: Cambridge University Press, 2009); Ron E. Hassner, "To Halve and to Hold": Conflicts over Sacred Space and the Problem of Indivisibility," *Security Studies* 12, no. 4 (2003): 1-33; Monica Duffy Toft, *The Geography of Ethnic Violence: Identity, Interests, and the Indivisibility of Territory*, (Princeton: Princeton University Press, 2005); and Barbara F. Walter, "Explaining the Intractability of Territorial Conflict," *International Studies Review* 5, no. 4 (2003): 137-153.
[47] For empirical findings on the effect of strategic value see Paul K. Huth, *Standing Your Ground*, (Ann Arbor: University of Michigan Press, 1996); Huth and Allee, *The democratic Peace and Territorial Conflict"*; and Simmons, "International Institutions and Territorial Disputes." For the effect of economic value, see Huth, *Standing Your Ground.*
[48] See Robert Mandel, "Roots of the Modern Interstate Border Dispute," *Journal of Conflict Resolution* 24, no. 3 (1980): 427-454; and Douglas Woodwell, "Unwelcome Neighbors: Shared Ethnicity and International Conflict during the Cold War," *International Studies Quarterly* 48, no. 1 (2004): 197-223, for discussion on the empirical findings on intangible salience of the disputed territory.
[49] See Shankar, *Insuring the Future*, 12-16, for a detail account on the limitations of the importance of salience in territorial disputes.

territories.[50] For instance, "while the Chinese made large concessions on territory which did enjoy at least some symbolic-nationalist salience given their characterization as 'lost' territories, the smaller states often proved averse to even minor concessions on territories which for the most part had little obvious symbolic-nationalist, or strategic significance."[51] This can hardly be explained using salience argument.

Second, the argument does not systematically account for the role of perceptual factors, for instance how and under what context leaders assess whether the territory has strategic salience in offering offensive or defensive military advantages for maintaining state security. While some intrinsic value might factor in a persistent claim of salience, most of the cases, the strategic and symbolic importance are relational where political leaders' perception plays a critical role in creating the nationalist myth or strategic planning with regard to the disputed territory. Strategic interactions, status competition, and bargaining positions all influence the extent to which leaders' view of the salience varies over time. Hence, looking at the sources and variations in leaders' perception would be highly important to understand why certain highly intractable territories become less important for a disputing party allowing compromises and concessions.[52]

It also connects to Shankar's criticism of salience that it denies the role of 'elite agency' in shaping or defying 'public opinion'. The salience framework "ignores the fact that the pursuit of conflict itself may have domestic costs for leaders, especially when such action leads to military defeat, which means that political elites often have strong incentives to sidestep domestic pressures, and develop preferences for outcomes independent of, and different from public opinion."[53] Divergence in elite-public preferences is likely to result in reframing of the relational salience to minimize domestic audience costs for the political leaders.[54]

[50] See Walter, "Intractability of Territorial Conflict."
[51] Shankar, *Insuring the Future*, 13.
[52] In many of China's territorial compromises, the elites' perception of the strategic salience have changed over time.
[53] Shankar, *Insuring the Future*, 15.
[54] See James D. Fearon, "Domestic Political Audiences and the Escalation of International Disputes," *The American Political Science Review* 88, no. 3 (1994): 577-592; and Kenneth A. Schultz, "Looking for Audience Costs," *The Journal of Conflict Resolution* 45, no. 1 (2001): 32-60.

1.3.3 Irredentism

The irredentist claims are also linked to many territorial disputes and their escalation potential.[55] This explanation of territorial disputes takes a constructivist perspective in identifying how ideas and norms inform the legitimation of rightful territorial claims and national sovereignty.[56] While there are many notable works on irredentism, most of these are offered either in generally to understand the effect of irredentism in international politics,[57] or more specifically to explain the ethnic dimension of civil or interstate conflicts.[58] More relevant to the discussion of territorial dispute is the irredentism explanation of dispute settlement offered by Markus Kornprobst.[59] He proposed a novel mechanism of why states settle dispute peacefully.

Kornprobst contends that irredentist nations do not merely assert that a disputed land is theirs and that it has to become theirs again but they also justify this assertion. According to his argument, a process of dejustification, that is a disruption of this justification, creates conducive environment for territorial compromises. As proposed in the Argumentation Theory,[60] the "dejustification occurs through a change of the ideational environment that serves as the resource for justifying the claim (known as 'reference repertoire') and an advocacy that constructs a mismatch between environment and claim."[61] Applying to the cases of two irredentist states in post-World War II Europe, Germany and Ireland, he shows that a weakening of the resources for justifying an irredentist claim coupled with a successful advocacy that

[55] Markus Kornprobst defined irredentism as claims of legal right to the territory of status quo states, aimed at retrieving what a claimant state regards as its ancestral homeland and/or its co-nationals. See Markus Kornprobst, "Dejustification and Dispute Settlement: Irredentism in European Politics," *European Journal of International Relations* 13, no. 4 (2007): 459-487.

[56] For a comprehensive idea on how changing norms and rule of sovereignty affects territorial claims and interstate conflicts, see Friedrich Kratochwil, Paul Rohrlich and Harpreet Mahajan, *Peace and Disputed Sovereignty: Reflections on Conflict over Territory*, (Boston, MA: University Press of America, 1985); Samuel Barkin and Bruce Cronin, "The State and the Nation: Changing Norms and Rules of Sovereignty in International Relations," *International Organization* 481, no. 1 (1994): 107-30; and Consuelo Cruz, "Identity and Persuasion: How Nations Remember their Pasts and Make their Futures," *World Politics* 52, no. 2 (2000): 275-312.

[57] For a detailed discussion on the effects of irredentism in world politics, see Naomi Chazan, (ed.), *Irredentism and International Politics*, (Boulder : Lynne Rienner, 1991).

[58] See Thomas Ambrosio, *Irredentism: Ethnic Conflict and International Politics*, (London: Praeger, 2001); David Carment and Patrick James, "Internal Constraints and Interstate Ethnic Conflict: Towards a Crisis-based Assessment of Irredentism," *Journal of Conflict Resolution* 39, no. 1 (1995): 82-109; Carment and James, "Secession and Irredenta in World Politics: The Neglected Interstate Dimension," in Carment and James (eds), *Wars in the Midst of Peace: The International Politics of Ethnic Conflict*, 194-231, (Pittsburgh, PA: University of Pittsburgh Press, 1997).

[59] For details, see Kornprobst, "Dejustification and Dispute Settlement."

[60] For a discussion on Argumentation Theory see Chai M. Perelman and Lucie Olbrechts-Tyteca, *The New Rhetoric: A Treatise on Argument*, 1969 (1958); Thomas Risse,""Let's Argue!": Communicative Action in World Politics," *International organization* 54, no. 1 (2000): 1-39; and Neta Crawford, *Argument and Change in World Politics: Ethics, Decolonization, and Humanitarian Intervention*, (New York: Cambridge University Press, 2002).

[61] Kornprobst, "Dejustification and Dispute Settlement," 460.

constructs a divergence between claim and reference repertoire, dismantle irredentism leading to territorial settlements.

Irredentism offers an interesting constructivist perspective but falls short of adequate explanation as to why in the first place the shifts in the reference repertoire take place. The explanation, if has some merit, partly captures the process of how both the interest structure and the narratives justifying it change over time, but does not identify the sources of these transformations. That makes it is almost impossible to distinguish if the changes are a result of socially constructed process of withering reference repertoire away, or just temporary elite strategy based on rationalist calculus, and therefore is subject to strategic interactions with other states as well as geopolitical compulsions and opportunities in the context of territorial disputes.

1.4 The Main Argument

In this study, I argue that many territorial disputes are resolved peacefully due to the willingness of regionally dominant rising states to compromise in their claims over the disputed territories. Such compromises often result when such a rising power offers or accepts peaceful settlement as a form of reassurance strategy devised to buy out support from regional secondary states.[62] Rising powers are more likely to adopt such a strategy, because during the period of their transition towards rise, they have higher need of image building to manage fear and expectations of the regional secondary states and to pursue more ambitious regional and international goals. This is also because the domestic audience costs are lower during the period of growing power and status, as ambitious and costly foreign policies are easier to sell politically to domestic audience during this time. The rising power status allows political elites to create legitimizing narratives focusing on the need for greater international role and status, enabling them to convince domestic forces hostile to conciliatory settlements.

Territorial settlements require a form of strategic restraint by the rising power not to use its growing power leverage to take advantage from the territorial dispute with weaker neighbors, and thereby, to engage in a cooperative strategic bargaining with the secondary states in exchange of their cooperation and

[62] This reassurance framework of peaceful dispute settlement is elaborated in detail with both theoretical reasoning and scholarly references in Chapter 2.

accommodation of its growing power and influence. In doing so, the leadership of rising powers ties its hands *ex-ante* by adopting costly and binding measures, like offering territorial concessions, to signal credible information and reassure secondary states its resolve for status quo *ex-post*. This enables the leadership to mitigate uncertainty over the intentions and commitment of the rising power, and thereby, mange fear and expectations among the regional secondary states.

The reassurance framework of peaceful dispute settlement does not see dispute settlement behavior separately from other strategic and foreign policy objectives or compulsions of the state. Therefore, it considers a peaceful settlement as a subset of strategic interactions intended to keep the regional secondary states into confidence. This framework primarily rests on the defensive realist perspectives of signaling state intentions. It is based on the premise that rising powers have solid incentives to signal resolve for cooperation and reassurance of non-interference during their transition towards rise. During this period, political elites of a rising power seek to minimize potential hostile response from secondary through adopting different foreign policy postures. Through these actions, rising powers also seek to increase their appeal as potential allies and to harness status among secondary states. Since taking conciliatory stance on territorial dispute is costly in terms of both material and signaling costs, rising powers can exploit it to credibly reassure and gain cooperative response from secondary states in their pursuit of regional and geopolitical ambitions.

Three core foreign policy objectives drive rising powers to adopt peaceful settlement as a reassurance strategy. The first objective is to signal benign intention to the regional secondary states in order to offset potential tensions and hostile response caused by the changing distribution of power in the regional subsystem. Rising powers can deal with the perception of offensive intention and the severity of security dilemma by adopting costly measures like resolving territorial disputes amicably and giving tangible concessions that aggressive states would be unwilling to offer. The second objective is to signal reliability in informal alliance partnership. Conciliatory dispute settlement can serve as a costly signal that assures potential allies the rising power's level of commitment to work together in respect to common security interests. And the final objective of strategic reassurance is to harness status by building positive image and reputation among the secondary states. Peaceful dispute settlement allows the rising power to gain confidence not only of the disputant but also any other geopolitically relevant states, since reputation has

spillover effects. In the context of multiple powers are rising with primarily regional political ambitions, peaceful dispute settlement can become as an important status marker for rising powers.

However, rising powers do not resolve disputes amicably with every state due to the fact that the dynamics of power relationship dictates the level of signaling costs that a territorial compromise would incur. In a more symmetrical distribution of power, giving concessions is more likely to signal weakness of state capability to protect critical national interests, and therefore, potential adversaries could perceive the expression of benign intentions as state vulnerability. This leads to signaling costs outweighing benefits of reassurance, and thus, to rising powers' unwillingness to make territorial concession to a strong neighbor. In addition, low power asymmetry can result in geopolitical and status competitions with another rival rising or existing great power, which in turn, influence rising powers' stance on a particular territorial dispute. In contrast, since a larger power gap leaves the choice of a peaceful alternative under the discretion of the dominant state, rising powers can reap higher reputational leverage by resorting to peaceful dispute settlements with smaller and weaker secondary states.

This study also makes an associated claim that the rising powers' consideration for reputation and issue linkage influence their decision on the choices of dispute settlement methods, mainly between political mechanisms, which include bilateral negotiations and non-binding third-party methods, and legal mechanisms, especially binding arbitration by an international court.[63] I argue that a rising power is likely to prefer political mechanisms over binding legal mechanisms, since political mechanisms have several advantages for a dominant state in the transition period. A political mechanism results in higher reputational advantage as it resorts to the discretion of the dominant state; and hence, any concession made by the rising power accords more credibility to its peaceful intensions. It also allows for taking advantage of issue linkage by opening different channels of negotiation with potentials for future cooperation in other bilateral and multilateral areas of mutual interests.

While the broad objective of this study is to explore the effect of strategic interactions on territorial dispute settlement, in specific terms, its scope is limited to the dispute settlement behavior of rising powers. This is because, it represents a situation where political and strategic factors become more relevant in explaining

[63] See Powell and Wiegand, "Strategic Selection: Political and Legal Mechanisms."

states' decision to settle territorial disputes. However, it is beyond the scope of this study to explore rising powers of different eras as the nature of power distribution, the importance of territoriality and the depth of interactions and interdependence vary markedly from one international order to another. Therefore, the argument is limited to certain scope conditions. It argues that territorial dispute settlement has emerged as one of the credible ways to reassure and an important status marker in the context of – (i) a number of states are rising with primarily regional political ambitions; (ii) states' paranoia with territory has abated to a scale where it is still highly costly but not impossible for a state to make territorial concessions; (iii) institutional arrangements have emerged as one of the major alternatives in the management of states' strategic interactions.

1.5 Methodology and the Cases

This study follows a mixed method approach, combining a preliminary quantitative study with an in-depth case study of two selected cases. The quantitative part subsumes an empirical relationship which can be generalized over a large number of cases that involve a territorial dispute between a rising power and a secondary state. The case study part explores the causal process observation in order to explain underlying motivations and strategic interactions that shape rising powers' behavior with regard to territorial dispute settlements. It is to note that, the case study applies the major concepts and variables of interests used in the quantitative analysis but appreciates those variables through a much deeper and complex conceptual lens.

The quantitative section examines the correlation between rising power status and peaceful dispute settlement. It includes all bilateral territorial disputes between 1985 and 2006 to identify whether a dispute that involves a rising power has higher propensity to be settled peacefully compared to a disputing dyad without a rising power.[64] Since the study looks into the effects of bilateral strategic interactions between the rising power and the disputant, the unit of analysis is country-dyad-year but is limited to only those dyads and years that involve a bilateral territorial dispute. A number of logistic regression models both,

[64] Since any systematic large-N data on the recent disputes and the settlement attempts are not yet available, the territorial disputes after 2006 are not included in the statistical analysis.

binomial and multinomial, are estimated for the correlation analysis.[65] Given the limitations of data and correlational design of the estimation methods, the quantitative analysis does not claim of any causal inference. The analysis is designed mainly to identify empirical trends in states' dispute settlement practices, particularly to see if the presence of rising powers in a disputing dyad, conditional on high power asymmetry, is correlated with peaceful dispute settlement.

The main empirical objective for the case study part is to examine policies, processes and factors that shape the selected rising powers' territorial dispute settlement behavior, especially of China and India. As the quantitative part could show only a statistical correlation between rising power status and territorial dispute settlement, the case study plays a major role in providing empirical support for the assessment of whether rising powers do consider peaceful dispute settlement as a foreign policy tool to reassure regional secondary states, and whether subsequent interactions and bilateral relations testify that peaceful dispute settlement allows rising powers to deal with state perception of offensive intentions, to increase their appeal as reliable partner and to gain more status due to reputational leverages. It would also help capture the complexity of how rising powers perceive or assess the level of power asymmetry in deciding which countries to reassure to avoid being perceived as weak and vulnerable.

For the qualitative part, the main concepts particularly power asymmetry is operationalized not only as the power ratio at the dyadic level but also the state perception of asymmetry based on their local or specific theatre level near-parity and other factors—status competition, nuclear weapons, asymmetric strategies and power balancing with respect to great powers—that mitigate the disparity at the aggregate level material capabilities. In order to make precise inferences on rising powers' dispute settlement behavior, the cases study puts more emphasis on territorial disputes that the rising power has already resolved through negotiations and concessions as well as the enduring territorial disputes involving a rising power.

In the qualitative analysis, the study employs both 'congruence' case studies and 'process tracing' methods. Congruence case studies allow for checking if the findings from the cases are congruent with theoretical

[65] The details of the main variables, hypotheses tested and data sources are included in Chapter 3 which presents the quantitative analysis.

expectations and whether a causal relationship exists.[66] Process tracing complements congruence case studies in testing the validity of the findings in the cases by accounting for the intervening factors that influence the relationship between independent and dependent variables.[67]

To test the argument, the case study teases out a number of observable implications: (1) records and statements indicating that political leaders have considered dispute settlement and territorial concessions as a reassurance strategy to deal with power transition induced compulsions and opportunities; (2) the lack of counterbalancing behavior on the part of neighboring secondary states with which the disputes are settled; (3) the development of cooperative schemes in parallel or immediate after the settlement; (4) the perception of power (a)symmetry shaping the decisions on dispute settlement, and so on.

In terms of the selection of cases, two cases of contemporary rising powers are chosen. These include Post-Mao China (1979-2016) and Rising India (1990-2016).[68] Instead of focusing on a few specific territorial disputes, the unit of analysis is the selected rising power itself as it allows for both comparing the rising power's behavior with regard to both resolved and unresolved disputes, as well as accounting for complex strategic interactions that transcend dyad-level considerations or specific territorial disputes. For the China case, settlements since 1980s especially with Central Asian neighbors, Russia, Vietnam and Laos are examined as instances where China offered large-scale concessions which in turn made the settlements possible. On the other hand, Sino-Indian border dispute and China's maritime disputes in East China and South China Seas are instances where China's incentives to resolve did not materialize due to strategic and power-ratio considerations. For the India case, recent Indo-Bangladesh land boundary agreement and maritime dispute settlement through arbitration are examined as instances of compromise made by India, whereas its failure to resolve the intractable India-Pakistan dispute over Kashmir is analyzed through reassurance framework.

[66] See Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences*, (Cambridge: MIT Press, 2005): 181-183.
[67] See Andrew Bennett and Alexander L. George, "Case Studies and Process Tracing in History and Political Science: Similar Strokes for Different Foci," in Colin Elman and Miriam Fendius Elman ed., *Bridges and Boundaries: Historians, Political Scientists, and the Study of International Relations*, (Cambridge: MIT Press, 2001).
[68] The case study part does not include territorial disputes that involve other rising powers such as Brazil, South Africa, Russia, and so on. Mao and pre-Mao period in China and disputes settled by India prior to 1990s are not discussed in detail either.

These two cases provide an interesting empirical mix that allows for testing the reassurance argument effectively for the following reasons: First, these are two contemporary rising powers considered by most international security experts. Second, both countries have territorial disputes with countries of different level of power asymmetry. Third, both show differentiated behavior in resolving territorial disputes, settling disputes with some countries by giving concessions, while showing reluctance about disputes with some others. Finally, both have territorial disputes with each other, marked by status competition and conflicting interests with regard to their regional ambitions. While this study primarily looks into decisions and actions including settlement attempts, compromises and conflicts, it also considers the final outcome as a key marker in assessing whether the main argument holds empirically in the case study part. This is because the final outcomes incur significant material and signaling costs for the rising powers, making reassurance a credible way to manage regional secondary states.

CHAPTER 2 – THEORETICAL FRAMEWORK

2.1 Power Transition, Strategic Interactions and Territorial Compromise

In the international security literature, power transition is central to the discussion of great power politics. The rising challenger is viewed, by and large, through a confrontational lens, implicating on a violent systemic transformation and radical reconfiguration of capabilities among major powers.[69] In the post-Cold War context, the rising powers have drawn a significant attention as a potential source of systemic change. Numerous predictions on the implications of their rise are underway, ranging from China challenging the US predominance[70] to rising powers' potentially peaceful participation in the existing liberal international order.[71] At the systemic level, these analyses and predictions provide useful insights.

However, rising powers do not only create competitive interactions with the globally dominant or a hegemonic state. While rising powers have potential to transform the dynamics of international order, the most immediate effects are regional in scale. Their rise creates possibilities for tensions and competitions with secondary states at the regional level. Theoretical and empirical works dealing with a rising challenger and a dominant state at the systemic level does not adequately help us understand how rising powers, owing to their dominant position regionally, manage their interactions with secondary states during the transition period. However, limited attention is given to regional implications of the changing distribution of capabilities.

In the regional context, contemporary rising powers have been able to accommodate and be accommodated by most secondary states. Different forms of cooperation and agreements have emerged despite the fact that rising powers have been accumulating threatening capabilities. Rising powers are adopting diverse foreign policy strategies, not only to minimize threat perceptions by the neighbors but also to lock them in a win-win bargaining. Prevailing explanations either do not recognize the agency of the

[69] For realist conception of power transition and its implications on world politics, see Abramo F K Organski, *World Politics*, 1958; John J. Mearsheimer, *The Tragedy of Great Power Politics*, (New York: WW Norton & Company, 2001); Robert Gilpin, *War and Change in World Politics*, (Cambridge: Cambridge University Press, 1983); and Graham Allison, "The Thucydides Trap: Are the US and China Headed for War?," *The Atlantic* 24 (2015).

[70] See Aaron L. A Friedberg, *Contest for Supremacy: China, America, and the Struggle for Mastery in Asia*, (New York: WW Norton & Company, 2011); and Mearsheimer, "Can China Rise Peacefully?," *The National Interest* 25 (2014): 23-37.

[71] Predictions of peaceful power transition can be found in Charles Kupchan, Jason Davidson and Mira Sucharov, eds., *Power in Transition: The Peaceful Change of International Order*, (Tokyo: United Nations University, 2001); and John G. Ikenberry, "The Rise of China and the Future of the West: Can the Liberal System Survive?," *Foreign affairs* (2008): 23-37.

rising powers in mitigating the perception of offensive intentions by secondary states,[72] or even if recognize the importance of strategies,[73] do not systematically account for the transmission mechanism through which rising powers' adopt particular strategies to influence secondary states' responses.

Modeling rising powers' regional foreign policy strategies requires two important distinctions to be made: First, regional implications of power transition have to be assessed by acknowledging certain autonomy of the local power structure independent of the influence of a systemic distribution of power. The important aspect to distinguish here is that while rising powers could ultimately pose a challenge to the hegemonic order—or could not, given the possibility that many of the rising powers' influence would never reach beyond the region—, these states are often already in a dominant position relative to regional secondary states. Any differential growth in their capabilities, therefore, has more immediate and widespread implications at the regional level, unlike at the systemic level where they are predisposed as a challenger to the hegemonic power.

At the regional level, foreign policy decision-making of rising powers centers primarily on two important dilemmas. First, a rapid growth in material strength results in 'information asymmetry' that can trigger security dilemma and perception of offensive intention by secondary states. Second, it creates a possibility that these states will act on a perceived 'credible commitment problem' for the leadership of rising powers—that is, rising powers' apparent status-quo posturing of today could be replaced by revisionist policies in the future. The leadership, therefore, needs to tie its hands *ex-ante* by adopting costly and binding measures, to signal credible information and reassure secondary states its resolve for status quo *ex-post*.

The second distinction underlies a temporal dimension of the implications of power transition. Even though a rising power might become a revisionist state at some point of the temporal continuum of its transition towards rise, it does not necessarily suggest that the rising power would adopt aggressive agenda from the very beginning, especially given the primacy of regional factors in their growth dynamics. This perspective

[72] Kenneth Waltz, *Theory of International Relations*, (Reading: Addison-Wesley, 1979); Mearsheimer, *The Tragedy of Great Power Politics*.

[73] Stephen M. Walt, *The Origins of Alliance*, (Ithaca: Cornell University Press, 1990); Michael, Mastanduno, "Preserving the Unipolar Moment: Realist Theories and US Grand Strategy after the Cold War," *International Security* 21, no. 4 (1997): 49-88; and T. V. Paul, ed. *Accommodating Rising Powers: Past, Present, and Future*, (Cambridge: Cambridge University Press, 2016).

requires acknowledging variations and dynamic prioritization of rising powers' foreign policy strategies at different stages of their rise. The implications of such an intuitive understanding are substantive: if a successful and long-term growth in power and status requires establishing a regional sphere of influence, managing neighbors' fear and expectations would receive a higher attention, at least until the rising power institutes stability and order in their regional stronghold. This is evident from the contemporary rising powers' adoption of different forms of good neighborhood policies, including China's 'Good Neighborliness' policy and Indian Prime Minister Narandra Modi's 'Neighborhood-First' policy.

