

Just how did David Defeat Goliath?
The Application of Tactics of Warfare to Asymmetrical
Peacetime Negotiations

by

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Abstract

Under what conditions are small states able to gain in a negotiation more than would be expected based on international relations theory given their relative share of power, influence and capabilities? Power asymmetries at the bargaining table occur frequently in today's world, and while common sense would suggest that strong states should be able to 'flex their muscles' and get their way, small states emerge from asymmetric negotiations victorious quite often. To explain this phenomenon, scholars in the field have proposed three primary theories that, while effective in their ability to provide explanations for weak state success in some cases, fail to account for many others. This thesis argues that, in addition to the existing "soft-balancing", "acceptance" and "coalition building" asymmetric negotiation theories, it proves useful to turn to the theories advanced in the asymmetric wartime literature to provide explanations for currently unaccounted for cases. The applicability of these wartime theories, including relative resolve, resolve signaling and attacking multiple fronts, is tested through an analysis of three distinct asymmetric negotiations in which weaker parties experienced significant success: the 1985-1987 Canada and United States free trade agreement negotiation, the 1951-1953 Indonesia and United States aid negotiation, and the 1980-1987 Syria and Turkey Euphrates River negotiation. I argue that, in each of these cases, the way in which the weaker party was able to leave the bargaining table victorious is best explained through applications of asymmetric military strategies. The implications of these findings provide insight into how the arsenal of tactics for weaker parties in negotiations may be larger than originally thought, and how the application of military strategies in times of peace can yield extremely beneficial results, notwithstanding an unbalanced playing field.

Chapter 1: Introduction

Under what conditions are small states able to gain in a negotiation more than would be expected based on international relations theory given their relative share of power, influence and capabilities? In the high stakes world of international diplomacy, it is not unusual to see an imbalance of negotiating strength among nations, an asymmetry of power. While intuition would attribute a heavy advantage to nations holding the traditional indicia of power such as size, wealth and military strength, small states often emerge from the bargaining table with more than would be expected. Size and power do not always prevail and smaller and less powerful nations often achieve considerable advantage in international disputes. By way of example, the 1986-1991 Air Quality Dispute between Canada and the United States marked a situation in which one would expect the U.S. government to ‘flex its muscles’ and get its way. Instead, the Reagan administration, initially vehemently disagreeing with the Canadian government and its mandate that the United States reduce its emissions levels, succumbed to Canadian pressure, committed to reducing acid rain-causing air pollution, and signed the 1991 Air Quality Agreement. Canada, a country with 10% of the U.S. population and 4% of the U.S. economy, was able to extract concessions from its larger and more powerful neighbour and effectively “win” the negotiation process. How was this Canadian victory possible?

Three competing theories exist to explain the ways in which small states are able to have success against large states at the bargaining table. The first, advanced by William Zartman, argues that weak states can extract gains from bargaining simply by understanding their role as less powerful state and thereby avoiding an

unproductive and unbeneficial power struggle.¹ That is to say, by accepting one's position as weak, a smaller state can frame its bargaining position accordingly, either by simply asking for less or by strategically using this position to shift leverage and level the playing field.² The second theory, advanced by Robert Pape, argues that "soft balancing techniques" can be used to limit the abilities of stronger states in the negotiating process.³ Techniques such as involving larger states in entangling diplomacy to reduce bargaining leverage, appealing to international institutions such as the World Trade Organization or NATO for assistance in empowering the weaker party, and signaling resolve to threaten larger adversaries, Pape argues, can shift power into the hands of the weaker states by limiting both the ability and determination of the larger state to continue to negotiate.⁴ The third theory, advanced by a multitude of scholars including Amrita Narlikar and Sonia Rolland, argues that coalition building, when a number of small countries group together in search of common goals to better their bargaining position and increase leverage against a larger opponent, can be an empowering strategy for weak states in negotiations.⁵ These three theories of "acceptance", "soft-balancing" and "coalition building" account for a significant number of cases in which small states are able to extract significant concessions from stronger adversaries at the bargaining table. They do not, however, account for all, and there have been many cases in which small states have experienced negotiating success without accepting their position as the weaker party, without soft-balancing against the larger state or without joining balancing

¹ Zartman 1997

² Zartman 1997

³ Pape 2005

⁴ Pape 2005

⁵ Narlikar and Tussie 2004

coalitions. Little is known in the field as to what strategies smaller states in these unaccounted for cases have employed to get what they want at the bargaining table and there is much to learn about a significant portion of asymmetric negotiation cases and the dynamics behind them.