Rising powers pursue varied foreign policy strategies to deal with power-transition induced tensions and challenges at the regional level. Historically, rising powers had three major means to reassure secondary states: 1) investment in defensive military weapons to signal a defense-offense balance in defense's favor; 2) signing of arms control agreement to mitigate the severity of security dilemma and arms race; and 3) signing of neutrality pact with potential threatening secondary states to delay or buy time during their transition period. The contemporary rising powers, in the context of declining relevance of defense treaties and formal alliances, as well as interdependent nature of interstate interactions, adopt different non-military means to signal reassurance and their resolve to maintain status quo. These could include confidence building measures such as resolution of possible conflicts with neighbors and establishment of institutional arrangements to deal with outstanding issues; the policy of multilateralism providing focal point of strategic interactions with a wider audience of secondary states and making any threatening activities as a matter of collective concern;[74] enhancing their international status and reputation as responsible power through compliance to international law and multilateral agreements; and increasing transparency in their strategic interactions by publishing and disseminating more information on their policies, actions and intentions.

Among different alternatives, settling territorial disputes with neighboring states stands as a very effective way for the rising powers to signal foreign policy objectives. This is because, states' behavior in territorial disputes is a fundamental indicator of whether a state is pursuing status quo or revisionist foreign

[74] See Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security*, (Redwood City: Stanford University Press, 2005).

policies.[75] During the period of their rising capabilities, regionally dominant states have concrete incentives to signal resolve for cooperation and reassurance of non-interference in order to manage fear and expectations of secondary states. Hence, the rising power exploits peaceful settlement as a form of reassurance strategy to keep secondary states into confidence, and corral their support for its ambitious regional and international goals. Their rising power also allows domestic political elites to create legitimizing narratives focusing on the need for greater international role and status, enabling them to convince domestic forces hostile to conciliatory settlements. Since taking conciliatory stance on territorial dispute is costly in terms of both material and signaling costs (elaborated later), rising powers can exploit peaceful dispute settlement to credibly reassure and gain cooperative response from secondary states.

Signaling benign intentions through strategic restraint: The key foreign policy objective that drives rising powers to adopt peaceful settlement as a reassurance strategy is to signal benign intention to the secondary states in order to defuse uncertainty caused by the changing distribution of power in the regional subsystem, and thereby, offset potential tensions and hostile state responses. A regionally dominant state, experiencing a rapid increase in its military and economic power, is likely to trigger perception of offensive intentions by the regional secondary states, intensifying the severity of their security dilemma.[76] Since the intensity of security dilemma depends on states' beliefs about one another's motives, actions that make others believe that their (potential) adversary is driven only by a quest for security, not by an inherent desire to dominate the system, not only moderate security dilemma but also create scope for cooperation.[77]

Rising powers can deal with the perception of offensive intention and the severity of security dilemma by adopting costly measures like resolving territorial disputes amicably and giving tangible concessions that aggressive states would be unwilling to offer. A rising power status of a dominant state disturbs the "prior" in the psyche of other states and in the process of updating the prior, secondary states seek costly signaling (binding evidence) that show higher level of motivation by rising powers to maintain status quo. The dispute settlement strategy involves a form of strategic restraint on the part of the rising power not to use its growing power leverage to take advantage from the territorial dispute with weaker neighbors in

[75] Fravel, "Regime Insecurity and International Cooperation", 47.
[76] Walt, *The Origins of Alliance*.
[77] See Charles L. Glaser, "The Security Dilemma Revisited," *World Politics* 50, no. 1 (1997): 171-201.

exchange of their cooperation and accommodation of its rising power and influence.[78] Due to this cooperative bargaining, weak and secondary states get institutionalized assurances that they will not be exploited. Therefore, they have lower incentive to balance as they do not fear domination or abandonment, and the rising power does not need to use its power assets to enforce order and cooperation.[79]

Commitment problem and alliance signaling: Another important foreign objective pursued through the settlement of dispute is signaling reliability in informal alliance relationship. In international relations, signaling a state's interest is cumbersome, especially communicating resolve and reliability in alliance relationship is exceedingly challenging.[80] The main difficulty arises from what is known as "commitment problem" in a game theoretic modeling.[81] It is a situation where the benefits of cooperation in the present cannot be materialized due to the possibility that actors might prefer to renege in the future, even if "they are better off in the present day by committing themselves to a cooperative relationship in the future."[82] With the decline of formal security alliances, the reliability of an ally under informal security or strategic partnership is very low.

Rising powers face two major obstacles in exploiting existing alliance ties or building new alliances in pursuit of their regional foreign policy objectives. First, due to power transition-induced uncertainty, secondary states are less certain about the future behavior of the rising powers. Second, this situation becomes more complicated if the rising power is already perceived as or has a past record of being a dominant neighbor owing to the fact that secondary states usually view a dominant state as a source of threat. In a regional setting where more than one power are rising and the relative power gap between the

[78] The argument broadly draws from the theory of 'strategic restraint' developed by John G. Ikenberry. See Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars*, (Princeton: Princeton University Press, 2009).
[79] Ibid., 45.
[80] For a detail discussion on the difficulty in signaling alliance commitment see Paul K Huth, "Extended Deterrence and the Outbreak of War," *American Political Science Review* 82, no. 2 (1988): 423-443; James D Morrow, "Alliances, Credibility, and Peacetime Costs," *Journal of Conflict Resolution* 38, no. 2 (1994): 270-297; and Thomas Schelling, *Arms and Influence*, (New Haven/Conn, 1966).
[81] See Robert Powell, "War as a Commitment Problem," *International Organization* 60, no. 1 (2006): 169-203, for a discussion on commitment problem in international relations.
[82] Matthew Adam Kocher, "Commitment Problems and Preventive War," Political Violence at a Glance, August 08, 2013. http://politicalviolenceataglance.org/2013/08/08/commitment-problems-and-preventive-war/.

rising powers and secondary states is extensive, signaling alliance is even more difficult.[83] Countries in South Asia, for instance, even if felt threatened by a rising India, given their limited defensive capability and high geographic and economic dependence on India, cannot take side with China unless China offers credible assurance through costly foreign policy actions. The unreliability is also caused by the increased cost of external balancing or supporting an ally in the actual threat condition, given the interdependent character of contemporary regional complexes.

Conciliatory dispute settlements can signal alliance reliability by reassuring potential allies of the rising power's level of commitment to work together in respect to common security interests. States assess a potential ally based on tangible actions believing that there is a reasonable probability of successful cooperation.[84] They seek to form alliances by assessing, by some mechanisms, the likely reliability of potential partners beyond simple assurances. The intention of states and the credibility of their commitments function as private information, and in the absence of any institutional framework necessary to enforce cooperation, states' true intention to honor commitments relies on the credibility of such claims.[85] This requires sending costly reliability signals to manage uncertainty and thus minimizing the commitment problem.[86] A dispute settlement agreement often is not the starting point, rather serves as a credible signal of commitment by delivering on the promises of cooperation towards resolving the dispute. In addition, settlement of territorial disputes allows for common threat perception and the development of common security interests which is a vital precondition for alliance relationship.

Reputational incentives and dispute settlement as status marker: The final objective of strategic reassurance is to harness status by building positive image and reputation among the secondary states. Claims of status and prestige constitute a major foreign policy goal of rising powers. Rising powers see

[83] Waltz argues that with multipolarity uncertainty increases and calculations become more difficult, and thus, states cannot rely on their allies' capability. An unreliable partner does not reduce states' vulnerability to threat/power. See Waltz, *Theory of International Politics*.

[84] George W. Downs, David M. Rocke and Peter N. Barsoom, "Is the Good News about Compliance Good News about Cooperation?," *International Organization* 50, no. 3 (1996): 379-406; Brett Ashley Leeds, Michaela Mattes and Jeremy S. Vogel, "Interests, Institutions, and the Reliability of International Commitments," *American Journal of Political Science* 53, no. 2 (2009): 461-476.

[85] Mark JC Crescenzi, et. al., "Reliability, Reputation, and Alliance Formation," *International Studies Quarterly* 56, no. 2 (2012): 259-274.

[86] See Matthew Fuhrmann and Todd S. Sechser, "Signaling Alliance Commitments: Hand-Tying and Sunk Costs in Extended Nuclear Deterrence," *American Journal of Political Science* 58, no. 4 (2014): 919-935.

status as both their ability to secure their core interests and the recognition of their regional influence.[87] They demand increasing international profile as they rise and their desire for recognition and respect often dictate their strategic interactions.[88] However, status acquisition in international politics more often than not tends to be violent. Devising foreign policy mechanism that helps an ascending power claim status, while keeping the existing international order less hostile to its aspiration, is critical.

Status signaling also requires costly measures in order to be credible and reliable.[89] By constructing self-enforcing commitments, states can harness reputation and status credibly.[90] Peaceful dispute settlement, in addition to being a costly measure on the part of rising powers, is a credible way to status signaling due to its self-enforceability and high reputational significance. It allows the rising power to gain confidence not only of the concerned disputants but also any other geopolitically relevant states, since reputation has spillover effects. In the context of multiple powers rising with primarily regional political ambitions, peaceful dispute settlement could be seen as an important status marker for rising powers.

2.2 Uncertainty and Signaling Information on State Intentions

The reassurance framework of peaceful dispute settlement rests on the defensive realist perspectives of signaling state intentions. It builds on the basic realist claim that a state's rising power leads to a condition of security dilemma, and hostile response from the secondary states is the likely outcome. Uncertainty is considered to be the key factor that leads to the perception of offensive intentions from rising powers by other states. However, in assessing how states deal with uncertainty, defensive realists emphasize on factors influencing the severity of security dilemma, including defensive military postures, institutional arrangement to avoid misperceptions and so on.[91] Waltz pioneers the idea that states are not intrinsically aggressive and their first concern is not to maximize power but to maintain their position in the system.[92] This permits states to undertake defensive and moderate foreign and security policies. Unlike offensive

[87] Yong Deng, *China's Struggle for Status: the Realignment of International Relations*, (New York: Cambridge University Press, 2008).
[88] See T. V. Paul, Deborah Welch Larson, and William C. Wohlforth, eds., *Status in World Politics*, (Cambridge: Cambridge University Press, 2014).
[89] Xiaoyu Pu and Randall L. Schweller, "Status Signaling, Multiple Audiences, and China's Blue-water Naval Ambition," in Paul et. al. eds., *Status in World Politics*, 2014, 141-162.
[90] Allan Dafoe, Jonathan Renshon and Paul Huth, "Reputation and Status as Motives for War," *Annual Review of Political Science* 17 (2014): 371-393.
[91] Robert Jervis, "Cooperation under the Security Dilemma," *World Politics* 30, no. 2 (1978): 167-214.
[92] See Waltz, *Theory of International Politics*.

realists who see uncertainty of intentions to be both invariant and immitigable,[93] defensive realism argues that states can deal with uncertainty by revealing benign intentions through offering reassurance.

The dynamic conception of security dilemma by defensive realists helps explain the scope for influencing the severity of state perception of offensive intentions. According to Jervis' formulation, security dilemma, rather than being static and complete, can vary across space and time. The magnitude and nature of security dilemma depend on offense-defense balance and offense-defense differentiation.[94] Therefore, states are able to distinguish defensive intentions and capabilities from offensive capabilities and intentions. Owing to this possibility, states can adopt military postures that reduce the severity of security dilemma without compromising their own security and position in the international system.[95] These defensive realist states—I argue that rising states, during the transition period, adopt more defensive military postures in the regional settings— demonstrate their resolve to maintain status quo by engaging in arms control agreements, investing in defensive military establishments and curbing offensive capabilities if necessary.[96] From this perspective, rising powers' strategy of territorial dispute settlement allows for defensive military posturing, since territorial settlements often result in troops' disengagement and removal of offensive weaponry from the bordering areas.

Although defensive realists are preoccupied with military actions in signaling state intentions, non-military strategies that involve costly and informative actions by limiting the state's ability to alter its future polices such as joining a binding treaty organizations.[97] This extension of the argument is based on neoinstitutionalist borrowings from defensive realist propositions on how information about others' intentions plays in state's strategic choices. Defensive realists reject the worst-case analysis of intentions, and recognize that the assessment of others' intentions based on the information displayed through state actions should play a significant role in state's choice of competitive or cooperative policies. They recognize a critical role of 'signals' about state intentions that allow for distinguishing status quo states from

[93] Mearsheimer, *The Tragedy of Great Power Politics*.
[94] Jervis, "Cooperation under the Security Dilemma."
[95] Shiping Tang and Evan Braden Montgomery, "Uncertainty and Reassurance in International Politics," *International Security* 32, no. 1 (2007): 193-200.
[96] Glaser, "The Security Dilemma Revisited"; Andrew H. Kydd, *Trust and Mistrust in International Relations*, (Princeton: Princeton University Press, 2005).
[97] Keren Yarhi-Milo, *Knowing the Adversary: Leaders, Intelligence, and Assessment of Intentions in International Relations*, (Princeton: Princeton University Press, 2014), 8.

revisionist states. Using this basic intuition, neoinstitutionalists argue that certain non-military actions, by imposing significant costs that aggressive states would be unwilling to take,[98] allow states to credibly signal information on their benign intentions and, thereby, obtain cooperation. The institutional dimensions of dispute settlement—settlement agreements with binding obligations and procedures for border management in future— that impose significant costs and offer credible information allow rising powers to signal resolve for cooperation and minimize potential hostile response from secondary states. Costly non-military signals are more useful for rising powers, as a continuous growth in their military capability is a natural corollary of their rise. Even if they undertake defensive military postures, secondary states would seek more information on the rising powers' intentions, including irrevocable evidence of their willingness to cooperate.

A number of considerations offer dispute settlement a prominent place in rising powers' foreign policy signaling. First, the presence of territorial disputes makes the perception of offensive intentions by the secondary states more likely. Territorial disputes have profound influence on states' behavior compared to other forms of disputes, as it involves critical threat to territorial integrity and sovereignty. Vasquez mentioned that conflicts over contiguous territory are more prone to influence states' attitude towards each other.[99] The use of Thompson's perspective on rivalry cogently explains the process. Territorial rivalries produce expectation of threats, cognitive rigidities among leaders and political elites, and hostile domestic audiences.[100] All these add up to maximize the security dilemma, as the secondary state would tend to label all security moves by the rising power, whether offensive or defensive, as aggressive. This creates an action-reaction cycle where security dilemma based on perceived threats reinforces further threat perception.[101] The perception of offensive intentions also leads to worst-case analysis by the rival secondary states. As the dispute keeps critical interests hostage to rival's relative power, states tend to calculate maximum repercussions of the changing distribution of capabilities. "Stakes which may have had comparatively minor value are now seen as having great importance because they represent a commitment

[98] James D. Fearon, "Signaling foreign policy interests: Tying hands versus sinking costs," *Journal of Conflict Resolution* 41, no. 1 (1997): 68-90; Kenneth A. Oye, ed., *Cooperation under Anarchy*, (Princeton: Princeton University Press, 1986).
[99] Vasquez, *The War Puzzle Revisited*, 10.
[100] See William R. Thompson, "Identifying Rivals and Rivalries in World Politics," *International Studies Quarterly* 45, no. 4 (2001): 557-586.
[101] Vasquez, "Distinguishing Rivals that Go to War from those that Do Not: A Quantitative Comparative Case Study of the Two Paths to War," *International Studies Quarterly* 40, no. 4 (1996): 531-558.

to bigger stakes."[102] Therefore, exaggeration and maneuvering of the situation is usual among the territorial rivals.

Second, the persistence of territorial disputes institutionalizes confrontation and fear among security establishments and political elites, entrenching *adversarial propensities* in secondary states. Since leaders engaged in territorial disputes tend to "adopt a negative affect calculus" consistently, they "link more and more stakes into a single issue" and make material stakes to become "infused with symbolic and transcendental importance."[103] This leads to the growing influence of risk interpreting institutions. In states with enduring territorial disputes, armed forces and intelligence agencies have specialized wings dealing with these tasks, and many security think tanks play a complementary role in this process. Territorial disputes also allow for the formation of anti-rival public opinion, giving rise to confrontation favoring political elites that draw popularity and legitimacy from taking confrontational position against the rival states. Domestic elites also use their anti-rival stance to cover their failures in other areas, and divert public opinions towards their actions against the rival.

Finally, a territorial dispute minimizes the costs of confrontation for the secondary states in two ways. It inhibits the rapid and high growth in trade and economic interdependence. Low level of trade and interdependence makes it less costly to balance a rising power, as the consequences for other areas especially economic and non-security cooperation remain low. In addition, it lowers the possibility of common threat perception. Territorial rivals tend to disagree on their common external enemies or threats, pursuing cognitive rigidity that hinders leaders' acceptance of a common threat even if one exists.

All these considerations make settlements of any existing territorial disputes with neighbors a priority in rising powers' foreign policy agenda. While this applies to all territorial disputes of a rising power, its ultimate decision to make territorial compromise is subject to some other factors including the level of power asymmetry, status competition and so on that incur higher costs (elaborated in the subsequent sections) compared to benefits they receive from territorial compromises.

[102] Vasquez, *The War Puzzle*, (Cambridge: Cambridge University Press, 1993), 77.
[103] Vasquez, *The War Puzzle Revisited*, 80.

2.3 The Credibility of Reassurance through Dispute Settlement

A vital question in terms of the validity of reassurance framework is about credibility. What makes peaceful dispute settlement a credible strategy for reassurance? Peaceful settlement is a costly measure in terms of both material and signaling costs. To understand this, we have to dig out fundamental obstacles states face while attempting territorial settlements. The material costs of making territorial concessions can be substantive. Hansel identified several material costs associated with disputed territory.[104] Many territories have been the subject of dispute because they contained valuable commodities or resources, such as strategic minerals and oil, or can provide access to the sea, commerce routes or control over strategic waterways. Disputed territory may also be seen as important for its population, particularly when it includes members of an ethnic or religious group that inhabits a neighboring state. More importantly, certain disputed territory with defensible geographic features can contribute to a state's perceived power and security by facilitating advance warning of an impending attack and may contribute to national defense. Transferring such strategic territory is very costly because it can alter the two sides' relative bargaining positions.[105]

In addition to material costs, symbolic and nationalist sentiments attached to a disputed territory also multiply the costs of territorial concessions. Territorial disputes often involve critical national interests rooted in nationalist discourse over historical and symbolic identity of statehood. This critical stake is often tied to the claim of the entire territory under dispute. Hence, anything other than unilateral gain involves giving concessions to some extent, but dispute settlement often requires making large concessions.

Making territorial concessions for reassurance purpose could incur two types of signaling costs in addition to usual material costs including loss of valuable territory. First, it can signal the respective state's weakness in terms of its lack of strong resolve to preserve critical national interests or lack of capability to do so, inviting potential pressures from different stakeholders (other disputants or potential adversaries) for similar or more concessions. Although a gesture costly enough to communicate a benign state's preferences will reduce the probability of unnecessary conflicts with other security seekers, it will also

[104] Hensel, "Geography and Conflict," 58-60.
[105] See James D. Fearon, "Rationalist explanations for war," *International Organization* 49, no. 3 (1995): 379-414.

decrease its ability to deter any greedy states that might choose to attack which is an increased possibility if the signaling state appears less willing to defend its national interests.[106] An associated cost involves the calculus that the concession could benefit another formidable rival, further increasing the signaling cost of concessional dispute settlement.

Second is the domestic political cost. Since the disputed territory often involves sensitive political stakes, concessions made by the incumbents allow political oppositions to exploit public sentiment against the government. On the ground of nationalism, the question of popularity for the incumbents makes it harder for them to compromise. This is particularly relevant for the political elites that are actively trying to balance the imperatives of external security with domestic political survival, and for them compromising on territory with symbolic-nationalist salience could run the risk of being punished domestically.[107] In addition, as Huth's "modified realist model that systematically links the domestic political calculus into the study of territorial disputes" suggests, domestic political pressure could make compromising in otherwise irrelevant territory highly costly for fear of incurring domestic political consequences.

Drawing on the audience cost theory, a territorial settlement also creates a tying-hand situation where backing down—meaning not adhering or violating the settlement agreement— would result in reputational costs among the international audience (such as the other disputants, and secondary states).[108] Although violation might not always invite domestic audience costs, there could be situations when domestic audiences consider an agreement as a matter of national pride, and backing down would mean incumbents' loss of face to the domestic constituencies.

Therefore, the willingness of political elites to accept such a costly measure makes it credible that the dominant state has genuinely benign intentions towards the secondary states. The credibility of peaceful dispute settlement as an effective way to signal state intentions makes it an attractive reassurance strategy for the rising powers. While this calculation can apply to every dyad with territorial disputes, for a dyad

[106] Evan B. Montgomery, "Breaking out of the Security Dilemma: Realism, Reassurance, and the Problem of Uncertainty," *International Security* 31, no. 2 (2006), 158. Also see Glaser, "The Security Dilemma Revisited."
[107] A detailed discussion on the domestic political costs of territorial compromise can be found in Huth, *Standing Your Ground*.
[108] For a discussion on audience cost theory, that applies to both domestic and international audiences, see Fearon, "Domestic Political Audiences and the Escalation of International Disputes," *American Political Science Review* 88, no. 3 (1994): 577-592; and "Signaling versus the Balance of Power and Interests: An Empirical Test of a Crisis Bargaining Model," *Journal of Conflict Resolution* 38, no. 2 (1994): 236-269.

which involves a rising dominant state in pursuit of vital regional goals, the importance of concessional dispute settlement increases significantly.

2.4 Power Asymmetry and Variation in Territorial Settlements

The variation in rising powers' dispute settlement behavior, especially why they fail to settle disputes with certain neighbors, can be explained by their consideration of how the level of power asymmetry influence their calculation of the expected signaling costs versus the benefits of territorial settlements. The dynamics of power distribution between the rising power and the secondary states complicates rising powers' dispute settlement decisions. In general, power asymmetry, as seen both intuitively and empirically,[109] affects peaceful settlement of territorial disputes negatively. This is because a powerful state with a weak disputant has higher incentive to take unilateral control of the entire stake. But rising powers are less likely to be tempted by this incentive, given their long-term and much wider ambitions. In contrast, since a larger power gap leaves the choice of a peaceful alternative under the discretion of the dominant state, rising powers can reap higher reputational leverage by resorting to peaceful dispute settlement with smaller neighbors.

In a more symmetrical distribution of power, on the other hand, is likely to increase the signaling costs of peaceful settlement discussed above. Under this condition, giving concessions is more likely to signal weakness of state capability to protect critical national interests, and therefore potential adversaries could perceive the expression of benign intentions as state vulnerability. This is because in their effort to overcome uncertainty over state intention through reassurance, states are susceptible to communicate their vulnerability.[110] The revealing of such information to a powerful potential adversary that the state lacks strong resolve could compromise its own future security. In addition, a low power gap also results in more competitive regional and geopolitical goals, leading to more offensive realist behaviors where potential adversaries could take advantage of the rising power's benign intention and gain power at its expense.[111] Therefore, unlike for a less powerful opponent, reputational advantage of peaceful settlement

[109] Allee and Huth, "Legitimizing Dispute Settlement."
[110] For details on how reassurance might induce communication of vulnerability, see Montgomery, "Breaking out of the Security Dilemma."
[111] Mearsheimer, "Realists as Idealists," *Security Studies* 20, no. 3 (2011): 424-430.

with an equally powerful state does not supersede associated signaling costs. And hence a rising power would be unwilling to pursue peaceful dispute settlement with a powerful opponent.

However, a linear understanding of power asymmetry cannot capture the complexity of how rising powers assess the dynamic of power relationship while making decisions on peaceful settlement of disputes. The application of T.V. Paul's argument of 'truncated asymmetry' in the context of India-Pakistan rivalry offers useful perspective on the power relations that can account for rising powers' assessment of the secondary states' relative capability. He identified several factors including military balance in the theater of contest buttressed by geography and terrain, the strategy and tactics of the rivals, and the role of great powers as balancers between the two states that mitigate effect of their global level power disparity.[112]

Hence, even if there is a power gap based on aggregate level material capabilities, their local or specific theatre-level near-parity, status competition, possession of nuclear weapons, asymmetric strategies and power balancing by great powers affect the state perception of power asymmetry and curb the effect of apparent disparity to the extent that the weaker state also starts to believe and project its position as member of what Thompson called "same capability league."[113] In that context, granting territorial concessions for a secondary state would be to provide any substantive gains. Therefore, rising powers are less likely to resort to peaceful dispute settlement as a means of reassurance if its power gap with the disputant country is mitigated by theatre-level near-parity, enduring rivalry and status competition, possession of nuclear weapons, asymmetric strategies and great power balancing.

2.5 Negotiated Settlement versus Arbitration

The reassurance framework also allows for theorizing rising powers' preference for one peaceful settlement method over another. Powell and Wiegand grouped different methods of peaceful settlement into two broad categories: (1) political mechanism which includes bilateral negotiations and non-binding third-party methods (i.e. good offices, conciliation, and mediation); and (2) legal mechanism mainly binding

[112] See T. V. Paul, "Why has the India-Pakistan Rivalry been so Enduring? Power Asymmetry and an Intractable Conflict," *Security Studies* 15, no. 4 (2006): 600-630.
[113] William R, Thompson, "Explaining Rivalry Termination in Contemporary Eastern Eurasia with Evolutionary Expectancy Theory," Montreal: REGIS Working Paper 17 (2005): 2-3.

arbitration by an international court, the ICJ.[114] Rising powers' preference for dispute settlement method depends on whether the particular method accords higher returns in terms of allowing credible signaling and reputational leverages. In this regards, political mechanisms have several advantages: First, since political mechanism resorts to the discretion of the dominant state, any concession made by the rising power accords more credibility to its peaceful intensions, and therefore results in higher reputational advantage. Second, political mechanism also allows for taking advantage of issue linkage. Politically derived peaceful solution opens channels of negotiation with potential for future cooperation in other bilateral and multilateral areas of mutual interests. Therefore, a rising power is likely to prefer political mechanism over legal mechanism.

2.6 Limitations of the Reassurance Framework

However, there are certain conditions under which the reassurance explanation of peaceful dispute settlement might not hold. These conditions either incur very high signaling costs for rising powers or involve strategic considerations that transcend regional and immediate geopolitical objectives associated with their transition period. For instance, a rising power would be less willing to resolve a territorial dispute peacefully with a regional secondary state if doing so accords advantages to a rival state with which the secondary state has a significant relationship. In that case, although it has an incentive to lure away the secondary state from the rival, the given foreign policy orientation of the secondary state makes it less preferred option for the rising power. This is because the rising power can expect no or little substantive gains, material or reputational, at the expense of high signaling cost.

In addition, if the rising power has a global ambition and it faces a dilemma between the regional objectives and global competition with existing great powers, it would privilege the latter. This is more applicable to maritime territorial disputes where power projection by regional or distant rival great powers is a major concern for the rising power's regional sphere of influence.

A final caveat is the effect of excessive nationalism in constraining rising power's foreign policy options. This is predominantly relevant if certain territorial disputes have unbending nationalist appeal to domestic

[114] Powell and Wiegand, "Strategic Selection: Political and Legal Mechanisms."

audiences and the regime with low domestic legitimacy has particular interest in exploiting that appeal to derive domestic political support. The settlement of those specific disputes peacefully would be too costly for the political leaders of the rising powers.

CHAPTER 3 – QUANTITATIVE ANALYSIS

The first part of this chapter outlines the main hypotheses tested in the quantitative analysis and discusses the operationalization of the main variables and the data sources used to estimate the logistic regression models. In the second part, statistical analyses from a number of binomial and multinomial logistic regression models and the marginal effect of rising power status on the peaceful dispute settlement are presented.

3.1 Hypotheses, Variables and Data

The primary objective of the statistical analysis is to identify general trends in states' dispute settlement practices, particularly if the presence of a rising power in a disputing dyad, conditional on the level of power asymmetry, is correlated with peaceful dispute settlement. In addition, the analysis also estimates the methods of peaceful settlement preferred by the rising powers from the three categories of options: bilateral negotiation, non-binding third party mediation and binding arbitration. To that end, the study proposes three preliminary hypotheses based on arguments developed in the theory section:

> **Hypothesis 1:** *The presence of a rising power in the dyad involved in a bilateral territorial dispute increases the probability of peaceful settlement of the dispute.*

The first hypothesis proposes the underlying empirical expectation that a disputing dyad that involve a rising power is likely to have higher probability of peaceful dispute settlement. Since the rising powers have strong incentives to signal benign intention during the transition period, both political will and scope for territorial compromises increase during this time, resulting in higher peaceful dispute settlement. Therefore, it is expected that rising power status would be positively correlated with dispute settlements attempts.

> **Hypothesis 2:** *Rising power status of a member of the dyad is more likely to result in higher probability of peaceful dispute settlement if the power asymmetry between the rising power and the other disputant is large*.

Based on the theoretical expectation developed in the previous section, the rising power status is linked with dispute settlement conditionally on the level of power asymmetry. Although, a power gap would be

negatively correlated with dispute settlement in general, the effect is expected to reverse for the dyads involving a rising power. Therefore, if the power gap is higher, the marginal effect of rising power status on peaceful settlement is expected to be higher.

> **Hypothesis 3:** *In their pursuit of peaceful dispute settlement, rising powers are likely to prefer political mechanism such as bilateral negotiation and non-binding third-party method over binding legal arbitration.*

In terms of the preference for dispute settlement methods, rising powers are likely to prefer political mechanisms over legal alternatives. This is because, political mechanisms such as bilateral negotiations allow for reaping more reputational advantage from the discretionary territorial compromises, as well as open channels for future cooperation in other bilateral and multilateral areas of mutual interests. Therefore, it is expected that there would be a positive association between rising power status and negotiated settlements.

The dependent variable for the statistical analysis is *peaceful settlement attempt* which is operationalized based on the measure developed by Powell and Wiegand.[115] Instead of looking into settlement, they examine major attempts or proposals to resolve territorial disputes. Following Powell and Wiegand, I also consider attempts at peaceful resolution as the outcome variable (coded as 1 if there is a peaceful settlement attempt, 0 otherwise). This is because this study in general is interested in the effect of signaling reassurance through undertaking costly conciliatory attempts. For the multinomial regression, I have used Powell and Wiegand's main dependent variable with 4 categories (coded as [1] bilateral negotiation, [2] third party, [3] arbitration, and [0] others).

Operationalizing the main explanatory variable, *rising power status*, is quite challenging given the lack of systematic indicators to define what constitutes a rising power and the specific cut-off period that we can consider to be a transition towards rise. Scholars in international security are very conservative in according rising power status mainly due to their emphasis on potentials for systemic change and influence. Amrita

[115] Data are compiled by Powell and Wiegand from various sources. They incorporated only those cases of settlement attempts that deal with substantive issues, including recognition of sovereignty, potential territorial concessions, or changes in ownership. See Powell and Wiegand, "Strategic selection: Political and Legal Mechanisms."

Narlikar focuses primarily on India, China and Brazil as the new power.[116] However, the BRICS countries (Brazil, Russia, India, China and South Africa) are gradually being widely accepted as emerging powers in today's world.[117] Taking a more flexible view, Stewart Patrick considers seven emerging powers by adding Indonesia and Turkey in addition to the BRICS countries.[118]

For the quantitative analysis of this study, I follow Pinar Tank's list of eight rising powers adding Mexico to Patrick's list.[119] Three broad qualitative indicators have been considered: (1) a growing economic and military power with a potential for strategically important role in a regional setting; (2) status seeking proclivities and power ambition given their emergent capabilities and geostrategic importance; and (3) recognition of some sort of their importance by a number of regional secondary states. This list is useful for this study mainly because, in the regional or sub-regional settings, almost all these states have dominant positions compared to a number of regional secondary states. States that are already established major powers particularly Western developed countries with long-lasting record of both economic and political influence are excluded. The variable is coded as 1 if the dyad includes at least one rising power, and 0 otherwise. Since my time period for the quantitative analysis is between 1985 and 2006, for more conservative estimate, I adjusted time period, setting 1980 as the starting period for China, 1990 for other BRICS countries and 2000 for other three second-tier rising powers.

For capturing the effect of rising power status conditional on asymmetrical power relationship, *rising power status* is interacted with *power asymmetry* variable (which is also a key control variable). Although this study sees power asymmetry from a more complex and multi-layered perspective as discussed in the

[116] See Amrita Narlikar, *New Powers: How to Become One and How to Manage Them*, (London: Oxford University Press, 2010).

[117] For a discussion on rising powers in general and BRICS countries in particular, see Kevin Gray and Craig N. Murphy, "Introduction: Rising Powers and the Future of Global Governance," *Third World Quarterly* 34, no. 2 (2013): 183-193; Andrew F. Cooper and Daniel Flemes, "Foreign Policy Strategies of Emerging Powers in a Multipolar World: An Introductory Review," *Third World Quarterly* 34, no. 6 (2013): 943-962; Lindsay Marie Jacobs and Ronan Van Rossem, "The BRIC Phantom: A Comparative Analysis of the BRICs as a Category of Rising Powers," *Journal of Policy Modeling* 36 (2014): 47-66; Leslie Elliott Armijo, "The BRICs Countries (Brazil, Russia, India, and China) as Analytical Category: Mirage or Insight?," *Asian perspective* (2007): 7-42; Matthew D. Stephen, "Rising Regional Powers and International Institutions: the Foreign Policy Orientations of India, Brazil and South Africa," *Global Society* 26, no. 3 (2012): 289-309; Peter Ferdinand, "Rising Powers at the UN: An Analysis of the Voting Behaviour of BRICS in the General Assembly," *Third World Quarterly* 35, no. 3 (2014): 376-391; Matthew D. Stephen, "Rising Powers, Global Capitalism and Liberal Global Governance: A Historical Materialist Account of the BRICs Challenge," *European Journal of International Relations* 20, no. 4 (2014): 912-938; Ziya Öniş and Mustafa Kutlay, "Rising Powers in a Changing Global Order: the Political Economy of Turkey in the Age of BRICS," *Third World Quarterly* 34, no. 8 (2013): 1409-1426; Cynthia Roberts, "Building the New World order BRIC by BRIC," *The European Financial Review* 6 (2011).

[118] See Stewart Patrick, "Irresponsible Stakeholders? The Difficulty of Integrating Rising Powers," *Foreign Affairs* (2010): 44-53.

[119] Pinar Tank, "The Concept of Rising Power," NOREF Policy Brief, Norwegian Peacebuilding Resource Centre, June 2012.

theory part, for a large-N statistical model, the difficultly in quantification only allows following the typical measure of power ratio used in the previous quantitative studies. Therefore, power asymmetry is measured as the ratio of the stronger of the two military capabilities to the sum of the two using data from the Correlates of War's National Capabilities Index.[120] A score of 0.5 indicates a perfect symmetry where 1.0 measures a perfect asymmetry. The expectation is that more symmetrical power distribution within a disputing dyad in general increases the likelihood of peaceful settlement.[121]

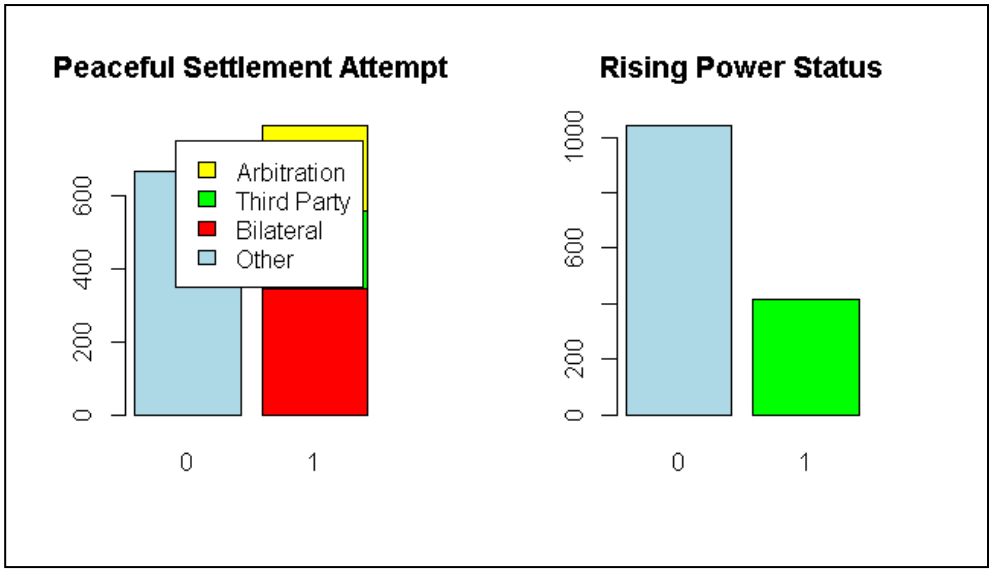


Figure 1: Distribution of the outcome and the predictor variable

Major control variables are standard predictors of territorial dispute settlements commonly applied in conflict studies literature. Accounting for regime type, the variable *both democracies* is coded as 1 if both states in the dyad score 6 or more on the Polity IV using data.[122] This variable captures the pacifying effect of democracy as postulated by democratic peace thesis. The variable *alliance ties* is a dummy, coded as 1 if the states in a disputing dyad have an alliance relationship in any given year, 0 otherwise, using data from

[120] J. David Singer and Melvin Small, "National Material Capabilities Data," (Ann Arbor: University of Michigan, Correlates of War Project, 1995).
[121] See Allee and Huth, "Legitimizing Dispute Settlement."
[122] Polity IV data comes from Monty G. Marshall and Keith Jaggers, "Polity IV Project: Political Regime Characteristics and Transitions, 1800-2002," 2002. Data after 2002 comes from Powell and Wiegand, "Strategic Selection: Political and Legal Mechanisms."

Treaty Obligations and Provisions (ATOP) dataset.[123] Following findings by Allee and Huth, I expect that alliance relationship is likely to bring states towards peaceful settlement as they have common interests in security areas.[124]

Table 3.1. Summary statistics

Variable	No of Obs.	Mean	SD	Minimum	Maximum
Peaceful settlement attempt	1456	0.5418956	0.4984129	0	1
Rising power status	1456	0.2857143	0.4519092	0	1
Power asymmetry	1407	0.8110957	0.1565216	0.5002806	0.9998026
Past conflict	1456	0.5343407	0.4989907	0	1
Alliance ties	1456	0.2129121	0.4095067	0	1
Both democracy	1456	0.3262363	0.468996	0	1
Treaty obligations	1456	3.477335	2.220995	1	11
Economic importance	1456	0.6146978	0.4868338	0	1
Ethnic importance	1456	0.356456	0.4791167	0	1
Strategic importance	1456	0.3523352	0.4778618	0	1

Two additional controls are previous history of conflict and treaty obligations that also account for peaceful settlement of disputes. The variable *past conflict* (coded as 1 if the states in a dyad fought an armed conflict with each other in the last 50 years, 0 otherwise) using data from the Correlates of War dataset.[125] Both Simmons and Hansel et al found higher propensities of peaceful resolution among dyads which has a past history of conflict.[126] Hence, this study also expects that past conflict experience would increase attempts at peaceful resolution. The variable *treaty obligations* is coded as the number of pacific settlement commitments in which both states in a disputing dyad are members in a given year, using data from the Multilateral Treaties of Pacific Settlement Data Set.[127] Previous study findings suggest a positive relationship between treaty obligations and peaceful settlement.[128]

[123] ATOP provides comprehensive data on the major alliances in international politics. See Brett Leeds et al. "Alliance Treaty Obligations and Provisions, 1815-1944," *International Interactions* 28, no. 3 (2002): 237-260. For the period after 2003, data are obtained from Powell and Wiegand, "Strategic Selection: Political and Legal Mechanisms."
[124] Allee and Huth, "Legitimizing Dispute Settlement."
[125] Daniel M. Jones, Stuart A. Bremer and J. David Singer, "Militarized Interstate Disputes, 1815-1992: Rationale, Coding Rules, and Empirical Patterns," *Conflict Management and Peace Science* 15, no. 2 (1996): 163-213.
[126] Simmons, "International Institutions and Territorial Disputes"; P. R. Hensel, McLaughlin Mitchell, T. E. Sowers and C. L. Thyne "Bones of Contention: Comparing Territorial, Maritime, and River Issues," *Journal of Conflict Resolution* 52, no. 1, (2008): 117-143.
[127] P. R. Hensel, "Multilateral Treaties of Pacific Settlement (MTOPS) Data Set," 2005.
[128] Powell and Wiegand, "Strategic Selection: Political and Legal Mechanisms."

Other controls are economic, ethnic and strategic value of the disputed territories. Huth coded a disputed territory to have strategic value if it is located at or near military bases, major shipping lanes, or choke points for ships; economic value if near a significant amount of natural resources; and ethnic value if there are ethnic minorities living on the other side of the border.[129] Using these measures, these variables are coded as done by Powell and Wiegnad: 1 if have respective value for both disputants and 0 otherwise. Previous studies show primarily a negative correlation between all three types of importance of the disputed territory and peaceful settlement.[130]

For the quantitative part, the primary estimation method is logistic regression as I have a limited dependent variable. It estimates several logistic regression models gradually adding different control variables. It also runs one logit model with interaction terms to capture the conditional effect of rising power status. To see if rising power status can explain different types of peaceful settlement, it also runs a multinomial logit model. To control for temporal dependence, it uses cubic splines of the number of years since the territorial dispute is in place, following the standard practice in conflict research.

3.2 Statistical Findings

Empirical evidence from the logit models shows a positive and statistically significant effect of rising power status on attempts at peaceful settlement of bilateral territorial disputes. As presented in table 3.2, all general models (Models 1 to 6) show that the presence of a rising power increases the odds of peaceful settlement attempts, supporting the first hypothesis that the presence of rising power in dyad is positively correlated with peaceful settlement attempts (see figure 2 for the coefficients and confidence intervals).

Among the main covariates, power asymmetry has the expected sign and is statistically highly significant in all the models (see table 3.2). It corroborates the findings in many previous studies that, a lower power gap increases the probability of peaceful settlement, while a high gap creates incentives for unilateral gain-seeking behavior. The findings also support the second hypothesis that rising powers would be more likely to offer or accept conciliatory settlement if the power gap is larger between the rising power and the

[129] See Huth, "Enduring Rivalries and Territorial Disputes."
[130] Gent and Shannon, "Decision Control and Binding Conflict Management."

secondary disputant state. The model with interaction terms (Model 7 in table 3.2) shows that interaction between the rising power status and power asymmetry is positive and statistically significant.

Table 3.2: Binomial logit models: Rising powers and peaceful settlement of territorial disputes, 1985-2006

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	DV: Peaceful settlement attempt						
Rising power status	0.267* (0.117)	0.581*** (0.127)	0.523*** (0.131)	0.411** (0.136)	0.464*** (0.139)	0.488** (0.149)	-6.025*** (0.882)
Power asymmetry		-3.551*** (0.381)	-3.979*** (0.404)	-3.616*** (0.415)	-3.575*** (0.415)	-4.037*** (0.458)	-5.705*** (0.531)
Alliance ties			-1.185*** (0.146)	-1.294*** (0.150)	-1.363*** (0.153)	-1.427*** (0.169)	-1.601*** (0.178)
Both democracy			0.141 (0.125)	0.159 (0.125)	0.134 (0.126)	0.0929 (0.133)	0.166 (0.135)
Past conflict				0.451*** (0.123)	0.436*** (0.123)	0.787*** (0.134)	0.974*** (0.142)
Treaty obligations					0.0590* (0.0270)	0.0535 (0.0289)	0.0845** (0.0298)
Economic importance						-0.628*** (0.142)	-0.591*** (0.146)
Ethnic importance						-1.138*** (0.141)	-1.372*** (0.149)
Strategic importance						-0.787*** (0.135)	-0.829*** (0.138)
Rising power X Power asymmetry							7.485*** (1.013)
Constant	0.0924 (0.0621)	2.881*** (0.310)	3.447*** (0.331)	2.964*** (0.354)	2.744*** (0.367)	4.089*** (0.440)	5.333*** (0.487)
No of observations	1456	1407	1407	1407	1407	1407	1407

Standard errors in parentheses
* p < 0.05 ** p < 0.01 *** p < 0.001

The findings are robust to more conservative time adjustment for the rising powers (see table 3.3). The estimates of the rising power status variable increase for all the models and become statistically more significant after the time adjustment. This could suggest that during the period when the rising powers experience rapid growth and the power differentials with secondary states increases substantively, they show higher proclivities in adopting peaceful means.

Table 3.3: Binomial logit models: Time period adjusted for rising power status variable

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	DV: Peaceful Settlement Attempt						
Rising power status	0.497*** (0.142)	0.795*** (0.150)	0.754*** (0.155)	0.694*** (0.157)	0.747*** (0.161)	0.636*** (0.168)	-5.887*** (1.016)
Power asymmetry		-3.492*** (0.376)	-3.954*** (0.399)	-3.635*** (0.406)	-3.576*** (0.407)	-3.910*** (0.442)	-4.872*** (0.479)
Alliance ties			-1.192*** (0.146)	-1.303*** (0.150)	-1.379*** (0.154)	-1.437*** (0.169)	-1.544*** (0.174)
Both democracy			0.150 (0.125)	0.182 (0.126)	0.154 (0.127)	0.100 (0.133)	0.173 (0.135)
Past conflict				0.480*** (0.121)	0.472*** (0.121)	0.828*** (0.132)	0.989*** (0.138)
Treaty obligations					0.0611* (0.0269)	0.0524 (0.0289)	0.0723* (0.0294)
Economic importance						-0.618*** (0.142)	-0.600*** (0.144)
Ethnic importance						-1.086*** (0.141)	-1.190*** (0.145)
Strategic importance						-0.813*** (0.135)	-0.856*** (0.137)
Rising power X Power asymmetry							7.434*** (1.163)
Constant	0.0819 (0.0579)	2.859*** (0.308)	3.443*** (0.330)	2.955*** (0.350)	2.718*** (0.365)	3.978*** (0.431)	4.658*** (0.455)
No of observations	1456	1407	1407	1407	1407	1407	1407

Standard errors in parentheses
* p < 0.05 ** p < 0.01 *** p < 0.001

The findings from the models with only the BRICS countries as rising powers (see Table 3.4) also show a similar trend. The effect strengthens when we narrow down the main explanatory variable to only the BRICS countries, suggesting that rising powers with more salience in terms of both power ambition and regional influence are more likely to offer or accept peaceful dispute settlement measures. The marginal effects of rising power status conditional on the level asymmetry are also robust to time adjustments of the rising powers and to including only the BRICS countries as rising powers (see Model 7 in table 3.3 and 3.4).

Alliance relationship between the disputants is negatively correlated with statistical significance, contrary to expectations. This could be driven by the fact that very few number dyads in disputes have alliance ties particularly in the period after 1985 where building alliances is a rare practice. Interestingly, both

democracies variable is not statistically significant, suggesting the irrelevance of regime type in explaining dispute settlement behaviors.

Table 3.4: Binomial logit models: Only BRICS countries as rising powers and time period adjusted

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	DV: Peaceful settlement attempt						
Rising power status	0.435** (0.139)	0.703*** (0.146)	0.637*** (0.150)	0.551*** (0.154)	0.608*** (0.157)	0.513** (0.164)	-6.372*** (0.966)
Power asymmetry		-3.464*** (0.376)	-3.899*** (0.398)	-3.570*** (0.406)	-3.517*** (0.407)	-3.876*** (0.444)	-5.087*** (0.491)
Alliance ties			-1.191*** (0.146)	-1.299*** (0.150)	-1.372*** (0.153)	-1.446*** (0.169)	-1.593*** (0.177)
Both democracy			0.112 (0.124)	0.144 (0.125)	0.116 (0.126)	0.0622 (0.132)	0.162 (0.135)
Past conflict				0.469*** (0.121)	0.458*** (0.121)	0.816*** (0.133)	1.017*** (0.140)
Treaty obligations					0.0600* (0.0269)	0.0530 (0.0289)	0.0743* (0.0295)
Economic importance						-0.612*** (0.142)	-0.614*** (0.144)
Ethnic importance						-1.106*** (0.141)	-1.229*** (0.146)
Strategic importance						-0.814*** (0.135)	-0.853*** (0.137)
Rising power X Power asymmetry							7.839*** (1.103)
Constant	0.0894 (0.0581)	2.847*** (0.308)	3.425*** (0.330)	2.941*** (0.351)	2.711*** (0.365)	3.988*** (0.434)	4.866*** (0.465)
No of observations	1456	1407	1407	1407	1407	1407	1407

Standard errors in parentheses
* p < 0.05 ** p < 0.01 *** p < 0.001

The evidence also supports the theoretical expectation that a past conflict between the disputants in a dyad increases their attempts at peaceful settlements. This result goes in line with findings from previous studies on dispute settlement.[131] Similarly, all the three variables measuring the salience of the territorial stake have statistically significant negative effect on attempts at peaceful settlement. This result also corroborates empirical evidence found in most previous studies concerning the salience of the disputed territory. The effect of treaty obligations is not robust and after controlling for economic, ethnic and strategic value of the disputed territories, it loses statistical significance. Models run with time adjusted

[131] Allee and Huth, "Legitimizing Dispute Settlement."

rising power variable as well as only the BRICS countries as rising power variable show similar results for the covariates (see table 3.3 and 3.4).