This thesis sets out to advance our understanding of negotiated solutions in which small states experience success, measured as the benefits received in proportion to the benefits originally expected. While the theories aimed at explaining the ways in which small states can have success at the bargaining table are not exhaustive, many scholars have addressed the strategies that enable small states to win in direct military conflict against much stronger states. Is it possible that similar strategies can be employed successfully when direct military conflict is not involved? In addition, this thesis intends to examine, in these instances of success, how do small states effectively convey their resolve to prevail in asymmetric negotiations? This thesis seeks to expand our understanding of asymmetric negotiations by drawing on the theories advanced by scholars in the existing literature on asymmetric conflict. Specifically, I argue that the successful strategies implemented by weaker states in times of asymmetric war can be applied to explain the ways in which small states experience success in many of the currently unaccounted for asymmetric negotiations in times of peace. In addition, I argue that the ways one can signal resolve in a military context, through tying hands and sinking costs, can be equally applicable in cases of asymmetric negotiations, strategies that play integral roles in contributing to weak state success at the bargaining table.

The relevance of asymmetric negotiations in the modern world relates primarily to the rapidly changing nature of international relations. After World War II, a number of trends emerged that have changed the way in which conflict takes shape. The major driving force behind these changes relates to the increased interdependence that has emerged between nations around the globe. Globalization has contributed to an unprecedented amount of international interconnectedness, both economically and politically, which in turn has influenced the dynamics of inter-state relations. Specifically, with states more invested in the wellbeing of other states because of their own political and economic investments, diplomacy and negotiation are at the forefront of inter-state interactions more than ever.⁶ From 1985 to 1998, for example, the United States Government's Foreign Affairs budget allocation for the "Diplomatic Operations", "Developmental/Financial Assistance" and "Building Democracy" sectors all increased significantly.⁷ With increasing interconnectedness amongst nations of all sizes in today's world, asymmetric negotiations are more common than ever before. As a result, there is merit in analyzing this increasingly prevalent dynamic in order to determine the ways in which weaker states can emerge victorious in one of the most common forms of interaction between states today. To do so, however, is not to cast aside many of the important lessons that power imbalances in times of military conflict provide. With the prevalence of asymmetric negotiations on the rise and the existing theories to explain them incomplete, can the strategies employed by weaker states on the battlefield in decades past be similarly implemented by weaker states at the bargaining table today? In the negotiation

⁶ Talbott 1997, 75.

⁷ Talbott 1997, 76.

process for the 1987 Canada-U.S. Free Trade Agreement, Canada's level of resolve and determination to form an agreement played an important role in the process, a strategy commonly used by countries on the battlefield as they attempt to outlast their opponent. In the negotiation process, Canada's resolve played an important role in securing a successful outcome. Similarly, in the negotiation process between Indonesia and the United States over the conditions of financial aid at the start of the Cold War, the weaker Indonesian side was able to shift power away from the Americans using their high level of resolve fuelled by anti-western nationalist sentiments and a desire not to be taken advantage of by an external power. Again, resolve in this case took shape as a major influence on the determination of the Indonesian side. Finally, in the negotiation process between Turkey, Iraq and Syria over access to water from the Euphrates River, Syria increased the number of political and economic fronts on which it "attacked" Turkey at the bargaining table until Turkey was forced to make concessions, similar to how a weaker party in a war may increase the scope and fronts of its military attack to spread its opponent thinly and reduce their willingness to fight. These three cases examined in chapters 4, 5 and 6 are all examples of the ways in which, in peaceful asymmetric conflicts that cannot be explained by the existing theories in the literature, an application of the leading asymmetric war theories in times of peace can account for the ways in which small states are able to have success at the bargaining table. This application will show both the strategies weaker parties can use to extract concessions and leave the negotiation process with more than expected as well as why these strategies were

successful, even when common sense and realist international relations theory may say otherwise.