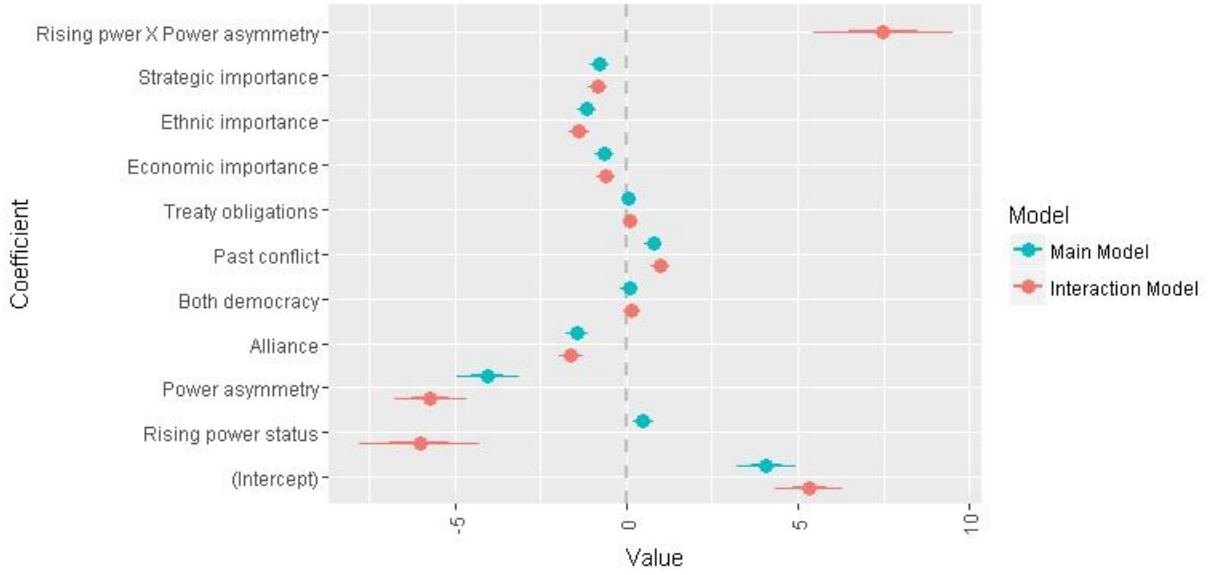


Figure 3.1: Coefficient plot of the main variables of interest

It is tricky to interpret the coefficients of the logistic regression, particularly the one with the interaction term, in order to find the substantive effect. Therefore, the calculation of the first differences in predicted probabilities of two particular scenarios of interest for the model with all the covariates, both with and without the interaction term (see table 3.5), is presented to indicate the size of the effect of rising power status conditional on power asymmetry. The first scenario simply shows that the presence of a rising power increases the probability of peaceful settlement attempt by 11.8 percent, keeping all other covariates at their mean level. The second scenario specifically captures a dyad with high power asymmetry (as high as 0.99), and suggests that the presence of a rising power increases the probability of peaceful settlement attempt as much as 32.8 percent, using predicted probabilities of the model with the interaction term.

Table 3.5: First differences in predicted probabilities (with confidence intervals)

Scenarios	Main model (Model 6)		Interaction model (Model 7)	
	Mean	CI	Mean	CI
Rising power (yes/no)	**0.118**	0.044 - 0.181	0.009	-0.066 - 0.081
Rising power (yes/no) & Power Asymmetry (high)	0.117	0.045 - 0.183	**0.328**	0.239 - 0.414

To account for the marginal effect, the effect of rising power status on peaceful settlement attempts is plotted over a range of values of power asymmetry (see figure 3.3). The plot shows an interesting result. With the increase in power asymmetry, rising power status increases the likelihood of peaceful settlement attempt, supporting the second main hypothesis. Therefore, the presence of a rising power in a dyad with high power asymmetry has markedly higher probability of experiencing a peaceful settlement attempt. However, it also shows that in a condition of more symmetrical power distribution within dyads, rising powers are not only less amenable to peaceful means, but also show a negative probability in pursuing peaceful settlement.

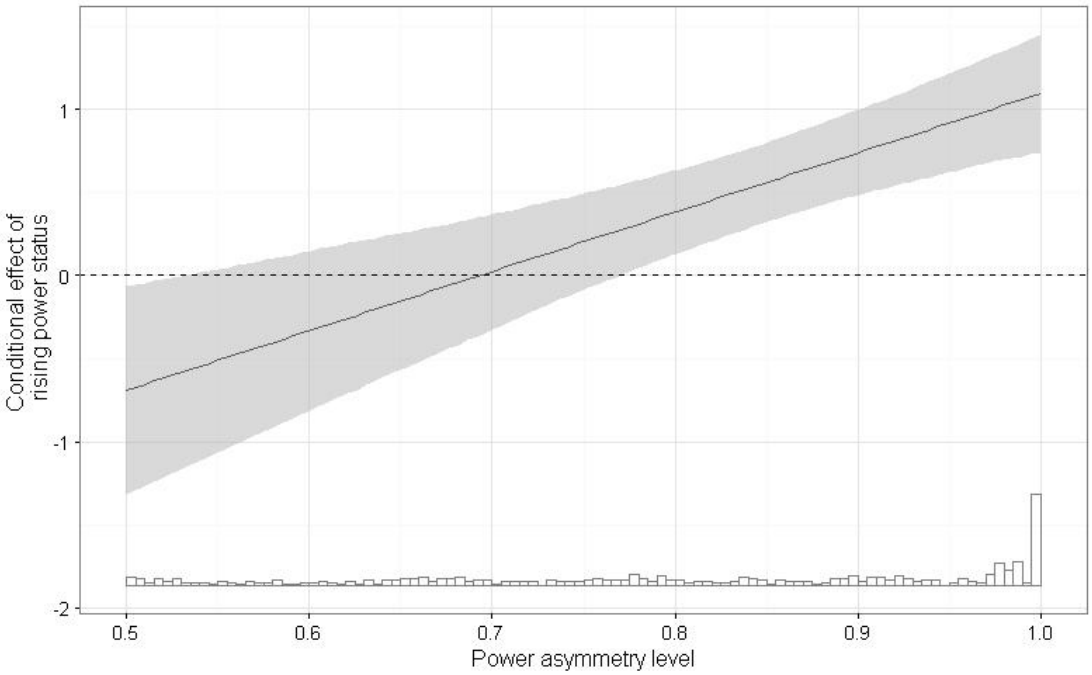


Figure 3.3: The conditional effect of rising power status on peaceful dispute settlement

The statistical evidence provides a preliminary support base to the claim that if the power gap with the disputant country is low, that is, if mitigated by theatre-level near-parity or rivalry over status competition and so on, the rising power would not resort to peaceful means of settlement. Looking at it differently, territorial disputes that involve a rising power, such as between India and Pakistan, are influenced by their perception of relative power symmetry leading to their competition for regional political and economic influence. This also captures the competition between two rising powers, such as between India and China, as they have much symmetrical power relationship and compete with one another for regional influence.

Table 3.6: Multinomial Logit Models: Rising powers and peaceful settlement of territorial disputes, 1985-2006

	Model 8		
	Bilateral negotiation	Non-binding 3rd party	Arbitration
Rising power status	0.401*	0.677***	0.299
	(0.176)	(0.197)	(0.210)
Power asymmetry	-3.431***	-3.754***	-5.446***
	(0.538)	(0.620)	(0.607)
Alliance ties	-1.796***	-0.967***	-1.194***
	(0.236)	(0.223)	(0.234)
Both democracy	0.110	-0.0151	0.218
	(0.160)	(0.193)	(0.191)
Past conflict	0.685***	0.942***	0.871***
	(0.162)	(0.193)	(0.189)
Economic importance	-0.846***	-0.527**	-0.619**
	(0.161)	(0.193)	(0.191)
Ethnic importance	-1.070***	-1.060***	-1.137***
	(0.169)	(0.196)	(0.192)
Strategic importance	-0.708***	-0.602**	-1.229***
	(0.165)	(0.188)	(0.204)
Constant	3.164***	2.394***	4.137***
	(0.490)	(0.560)	(0.533)
No. of observations	1407		

Standard errors in parentheses, others is the reference category.
* $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Findings from the multinomial logit model support the third hypothesis that rising powers in their pursuit of peaceful dispute settlement prefer negotiation over arbitration. The model uses the categorical outcome variable from Powell and Wiegand.[132] Among the four categories, other (i.e. non-peaceful means of dispute settlement, no settlement actions) is the reference category. The comparison between the three alternative peaceful methods suggest that that rising powers prefer political mechanism (bilateral negotiation and non-binding third party such as good offices and conciliation) over legal mechanism (binding arbitration). As the coefficient from Model 8 (see table 3.6) suggests, rising power status is statistically significant in predicting bilateral negotiation and non-binding third party methods, whereas it is not significant in explaining arbitration.

[132] See Powell and Wiegand, "Strategic Selection: Political and Legal Mechanisms."

CHAPTER 4: CHINA'S TERRITORIAL SETTLEMENTS IN THE POST-MAO PERIOD

4.1 Overview of the Settlements

The dynamics of China's territorial dispute settlements with neighbors in the last three decades offer a useful case scenario to examine the effects of power transition and strategic interactions on a rising power's foreign policy strategies with regard to regional secondary states. Especially, it offers a novel explanation as to why a regionally dominant rising state makes territorial compromises with smaller neighbors, despite its rapid growth in power and influence. With the reorientation of China's foreign policy by Deng Xiaoping Since 1979, China started to undertake extensive efforts to resolve existing territorial disputes with its neighbors. Unlike a general expectation, China did not use its growing power leverage to take tougher bargaining position in these territorial settlements. Instead, the Chinese leadership made substantial compromises in eight separate disputes, as the state's power grew rapidly in the 1990s. As Table 4.1 suggests, China agreed to accept less than half of the disputed territories in most of the cases.[133] China's willingness to compromise created the conditions for these territorial settlements primarily through bilateral agreements.[134]

China's territorial settlements since 1949 can be grouped into two main episodes: early settlements in the 1960s and post-Mao settlements in the 1990s and 2000s. During early 1960s, China resolved its land border disputes with a number of countries, notably Pakistan, Afghanistan, Myanmar, Nepal, and North Korea. While there are some scholarly studies available to explain China's early settlements, no systemic work has been done on the settlements in the post-Mao period except the study by Fravel. For the early settlements, it is difficult to find a pattern that explains why China made those territorial compromises. Factors range from special relationship to strategic interactions to domestic factors.

While Fravel links most of the early settlements with Tibetan revolt in late 1950s which made the communist regime insecure in the frontier areas, the explanation only partially touches on a few cases including Nepal and Myanmar. In the case of Myanmar, special relationship was also a key motivating

[133] The cases of China's territorial settlements are discussed at lengths by Fravel, "Regime insecurity and international Cooperation," 55-80.
[134] Ibid., 46.

factor, so was in the settlement with North Korea. Other cases like settlements with Pakistan and Afghanistan reveal more of a strategic calculus, as the decisions came out in the context of Sino-Indian border war in 1962. China not only failed to resolve its dispute with India, the most potent threat in the question of Tibetan autonomy, but also it got involved into an armed border conflict, that in turn questions Fravel's entire regime insecurity argument.

Table 4.1: China's territorial disputes and settlements in the post-Mao period

Disputes	Contested area (km^2)	Talks	Settlement period and type	Concessions made by China
Kazakhstan border	2,420	1992-98	1994: Boundary agreement 1997: Supplementary agreement 1998: Supplementary agreement 2002: Boundary protocol	China received approx. 22% of the disputed area.
Kyrgyzstan border	3,656	1992-99	1996: Boundary agreement 1998: Supplementary agreement 2004: Boundary protocol	China received approx. 32% of the disputed area.
Tajikistan border	28,430	1992-2002	1999: Boundary agreement 2002: Supplementary agreement	China received approx. 4% of the disputed Pamir and other areas were divided evenly.
Russian border (eastern)	1,000	1987-91	1991: Boundary agreement 1999: Boundary protocol	China received 52% of the disputed river islands and other areas were divided evenly.
Russian border (western)	No data	1992-94	1994: Boundary agreement 1999: Boundary protocol	Agreement confirmed the line of actual control.
Laos border	18	1990-91	1991: Boundary treaty 1993: Boundary protocol	China received 50% of the disputed area.
Vietnam border	227	1992-99	1993: Principles agreement 1999: Boundary treaty	China received 50% of the disputed area.
Mongolian border	16,808	2004-05	2005: Exact demarcation of the border agreement	China received 29% of the disputed area.
Indian border	1,2500	1981-present	1993: Maintenance of tranquility agreement 1996: Confidence building measures 2005: Principles agreement	China offered to hold 26% of the disputed area. The dispute is still active.
Bhutan border	1,128	1984-present	1998: Maintenance of tranquility agreement	China reportedly offered to hold 24% of the disputed area. The dispute is still active.
Maritime disputes	No exact data	-	No agreements	No compromise on the China's part. The disputes are active

Source: The table is compiled primarily using data from Frarvel's work on China's territorial settlements.[135]

In the cases of early settlements, the broader logic of a dominant state reassuring a secondary state through dispute settlement also applies to the cases of early territorial compromises, but falls short of the complexities induced from power transition. China's use of force against India and its border war with the Soviet Union in 1969 also indicate that the settlement decisions were more complex and embedded in the

[135] See Fravel, "Regime insecurity and international cooperation."

dynamics of strategic interactions and the theater-level power asymmetry between China and respective disputants.

The second episode of China's territorial settlements takes place during the 1990s and subsequently in the early 2000s. During this period, China made compromises with Central Asian neighbors including Kazakhstan, Kyrgyztan, Tajikistan, with post-Soviet Russian Federation (both in western and eastern border areas), as well as two East Asian countries, Laos and Vietnam. It also made a final settlement with Mongolia. However, China could not resolve disputes with India and India-dominated Bhutan during this time again, as well as has displayed intransigent stance on the East China Sea and South China Sea maritime disputes with Japan and other Southeast Asian countries. The timing of the settlement efforts, long-term strategic interests associated the settlements, parallel and post-settlement strategic developments strengthening partnerships and common security interests with the smaller neighbors, lack of balancing by the respective secondary states, and China's success in strengthening its own stronghold while denying any external power's grip in its neighborhood, all suggest the critical role these dispute settlements offered for China in the context of its rising power and influence since the 1980s.

The territorial settlements talks in the late 1980s and early 1990s were ongoing in parallel with a rapid growth in Chinese economy, as well as an improvement and modernization its military forces. The Beginning in 1979, new leaders in Beijing initiated a series of sweeping reforms that resulted in high-speed growth, bringing both quantitative expansion and qualitative improvements in Chinese economy.[136] By the end of the Cold War, China's economic takeoff was more than a decade long.[137] During the 1980s, China had its GDP doubled, and doubling again by the mid-1990s.[138] For the same time period, China's trade volume boomed from USD 38.2 billion to more than USD 250 billion.[139] A mounting trade surplus led to a stunning growth in China's foreign reserve, and China's large scale industrialization made China a top manufacturer in the world economy. While its continuous economic growth created opportunities for neighbors to take part in, the resultant improvement in China's military strength was not likely to be

[136] For the discussion on China's reforms, see Harry Harding, China's Second Revolution, (Washington, D.C.: Brookings Institution, 1987); and Nicholas R. Lardy, *China in the World Economy*, (Washington, D.C.: Institute for International Economics, 1994).
[137] Avery, Goldstein, "Great Expectations: Interpreting China's Arrival," *International Security* 22, no. 3 (1997), 4.
[138] See "Statistical Communiqué of the State Statistical Bureau of the People's Republic of China," released annually each March and available in Beijing Review.
[139] See Nicholas R, Lardy, *China in the World Economy*, (Washington D.C.: Peterson Institute Press: 1994), 2.

perceived as benign. Since late 1980s, China has been experiencing both quantitative and qualitative improvements in its military capabilities.[140] It refurnished and developed its air force and navy with up-to-date equipments, fighter aircrafts and vessels with potential to sustain air and naval operations throughout most of the plausible theaters of engagement in the neighboring regions.[141] By this time, it also developed a comprehensive ballistic missile program, particularly a second generation of long-range nuclear-armed intercontinental ballistic missiles and submarine-launched ballistic missiles.[142] This rapid growth in military power created uncertainty and uneasiness among the secondary states.

However, the Chinese leadership's proactive actions in utilizing dispute settlement to improve relations with neighbors were both pragmatic and far-sighted foreign policy strategies that helped minimize threat perception by the neighbors. Territorial settlements were part of the Chinese foreign policy reorientation under Deng, prioritizing neighbors in ensuring China's opening up to the outside world and its continuous economic growth.[143] Their long-term calculus in settling borders resulted in more stable relationship, market access and economic cooperation with neighbors. Moreover, through the process, China has also been able to consolidate its regional partnerships, develop common security interests through platforms like Shanghai Cooperation Organization, and thereby, deny any external powers' meddling in the neighborhood under the pretext of a growing China threat. China was self-aware that its ascending power might frighten smaller neighbors, as it would for other major powers. Therefore, Deng persistently emphasized on maintaining a low profile. His foremost concept as "to patiently wait for our time, build our own abilities," while is rooted on China's ambition to regain power among the great powers,[144] takes a cautious approach to ensure that its peaceful rise continues and to prevent that a rising China is perceived as a threat by the secondary states. During the third plenary session of the 11th Congress of the Chinese Communist Party in late 1977, Deng advocated for a foreign policy that called for China not only to adapt to the features of international economy, but also take its advantage by maintaining its international

[140] For a discussion on Chinese military modernization, see Paul H.B. Godwin, *The Chinese Defense Establishment: Continuity and Change in the 1980s*, (Boulder: Westview Press, 1983); Charles D. Lovejoy and Bruce W. Watson, eds., *China's Military Reforms*, (Boulder: Westview Press, 1986); Ellis Joffe, *The Chinese Army after Mao*, (Cambridge: Harvard University Press, 1987).
[141] Goldstein, "Great Expectations: Interpreting China's Arrival," 12-15.
[142] Ibid., 16.
[143] See Arnaldo MA. Gonçalves, "Foreign Policy of People's Republic of China under Deng, Jiang and Hu: A Conservative Trend," Centro Argentino de Estudios Internacionales (2013).
[144] Quoted in Quansheng Zhao, "Chinese Foreign Policy in the Post-Cold War Era", *World Affairs*, 159, no. 3 (1997): 114-129.

engagements with no military conflicts and no serious security issues.[145] Dispute settlements were intended to keep China into the good books of regional countries is also supported by Deng's emphasis on "peace and development" based on China's long-standing five principles of peaceful coexistence: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.

While the imperatives of the rising power status explains why China had the incentive to make territorial compromises, the level of power asymmetry accounts for the variations in its dispute settlement behavior, especially why it failed to make substantive progress in settling disputes with India, Bhutan and in the maritime areas. Almost all the cases where China made concessions to a neighbor were marked by high power asymmetry in China's favor, and therefore, the likelihood of communicating its vulnerability through reassurance was very minimal. Although Soviet Union had a military advantage over China, its dissolution offered China an edge in the Sino-Russian border theater. Moreover, the lack of intense involvement of Russia in the region made it more of a secondary state in the local theater. On the other hand, due to a truncated power asymmetry which makes India an equally powerful entity along the Sino-Indian border, combined with intense Sino-Indian regional status competition, the dispute with India remained active, although some progress has been made in improving the peace and tranquility along the border.

In terms of credibility, as Fravel maintains, the texts of the boundary agreements remove any ambiguity about the extent of Chinese sovereignty and raise the costs for China to pursue any future claims that would breach these agreements.[146]

Existing explanations do not offer a convincing account of the recent territorial settlements by China. Using a regime insecurity explanation, Fravel argues that 1989 Tiananmen upheaval and Xinjiang unrest in early 1990s challenged the regime's authority and control over the frontier territories, and therefore, forced China to make territorial concessions to a number of countries in Central Asia and East Asia since 1990s. The leaders fearing that neighboring countries might provide support for the rebels or take the advantage to intervene in the conflict made such compromises. In return, they sought direct assistance from those

[145] Shixue, Jiang, "The Chinese Foreign Policy Perspective," in R. Roett and G. Paz eds., *China's Expansion into the Western Hemisphere*, (Washington D.C.: Brookings Institution Press, 2008): 27-43.
[146] See Fravel, "Regime insecurity and International Cooperation."

countries in suppressing the rebellions, including denying material support or sanctuaries for the rebels, and assisting in crushing the rebel bases.

While the argument seems plausible, reducing these costly compromises to only regime insecurity overlooks the complexity of China's bilateral relations with these countries and its strategic and geopolitical compulsions. His straightforward view of the linkage between regime insecurity and dispute settlement is challenged by the fact that the authoritarian regime in China has been very strong in maintaining control and authority in the distant borderlands, as exemplified in China's stronghold in the dreadfully rough border with India and its record of decisive victory in the Sino-Indian border war in 1962. Even during the heydays of Sino-Soviet split, the superpower Soviet Union could not profit from the internal unrests in China to gain any advantages in its border disputes or put pressure on the regime.[147]

Moreover, these newly independent countries hardly constitute a credible threat for China. China, in the absence of Soviet umbrella, could take the advantage of power vacuum by claiming the control of the disputed territory, militarize the border heavily and stop any potential interventions in Xinxiang by these states. From the logic of diversionary war, this could even increase the domestic legitimacy of Chinese government during the period of internal political crisis. Given the level of power asymmetry between Central Asian countries and China, for instance, it would be naïve to claim that China's fear of those countries' potential support for rebels in Xinjiang was credible enough in forcing the regime to make major territorial concessions.

It also not clear what incentives those weaker neighbors might have in providing material supports for the rebels, given their newly independent status with a land-locked geographical location. Unless they fear of China's domination, they are more likely to seek cooperation with China. If their threat perception from China is the primary motivation, then the decisions by the Chinese leadership to make concessions should underlay not in regime insecurity but in the management of its foreign policy postures that result in such threat perception by those countries. Therefore, it can be extremely difficult to differentiate strategic and geopolitical interests in settling disputes from the ones linked to internal regime insecurities.

[147] During 1969 border war, China showed commendable defense against Soviet Union, despite a high power asymmetry favored the latter. See Michael A. Gerson, "The Sino-Soviet Border Conflict: Deterrence, Escalation, and the Threat of Nuclear War in 1969," Strategic Studies Division, CNA, 2010.

Moreover, China also did not have much faith on the neighbors' assistance in curtailing Uyghur separatist movements. Territorial settlements with Afghanistan and Pakistan were hardly useful in eliminating the support networks harbored in these countries. The Taliban regime rather helped Uyghur insurgents by providing both sanctuaries and material supports. Peaceful settlements, on the other hand, allowed China for harnessing many strategic advantages in addition to addressing the Uyghur problem.

Neither salience argument nor irredentism can explain these territorial compromises as well. China was not much swayed by the perceived salience of the disputed territories while making decisions on the settlements. Although it made large concessions on territory which had at least some symbolic-nationalist salience given their characterization as 'lost' territories, the smaller states often took intransigent stance on even minor concessions on territories which for the most part had little obvious symbolic-nationalist, or strategic significance.[148] This can hardly be explained using salience argument.

Regarding irredentism, no shifts in reference repertoire in China's territorial claims followed by concrete dejustification activities were observed. Negotiations in the post-Mao period took place for only about few years for most of the settled disputes, and this relatively short time period was hardly adequate for any major shift in the ideational environment that could delegitimize China's claims on those territories. Therefore, any dejustification process was evidently absent in these territorial settlements. The sudden shifts in China's willingness to compromise did not come out due its changing perception of whether those territories belong to China. Instead, the decisions to compromise were rather a strategic choice made in exchange of receiving cooperation from the respective countries in many other areas in the subsequent period.

4.2 Central Asian Neighbors

During early 1990s, China engaged in extensive border negotiations with the newly independent Central Asian republics, resulting in the settlements of several long-standing disputes in China-Central Asian border. The first settlement came out with Kazakhstan which shares a border of 1,700 km with China's vast North Western province of Xinjiang. Territorial disputes in Sino-Kazkh border date back to Soviet times. With the

[148] Shankar, *Insuring the Future*, 13.

collapse of the Soviet Union in 1990, Kazakhstan took over the disputes. Major negotiations took place during the period from 1992 to 1998. The preliminary boundary agreement was signed in 1994, followed by two supplementary agreements in 1997 and 1998, and a boundary protocol in 2002, which settled a disputed area of total 2,420 sq km. In the agreement, China made a substantial compromise by agreeing to receive only 22 percent of the disputed territory.

As with Kazakhstan, the border dispute between China and Kyrgyzstan was also the legacy of Soviet rule in Central Asia. Based on the border talks during the period from 1992 to 1999, the boundary agreement, which divided 3,656 sq km areas in the Kyrgyz-Chinese border, was reached in 1996. The complete demarcation required two additional agreements: supplementary agreement in 1998 and boundary protocol in 2004, in order to conclude the settlement process. China's compromise with Kyrgyzstan was also considerable, as it received only 32 percent of the disputed territory. The signing of the agreement provoked some heated debate in the Kyrgyz parliament, as the former Kyrgyz President Akayev was considered acquiescent to China's demands, and nearly ousted from power. The demarcation of the boundary was finally completed in 2009.

The third and final settlement in Central Asia was with Tajikistan. Although negotiation started during the same time as with two other Central Asian countries, due to civil war in Tajikistan the settlement process lingered. China's territorial claims on the Tajik border were extensive covering an area of 28,430 sq km. In 1999, the boundary agreement was reached in which China gained sovereignty over an area of almost 1,000 sq km in the Pamir Mountains, located along the Tajik border with China and Afghanistan, only 4 percent of what China had originally claimed. The supplementary agreement reached in 2002 that divided other disputed areas evenly between the two countries.

China's decision to manage territorial disputes with Central Asian neighbors in 1990s came out of the convergence of two important developments. First is the dissolution of Soviet Union breaking the regional symmetric power structure between China and Soviet Russia and curbing the Sino-Soviet competition for primacy in the region. The Chinese authorities, no longer having to negotiate with a super power Soviet Union, realized that the emerging economic and geopolitical issues with the newly independent post-Soviet states would make negotiations easier and allow them reaping greater advantage in the future, especially

as the Central Asian governments were also in search of a dependable ally, partly as an alternative for the loss of Soviet subsidies.[149] The Central Asian neighbors constitute only a small share of landmass, populations, GDP and military strength compared to China.[150] Long-term dependence on Soviet Union and decommissioning of most of the Soviet military assets in the region made these landlocked countries militarily weak and dependent on external assistance. This condition allowed China to give concessions to these secondary states without allowing any long-term benefit to a formidable rival like the Soviet Union.

The second factor, which served as Beijing's key motivation towards the settlements, was its pursuit of a pragmatic foreign policy strategy to prevent making new enemies out of the newly independent post-Soviet states, and to secure its vital security and strategic interests in Central Asia. Immediate after the settlements, China signed two five-party military agreements which testify that these settlements serve Chinese long-term interests in Central Asia. The key strategic objectives for China in region were primarily induced from China's growing economic and geopolitical ambitions, including maintaining border stability for uninterrupted economic and trade transactions, reducing susceptibility to multi-front military engagements, securing access to massive energy resources of the Central Asian countries, and so on. China was also keen to ensure military disengagement in the Central Asian border through dispute settlements, since Chinese military deployment had been crucial in the Indian border and in the East Asian front where Chinese competition with Japan and other US allies was getting more intense. In addition, a close relationship with these countries not only releases China from relying excessively on imported oil from the Middle East through a lengthy and risky shipping route but it also serves as a buffer zone between China and Russia.[151]

Dispute settlements with Central Asian neighbors did not come out as a discrete development to deal with only an immediate concern such as addressing Uyghur insurgency problem. Instead, it was a part of China's comprehensive economic and security strategies to improve relations with this critical region, and to strengthen strategic partnerships and deepen geopolitical engagements. Chinese interests and involvement in Central Asia have been developed in three main phases. In the first half of the 1990s, China's priority was

[149] Sébastien Peyrouse, "Central Asia's Growing Partnership with China," EUCAM: EU-Central Asia Monitoring. Working Paper 4 (2009).
[150] On the discussion of power asymmetry between China and Central Asian countries and its implications, see Weiqing Song, *China's Approach to Central Asia: The Shanghai Co-operation Organisation*, (London: Routledge, 2016).
[151] See Russel Ong, "China's security interests in Central Asia," *Central Asian Survey* 24, no. 4 (2005): 425-439.

to sign border delimitation agreements, disengage military from the borders, and thwart the expansion of Uyghur separatist movement. Initially, China claimed 22 percent of the total surface area of Central Asia, stretching from Semirechie to Lake Balkhash in Kazakhstan, almost all of Kyrgyzstan, and some 28,000 sq km in the Pamir region of Tajikistan. However, with the opening of negotiations, the Chinese leadership opted for a "good neighborhood" strategy with these newly independent states and agreed to reduce its territorial claims to only 34,000 sq km chiefly out of a desire to secure allies in Central Asia.[152]

Following the harnessing of increased confidence among the Central Asian leaders through territorial settlements, China established a platform, the Shanghai Cooperation Organization, for fostering discussion and development of common security interests, and for developing a collective security framework through this platform during the second half of the 1990s and early 2000s.[153] Then, in the first half of the 2000s, China moved to establish itself vigorously on the Central Asian market, mainly in hydrocarbons, extractive industries, infrastructures, and communications. Finally, since 2005, Beijing has been promoting its language and culture, and providing training to Central Asian elites according to the Chinese model. Despite an initial negative image in Central Asia, China has succeeded in improving its reputation with soft-power diplomacy, and drastically enhanced its economic and strategic stronghold in the region.[154]

Immediate after the independence of the post-Soviet states, the first challenge China had to deal with was the Sinophobic attitudes instilled by Soviet propaganda among the Central Asian political elites and general people. Prior to the collapse of the Soviet Union, the constant bad state of Sino-Soviet relations obstructed direct relations between Central Asia and China. Although some trade relations started in 1982 when China began to reform its foreign trade policies, these republics were without any access to the outside world. After the sudden arrival of China in 1991, establishing "direct bilateral relations with Beijing required overcoming several extremely negative clichés of China put about by Soviet propaganda, clichés that reinforced Central Asian societies' already long-standing apprehensions of their large neighbor."[155] China was seen as a distant but persistent enemy of Turkic peoples and a historical adversary of Islam, as

[152] On the China-Central Asia relationship since the 1990, see Marlène Laruelle and Sébastien Peyrouse, *The Chinese Question in Central Asia: Domestic Order, Social Change, and the Chinese Factor*, (New York: Columbia University Press, 2012).
[153] Ibid.
[154] See Luba v. Hauff, "A Stabilizing Neighbor? The Impact of China's Engagement in Central Asia on Regional Security," DGAPanalyse, no. 3, April 2013. Aleksandra Jarosiewicz, Krzysztof Strachota, "China vs. Central Asia: The Achievements of the Past Two Decades," OSW Studies, No. 45, October 2013.
[155] Peyrouse, "Discussing China: Sinophilia and Sinophobia in Central Asia," *Journal of Eurasian Studies* 7, no. 1 (2016): 14-23.

informed by centuries-old old Central Asian traditions.[156] In addition to high Sinophobe feelings, the Central Asian authorities were particularly intransigent due to their concern about a future Chinese hegemony after more than a century of Soviet domination. Their pride especially in their newly acquired independence made it difficult for China to persuade them to give up territories.[157] However, the settled borders not only brought stability in their relationship with China, but helped China gain trust of the local political elites.

The establishment of multilateral security cooperation organization in 1996, known as Shanghai Group which later became Shanghai Cooperation Organization (SCO), was another prime objective China pursued in parallel with the territorial settlement negotiations. China utilized Shanghai Group to negotiate the settlement agreements and to sign confidence building measures concerning both the demarcation of borders as well as their demilitarization.[158] In no time, the group extended its domain of influence from the securitization of borders to regional stability. While the SCO helped China defuse a number of potential border conflicts, it also eased long-standing tensions between Russia and China, nurtured cooperative mechanisms for former Soviet states to discover their Chinese neighbor, and shaped a collective discourse on their common threats. On the geopolitical front, Beijing sought to gain more international recognition of its interests and role in the region through the platform of SCO.[159]

The decision to offer territorial concessions was also significantly driven by China's interest in establishing entrenched economic influence in Central Asia. In a matter of one decade since the settlements encouraged increased border trade, China has become a leading partner in Central Asian trade, as well as in the hydrocarbon and infrastructure sectors. With an access to unexplored market in the region, trade increased from USD 1 billion per year to USD 29 billion for China between 2002 and 2010, compared to less than USD 22 billion for Russia in the same year.[160] China exploited the border treaties to inject large trade and investment projects into these countries. When the border treaty was signed, China offered a lucrative economic package including investment in one of Kazakhstan's biggest oil fields, a 3,000-km gas pipeline across Kazakhstan and a 15-year economic co-operation program with the country. Similarly, China offered

[156] Ibid.
[157] Laruelle and Peyrouse, *China as a Neighbor: Central Asian Perspectives and Strategies*, (Washington, DC: Central Asia-Caucasus Institute & Silk Road Studies Program, 2009).
[158] Laruelle and Peyrouse, *The Chinese Question in Central Asia.*
[159] Ibid.
[160] On China-Central Asia trade, see Laruelle and Peyrouse, *China as a Neighbor.*

to help Kyrgyzstan build a power grid in the South and road links to ocean ports in Pakistan through the Karakorum highway.[161]

China did not only look for changing the international environment of the newly independent post-Soviet states, or structuring their economic development, it used the goodwill from the territorial settlements to act as a catalyst for indirect political developments within the domestic politics of these countries. It has fostered a reformation of the social fabric by creating to new professional niches that identify themselves as 'go-betweens' between China and the Central Asian republics.[162] An indication of China's growing political influence in Central Asia can be seen in the recent renaming of Lenin Avenue to Deng Xiaoping Avenue in Bishkek, the capital of Kyrgyzstan.[163] Therefore, Chinese territorial compromises in Central Asia were designed as a gateway not only to mitigate a China threat to these small newly independent neighbors but also to secure China's intense penetration in the region for long term strategic and economic gains.

4.3 Sino-Russia Boundary Dispute

The settlement of the boundary dispute with Russia is another case where China resolved the dispute despite its rapid growth in economic and military power, and did not the use the leverage of its rising power status in taking tougher stance in the settlement bargaining. China shares its second longest border of 4,300 km with Russia. The disputed area in the eastern border mainly concerns Zhenbao Island on the Ussuri River and some islands on the Amur and Argun rivers situated in China's northern tip. China claimed historical ownership over these territories, arguing that unfair treaties were signed between the Qing Empire and Tsarist Russia in the 19th century.[164] The USSR refused to accept this interpretation and insisted on its ownership. Although both sides reached a preliminary agreement in the early 1960s that Zhenbao Island would be under Chinese sovereignty, border clashes took place that lasted for seven months in 1969. Sino-Soviet relations soured after the border conflict. Serious negotiations did not take place until the late 1980s. Finally, the question of control over Zhenbao Island, and three other islands in the Amur and Argun

[161] Hauff, "A Stabilizing Neighbor?"
[162] Peyrouse, "Discussing China: Sinophilia and Sinophobia," 15.
[163] For a discussion of growing China's influence on Central Asia, see Mark Burles, *Chinese Policy toward Russia and the Central Asian Republics*, (Santa Monica, CA: RAND Corporation, 1999).
[164] For detail, see Yang Cheng, "Sino-Russian Border Dynamics in the Soviet and Post-Soviet Era: A Chinese Perspective," paper presented at *7th Berlin Conference on Asian Security*, Berlin, July 1-2, 2013.

rivers were settled in 1991 and 1999 respectively. The boundary treaty was also signed in 1994 to settle the disputes in Western border followed by a supplementary protocol in 1998. Final demarcation of the border was completed in 2008. In 2011, Heixiazi Island was officially opened up as an eco-tourism zone after China accepted Russia's offer to cede half of the 335 sq km island in 2004.[165]

While the dissolution of the Soviet Union shifted the local level power asymmetry to China's favor allowing the final settlement of the territorial dispute, the drive from China for the settlement started before the dissolution and has much to do with China's foreign policy reorientation in the post-Mao period. The compromise made by China in accepting a conciliatory settlement is a part of China's overall foreign policy strategy, prioritizing Russia in the wake of the end of Cold War. The geopolitical instincts of the Beijing leadership called for Eurasian orientation for its foreign policy placing more priority on the potential strategic significance of closer Russo-Chinese relations.[166] There are three main priority groups in foreign policy partners for China: (I) big countries; (2) neighboring countries; (3) developing countries; and Russia figures as a priority as both a big country and as a neighbor.[167]

By early 1982, the Chinese leadership started to push for improved relations with Russia. Chinese Foreign Minister Huang Hua visited Russia in November 1982, and met with his counterpart which was the first high level visit in twenty years. China made the first major compromise with regard to territorial dispute in 1983 when it stopped insisting that the Soviet Union needed to acknowledge the unequal character of the 19th century treaties.[168] China's renewed and flexible attitude towards Russia cultivated the latter's willingness to compromise in what China called "three obstacles", including withdrawal of troops from Afghanistan, withdrawing troops from Mongolia and reducing support for Vietnam's occupation of Cambodia.[169]

In addition to this, the convergence of both China and Russia's need for a dependable partner led to two other major changes with regard to territorial disputes, which in turn made the settlement possible. First, President Mikhail Gorbachev accepted the 'thalweg principle' along the eastern sector of the border, thereby, acceding to one of China's long-standing demands and signaling a return to the terms of the 1964

[165] Yuan Zhou, Tian Xuefei, and Wang Yanfei, "China, Russia Eye Crossings on Border Island," *China Daily*, August 8, 2016.
[166] Lanxin Xiang, "China's Eurasian Experiment," *Survival* 46, no. 2 (2004): 109-19.
[167] Peter Ferdinand, "Sunset, Sunrise: China and Russia Construct a New Relationship," *International Affairs* 83, no. 5 (2007): 842.
[168] Eric Hyer, "The Sino-Russian Boundary Settlement," *IBRU Boundary and Security Bulltin*, Summer 1996, 91.
[169] The last of the obstacles were removed through Vietnam's withdrawal from Cambodia in April 1989. See Jeanne Wilson, *Strategic partners: Russian-Chinese Relations in the Post-Soviet Era*, (London: Routledge, 2015).

draft agreement.[170] And second, China agreed to pursue separate agreements instead of its prior insistence upon achieving a package deal that would settle disputes along the eastern and western sectors of the Chinese-Soviet border.[171] Two of these three compromises came from China which made such a shift in its territorial behavior even if it was intransigent for long time on these two areas.

A dense traffic of high level visits that began under Deng and Gorbachev, continued in parallel with major progress in the dispute settlement negotiations. Russian President Boris Yeltsin visited Beijing in December 1992 and April 1996. Russian Prime Minister Viktor Chernomyrdin visited China in May 1994. Chinese President Jiang Zemin visited Moscow in September 1994, May 1995 and for a summit in late April 1997; Prime Minister Li Peng went to Russia in June 1995 and December 1996. There have also been numerous encounters between the foreign ministers, defense ministers and upper level bureaucrats during this time. Such frequent and high-level contacts indicate that the boundary settlement was a part of a greater strategic convergence between China and Russia.[172]

In addition to border treaties in 1991 and 1994, other important developments that either complemented conducive environment for dispute settlement or ensued from the settlement due to increased mutual confidence include: commitment to a "strategic partnership of equality, mutual confidence, and mutual coordination"; China's affirmation that Russian policy in Chechnya is an internal affair necessary to keep Russia whole; China's opposition to NATO expansion; China's support for Russia's entry into the Asia-Pacific Economic Cooperation (APEC) agreement; Russia's commitment to avoid official ties with Taiwan; Russia's public declaration that Tibet is an integral part of China; and continued military cooperation, arms reductions and conventional and nuclear CBMs as well as Russia's participation in China-led geopolitical platform known as Shanghai Cooperation Organization.[173]

Following the border agreements, Sino-Russian relations expanded gradually to the level of strategic partnership in 1996 and the 20-year Treaty of Neighborliness, Friendship and Cooperation was signed on

[170] Fravel, "Regime Insecurity and International Cooperation," 76.
[171] Ibid.
[172] For a detailed discussion, see Rajan Menon, "The Strategic Convergence between Russia and China," *Survival* 39, no. 2 (1997): 101-125.
[173] See James D. Brown, "Russian Foreign Policy Database 1992-1999," https://www.academia.edu/2565278/Russian_foreign_policy_database_-_1992-1999.

July 2001.[174] Territorial settlements with Russia and post-Soviet Central Asian republics facilitated growing military-technical cooperation between Russia and China, and their cooperation in Central Asia within the Shanghai Cooperation Organization (SCO). This indicates that territorial settlement did not take place as a singular outcome for domestic political reasons, rather as a result of strategic interactions and China's compulsions to deepen its partnerships in Eurasia.

Failure to bring Russia into confidence could have resulted into two major challenges for China. First, a threat perception from a rising China would lead Russia to be more assertive in the neighborhood of China, particularly in Central Asia. The strengthening of Russia's partnership with India, which is the chief competitor of China in South and Central Asia with newer engagements extending to East Asia, could pose a big challenge for China in the Eurasian theater in addition to its dense competition with US-Japan and Indo-US partnerships in Indo-Pacific. However, due to improved relations with China, Russian attention is more diffused and relaxed in those regions now, allowing China to strengthen its grip in Central Asia and other adjacent regions. Second, China had to manage a three-front military engagement, by stationing adequate conventional force in the Russian border, along with managing its worry in the Indian border and in South and East China Seas. With a less hostile Russia in the North, China can now focus on its competitions, both land and offshore, with the US and its allies including India and Japan. Therefore, the partnership was also a response to the overwhelming power of the US in the post-Cold War international order.[175]

Russia poses a credible threat to China's national security, both in terms of conventional and nuclear military warfare. Even after the dissolution of Soviet Union, Russia has remained a major military power which can present a significant military threat to China. Armed conflicts already took place on the Sino-Soviet border in the late 1960s and early 1970s. By effectively resolving the border disputes, China mitigated one of the strongest sources of conflict in its northern border. Furthermore, the less Beijing has to worry about security threats along its northern border, the more resources it can devote to economic construction or addressing security concerns off its east or southeast coasts.[176]

[174] Jyotsna Bakshi, "Post-Cold War Sino-Russian Relations: Indian Perspective," *Strategic Analysis* 26, no. 1 (2002).
[175] Mark Burles, "Chinese Policy Toward Russia and the Central Asian Republics," (Santa Monica: RAND, 1999).
[176] Burles, "Chinese Policy toward Russia and the Central Asian Republics."

Chinese compromises reflect not only its need for a stable border, but also long-term calculus in finding a strong partner in the Eurasian theater for both economic—market access and energy resources from Russia— and strategic reasons. For Deng Xiaoping's economic reform and to maintain China's continued economic growth in 1980s, China could not afford an enemy along one of the world's longest borders. In the wake of the dissolution of Soviet Union, China was far-sighted enough not to make the mistake of using its power leverage to coerce Russia and, therefore, prevented Russia from being a hostile neighbor and competitor to China's regional ambitions. A continued dispute along the border could multiply Russia's perception of an emergent threat from China's rising power status. China did not delay in effectively engaging with Russia by signaling its reliability in informal alliance partnerships and opening up scope for win-win cooperative initiatives in both economic and strategic areas. China convinced Russia to sign two Five-Party Military Agreements in 1996 and 1997 which involve China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan and place limits and conditions on military activity within 100 km of the border. Russian officials describe the 1996 agreement as "in effect a non-aggression treaty."[177]

Other long-term interests in improving relations with Russia involved an access to Russia's vast natural resources, especially natural gas and energy resources. As for natural gas, Russia has been playing an increasingly important role in the Chinese market in the medium-term after their improved relations through territorial settlements. In 2006, Gazprom signed a memorandum of understanding to build two gas pipelines each with capacity to deliver 30-40 billion cubic meters (bcm) of gas per year by 2011. According to the Energy Research Institute of the Chinese National Development and Reform Commission in 2006, China would need to import 50-80 bcm per year between 2000 and 2020.[178] Thus, almost all the gas imports might come from Russia. Besides, the strengthening of trade ties with Russia and Central Asia gained new prominence in China's policy in the post-Soviet era. By 1993, China's trade with Russia was more than double, mounting to USD 7.7 billion, of the total Sino-Soviet trade in 1990.[179] During the 1990s, although trade could not reach up to the targeted USD 20 billion, trade flow was growing steadily since then, coursing to hit USD 100 billion before the economic crisis in 2008.[180]

[177] Agence France Presse, "Border Treaty with China Is 'Non-Aggression Pact': Deputy Foreign Minister," April 30, 1996.
[178] To explore post-settlement Sino-Russian energy cooperation, see Xia Yishan, "China-Russia Energy Cooperation: Impetus, Prospects and Impacts," The James A. Baker III Institute for Public Policy, Rice University, May 2000.
[179] See Gilbert Rozman, "Sino-Russian Relations in the 1990s: A Balance Sheet," *Post-Soviet Affairs* 14, no. 2 (April-June 1998).
[180] "Russia's Trade With China Up 22%," *The Moscow Times*, October 17, 2017.

The structural change associated with the dissolution of Soviet Union permits reassuring Russia without communicating vulnerabilities. With breakdown of mighty Soviet Union, Russia has become more of a secondary state in China's vicinity, since the theater-level power has become asymmetrically favorable for China. In the wake of Sino-Soviet border conflicts in the late 1960s, Soviet Union had military advantage in the border areas. It had between 27 and 34 divisions stationed in the border by 1969 totaling 270,000-290,000 men.[181] The Soviets deployed the Scale-board tactical nuclear system and road-mobile missile with a 500-mile range to the border. In terms of the number of forces China enjoyed the advantage having approximately 59 divisions along Sino-Soviet the border, however, Chinese forces were lightly armed and not motorized. Soviet forces, by contrast, were motorized, and possessed superior artillery as well as large numbers of tanks, armored personnel carriers (APCs), airplanes, and helicopters. Soviet defense treaty with Mongolia that allowed Soviet troops and equipment to be stationed in latter's border was also favoring Soviet military advantage over China. However, in the post-Soviet context, China enjoys the tactical advantage, although China and Russia had symmetry in terms of military capability in the border.[182] With the expansion of NATO, Russia's focus has shifted to Eastern European Theater, coupled with the declining competition between China and Russia and growing military strength of China, allows China to exert stronger power projection in the Sino-Russian border areas in the last two decades.

4.4 Southeast Asian Neighbors

During the 1990s, China also resolved its land boundary disputes with two Southeast Asian neighbors, Vietnam and Laos. The end of Soviet back-up for the socialist regimes in Southeast Asia created scope for China to normalize relationship with these countries. China used this opportunity to settle existing disputes by giving territorial concessions, thereby, improve its bilateral relations. These settlements helped China nurture a positive image throughout the 1990s and 2000s, which facilitated to a great extent its effective engagement with ASEAN and other Southeast Asian countries.