The topic of asymmetric negotiations has important political and theoretical implications. From a political perspective, there exists a major imbalance when countries of differing sizes meet at the bargaining table, including but not limited to the stronger country having more resources, more to offer, more leverage and more international influence. Larger countries can have significant advantages over their smaller counterparts. If however, there prove to be particular strategies that are especially effective for less powerful states when interacting with a powerful state, then the playing field can be levelled to some extent. A small state in the future may look to the success Syria had in attacking Turkey's bargaining position on multiple fronts, assess their own situation and realize that they are in the position to do so as well, in turn levelling the playing field. In that regard, weaker states can make up for the asymmetry in power by knowing which strategies to implement to extract the most value from the negotiation process and emerge having more than would be expected. In cases in which strategy selection may not be a possibility for a small country, i.e. when a state's degree of resolve is uncontrollable, having a better understanding of the conditions necessary for success in asymmetric negotiations may help smaller states assess their likelihood of such a success occurring and make decisions on whether or not to sink significant political and economic costs or make public commitments required in the process. By being able to better understand their position at the outset of a negotiation and knowing the circumstances that must exist to aid in a victory, small states would, on average, experience more success against

larger states. As a result, it is possible that dominance of larger states in the political sphere may diminish with time as the weaker state's strategy brings about victory before the stronger state is able to adjust their own strategy, and the balancing of the scales may bring about major shifts in the way states interact on the international stage.

The validity of the argument above will be tested with three empirical cases of asymmetric bargaining. These three cases were specifically chosen with the goal of variation in mind. The types of negotiations selected are all extremely diverse, including environmental, trade and aid negotiations. Additionally, the small states attempting to extract concessions from larger adversaries all hail from three distinct regions of the world: North America, the Middle East, and Asia. Geographic diversity is important in an analysis of asymmetric negotiations and the strategies implemented by weaker parties to have success, as it helps to eliminate the likelihood of regional characteristics affecting outcomes differently around the globe. In addition, it was deemed important to ensure the selected cases did not all revolve around the United States as the powerful state, and while many would not see Turkey as a regional hegemon, its interaction with Syria provides a unique perspective on asymmetric negotiations in the modern world. Finally, variation across time in the post-WWII era was also considered in the selection of these cases in order to examine the dynamics asymmetric negotiations throughout the latter half of the 20th century.

The first case relates to the 1985 – 1987 bargaining process between Canada and the United States in an attempt to achieve a bilateral free trade agreement. The weaker Canadian side was met with apathy and resistance from the powerful, wealthy

and influential American side, who seemed uninterested in joining Canada at the bargaining table. Despite initial resistance from the United States, Canada was incredibly keen on reaching an agreement that would in all likelihood benefit the Canadian economy, and used this high level of resolve as a strategy to fight back against the United States' apathy and attempts to deter Canada from further pursuit of the agreement. Paralleling Andrew Mack's wartime theory of relative resolve explaining why small states win against large states, Canada's strategic commitment and determination to reach an agreement was integral to the end result and the 1987 Canada-U.S. Free Trade Agreement. In addition, by sinking significant costs (politically and economically) during the negotiation process, Canada was able to signal its resolve, influence the actions of the United States and have success at the bargaining table, paralleling Thomas Schelling and James Fearon's theories of resolve signaling.⁸ So the strategy implemented by Canada in this asymmetric negotiation can be explained using the prevailing war-based theories in asymmetric conflict literature and an understanding of why the Canadian side was successful can be accounted for.

The second case relates to the 1951-1953 negotiation process between Indonesia and the United States over financial aid and political commitments in the fight against Communism in China. The United States reached out to the Indonesian side in an effort to secure an important ally in the region offering a financial package and economic support in return. In the initial stages of the negotiation process, the United States seemed to be in control, insisting that all information be kept from the nationalistic public so as not to reduce American bargaining leverage. When it

⁸ Fearon 1997; Schelling 1966

became public information that the Indonesian government had gone behind the backs of its population and made a deal with an “external power” known to be selfish in the deals it makes with economically weak countries, the playing field experienced a major shift. A new anti-American Cabinet was elected, their pro-American lead negotiator was fired and Indonesia, fuelled by its nationalist population with strong anti-western sentiments became highly invested in securing a beneficial deal and avoiding being taken advantage of by the American side. Eventually, it was Indonesia’s newfound resolve that contributed to the advantageous agreement signed between the two countries on January 12, 1953, in which Indonesia received significant economic assistance in return for very few binding political commitments. Again, paralleling Andrew Mack’s theory, the Indonesia-United States aid negotiation process, Indonesia’s determination to avoid being taken advantage of by the United States and reach a beneficial agreement proved to be an integral strategy. In this process, Indonesia signalled its resolve through tying hands, James Fearon’s second mechanism of resolve conveying, which had a significant impact on the United States’ bargaining position and played an incredibly important role in shaping the end result in Indonesia’s favour. So, again, the strategy that this weak state used in an asymmetric negotiation can be explained using the prevailing war-based theories in the asymmetric conflict literature and the reasons as to why this strategy was successful can also be accounted for.