China shares a 1,300 km of land border with Vietnam. Two wars: the Vietnam War in 1954-1975 and the Chinese invasion of Vietnam in 1979 following the latter's occupation of Cambodia complicated the

[181] On Sino-Soviet military balance during the border conflicts see Gerson, "The Sino-Soviet Border Conflict."
[182] Weiqing Song, *China's Approach to Central Asia: The Shanghai Co-operation Organisation*, (London: Routledge, 2016).

relationship between these two neighbors. The short and bloody conflict in 1979 led to frequent border skirmishes throughout the 1980s. However, after the fall of the USSR, relationship started to normalize with China's attempts to engage with East and Southeast Asian neighbors, partly to break through the web of sanctions placed upon it by the US and the West in 1989.[183] Following series of negotiation during the period between 1992 and 1999, a border agreement was signed in 1999. China agreed to receive 50 percent of the territory it originally claimed as part of its own territory. Border demarcation was finally completed in 2009.

With the other Southeast Asian neighbor, Laos, China shares a 505 km border. Boundary settlement negotiations with Laos started a bit earlier than that with Vietnam. Immediate after the end of collapse of Soviet Socialist regime, the Cold War-strained relationship was normalized. Due to the absence of a complicated history as with Vietnam, it took a relatively a brief period of time to reach an agreement on the disputed border in 1991, followed by a protocol in 1993. China also received a 50 percent of the contested territory with the settlement agreement.

Like Central Asian post-Soviet Republics, China's decision to manage territorial disputes with Laos and Vietnam in 1990s came out of the convergence of two contemporary developments. First, the breakdown of Soviet Union altered the regional power structure disproportionately in China's favor and curbed the Sino-Soviet competition for primacy in the region. Especially with the end of Soviet support for the Vietnam's occupation of Cambodia, things were under China's control. China utilized the opportunity to settle the dispute to reap greater advantage in the future, especially as the socialist governments in Southeast Asia were also in search of a dependable ally in the aftermath of Cold War. China's overwhelming military advantage allowed its leadership to make the settlement without thinking much about the signaling costs. Although China was partly unsuccessful in dissuading Vietnamese troops from Cambodia until 1989 due to Soviet back-up to Vietnam, the changing context was completely in China's favor.

Both Laos and Vietnam constitute a tiny fraction of populations, resources and territory, and military strength compared to China. Although Vietnam claimed that it had only about 70,000 troops fighting

[183] Jeffrey A. Bader, "China's Role in East Asia: Now and the Future," Brookings Institution, September 6, 2005. https://www.brookings.edu/on-the-record/chinas-role-in-east-asia-now-and-the-future/

against a 200,000 Chinese force entering the Vietnam border in 1979, Soviet military assistance neutralized China's military advantage in the third Indochina war.[184] However, long-term dependence on Soviet Union made these countries militarily weak and dependent on external assistance. This condition allowed China to give concessions to these secondary states without allowing any long-term benefit to a strong competitor like the former Soviet Union.

While high power gap allowed China to make the compromise, the drive for the settlement came from China's interests in penetrating Southeast Asian growing economies. "By compromising with these states, China sought not only to normalize relations and thus strengthen neighboring socialist regimes, but also to facilitate the economic development of the frontiers."[185] The territorial settlement and the improved relations opened the trade links between China and these two neighbors. Trade flows increased tremendously. For instance, in two decades, bilateral trade with Vietnam increased from only USD 32 million to over USD 25 billion. Immediate after the settlements, China signed several key agreements to deepen its engagement in the region. With Vietnam, agreements include the creation of a telephone hotline between high-ranking Vietnamese and Chinese leaders; development of the Chinese trade and economic zone in Hai Phong; and strategic cooperation between the two countries' major state-owned petroleum enterprises, PetroVietnam and China National Offshore Oil Corporation, among others.[186]

Developing connectivity was another priority for China in Southeast Asia. It has built the Hanoi-Kunming highway, and since then, has been developing an economic corridor from its Yunnan province to Vietnam's northern provinces and cities, and similar economic zones by linking China's Guangxi province with Vietnam's Lạng Sơn and Quang Ninh provinces.[187] All these developments have made China remarkably successful in accommodating ASEAN countries into its growth dynamics. While "China's neighbors voiced growing concerns about the possibility of China becoming a domineering regional hegemon and powerful military threat… [t]oday these views are muted."[188] Most of the Southeast Asian countries accommodated China in their regional and sub-regional platforms. China's decision to improve relations with these

[184] On Sino-Vietnamese War in 1979, see Zhang Xiaoming, "China's 1979 War with Vietnam: A Reassessment," *China Quarterly*, 184 (December 2005): 851-874.
[185] Fravel, "Regime Insecurity and International Cooperation," 76.
[186] Wendy Zeldin, "China; Vietnam: Agreement Reached to Complete Land, Maritime Border Demarcation," *Global Legal Monitor*, November 3, 2008.
[187] "China, Vietnam find Love," *Asia Times*, July 21, 2005.
[188] David Shambaugh,"China Engages Asia: Reshaping the Regional Order," *International Security* 29, no. 3 (2004): 64.

Southeast Asian countries immediate after the end of Soviet influence in the region helped China deepen its presence in the region as well as minimize the prospect of China being perceived as a dominating neighbor.

However, in the maritime sphere, the situation shows a different status quo. China's maritime disputes involve islands, banks and sea boundaries, notably Spratly Islands and Paracel Islands in South China Sea and Diaoyu Islands in East China Sea. China has disputes with a number of countries in the maritime area, including Vietnam, Philippines, Malaysia, Indonesia and Brunei in the South China Sea and with Japan in East China Sea. These maritime areas have high economic and security importance. South China Sea hosts USD 5 trillion worth of global trade.[189] Unlike land disputes, China did not show any conciliatory attitude in settling the maritime disputes. China's assertiveness in maritime area speaks to a historically founded Chinese paranoia with the invasion from the seas. The geopolitical issues, especially the US and its allies potential circling of China in the Asia-Pacific, play in the main driving factor in shaping Chinese maritime dispute behavior.

While apparently the reassurance framework might seem lacking explanatory power in the context of China's stance in dealing with maritime disputes. There are two factors that raise the signaling costs for China in terms of offering any concessional settlement in the maritime sphere. First, although China is overwhelmingly powerful, it has to encounter a number of disputants in the maritime sphere. China cannot follow a bilateral mechanism to settle the disputes, although it prefers to do so. Since a number of disputants are claiming maritime territories, the power asymmetry in favor of China is greatly diffused. Second and the most important factor is the issue of geopolitical competition in the region which allows extra-regional competitors, especially the US and its long-standing ally Japan (both of which are the main competitors of China in the Asia-Pacific) to leverage out of any concessional settlements by China to strengthen their grip in China's backyard. In the East China Sea, the enduring rivalry and status competition with Japan is an added factor, where the deep-rooted anti-Japanese popular sentiments would incur massive domestic political costs for the authoritarian regime in China.

[189] Lowell B. Bautista, "Philippine Territorial Boundaries: Internal Tensions, Colonial Baggage, Ambivalent Conformity," *Journal of Southeast Asian Studies*, 16 (2011): 35-53.

4.5 Sino-Indian Dispute

The Sino-Indian border has been peaceful for thousands of years in the past, and India was among the first nations to offer diplomatic recognition to the PRC in 1950. However, disputes erupted over contending irredentist claims, partially instigated by the British policy of creating administratively convenient boundaries during the colonial period. A total of 14,500 square miles of territory claimed by India are occupied by China. In addition, the Chinese claim more than 30,000 additional square miles currently under Indian control.[190] Currently, two territories in dispute are Aksai Chin and Arunachal Pradesh. Aksai Chin is claimed by China as part of Hotan Prefecture of Xinjiang Autonomous Region, and by India as a part of the Ladakh district of the state of Jammu and Kashmir. Arunachal Pradesh, situated in India's northeastern border, has been a separate state since 1986, and is claimed by China as 'Southern Tibet'. Although India still maintains the 'McMahon Line' which delimited the border between British India and Outer Tibet at the Simla conference in 1913-1914, China did not ever signed or accepted this as the formal border demarcation treaty.[191] It claims Arunachal Pradesh as being geographically and culturally part of Tibet since ancient times.

The dispute offers a unique case that involves two rising powers with competing regional and geopolitical ambitions, and that has made the dispute more complicated to be resolved than it used to be a few decades ago. While rising power status for both countries should create an incentive to settle the dispute, the peculiar power asymmetry, both in conventional and nuclear deterrence, together with status competition made any substantive progress almost unfeasible. The extent to which compromise is required on both sides, especially given the intransigence of the Indian side, would be highly costly for China in terms of signaling costs—communication of weak resolve and vulnerability, as well as substantive and reputational losses—. This makes the settlement a less preferred alternative. Most of the attempts made in the last two decades reflect more of containment of potential escalations rather than any obvious change in their respective intransigencies.

[190] For an account on the disputed territory, see "Notes, Memoranda and Letters Exchanged between the Government of India and China- January 1965-February 1966," *White Paper No. XII*, (Delhi: Government of India Press, 1966).
[191] See Mahinda Werake, "The Simla conference and the Sino-Indian Border-Dispute," *Modern Sri Lanka Studies* 1, no. 2 (1986): 81-96.

Graph 4.1: Sino-Indian Territorial Disputes

Source: Policy Tensor. https://policytensor.com/2012/05/28/the-eurasian-hypercomplex/

In this case analysis, the primary emphasis is given on the negotiation dynamics, as well as structural and power transition-induced factors, that have shaped China's position on the dispute in the post-Mao period. Before 1978, China was on and off, following its traditional approach to resolve and define frontiers into boundaries. During the late 1950s and early 1960s, China demonstrated a marked tendency for conciliation and 'give and take' over competing claims, despite their military dominance and stronger bargaining position in the disputed frontier regions.[192] After tensions built up following the Dalai Lama's exile during the Tibetan uprising in 1959, a Sino-Indian border war erupted in 1962. China quickly prevailed in the conflict and declared victory but voluntarily withdrew back to the McMahon Line. Aksai Chin and Arunachal Pradesh remain sources of tensions between China and India and both sides have not yet managed to negotiate an agreement as to the precise border.

During the post-Mao period, China increased its effort to bring India to the negotiation table. Though the border question was mentioned at several meetings between the Indian and Chinese leaders from the 1970s, concrete bilateral talks on its settlement were initiated only in the early 1980s.[193] China required a

[192] Shankar, *Insuring the Future*, 5.
[193] Kondapalli Srikanth, "Negotiating Borders or Bodering on Negotiations? Predicaments in India and Chinese Politics," in P. Sahadevan, ed., *Conflict and Peace Making in South Asia*, (New Delhi: Lancer Publication, 2001): 311.

peaceful international environment, and thus emphasized on good relations with its neighboring countries for successfully carrying out their economic reforms.[194] Normalization of relationship with neighbors and border stability were critical for China to effectively take off as the rising economic giant. This created strong incentive on their part to make an all-out effort to settle the border dispute. By the beginning of 1980's, China was moving away from the old rigidities of Maoist era.[195] China's approaching of India as a secondary state, owing to the latter's widening gap in military abilities with the former, afforded the Chinese leadership to see the settlement from a conciliatory position. As the following statement by Deng Xiaoping in 1981 suggests, China was willing to make major compromise.

> China has never asked for the return of all the territory illegally incorporated into India by the old colonialists. China suggested that both countries should make concessions, China in the east sector and India in the west sector, on the basis of the actually controlled border line, so as to solve the Sino-Indian border question in a package plan.[196]

The opening up of negotiation on the dispute led to a number of positive developments, normalizing the bilateral relations and improving expectations on the settlement. Serious initiatives to resolve the border dispute continued during 1980s when both countries started to meet annually to hold talks on border issue. The two sides conducted eight rounds of talks between 1981 and 1987 but failed to find a common ground.[197] During the visit of Indian Prime Minister Rajiv Gandhi in 1988, a Joint Working Group (JWG) on the boundary questions was established to develop conditions for a fair and reasonable settlement, and to maintain peace and tranquility in the border region.[198] The Chinese Premier Li Peng visited India in 1991 and the two governments signed a series of agreements on diplomatic exchanges, border trade, and science and technology. Bilateral relations improved markedly when Narasimha Rao, the Indian Prime minister, visited Beijing in 1993, and the two governments signed an Agreement on the Maintenance of

[194] Mishra Keshav, *Rapprochement Across The Himalayas: Emerging India China Relations in Post Cold War Period- (1947-2003)*, (New Delhi: Kalpaz Publications, 2004): 55.
[195] Ibid., 55.
[196] Quoted by Karunakar Gupta in "Sino-Indian Relations: Getting the Facts Straight," *The Statesman* (New Delhi) 11 May, 19.
[197] For a detailed discussion on the eight rounds see Summit Ganguly, "The Sino-Indian Border Talks, 1981-1989: A View from New Delhi," *Asian Survey*, 29, no. 12 (1989): 1123-1135.
[198] On Sino-Indian confidence building activities, see Summit Ganguly, "Mending Fences" in Michael Krepon and Amit Sevak eds., *Crisis Prevention, Confidence Building and Reconciliation in South Asia*, (London: Mcmillan, 1995): 11-24; and Neville Maxwell, "India´s China War," *VRÜ Verfassung und Recht in Übersee* 4, no.3 (1971): 377-381. Security measures negotiated by the Joint Working Group include twice-yearly joint military meetings, the installation of military communication links at key points along both the eastern and western borders, mutual transparency on the location of military units along the LAC, prior notification of military maneuvers and troop movements along the border, and exchanges between high-level defense officials.

Peace and Tranquility along the LAC.[199] After years of border tension and stalemate, high-level bilateral talks took place in New Delhi starting in February 1994 and different forms of confidence building measures were undertaken. During the President Jiang Zemin's visit to India in 1996, another agreement was signed that laid out the institutional framework for the maintenance of peace and tranquility in the border areas.[200]

While India responded positively to China's initiatives and participated, nothing changed in substantive terms in its willingness to compromise. India still pursues a firm and non-negotiable Indian border, putting forward the necessity, and but the unfeasibility, of a constitutional amendment. The memory of the humiliating defeat in 1962, and the increasing perception of a China threat explain to a great extent why the Indian leadership remained intransigent in terms of accepting any major compromise offered by China.

The major obstacle to the settlement, despite renewed attempts made by China and India's wiliness to participate, lies in the changing power configuration between China and India during late 1980s and 1990s. Especially, due to India's nuclear test in 1998 and significant enhancement in India's military capability, a gap in aggregate level capabilities no longer served in favor of China in the Sino-Indian border front. This has not only hardened China's position with regard to the settlement of the border dispute, but also mutual threat perception increased and fueled mistrust and anti-rival sentiments both among the political leaders as well as the security establishments of both countries.

Since the early 1980s, India's preoccupations with a China threat in the border led to its pursuit of nuclear weapons and strengthening of conventional deterrence against China. The annual reports of the Indian Ministry of Defense have persisted in identifying China as India's most formidable threat. In Nuclear

[199] The 1993 Agreement on the Maintenance of Peace and Tranquility contains the following key provisions: "(1) the two countries will resolve the border issue through peaceful and friendly consultations; (2) the two sides will ''strictly respect and observe'' the LAC, pending an ultimate solution; (3) the two sides agree to reduce their military forces along theLAC in conformity with the agreed requirements of the principle of mutual and equal security ceilings; and (4) the two sides will work out effective confidence-building measures (CBM) along the LAC." For the detailed discussion on the treaty, see Keshav, Rapprochement across the Himalayas, 163-167.

[200] The framework included provisions: "(1) to limit the number of field-army troops, border-defense forces, paramilitary forces, and major categories of armaments along the LAC; (2) to avoid holding large-scale military exercises near the LAC and to notify the other side of exercises involving one brigade group (that is, 5,000 troops); (3) not to discharge firearms, cause biodegradation, use hazardous chemicals, set off explosives, or hunt with firearms within two kilometers of the LAC; to maintain and expand telecommunications links between border meeting points at designated places along the LAC." See the agreement available at http://peacemaker.un.org/sites/peacemaker.un.org/files/CN%20IN_961129_Agreement%20between%20China%20and%20India.pdf

Weapons in Third World Context, a 1981 Indian study of nuclear deterrence and the Indian strategic environment, several military and civilian analysts concluded that only nuclear weapons would deter a nuclear-armed aggressor. With respect to China, they believed, an India without nuclear weapons would suffer the same humiliating defeat as in 1962. General Krishnaswami Sundarji, former chief of staff of the Indian army, wrote that his country needed "both a nuclear and a conventional minimum capability to deter China and Pakistan."[201] George Fernandes, Indian defense minister, identified China as the number one threat to India's national security.[202]

China always enjoyed a defense edge in the border by maintaining a large military presence in Tibet. The PLA maintained a force between 180,000 and 300,000 soldiers in the region to directly rule Tibet from 1950 to 1976.[203] Tibet is connected to other military regions through four-lane highways and strategic roads. Beijing's capability to airlift troops from its other neighboring military regions advanced very far from its comparative inability to use air force in 1962. By the end of 1980s, China had moved 8 divisions to eastern Tibet fortifying its position along LAC.

However, India started reinforcing its force deployment and modernization of capabilities with Operation Falcon in late 1986.[204] It conducted a massive air-to-land exercise that involved 10 divisions of the Indian Army and several squadrons of the Indian Air Force. The Indian army moved 3 divisions to different positions, in addition to the 50,000 troops already present across Arunachal Pradesh. "By this time, after decades of intensive rearming and expansion, the Indian army was very different from the weakly-armed, ill-clothed force that had been painfully mustered in 1962."[205] With a fortified and well-trained military force in the border, India's ability to project power increased significantly. The resultant near-parity in theater-level military strengths led to the presence of combined total of nearly 400,000 troops near the border. During the late 1980s, the Indian army deployed eleven divisions in the region backed up by paramilitary forces, whereas the PLA had fifteen divisions available for operations on the border.

[201] See General K. Sundarji, "Changing Military Equations in Asia: The Relevance of Nuclear Weapons," *Bridging the Nonproliferation Divide: The US and India* (1995).
[202] Manoj Joshi, "George in the China Shop," *India Today*, May 18, 1998. http://indiatoday.intoday.in/story/china-is-the-potential-threat-no.-1-says-george-fernandes/1/264241.html
[203] Dawa Norbu, "Chinese Strategic Thinking on Tibet and the Himalayan Region," *Strategic Analysis* 12, no. 4 (1988): 371-395.
[204] On the Indian troop's mobilization during late 1980s, see Neville Maxwell, "Sino-Indian Border Dispute Reconsidered," *Economic and Political Weekly* (1999): 905-918.
[205] Ibid., 915.

A near-parity led both side to fortify their positions in border, adopting advanced deployment tactics, and develop infrastructure to allow rapid and large scale troop's mobilization in the border. This eventually resulted into tensions and frequent intrusions by both sides, leading to a number small scale fights in the border since the 1990s. The progress achieved during the 1980s on border negotiation was futile due to resultant increase in competition and militarization in the border.

In the last decade, military competitions in the border continued to increase; and intransigencies, especially on the Indian side, got firmer. Indian security and military officials are increasingly concerned over recent massive Chinese infrastructure buildups in the Tibet Autonomous Region, including rail, road, airfield, and telecommunications infrastructure.[206] In addition to upgrading its airfields by developing advanced landing grounds, "China is building conventional and strategic missile capabilities in Tibet," and deployed medium-range ballistic missiles (MRBM) along India's border.[207]

Most of the national security documents indicated a growing China threat and suggested taking capability enhancement measures. The defense minister's 2010 operational directive, highlighting the growing threat from China in a two-front war scenario, asks the Indian military to prepare for a full-spectrum war including the use of Weapons of Mass Destructions.[208] The foreign and security policy document "Nonalignment 2.0" noted the impinging of Chinese power into India's geopolitical space, and stressed the necessity to maintain the status quo along the LAC.[209] The Naresh Chandra Task Force on India's National Security Architecture called for greater preparation to face a rising China.[210] In the domestic politics, both ordinary Indian people and opinion makers regard China as a threat rather than a friend. A joint poll conducted by the Lowy Institute for International Policy and Australia India Institute shows that 83 percent of 1,223 adults surveyed considered China as a security threat.[211] These anti-China domestic forces have influenced a confrontational stance by India, and thereby increase signaling costs for China to make a compromise.

[206] See Arun Sahgal, "China's Military Modernization: Responses from India," *Strategic Asia* 13 (2012): 280-282.
[207] Ibid., 281.
[208] Ibid., 284.
[209] See S. Khilnani, et al, *Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty-First Century*, (Center for Policy Research 2012).
[210] Josy Joseph, "Naresh Chandra Panel Recommends Military Preparedness to Deal with Assertive China," *Tamil News Network (TNN)*, July 25, 2012
[211] Sanjay Kumar, "Uneasy Neighbors," *Global Times*, July 31, 2013.

In response to China's arms buildups, India has also increased its power projection capability in two major areas: mobilization and defense capability along the Indo-China border, and naval expansion. Apart from the growing budget, India is increasing its strength in its frontier areas of Sikkim and Arunachal Pradesh. Some key initiatives include: (i) raising a mountain-strike corps comprising two light mountain divisions and an artillery division equipped with cruise missiles; (ii) raising two mountain divisions and an artillery brigade for exclusive employment along the Indo-China border; (iii) ongoing infrastructure projects, including 6,000 km of border roads, bridges and helipads under the Special Accelerated Road Development Program for North East, as well as, fourteen rail lines feeding into this network for force mobilization and tactical movements in Arunachal and Ladakh.[212] India successfully launched a number of missiles with different ranges and extended ballistic the range of ballistic missiles from 150 up to 8000 km in 2011-2012, and has been developing a ballistic missile defense system. These initiatives increased India's capability to neutralize China's forward deployments in the border. These developments keep Sino-Indian dispute under the charge of constant threat perception and military competition, limiting any possibility of peaceful settlement in the near future.

4.6 Conclusion

In this chapter, the cases of China's territorial settlements in the post-Mao period are discussed through the lens of the reassurance framework developed in the theory section of this study. The cases show that the Chinese leadership was driven by its assessment of the regional implications of country's growing power and status. The leadership displayed long-term and proactive approach to deal with the potential responses from the secondary states. By reorienting major foreign policy priorities since 1979, China initiated and pushed for negotiations with all of its disputing neighbors, and offered conciliatory stance in granting large concessions to resolve the ongoing disputes.

The settlements, however, did not come out as discrete developments. As a part of strategic interactions, China utilized the goodwill and improved relations that followed the settlements to effectively accommodate smaller neighbors in its long-term regional ambitions. Different forms of agreements and initiatives took place in parallel or in the post-settlement context, allowing a greater role of China in

[212] See Sahgal, "China's Military Modernization," 292-295.

shaping the respective countries' external environments as well as domestic political processes. A vital access to market and energy sources was secured through these territorial settlements; and China became not only the largest trading and investment partner, but also strategic partnerships were formed and military cooperation strengthened.

The case study supports that the dominant state's rising power and status drive its leadership to make increased efforts towards negotiated and peaceful settlements. In almost every dyad that involves China, it made visible attempts at resolving the dispute during the period of its rapid economic and military expansions. However, a clear pattern is observed, as the second hypothesis expects, that ultimately a high level of power asymmetry (or the absence of truncated asymmetry) was needed for China to make a territorial compromise. In the disputes where China had an overwhelming military advantage over the disputant, the likelihood of China settling the dispute by offering large concessions was very high. While China's settlement with Russia might seem an anomaly to this pattern, with the dissolution of Soviet Union, Russia's military advantage in Sino-Russian border was greatly curtailed. In addition, the absence of intense interests in the region makes Russia more of a secondary state, allowing disproportionate advantage to China. The settlements also suggest that political mechanisms, as claimed by the third hypothesis, are preferred over legal arbitration.

In explaining the failure of China to resolve its dispute with India during the transition period, the case shows that it was not China's unwillingness that created the major hindrances. Instead, a peculiar power asymmetry—that is, a near parity in the Sino-Indian border theater and the resulting military and status competition— increases the signaling costs of territorial compromise with India. While different attempts had been taken by China and some improvements were made in terms of stability and tranquility in the border, any sign of negotiated settlement seems a distant possibility. With regard to maritime disputes, China's non-compromising attitude speaks to a number of factors that multiply the signaling cost of territorial compromise, including the diffused power differentials due to multiple disputants in the case of South China Sea disputes, intense historical rivalry with Japan in the case of East China disputes, and growing Sino-US geopolitical competition in the Asia-Pacific.

CHAPTER 5: TERRITORIAL SETTLEMENTS OF THE RISING INDIA

5.1 Overview of the Settlements

The territorial dispute behavior of India since the 1990s is also affirmative of the reassurance framework of peaceful dispute settlement. Since the mid-1990s, India started vigorous attempts to improve relations with its neighbors, by engaging in different collaborative dialogues as well as negotiations over territorial disputes. Based on the Gujral Doctrine spelt out by I. K. Gujral first as India's foreign minister and later as the prime minister, Indian foreign policy during this time was guided by a set of five principles that heavily emphasized on the supreme importance of friendly and cordial relations with the immediate neighbors.[213] This policy perspective arises from the belief that India's strength and standing cannot be separated from the quality of the country's relationship with its neighbors.[214]

In the subsequent years, India, instead of using its growing power leverage to bargain hard in negotiations over territory, sought to explore peaceful ways to build confidence and find acceptable solution to the disputes. While negotiations with Pakistan and China did not progress much, mostly due to low power (or truncated) asymmetry and an increasing regional competition, India was able to resolve both of its land and maritime boundary disputes with Bangladesh, by offering large concessions to its relatively weak neighbor. As Table 5.1 suggests, India agreed to accept less than one-third of the disputed territories with Bangladesh and its willingness to compromise created the conditions for these territorial settlements. The timing of the settlement negotiation with Bangladesh, long-term strategic interests of India in that country, parallel and post-settlement strategic developments, and India's success in strengthening its own stronghold while denying China's grip in its neighborhood, all indicate the critical role these dispute settlements offered for India in the context of its rising power and influence since the 1990s.

[213] These principles are: (1) with neighbors like Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka, India does not ask for reciprocity, but gives and accommodates what it can in good faith and trust; (2) no South Asian country should allow its territory to be used against the interest of another country of the region; (3), no country should interfere in the internal affairs of another; (4), all South Asian countries must respect each other's territorial integrity and sovereignty; and, (5), they should settle all their disputes through peaceful bilateral negotiations. See Padmaja Murthy, "The Gujral Doctrine and Beyond," *Strategic Analysis* 23.4 (1999): 639-652.

[214] See ibid.

Table 5.1: India's territorial disputes and settlements since 1990s

Disputes	Contested area	Talks	Settlement period and type	Concessions made by India
Bangladesh border	24,700 acres	1996-2011	2011: Protocol to 1974 LBA 2015: Ratification of 1974 LBA	India agreed to receive approx. 30 percent of the contested territory.
Maritime dispute in the Bay of Bengal	25,602 $(km)^2$	2009-2013	2009: UNCLOS tribunal set up 2013: PCA verdict	India received less than 25 percent of the contested maritime area in the Bay.
Pakistan border	224,500 $(km)^2$	1996-2012	2001: Joint Statement on Kashmir 2003: Ceasefire along LAC	The dispute is still active. Both countries are highly intransigent in ceding any territory.
China border	125,000 $(km)^2$	1981-present	1993: Maintenance of tranquility agreement 1996: Confidence building measures 2005: Principles agreement	The dispute is still active. India remained intransigent in ceding any territory.

Source: The data in table is compiled by the author from different sources, including government documents, secondary research materials.

The major shifts in Indian foreign policy orientation with its neighbors followed immediately a rapid growth in its economy as well as improvements and modernization of its military forces. As C. Raja Mohan states, "India's engagement with the world since the early 1990s posits a fundamental change of course and a reconstitution of its core premise."[215] Starting in 1991, Congress Party Prime Minister Narshima Rao began a series of economic reforms, both liberalization and privatization measures, that set the foundation of a fast and continuous economic growth. Since then, India has been enjoying an average of 8 percent annual growth, which is among the highest in the world. As early as 2004, India became one of the top 20 exporters and importers in the world. In little more than 10 years, FDI ballooned almost 20 times, reaching from USD 2 billion in 1991 to USD 39 billion in 2004.[216]

This continuous economic growth created opportunities for neighbors to take part in, but the resultant improvement in India's military strength was not likely to be perceived as benign. Pursuing its ambition to

[215] See C. Raja Mohan, *Crossing the Rubicon: The Shaping of India's Foreign Policy*, (New Delhi: Viking, 2006). For more on India as a rising power, see Harsh V. Pant, "A Rising India's Search for a Foreign Policy," *Orbis* 53, no. 2 (2009): 250-264; Amrita Narlikar, "All that Glitters is Not Gold: India's Rise to Power," *Third World Quarterly* 28, no. 5 (2007): 983-996; David Scott, "India's "Extended Neighborhood" Concept: Power Projection for a Rising Power," *India Review* 8, no. 2 (2009): 107-143; Aseema Sinha, and Jon P. Dorschner, "India: Rising Power or a Mere Revolution of Rising Expectations?," *Polity* 42, no. 1 (2009): 74-99; and Amrita Narlikar, "India rising: responsible to whom?," *International Affairs* 89, no. 3 (2013): 595-614.

[216] Chandana Chakraborty and Peter Nunnenkamp, "Economic Reforms, Foreign Direct Investment and its Economic Effects in India," Kiel Working Paper No 1272, Kiel Institute for the World Economy, March 2006.

belong to the great power club, India demonstrated its military prowess, by undertaking nuclear tests in 1998, which also marked the beginning of a new era for the country.[217] Continuing with ongoing modernization, India tested the Agni-V, its first intercontinental ballistic missile, in 2012, launched the INS Vikrant, the country's first domestically-designed and built aircraft carrier, in 2013, and commissioned the INS Arihant, its first nuclear-powered ballistic missile submarine, in 2016, becoming the first country from outside the permanent members of the UN Security Council to operate such a vessel.[218]

Although threatening developments were underway for the secondary states, Indian policymakers were proactive in crafting foreign policies to mitigate threat perception, especially by the weak neighbors. Following Gujral doctrine, all subsequent governments made visible efforts to engage with the neighbors and offer different forms of economic and other concessions. The Manmohan Sing's 10 years of office were spent on strengthening India's effort for non-violence foreign policy, and deepening of connectivity and integration with neighbors through look-east policy.[219] Norendra Modi, after coming to power in 2014, dramatically advanced this course of external engagements with neighbors, by adopting his 'neighborhood-first' and 'act-east' policies, both of which were designed to peacefully accommodate secondary states in the growing regional profile of India.[220] The most notable results were the signing of a number of regional connectivity arrangements with the neighboring countries and the settlement of land and maritime boundary disputes with Bangladesh.

Although the imperatives of a rising power status explains why India had the incentive to make territorial compromise with Bangladesh, the level of power asymmetry accounts for the variations in its dispute settlement behavior, especially why it failed to make substantive progress in settling disputes with Pakistan and China. Relations with Bangladesh are marked by high power asymmetry in India's favor, and therefore, the likelihood of communicating its vulnerability through reassurance was very minimal. On the other hand, due to a truncated power asymmetry which makes Pakistan an equally powerful entity in the Kashmir

[217] Narliker, "All that Glitters is Not Gold," 985.
[218] Stratfor, "India's Military March towards Modernity," *Statfor Worldview*, February 15, 2017. https://worldview.stratfor.com/article/indian-militarys-march-toward-modernity
[219] On Manmohan Sing's foreign policy, see Melkulangara Bhadrakumar, "Manmohan Sing's Foreign Policy Legacy," Strategic Culture, January 30, 2014; Badal Sarkar, "India's Foreign Policy under the Prime Minister of Dr. Manmohan Sing," *International Journal of Scientific Research* 2, no. 12, 2013.
[220] See C. Raja Mohan, *Modi's World: Expanding India's Sphere of Influence*, (Harper Collins, 2015); G. Khandekar, "Modi's Foreign Policy Mantra: Geoeconomics, Regional Hegemony, Global Aspirations," *Agora Asia-Europe* 17 (2014); Reeta C. Tremblay and Ashok C. Kapur, *Modi's Foreign Policy*, (SAGE Publishing India, 2017).

theater, combined with intense Indo-Pak historical rivalry, the dispute with Pakistan remained active, although some progress has been made in ceasefire and stability along the line of control.

Alternative explanations cannot provide a convincing account of India's territorial compromise with Bangladesh. Fravel's regime insecurity argument cannot explain India's dispute settlement behavior, as India made territorial concessions during a period when the incumbents had the strongest grip in the domestic politics. The salience argument is also very week given that India agreed to amend its constitution for the transfer of territories which used to claim tremendous nationalist-symbolic importance to its people. In addition, India's acceptance of the UN tribunal's arbitration and verdict in ceding strategically very important and mineral-rich maritime areas in the Bay of Bengal goes against the expectation of the salience argument. Finally, there is no evidence that India was driven by any sudden shift in the justification of its claim over the territory it ceded. While there is a shift in its strategic outlook, but that has to do more with its geopolitical ambitions and power transition-induced changes in the external environments. Therefore, irredentism also cannot explain these dispute settlement behaviors of India.

5.2 Land and Maritime Boundary with Bangladesh

India's settlement of both land and maritime boundary disputes with Bangladesh is a case where a rising power's decision comes out as a form of reassurance to a secondary state. These costly decisions not only helped India prevent aggravation of long-standing anti-Indian political forces in Bangladesh, which was giving scope for greater Chinese involvement in the country in the last two decades, but also allowed to strengthen its foothold in a strategically important neighbor. With the Indian ratification of the 1974 Land Boundary Agreement through a constitutional amendment in 2015, India-Bangladesh land border dispute came to an end after 68 years. This enabled India to secure a number of important strategic advantages in Bangladesh: 1) to avail its long-standing claim for transit passage through Bangladesh, a critical advantage necessary for both economic development and effective defense of its Northeastern part in the event of war with China; 2) to sideline growing pro-Chinese elements in Bangladesh; 3) to weaken Chinese connectivity schemes such as BCIM (Bangladesh China India Myanmar) in which Bangladesh was playing a key role; and 4) to integrate Bangladesh into India-led regional connectivity and cooperation platforms,

including the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and the Bangladesh Bhutan India Nepal Motor Vehicle Agreement (BBIN MVA).

India and Bangladesh have a common land boundary of approximately 4,096.7 km. Indo-Bangladesh border disputes trace back to the 1947 partition of the Indian Subcontinent that ended British colonial rule in the region but left both India and Pakistan with a number of territorial disputes. Border disputes lingered mainly concerning the exchange of enclaves, adversely possessed lands and 6.5 km undemarcated border. Despite the signing of "Nehru-Noon Agreement"[221] in 1958 between India and Pakistan to resolve the dispute peacefully, India did not implement the agreement claiming that the agreement requires surrendering of Indian territories to a foreign country which was not possible without a constitutional amendment.[222] After the independence in 1971, Bangladesh inherited the dispute, and efforts to resolve the land border issues were taken immediately. A land boundary agreement, known as Indira-Mujib Border Treaty, was signed in May 1974 to resolve enclave exchange, land boundary demarcation and related matters.[223] Although Bangladesh ratified the treaty in 1974 by amending its constitution,[224] India again did not undertake the necessary constitutional amendment and, therefore, delayed the ratification of the treaty for almost four decades. The non-ratification of the treaty, even after having the honeymoon period of Congress and Awami League relations in the past spoke to India's prior lack of willingness to make required territorial concessions to Bangladesh.

The peaceful settlement of Indo-Bangladesh border disputes marks a shift in India's territorial dispute behavior. While India has been using the strategy of delaying the settlement, the current impetus for settlement came from India only after 1996.[225] The willingness of the Congress-led coalition government in India resulted into the establishment of India-Bangladesh joint working group which conducted required surveys and census in the enclaves and adversely possessed areas. In September 2011, a protocol to 1974 agreement was signed between the two governments allowing the resolution of the Tin Bigha Corridor issue. Although the Congress Government could not ratify the treaty and its protocol due to the lack of

[221] The treaty was signed between the then Prime Minister of India, Jawaharlal Nehru and his counterpart Firoze Khan Noon in September 1958.
[222] See Datta, "India-Bangladesh Land Boundary Agreement."
[223] Ibid.
[224] The Constitution (Third Amendment) Act 1974.
[225] For a discussion on India's initiatives to resolve disputes with Bangladesh, see Sanjay Bhardwaj, "India-Bangladesh Land Boundary Agreement: Ramifications for India's Security," *CLAWS Journal* (2015): 93-110.

support from the opposition party BJP, BJP government, after coming into power in 2014, rather increased its effort to settle the dispute. The LBA as a bill was unanimously passed by both houses of Indian parliament in May 2015 and with signing of the Agreement on Modalities for Exchange of Enclave during the Prime Minister Norendra Modi's Bangladesh visit in June 2016, the LBA 1974 and the Protocol 2011 came into force.[226] India agreed on a major compromise, ceding almost 70 percent of the contested territories to Bangladesh.

A number of strategic considerations made India flexible in making this conciliatory settlement. Modi government, while protested when Congress took the initiative, immediately took measures to undertake the constitutional amendment to ratify the land boundary agreement with Bangladesh. The Modi government's decision came out as part of its neighborhood-first policy. In May 2014, when Narendra Modi became the Prime Minister of India, he adopted the neighborhood policy to develop good relations with its neighboring countries, reflecting the long term interests of India in building firm relationship with neighbors. Modi's political narratives of the need for keeping neighbors into confidence for the sake of India's future, helped his government overcome any opposition to the settlement in the country. West Bengal Chief Minister Mamata Banerjee, who had refused to accompany former Prime Minister Manmohan Singh during his visit to Bangladesh in September 2011, joined Modi during his visit, expressing her support for the settlement.[227]

India's willingness to accommodate Bangladesh also resulted in a peaceful resolution of its maritime boundary dispute, following India's acceptance of the UN tribunal's arbitration and verdict in 2015.[228] India had a contested area of 25,602 sq km in the Bay of Bengal with Bangladesh for almost five decades. Although negations were initiated in 1974, 1978 and 1982, no substantive progress was made. Since 2008, a renewed attempt was taken by India to reach out a mutually acceptable solution. However, India's willingness to find a negotiated settlement could not succeed due to legal complexity and differences in the interpretation of the Law of Sea. Under the UN Convention of the Law of the Sea, the case was brought to

[226] That bill that the parliament passed was originally signed by former Prime Minister Manmohan Singh and Bangladesh's current leader Sheikh Hasina, in 2011. The previous United Progressive Alliance (UPA) government led by Singh's Congress Party could not muster enough support from the opposition, led by the Bharatiya Janata Party (BJP), to get the law ratified in parliament. The BJP deemed the bill an attack on India's sovereignty.

[227] Harsh V. Pant, "A Long Overdue Foreign Policy Course Correction by Delhi," *The Diplomat*, June 2, 2015.

[228] For details on Indo-Bangladesh maritime dispute, see Sunil K. Agarwal, "India-Bangladesh Maritime Dispute: An International Law Perspective," *Maritime Affairs* 6, no. 1 (2010): 28-50.

the Permanent Court of Arbitration at The Hague in 2009. The ruling of the tribunal in 2015 favored Bangladesh, by granting it 76 percent of the contested maritime area.[229] Although India initially preferred a bilateral political mechanism, as expected by the reassurance argument, finally it accepted the ruling even if it had to cede three-fourth of the contested territory, out of desire to cultivate goodwill among the neighbors.[230] The statement by the Indian Minister of External Affairs testifies this: "the settlement of the maritime boundary will further enhance mutual understanding and goodwill between India and Bangladesh by bringing to closure a long-pending issue."[231]

A high power asymmetry kept India less anxious about offering territorial concessions. Without high profile military capabilities such as nuclear weapons or missile technology or submarines, Bangladesh is highly incapable of posing a credible threat to India. However, India's decisions of both land and maritime boundary dispute settlements have been motivated in the context of rising geopolitical profile of China in South Asia. Smaller South Asian neighbors like Bangladesh, Sri Lanka, Nepal, with a history of dominating India on their border, were leaning towards China in search of foreign policy autonomy from India. Bangladesh used to have serious grudges against India, despite historical and cultural commonalities between the two countries.

While Bangladesh has not been excessively dependent on any one country and maintained a degree of autonomy in its foreign policy, with a rising India on the border, however, it has been inching closer to China in the 2000s.[232] Bangladesh-China defense agreement in 2002 testifies the deepening of China's military engagement in Bangladesh in the last decades. Besides, China has been very successful to improve connectivity with South Asia through Kunming Initiative. Although India has been a part of the process, China's leadership of sub-regional connectivity schemes made India anxious. China's interest in SAARC adds further concern to India's regional objectives. A rising India with a right-wing nationalist BJP government in power was to be seen more threatening by Bangladesh. The boundary settlements have minimized such a threat perception and opened up greater scope for Indian engagement with the country.

[229] Harun ur Rashid, "India-Bangladesh: UNCLOSS and the Sea Boundary Dispute," Institute of Peace and Conflict Studies Article, no. 4557, July 14, 2014.
[230] Ankit Panda, "International Court Rules in Favor of Bangladesh on Maritime Dispute with India," *The Diplomat*, July 10, 2014.
[231] Ibid.
[232] Tridivesh Singh Maini, "India-Bangladesh Relations: the Big Picture," *The Diplomat*, June 5, 2015.

Post-settlement scenarios also show that India's decision to pursue peaceful settlement with Bangladesh entails long term strategic advantages for India. Immediate after the settlement, Bangladesh grants India with *de facto* transit facilities. During Narendra Modi's first visit to Bangladesh to ratify the settlement agreement to demarcate the border, India achieved certain key outcomes that finally ensured Delhi's transit rights through Bangladesh. India's long-pending request for transit rights were met through several transport agreements and framework arrangements that came immediate after India ratified the land boundary agreement. The territorial compromise also allowed numerous connectivity agreements between the two countries including road, rail, rivers, sea, transmission lines, petroleum pipelines and digital links.[233] India also agreed to invest USD 2 billion for infrastructure development to facilitate corridors for sub-regional connectivity among Bangladesh-Bhutan-Nepal-India and transit of people and goods through Bangladesh. [234]

In the immediate aftermath of the settlement, India secured transit from Bangladesh despite opposition from most political corners in the country. This transit has significant strategic importance for India as it provides an alternative to logistic supply to India's Northeastern part through Shiliguri corridor. During the 1986-87 Sino-Indian border conflict, Bangladesh agreed to Chinese request of not granting India transit passages in the event of war between India and China.[235] Bangladesh's desire to maintain a friendly relation with China explains its reluctance to grant India transit before. It feared that India would use this passage to mobilize troops and equipments during peacetime and in the event of war with China.[236] A deepening of China-Bangladesh partnership, in the wake of a rising fear of Indian domination is South Asia, could leave India strategically in a difficult situation to effectively defend its Northeastern provinces. This consideration was critical in India's decision to provide territorial concessions in exchange of transit facilities.

Other Indian achievements in the security front include a bilateral agreement that granted Indian cargo vessels permission to use the Chittagong and Mongla ports in Bangladesh, two critical ports for China's 'String of Pearls' policy in the Indian Ocean. The Chittagong port facility in Bangladesh has been considered to be on the list of China-supported ports, including Gwadar in Pakistan, Marao in the Maldives,

[233] Dipanjan Roy Chaudhury, "Boost to Road, Rail, Sea Connectivity: India Gets Access to Transit Routes through Bangladesh," *The Economic Times*, June 8, 2015.
[234] Sanjay Kathuria, "Bangladesh Corridor Vital to India's 'Act East' Policy," *The Hindustan Times*, September 26, 2017.
[235] Sumit Ganguly, Andrew Scobell, and Joseph Liow, eds. *Handbook of Asian Security Studies*, (London: Routledge, 2009): 129.
[236] Arijit Mazumdar, *Indian Foreign Policy in Transition: Relations with South Asia*, (London: Routledge, 2014): 93.

Hambantota in Sri Lanka, and Kyaukpyu in Myanmar. China has also been exploring a deep-water port facility at Sonadia, nearby Bangladesh's Cox's Bazar coast, but due to improved relationship with India, Bangladesh declined to offer China the port at the last minute of Prime Hasina' visit to China in 2014.[237] Securing access by India for its vassals to these ports is a vital achievement not only because it signals growing trust between Bangladesh and India, but also because it eases up Indian fears about the depth of China's influence in Bangladesh.[238] Therefore, India's decision to make territorial compromises was greatly influenced by its regional objectives driven by a shift in the distribution of capabilities in the Asian regional sub-system.

5.2 Intractable Kashmir Conflict

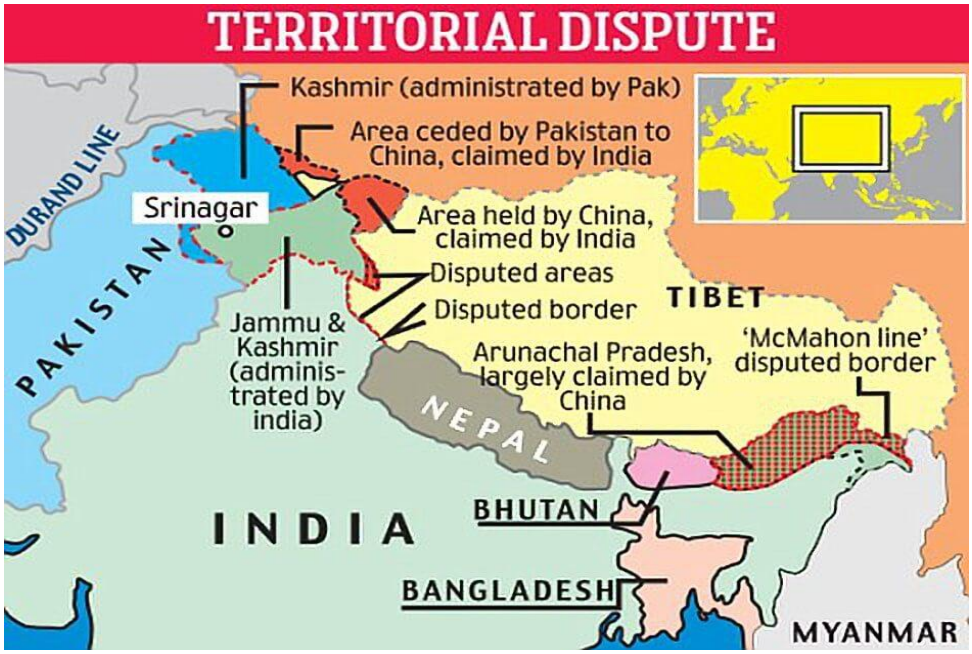
Conflicting claims over Kashmir has become an enduring and intractable territorial dispute predominantly as a result of peculiar power configuration between the two ethno-religiously demarcated post-colonial states. Sharing a 2,900-kilometer long border, these two nuclear weapons states are one of the most dangerous dyads in the entire world. Over the last seven decades, the dispute has remained mostly active punctuated by at least three major wars fought on the Kashmir front: war of partition in 1947-1948, 1965 war over Kashmir, and Kargil War in 1999. The nuclearization of the region has made the conventional wars between these two states severely risky and "1999 Kargil War is considered the closest the world has come to a nuclear war since the Cuban Missile Crisis."[239] While domestic factors play an important role in perpetuating vested interests feeding onto the continuation of the dispute, complex strategic interactions has embedded the dispute into broader geopolitical competitions and regional power ambitions.

Historically, a major source of threat perception by both India and Pakistan emanates from the territorial dispute over Kashmir. The growing power and influence of India in the region diverted part of India's attention from Pakistan towards its eastern frontier, giving rise to its region-wide competition with another rising power China. However, for Pakistan a growing India is the most critical threat, and the Kashmir fault-line has multiplied its paranoia with Indian rising power status in the last two decades. This is especially

[237] Wade Shepard, "Bangladesh's Deep Sea Port Problem," *The Diplomat*, June 7, 2016.
[238] Ankit Panda, "India Plucks a Pearl from China's String in Bangladesh," *The Diplomat*, June 7, 2015.
[239] See Zulfqar Khan and Ahmad Khan, "The Strategic Impasse over India's Doctrinal Restructuring," *The Washington Quarterly* 39, no. 1 (2016): 139-157.

true as the superpowers' backing in the regional conflicts is no longer a possibility with the end of Cold War, and Pakistan is left alone with only hope from an overcautious, not-so-dependable China.