Finally, the third case relates to the 1980-1987 negotiation process between Turkey, Iraq and Syria over the distribution of water resources from the Euphrates River. Turkey, for many decades prior, has exerted its influence at will in the

Euphrates Basin and used its dominant position upstream as well as its advantage in wealth, influence and military strength to influence the policies and actions of downstream and weaker Syria and Iraq. In 1980, however, on the heels of Turkey's implementation of the Greater Anatolia Project (GAP), Syria began to fight back. To increase their leverage in the bargaining process, Syria increased the number of facets on which it challenged the Turkish side and was able to secure a generous agreement on minimum water allocation for the downstream countries. By reducing the level of finances being sent from international institutions to fund the GAP, supporting the PKK insurgency in its fight against the Turkish military, and by using its leverage in different water negotiations, Syria was able to level the playing field to some degree and extract significant concessions from the Turkish side. Paralleling Derek Clark and Kai Konrad's wartime theory of attacking multiple fronts to explain how small states can be successful against large states, the Euphrates River negotiation process shows how Syria was able to gain leverage at the bargaining table by increasing the number of fronts on which it "attacked" Turkey, and by doing so spreading Turkey thinly, reducing their willingness to fight and increasing the likelihood of concessions. Again, this case provides another example in which a successful peaceful asymmetric negotiation for the weaker state can be explained through war-based theories of asymmetric conflict.

This thesis proceeds as follows. Chapter 2 will review the relevant literatures on asymmetric bargaining and asymmetric conflicts and will compare and contrast the characteristics of these two types of state-interactions. Chapter 3 presents the Antigua and Barbuda trade negotiation process against the United States as a case in

which the existing asymmetrical bargaining literature can apply to instances of asymmetric negotiation. The thesis will then proceed, over the course of chapter 4, 5 and 6, to present three cases in which the existing bargaining literature does not apply. Instead, the explanations for the success of Canada against the United States in their free trade agreement negotiation process, Indonesia against the United States in their financial aid free trade agreement negotiation process and Syria against Turkey in their Euphrates River negotiation process, can be accounted for by applications of the existing wartime asymmetric conflict theories. Chapter 7 will conclude with implications of this thesis' findings, including a discussion of which strategies are at weaker state's disposal to have success against stronger adversaries and a discussion of other negotiation cases which may be able to be explained by similar mechanisms.

Chapter 2: Wars and Negotiations – Literature and Theory

This thesis analyzes the role of asymmetric negotiations in international relations in an attempt to examine instances in which small, weak countries are able to extract gains from negotiations with large, powerful countries. The majority of this chapter will focus on the asymmetric interaction literature in an attempt to present the most compelling theories from scholars on both the asymmetric war and asymmetric negotiation groups. Beforehand, however, it is necessary to begin with an understanding of the expectations of asymmetric negotiations as laid out in realist literature, so as to best understand the puzzling outcomes of weak state victory against more powerful adversaries at the bargaining table. There are a multitude of scholars in this camp who argue that, when strong states negotiate with weaker parties, the stronger side should see victory the vast majority of times, for reasons such as resource availability, international influence and credibility of threats. Each of these factors strengthens the bargaining position of the large state and, at the negotiation table, contributes to significant leverage in its dealings with the weaker state. As a result and according to the realist literature, it should be expected that, on the most part, larger states have success at the bargaining table more often than smaller states.

This prediction that strong states will get their way in negotiations is consistent with the arguments put forth by two leading realist scholars, Kenneth Waltz and Hans Morgenthau. In *Theory of International Politics*, Waltz argues that the driving mechanism for interactions between states in international relations is

anarchy, which he refers to as an “ordering principle.”⁹ In anarchy, state size and power play incredibly important roles and the unequal “distribution of capabilities” amongst states on the international stage is integral in determining the outcome of interactions between these states, whether in military conflict or peaceful negotiations.¹⁰ In both cases, Waltz predicts that states with more favourable capability distributions (i.e. resources, military size, international influence) will emerge from wars and negotiations victorious. Similarly, Morgenthau’s *Politics Among Nations – The Struggle for Peace and Power* presents the theory of political realism. One of the theory’s most important pillars is the “concept of interest defined in terms of power”, where “statesman think and act in terms of interest defined as power.”¹¹ Power, he argues, is the primary goal that countries pursue because of the strong relationship between power and success in international politics. In the same vein as Kenneth Waltz, Morgenthau implies a prediction that stronger states should experience success on the political stage against less powerful adversaries.¹²

The arguments put forth by the aforementioned realist international relations scholars all point to the assumption that, when states of asymmetric power interact at the bargaining table, the stronger state should have success against the weaker state the vast majority of times. As will become clear over the course of this thesis, however, this assumption does not always seem to hold up in reality. There are a great number of cases in which weaker states have had success against stronger adversaries in negotiations. How, then, can we account for these cases? To do so, it is

⁹ Waltz 1986, 81.

¹⁰ Waltz 1986, 129.

¹¹ Morgenthau 1973, 15.

¹² Morgenthau 1973

necessary to begin with an understanding of the existing literature as it relates to asymmetric negotiations. While some scholars in international relations have attempted to tackle the question of why weak states prevail against powerful states at the negotiation table, the theories that have been suggested fail to account for a significant number of cases. William Zartman, Robert Pape and Amrita Narlikar are the primary scholars who have developed theories that explain a significant number of cases, but in some circumstances their theories fail to explain important cases of asymmetric success, as will be shown in this thesis.

Zartman (1977) argues that power imbalances at the negotiating table produce “faster, better agreements,” the end results of which, surprisingly, do not take advantage of weaker states despite their lack of influence.¹⁶ Zartman theorizes, in what will be referred to heretofore as the “acceptance” theory, that the primary reason for this is that when there is a substantial power imbalance, each side is familiar and comfortable with their perceived role in the process and is able to “get appropriate benefits in the agreement.”¹⁷ When a weak state knows its role, it can make more reasonable demands that a stronger state is more likely to respond positively to, increasing the likelihood that an agreement beneficial at least in part to the weak state will be reached. In addition, weak state’s can use their acceptance of their position as the weaker party to their advantage, tailoring their strategy to best suit their circumstances and ensure success on aspects of the negotiation they have the most interest in. On the contrary, when strong states negotiate with similarly strong states, there is a tendency for a ‘butting of heads’ to occur as each state flexes its muscles in

¹⁶ Zartman 1977, 1.

¹⁷ Zartman and Rubin 2000, 5.

an attempt to become the dominant actor in the negotiation and thereby extract the most gains from the process. In cases of symmetry, countries “tend to spend most of their time maintaining their status and waste inordinate amounts of time before they ever come to an agreement.”¹⁸ As a result, Zartman concludes that power asymmetries in negotiations *help* weak states get their way by acknowledging and accepting their position at the bargaining table as well as framing their negotiation strategy based on this acceptance.¹⁹ By framing their demands according to their position, entering a negotiation defining success in relation to their limited size and influence and strategizing based on an understanding of their position, weak states are able to avoid stalemate power struggles and are more likely to leave the bargaining table satisfied. By way of example, in his book with Jeffrey Rubin, *Power and Negotiation*, Zartman and Rubin cite Guy Faure and Patrick Kalousen’s work on the Andorra-European Community trade agreement negotiations, which took place from 1979-1987, as an example of a small state accepting its weak position and using it to its advantage. Despite the chance that “Andorra could have been reduced to nothing by its two powerful neighbours,” Faure and Kalousen credit Andorra’s survival and success in the negotiation process to its clever management of the process given its size, location and influence.²⁰ Andorra demanded little and expected nothing, and was able to receive significant benefits in areas that it had its highest interests in such as securing low custom duties and reduced taxes in the agreement. Faure and Kalousen contend that the success Andorra achieved despite such a large power

¹⁸ Zartman and Rubin 2000, 13.

¹⁹ Zartman 1977

²⁰ Zartman and Rubin 2000, 119.

imbalance during the negotiation process “radically challenges the deterministic assumption that equates perceived structural power with the final outcome”.²¹

In his study of asymmetric international negotiations, Pape (2005) focuses on ways in which less powerful states can, in effort to avoid the implementation of force, use “soft balancing techniques” in response to the strong state’s actions.²² Defined by Pape as the utilization of tools to limit the abilities of a superior state without directly confronting that state’s power with one’s own forces, soft balancing techniques are one way in which weaker states can influence the outcomes of the negotiation process to their benefit. Pape explains that “entangling diplomacy” (the use of international institutions such as the WTO or UN to interrupt the plans of strong states), “economic strengthening” (the generation of regional trade blocs to promote growth and leverage of the weak state and hinder growth of the stronger opponent), and “signaling of resolve” (the indication of intent to participate in a balancing alliance) are examples of soft-balancing techniques, the use of which can shift power into the hands of the weaker state.²³ Pape argues that none of these techniques are direct challenges to military power and instead make it more difficult for the larger state to put its traditional power sources to use, imposing “immediate costs and constraints.”²⁴