On the pretext of India's growing power Pakistani defense establishments want to maximize the perception held by a substantial portion of the Pakistani public that India poses an existential threat to Pakistan in order to strengthen their raison d'être.[240] "The 'strategic culture' of the Pakistan army is essentially unremitting hostility against India. The Pakistan Army believes that it is locked into a permanent, existential, civilizational battle against India."[241] Therefore, they constantly advocate for adopting aggressive military postures against India. The continuous projection of an 'India threat' is politically advantageous for maintaining their domestic legitimacy. India threat to Kashmir helps the Pakistani army keep the enormous amount of resources devoted to it, and its disproportionate influence on Pakistani decision-making.[242]



Graph 5.1: India-Pakistan Territorial Disputes
Sources: https://www.clearias.com/india-china-border-disputes/

[240] Singh Sandeep, Kaur Amanpreet, and Singh Amandeep, "Changing Equations of India-Pakistan Relations: Unresolved Kashmir Dispute as a Decider Factor," *International Research Journal of Social Sciences* 4, no. 3 (2015): 88-95.
[241] For detail on Pakistani army's influence on domestic politics and people, see C. Christine Fair, *Fighting to the End: The Pakistan Army's Way of War*, (Oxford: Oxford University Press, 2014).
[242] Jordan Olmstead, "India-Pakistan Relations: A Destructive Equilibrium, *The Diplomat*, November 2, 2014.

A growing worry in the line of control (LOC) with an increasingly anxious Pakistan is detrimental to India's long term regional interests. Hence, managing Pakistan's threat perception is ought to be one of India's major foreign policy priorities, especially given its competition with China and its regional as well as long term global power ambitions. This explains India's concrete incentive to reassure Pakistan as a secondary state by signaling strategic restraint and incentivizing engagement and cooperation in order to create mutually acceptable territorial adjustments. Looking at the dynamics of peace process that India initiated since 1997 would allow accounting for India's settlement attempts, especially the confidence building measures and bilateral dialogues to reach out a mutually acceptable solution, as well as factors halting any major progress.

The rising Indian power has evidently been translated, following the theoretical expectation, into India's willingness to institutionalize settlement attempts with Pakistan over the intractable Kashmir dispute. Although some confidence building measures have been taken as early as 1980s, serious efforts to initiate a structured dialogue started in May 1997 between Indian Prime Minister I.K. Gujral and his Pakistani counterpart Nawaz Sharif.[243] Gujral Doctrine, advocating for a constructive and proactive relationship with South Asian neighbors on a non-reciprocal basis, set the stage for India's willingness to include Kashmir issue into the bilateral dialogue with Pakistan, which was a major compromise on the Indian side.[244] India's flexibility in its attempt to find a negotiated settlement with Pakistan is also linked to its drive for transcending its South Asian preoccupations and extending its geopolitical ambitions to include other neighboring regions including Southeast and Central Asia.

Over the next decade till 2008, India continued to push for engagement and dialogue to devise ways to minimize any potential escalation of the dispute and explore settlement options. In February 1999, in the wake of nuclear test by both India and Pakistan, Indian Prime Minister Atal Behari Vajpayee undertook a historic bus trip to Lahore and signed the Lahore Declaration. Even in the aftermath of Kargil War, Vajapyee invited Musharraf for talks in Agra in July 2001. In April 2003, Vajpayee again offered talks and understandably focused on improving the atmosphere conducive to the peace process first by restoring transport and diplomatic links, and people to people contacts. India pushed for a new set of confidence-

[243] See Ashutosh Misra, *India-Pakistan: Coming to Terms*, Springer, 2010.
[244] Misra, "An Audit of the India-Pakistan Peace Process," *Australian Journal of International Affairs* 61, no. 4 (2007): 506-528.

building measures including new bus and train services, promoting of trade and commerce across the Line of Control (LOC), and opening up of meeting points for people along the LOC.[245] Significant progress was made with the disengagement of troops from border areas after the cease-fire along the LOC and the international border. The second round of peace talks started in December 2004 in New Delhi which followed by Vajpayee's call for reaffirming mutual commitment to get the dialogue process going in January 2006 during the 12th South Asian Association for Regional Cooperation (SAARC) Summit in Islamabad. On India's insistence, a 'joint anti-terrorism mechanism' was established to tackle the terrorist attacks in India, a major source of concern and tension in bilateral ties.

However, these attempts have been ineffective primarily due to Pakistan's large-scale attempts to match India in both nuclear and conventional capabilities to counter growing Indian ascendency. The first major challenge to the peace process came when India and Pakistan conducted the thermonuclear tests in May 1998. The political atmosphere rapidly changed and a nuclear war was looming large in the backdrop of the unsettled Kashmir conflict. The second major blow was the Kargil War, a military mishap of General Pervez Musharraf, which significantly derailed peace initiatives, bringing bilateral reltionship to a nadir.[246] In May 1999, Pakistani soldiers intruded inside the LOC and occupied several Indian positions in the Kargil sector in Jammu and Kashmir, which resulted into the Kargil War. The third obstacle was Pakistan's tactic of terrorizing India through terrorist attacks devised to expose India's security vulnerability and Pakistan's ability to penetrate inside India. The terrorist attack on the Indian Parliament made India suspend the peace process. Blaming Pakistan for harboring terrorists and allowing attacks on Indian parliament, the Vajpayee government undertook "Operations Parakram" to take punitive actions against the terrorist camps in the Pakistan Occupied Kashmir.[247] India mobilized around 500,000 troops and three armored divisions along the Line of Control in Kashmir and moved ballistic missiles closer to the border.[248] Pakistan responded similarly, deploying around 300,000 troops to that region. In 2006, the peace process was again suspended due the terrorist attacks on a train in Mumbai that killed over 50 people.

[245] Ibid.
[246] Misra, "India-Pakistan."
[247] On the Operation Parakram, see S. Kalyanaraman, "Operation Parakram: An Indian Exercise in Coercive Diplomacy," *Strategic Analysis* 26, no. 4 (2002): 478-492; and V. K. Sood, and Pravin Sawhney, *Operation Parakram: The War Unfinished*, (CA: Sage Publications, 2003.
[248] "Pakistan, India Move Missiles to Border," *CNN*, December 26, 2001.

The peculiar power asymmetry between the two states, that fuels intense threat perception on the part of Pakistan in one hand, and allows Pakistan to credibly threaten India on the other, lies at the core of why the dispute still persists. India is disproportionately more powerful than Pakistan in terms of physical size, GDP and overall military capability. However, India's superiority does not translate into its theater-level preponderance. Pakistan enjoys a theatre-level near-parity on Kashmir front along with asymmetric combat strategies, possession of nuclear weapons by both sides, and the great power balancing together curbed the effect of apparent power differentials between the two countries. T.V. Paul elaborately discussed the effect of what he calls a truncated asymmetry on the prospect of a near and medium term settlement of the dispute.[249]

Paul identified three factors: capability factor, strategy factor and alliance factor that have mitigated the asymmetry between these two enduring rivals. Over the last decades, India maintained either 'matching capabilities' with Pakistan along the LOC or 'sufficient deterrence' or a 'slight edge' in its force deployments, stationing only seven divisions against Pakistan's six with qualitative superiority in tanks and aircrafts.[250] Although India's relative power projection capability increased during 1970s owing to its victory against Pakistan in 1971, the independence of East Pakistan rather helped Pakistan consolidate its force deployment in Kashmir theater, being freed from protecting East Pakistan border with India. Since then, both states maintained almost equal footing in their disputed border.

India's limited edge could not provide adequate defense of its part of Kashmir, and therefore failed to deter limited offensives by Pakistan. "These limited probes, whether short wars or based on attrition-style guerilla operations, are meant to challenge India's general deterrence capabilities, since its global superiority does not deter such incursions in the local arena."[251] In terms of limited asymmetric wars, Pakistan has advantages in conducting limited incursions and guerrilla operations, while checking Indian offensive by deploying artillery in a short war situation. Pakistan has another crucial advantage in terms of force mobilization. It enjoys an elongated geographical advantage which allows mobilization of its holding

[249] See Paul, "Why has the India-Pakistan Rivalry been so Enduring?"
[250] Ibid.
[251] Ibid., 617.

formations into battle locations within a maximum time of 96 hours, whereas it takes between seven to ten days for the Indian Army to concentrate for war.[252]

The theater-level near-parity was also maintained partly due to India's divided attention to both China and Pakistan forced by a two-front military engagement. Unlike Pakistan which can only concentrate its military assets on the Indian border, India has to maintain about half of its land forces along the border with China. This is especially true when there is a crisis, and India needs to keep an eye on both Pakistani and Chinese force mobilization.

Pakistan's acquisition of nuclear weapons and its nuclear 'first-use' policy also curbed the efficacy of India's military superiority. Since 1980s, nuclear weapons have "restored a balance of terror in the stand-off with its neighbor, for nuclear deterrence alone working from the weak to the strong, offers decisive power without requiring symmetry."[253] Pakistan also possesses both medium and short-range ballistic missiles as the Ghauri, Hatf, and Shaheen, and on aircraft such as the F-16 that can hit most of India's cities with nuclear warheads. It allows Islamabad to deter any large offensive that India might launch in response to Pakistan's limited incursions or short wars. There is also an asymmetry in nuclear use policy also gives Pakistan's further advantage in the battlefield. Pakistan has been maintaining its policy to strike with nuclear weapons in response to a conventional attack by India, although India follows a no-first-use policy.[254]

The *de facto* parity over Kashmir increases the signaling costs for India, as any compromise would serve little to appease Pakistan while communicating the lack of resolve on the part of India, inviting further pressure and demand for concessions from Pakistan. India, in response, has developed further reforms in force structure to gain military advantage over Pakistan in limited war condition in order to force Pakistan to negotiation table. This has been rather counterproductive. Pakistan made more vigorous attempt to match the capability in order to maintain the symmetrical capability distribution and deny India any military advantage.

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[252] Sood and Sawhney, *Operation Parakram.*

[253] Jean-Luc, Racine, "Pakistan and the India Syndrome: Between Kashmir and the Nuclear Predicament," in *Pakistan: Nationalism Without a Nation*, Christophe Jaffrelot ed., (Zed Books, 2002): 199.

[254] See Peter R. Lavoy, "Pakistan's Nuclear Doctrine," in *Prospects for Peace in South Asia*, eds. Rafiq Dossani and Henry S. Rowen, (Stanford, CA: Stanford University Press, 2005), 280-300.

In recent years, Pakistan's major concern has been India's fast growing military spending and modernization. India doubled its defense spending since 1997 with a growth rate of 6.3 percent every year, announced a further 11 percent rise in 2015-2016 (USD 39.8 billion in total), and has further plans to spend more than USD 100 billion on modernization of its force in the next decade, becoming the world's largest buyer of conventional weapons.[255] Another source of worry is India's changing force structure and the concept of operation since mid-2000s. Known as "protective strategy", this shift will enable India "to rapidly mobilize division or smaller sized formations to carry out retaliatory conventional strikes that would deter or punish Pakistan for its links to terrorist groups, while simultaneously pursuing narrow enough aims to deny Islamabad a justification to escalate the clash to the nuclear level."[256]

Although recent capability enhancement by India increased its theater level superiority over Pakistan, but the latter's response in kind helps maintain the parity and keep the military competition in the border. Pakistan's defense budget grew from USD 6.1 billion in 2013-14 to USD 7 billion in 2014-15 with almost a 15 percent increase.[257] Its force positioning also reflect the growing worries in the Indo-Pak border. Pakistan ensured forward-deployment of 18 of its army's 22 divisions, including two armored divisions in defensive positions in the border adjacent area.[258] Pakistan's adoption of a USD 24 billion strategy known as Armed Forces Development 2025 to modernize its military represents its drive to balance India in all possible fronts.

In addition, the major powers balancing such as the deepened military partnership of Pakistan with China is a factor that shapes India's perception of power symmetry with Pakistan. Any concession for Pakistan means advantage for China, communication of the lack of resolve and that has signaling cost in terms of India's position with regard to smaller neighbors. "For China, Pakistan is a low cost secondary deterrent to India, and for Pakistan, China is a high value guarantor of security against India."[259] In the past, China assisted Pakistan in both of its nuclear and missile programs. In the last decade, Pakistan has become

[255] See Walter C, Ladwig III, "A Cold Start for Hot Wars? The Indian Army's New Limited War Doctrine," *International Security* 32, no. 3 (2007): 150-190.
[256] Ladwig III, "Could India's Military Really Crush Pakistan?," *The National Interests*, July 2, 2015.
[257] Shane Mason, "Pakistan's New Military Budget: By the Numbers," *The National Interests*, July 5, 2015.
[258] Ladwig III, "India's Military."
[259] Mohan Guruswamy, "Pakistan-China Relations: Higher than the Mountains, Deeper than the Oceans," *CLAWS Journal*, Summer (2010): 92-107.

the largest importer of Chinese defense equipments, got heavily involved in co-development of fighter jets, and started the process of buying high powered submarines.[260] Chinese significant investment in Pakistan's Gwadar Port and in the Karakoram Highways increased the force mobilization and other tactical capacity of Pakistan. China's also pledged its continuing support to Pakistan's sovereignty, territorial integrity and its anti-terror strategy. In addition, Pakistan signed of a landmark military cooperation agreement with Russia in 2014 for strengthening collaboration in the defense and counter-terrorism sectors.[261] Russia lifted its self-imposed arms embargo on Pakistan and agreed to start arms supply arrangements. Pakistan's leaning towards Russia is also driven by its lack of hope on the US front, especially after the relationship between the U.S. and India has taken rather a defense and strategic shape in the last decade. These developments keep Indo-Pakistan dispute under the charge of constant threat perception and military competition, limiting any possibility of peaceful settlement in the near future.

5.3 Conclusion

In this chapter, the cases of India's territorial settlements since the 1990s are discussed through the lens of the reassurance framework developed in the theory section. The cases show that the Indian leadership, Congress and BJP alike, was prioritizing the improvement of relations with the neighbors out of its concern over the regional implications of the country's growing power and status, especially its increasing competition with China. The leadership demonstrated long-term and proactive strategy to deal with the potential responses from the secondary states, particularly the weaker ones like Bangladesh. A major reorientation of foreign policy priorities was observed since 1991, and in parallel, India initiated and pushed for negotiations to resolve both land and maritime boundary with Bangladesh. India, to harness goodwill and accommodation by the smaller South Asian neighbors, not only resolved its land border by giving concessions, but also accepted UN tribunal verdict that make India cede three-fourth of the strategically highly important contested maritime territory.

However, these settlements were part of India's long-term strategic interactions. India utilized the goodwill and improved relations that followed the settlements to effectively accommodate Bangladesh in its long-term regional ambitions. It signed different agreements and undertook initiatives in parallel or in the post-

[260] Joy Mitra, "Russia, China and Pakistan: An Emerging New Axis?," *The Diplomat*, August 18, 2015.
[261] Ibid.

settlement context, claiming greater role in shaping Bangladesh's external environment as well as domestic political processes. India availed its long-standing demand for transit through Bangladesh to its Northeastern part through these territorial settlements, and was able to curtail growing Chinese strategic influence inside Bangladesh.

The case study supports that the dominant state's rising power and status drive its leadership to make increased efforts towards negotiated and peaceful settlements. In India-Bangladesh dyad, Indian leadership made visible attempts at resolving the dispute during the period of its rapid economic and military expansions. However, as the second hypothesis expects, a high level of power asymmetry allowed India to make a territorial compromise with Bangladesh without communicating its vulnerability. India's dispute settlement behavior also suggests that political mechanisms, as claimed by the third hypothesis, are preferred over legal arbitration. However, India's acceptance of UN legal arbitration for the maritime dispute was mostly due to legal complexities and differences in the interpretation of the international law of the sea.

In explaining the failure of India to resolve its dispute with Pakistan during the transition period, the case shows that a peculiar power asymmetry—that is, a near parity in the Indo-Pak border theater, and the resulting military and status competition— increases the signaling costs of territorial compromise with Pakistan. While different attempts had been taken by India and some improvements were made in terms of stability and tranquility in the border, the prospect of negotiated settlement in the near future is very slim.

CHAPTER 6 – CONCLUSION

The thesis makes an attempt to theorize and offer empirical evidence on the effect of power transition and strategic interactions on states' territorial dispute settlement behavior. Although existing studies have contributed substantively to the understanding of peaceful settlement of disputes, some important puzzles remain understudied. For instance, no convincing answer is available to the question why and when would a dominant state resort to peaceful means. The cases where a regionally dominant rising power offers major concessions to smaller neighbors are especially intriguing. The thesis argues that many settlements of territorial disputes result from the rising powers' decision to offer or accept peaceful mechanisms as a form of reassurance gesture to signal its benign intention to buy out support from and harness status among the secondary states.

Rising powers' higher need for image building, in order to manage fear and expectations of regional secondary states, as well as to pursue ambitious regional and international goals in the context of power transition, makes the transition period more conducive for the settlement decisions. Territorial settlements, owing to their high costs, help rising powers mitigate 'information asymmetry' and 'credible commitment problem' that results from a rapid change in their capabilities and status and, thus, create uncertainty among the secondary states. On other hand, the variation in rising powers' dispute settlement behavior, especially why they fail to settle disputes with certain neighbors, can be explained by their consideration of how the level of power asymmetry influence their calculation of the expected signaling costs versus the benefits of territorial settlements.

The reassurance framework adds an important dimension of states' behaviors over territorial claims by examining the effect of changing power distribution and strategic interactions on peaceful settlement of territorial disputes. The credibility of peaceful dispute settlement as an effective way to signal state intentions makes it an attractive reassurance strategy for the rising powers. A number of considerations offer dispute settlement a prominent place in rising powers' foreign policy signaling strategies. The presence of territorial disputes makes the perception of offensive intentions by the secondary states more likely. Territorial rivalries produce expectation of threats, cognitive rigidities among leaders and political elites, and hostile domestic audiences. All these add up to maximize the security dilemma, as the secondary

state would tend to label all security moves by the rising power, whether offensive or defensive, as aggressive. This creates an action-reaction cycle where security dilemma based on perceived threats reinforces further threat perception. All these considerations make settlements of any existing territorial disputes with neighbors a priority in rising powers' foreign policy agenda. While this applies to all territorial disputes of a rising power, its ultimate decision to make territorial compromise is subject to some other factors including the level of power asymmetry, status competition and so on that incur higher costs compared to benefits they receive from territorial compromises.

The empirical evidence from the quantitative analysis of this study suggests that the presence of rising power significantly increases the probability of peaceful settlement, especially if the power gap between the rising power and the secondary state is large. While statistical analysis does not claim of any causal inference due to data limitation and correlational design, the marginal effects of rising power status conditional on power asymmetry clearly show dispute settlement effect of power transition induced strategic interactions. This finding corroborates the contemporary trends in rising powers attempts to buy out more political supports from the neighboring countries through offering different opportunities and concessions including peaceful settlement of outstanding issues. The instances of territorial settlements made by China and India in the last decades provide supportive empirical evidence.

The case study supports that the dominant state's rising power and status drive its leadership to make increased efforts towards negotiated and peaceful settlements. In the case of Chinese dispute settlements, the leadership by reorienting major foreign policy priorities since 1979 initiated and pushed for negotiations with all of its disputing neighbors, and showed conciliatory stance in giving large concessions to resolve the ongoing disputes. During the period of China's rapid economic and military growth, it makes territorial compromises in eight separate disputes including disputes with three Central Asian countries, Russia, two Southeast Asian neighbors. In most of these cases China agreed to receive less than half of the contested territories and China's willingness to compromise created the condition for the settlements. However, a clear pattern is observed, as the second hypothesis expects, that ultimately a high level of power asymmetry (or the absence of truncated asymmetry) was needed for China to make a territorial compromise. In the disputes where China had an overwhelming military advantage over the disputant, the likelihood of China settling the dispute by offering large concessions was very high. While China's

settlement with Russia might seem an anomaly to this pattern, with the dissolution of Soviet Union, Russia's military advantage in Sino-Russian border was greatly curtailed. In addition, the absence of intense interests in the region makes Russia more of a secondary state, allowing disproportionate advantage to China. The settlements also suggest that political mechanisms, as claimed by the third hypothesis, are preferred over legal arbitration.

In the Indian case, peaceful settlements took place with Bangladesh in both land and maritime boundary disputes. India agreed to receive less the one third of the disputed territories out of the desire to cultivate good will and secure vital strategic interests in the region. The cases show that the Indian leadership, Congress and BJP alike, was prioritizing the improvement of relations with the neighbors out of its concern over the regional implications of the country's growing power and status, especially its increasing competition with China. The leadership demonstrated long-term and proactive strategy to deal with the potential responses from the secondary states, particularly the weaker ones like Bangladesh. A major reorientation of foreign policy priorities was observed since 1991, and in parallel, India initiated and pushed for negotiations to resolve both land and maritime boundary with Bangladesh. India, to harness goodwill and accommodation by the smaller South Asian neighbors, not only resolved its land border by giving concessions, but also accepted UN tribunal verdict that make India cede three-fourth of the strategically highly important contested maritime territory.

However, both China and India have been less amenable to peaceful settlement with neighbors with near power parity in the theater level marked by intense regional and status competition. This explains why long standing disputes between China and India as well as between India and Pakistan have not seen major progress in terms of peaceful settlement. The evidence also suggests that rising powers in their pursuit of peaceful settlement prefer political mechanisms of bilateral negotiation and mediation over binding legal arbitration, explaining dominant states like China and India's reluctance to resort to ICJ in many of the existing disputes.

While apparently the reassurance framework might seem lacking explanatory power in the context of China's stance in dealing with maritime disputes. There are two factors that raise the signaling costs for China in terms of offering any concessional settlement in the maritime sphere. First, although China is

overwhelmingly powerful, it has to encounter a number of disputants in the maritime sphere. China cannot follow a bilateral mechanism to settle the disputes, although it prefers to do so. Since a number of disputants are claiming maritime territories, the power asymmetry in favor of China is greatly diffused. Second and the most important factor is the issue of geopolitical competition in the region which allows extra-regional competitors, especially the US and its long-standing ally Japan (both of which are the main competitors of China in the Asia-Pacific) to leverage out of any concessional settlements by China to strengthen their grip in China's backyard. In the East China Sea, the enduring rivalry and status competition with Japan is an added factor, where the deep-rooted anti-Japanese popular sentiments would incur massive domestic political costs for the authoritarian regime in China.

The empirical findings from this study indicate a number of implications for the study of territorial disputes and state behaviors. It shows that power transition influences states' decision to pursue peaceful settlement of territorial disputes. More specifically, it proposes for distinguishing the period of transition from the period of stability in assessing a rising power's dispute settlement behavior. By linking reassurance with crisis bargaining and foreign policy decision-making, it claims that the costly signal conveying information on state intentions is a credible way for rising powers to pursue vital foreign policy goals. It also calls for rethinking of status markers by arguing for dispute settlement as a source of status in the context of declining obsession with territoriality in the post-Cold War world. Therefore, it engages IR literature on power transition, reassurance, status, crisis bargaining, as well as dispute settlement in a theoretically and empirically novel way to explain one major aspect of foreign policy decision-making.

With regard to existing explanations of territorial dispute settlement, the findings of this thesis challenge the domestic political explanation or the salience argument. Fravel's regime insecurity argument, that links states' motivation for territorial compromises in internal political turmoil weakening the domestic legitimacy of the incumbent political leadership, has been found inadequate. This is because it overlooks the complexity of China's bilateral relations with these countries and its strategic and geopolitical compulsions, as shown in the case study of China's territorial settlements. The findings also suggest that the salience argument has been overstated in the existing literature. The case study shows that China ceded territories with nationalist symbolic importance in Central Asia, and India in the Bay of Bengal. On

other hand, the tiny countries were highly intransigent even with territories little tangible or symbolic significance.

There are a number of policy implications can be identified based on the empirical evidence from the cases studied. Given the success of both China and India in accommodating regional secondary states through dispute settlements, this could be an important foreign policy tool to deal with power transition induced challenges for other rising powers. Another aspect would be the long-term and proactive outlook that dispute settlements implicate on can be a preferred policy for the regionally dominant states preoccupied with immediate security considerations. Finally, the fact that secondary states respond to benign signals, while the conventional wisdom claims that only threatening signals are taken seriously, can guide rising powers foreign policy outlook and strategies in the future.

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