A third theory that pertains to the empowering of weak states at the bargaining table is coalition building, when a number of small countries group together in search of common goals to better their bargaining position and increase leverage, typically against a larger opponent.²⁵ Participation in a coalition can have discernably positive

²¹ Zartman and Rubin 2000, 119-120.

²² Pape 2005

²³ Pape 2005,

²⁴ Pape 2005, 40.

²⁵ Oduwole 2012, i.

effects on the level of influence that weaker states have against stronger adversaries when grouping together allows these countries to identify and align interests, strengthen their demands through increased support and accumulate more resources to exhaust in pursuit of their interests. As a result, it is quite common in international relations to see states in similar weakened positions join together to counterbalance the size, power and influence of stronger nations around the world. Primarily, a significant portion of successful coalition building efforts have taken place in Africa, where many countries in the region commonly participate in the formation of alliances and strategic partnerships amongst each other and with those outside of Africa, to strengthen their bargaining positions against adversaries, both inside and outside of the region.²⁶

There is a great deal of literature that exists on the subject of coalition building as a means by which small states can be empowered to challenge stronger states on the international stage. Many scholars in the field find that coalition building has the ability to influence the bargaining positions of weaker states by increasing leverage, shifting power and facilitating favourable bargaining outcomes against stronger adversaries.²⁷ A significant portion of scholars have examined the way in which coalition building has aided weaker parties gain leverage in negotiations with stronger states at the World Trade Organization, both during negotiation rounds such as the current Doha Round and during trade dispute resolutions. Amrita Narlikar, in a number of works pertaining to coalition building and the WTO, has examined the impact of the grouping of weak states on trade

²⁶ Corkin 2013

²⁷ Narlikar 2003

negotiation processes and outcomes, finding a direct relationship between the presence of a coalition and member empowerment.²⁸ By way of example, Narlikar argues that trade-related negotiations at the 2003 G20 Cancun Ministerial served as one of the most prominent cases in which developing countries were able to use coalition building in their favour and extract favourable outcomes.²⁹ Other scholars in the field make similar arguments. Sonia Rolland, for example, contends that in the WTO, where developing countries account for over 75 percent of all members, “coalitions have been one tool that small and poor countries have used to increase their participation”.³⁰ Jumoke Oduwole argues that the limited bargaining power that weak states possess on the international stage has acted as a stumbling block to “obtaining desired negotiation outcomes”, and that as a result, it has become increasingly clear that there was a dire need to “cluster together, pool resources, and form alliances to leverage their collective strength in the negotiations.”³¹

In each of these cases, coalition building is seen to have a direct relationship with the potential success for weaker parties at the bargaining table and as a result is one of the three primary theories for weak state empowerment in the existing asymmetric negotiation literature. When two sides meet at the bargaining table with very different levels of size, resources and influence, it is easy to understand how the weaker party may benefit from the support of a coalition. It is also to see how the presence of the coalition can play an integral role in shifting the balance of power

²⁸ Narlikar 2004

²⁹ Narlikar 2004

³⁰ Rolland 2007, 483.

³¹ Oduwole 2012, i.

between the negotiating parties by aligning interests, improving resource availability, and increasing leverage.

Zartman and Rubin, Pape, and the coalition scholars mentioned above are correct; there are many instances in which weaker states can employ these tactics to get their way when negotiating with stronger states. It is not difficult to find examples in which states use the methods suggested by these scholars as exemplified by Andorra in its trade agreement negotiations, or by the United States in 2002, when it reached out to the UN Security Council for approval of its invasion of Iraq and many weaker states interfered. European states such as Sweden led the way, using “institutional rules and procedures in the UN to delay, if not head off completely, U.S. preventive war against Iraq.”³² Jacques Chirac threatened to veto the authorization unless two main conditions were met: “The Bush administration would have to accept a serious effort to resolve matters with Iraq through weapons inspections” and “it would need to wait for a resolution authorizing war until after the inspections were completed.”³³ Chirac would go on to benefit from this threat by gaining significant leverage against the United States and extracting important concessions.³⁴ These techniques model Pape’s argument and show ways in which weaker states can effectively balance against stronger states at the negotiation table.

Despite the legitimacy and applicability of these theories to many cases of negotiations in international relations, these three theories, represent the primary thinking in the field. But these “acceptance”, “soft-balancing”, and “coalition building” theories cannot explain all the dynamics and outcomes of negotiations

³² Pape 2005, 38.

³³ Pape 2005, 39.

³⁴ Pape 2005

between strong and weak states. There would appear to be a major gap in the theoretical explanations for many of the successful strategies implemented by weaker states when interacting with powerful states. By way of example, it is often true that a weak state will not accept its perceived role in a negotiation, and will enter such a process exuding strength and confidence and eventually emerge successful, contrary to Zartman's acceptance theory. In the 1987 Canada-U.S. Free Trade Agreement negotiation process, Canada certainly did not accept itself as the weaker country and through its resolve, determination and persistence, worked tirelessly to leverage its strengths and level the playing field against the stronger United States. Similarly, Indonesia's persistence against in the United States in its 1950s aid negotiations showed no signs of acceptance. The Indonesian government, fuelled by nationalist and anti-Western sentiments had no intention to bargain or strategize according to size, and instead challenged the Americans head on in what proved to be the most effective strategy.

The third and final case proves that it is not necessarily true that weak states will invariably have to implement soft-balancing techniques to get their way in negotiations with powerful states. Many smaller states can be successful in bargaining sessions without implementing entangling diplomacy or stimulating economic strengthening. Similarly, it is not necessarily true that weak states will facilitate the formation of coalitions to increase bargaining leverage and extract favourable outcomes from stronger adversaries. In the 1980-1987 Euphrates River negotiation process, Syria avoided using these soft-balancing techniques and did not form a balancing collation against Turkey and instead attempted to pressure the

Turkish side by increasing the number of fronts on which it challenged them to increase leverage and extract concessions. While an extensive literature on issue linkage as a strategy in inter-state negotiations in international relations exists (Haas 1980, McGinnis 1986, Dixon 1986, Keohane and Nye 2001), none of these scholars have attempted to tackle this subject as it relates to the empowering of weak states in asymmetric negotiations, and so explanations for how weak states can have success against stronger adversaries in these cases remain nonexistent. In addition, the issue linkage strategy may take on a much different form in asymmetric negotiations and function extremely differently as a result, taking a back seat in some cases to other mechanisms in the negotiation process where multiple issues are involved. Despite the existence of literature on the subject, there is a clear need to assess the ways in which issue linkage functions in these structurally distinct cases. As the Turkey-Syria case will prove, issue linkage can play a role in some aspects of the negotiation process and can be a highly effective strategy used by weak states to shift the balancing of power in an asymmetric negotiation, but is not the primary mechanism employed by the weaker Syrian side. Instead, Syria “attacked” Turkey on multiple fronts, a wartime strategy distinct from issue linkage that can be applied in asymmetric negotiations in which theoretical explanations are nonexistent.

Accordingly, it is clear that the theoretical approaches which have been identified to date to explain weak state success in asymmetric negotiations are far from exhaustive. While the existing theories are compelling, they are not all-encompassing, and further theoretical explanations are needed to account for

circumstances in which negotiations do not fall into the acceptance, soft-balancing or coalition building categories.

In order to address this gap, I turn to a related field: asymmetric military conflict. This field is densely populated with theories that explain the ways in which small states can prevail in times of war. In this field, there are a multitude of scholars who discuss various strategies states can employ in order to achieve their goals in military conflicts. Andrew Mack (1975) was one of the first scholars who attempted to provide an explanation for the surprising outcomes of many asymmetric military conflicts. Mack's argument revolves around the relative level of resolve states have when they engage in war with one and other, a form of resolve that directly influences the strategy selection and actions undertaken by a state. This theory differs from Pape's form of resolve discussed above, which acts as a signal of intent to balance against a stronger adversary in the hopes that such a threat will influence the actions of an adversary in their favour. For "insurgents", the weaker states in his theory, war becomes total, while for the "external power", the stronger states in his theory, war is limited and not all-consuming.³⁵ For stronger states, a challenge from a weaker state is viewed as an inconvenience, an unexpected turn of events that will require the government to exhaust unnecessary resources to subdue the insurgent. For the weaker states, however, their challenge is all or nothing and one of full mobilization, where defeat could destroy their statehood, or at least, their independence. According to Mack, when the war is perceived as total, as it is for weaker states engaging in asymmetric conflict, the "prosecution of the war does take automatic primacy above

³⁵ Mack 1975, 181.

all other goals”.³⁶ In these conflicts, therefore, the actor with the most amount of resolve is more likely to win. Weak states, when actively engaged in their conflict and deeply invested in victory, can persevere and outlast strong states where the conflict may, over time, become unpopular at home. Mack believes this theory is applicable to a majority of asymmetric military conflicts over history, and provides answers to the puzzle of how weak states win against strong states.³⁷

A competing theory in the same school of thought comes from Ivan Arreguin-Toft (2001), who argues that while Mack’s theory may be true of some conflicts, it is certainly not applicable to all.³⁸ Arreguin-Toft contends that the “best predictor of asymmetric conflict outcomes is strategic interaction,” where strong states can lose in asymmetric conflicts when they use the ‘wrong’ strategy against their weaker opponent.³⁹ Specifically, Arreguin-Toft explains that there are two categories of strategic approaches; direct, where one state targets an opponent’s military, and indirect, where one state attempts to destroy an opponent’s will to fight. When the two actors in an asymmetric military conflict choose the same approach, the strong state will win simply due to its power advantage. Opposite strategies, on the other hand, can create conditions in which weak states can emerge victorious because the strong actor’s power advantage can be, according to Arreguin-Toft, deflected or dodged. Weak actors can win in asymmetric conflicts when they implement the correct strategy against their opponent to create an ‘opposite interaction’ scenario.⁴⁰

³⁶ Mack 1975, 184.

³⁷ Mack 1975

³⁸ Arreguin-Toft 2001

³⁹ Arreguin-Toft 2001, 95.

⁴⁰ Arreguin-Toft 2001, 111.

In support of this theory, Arreguin-Toft cites the U.S. intervention in the Vietnam War to explain the ways in which strategy interaction can accurately explain asymmetric conflict outcomes. Arreguin-Toft argues that North Vietnam's use of guerrilla warfare represented an "indirect" response to the "direct" bombing and brute force strategy employed by the United States.⁴¹ The United States military "could never reconcile itself to the demands" of a guerrilla war and was not built to cope with the unpredictable nature of its opposition's strategy.⁴² Despite being the dominant actor in size, influence and power throughout the Vietnam War, the United States was thwarted by the innovative tactics of its weaker opponent. Both the United States' failure and the eventual outcome of the Vietnam War, Arreguin-Toft argues, were direct results of an "opposite interaction" of strategies, and provide significant support for his explanation of how weak states are able to prevail against strong states in military conflict.⁴³

Derek Clark and Kai Konrad (2007) advance another theory in this school of thought that relates to weak states finding an advantage over their stronger counterparts. In war, they argue, military actors are often required to divide their forces and defend on multiple fronts.⁴⁴ In order to succeed in the war, it is also often true that the actor must usually win on each front. In cases where the number of fronts is large, the defending actor becomes stretched extremely thin, must exhaust a significant amount of resources, and is likely to become unable to defend each front. As a result, the probability of the strong state continuing to fight will decrease as the

⁴¹ Arreguin-Toft 2001, 114.

⁴² Arreguin-Toft 2001, 119-120.

⁴³ Arreguin-Toft 2001

⁴⁴ Clark and Konrad 2007

number of fronts attacked by the weaker state increases. Therefore, weak states will find it beneficial to maximize the number of fronts on which they attack, to the point where the strong state surrenders. If success is ensured only in the event that the strong state is successful on all fronts, the collapse of one front will increase the likelihood of weak state victory.⁴⁵

These works on asymmetric military conflict represent the most prominent scholars and theories in the field. The theories put forth by the likes of Ivan Arreguin-Toft, Andrew Mack, Derek Clark and Kai Konrad demonstrate a variety of means by which weaker states have employed diverse military strategies to succeed against stronger states in times of war. This thesis explores the likelihood that these theories of asymmetric conflict provide an understanding of the numerous cases of small state success in negotiations which are left unexplained by existing theories of asymmetric negotiation. My intention in this thesis is to explain these cases, and incidentally, to provide a broader menu of negotiating strategies for nations holding less power. I intend to do so by analogizing to and applying the existing and well-developed asymmetric military conflict theories, which to this point have not been considered as viable options to explain peaceful asymmetric interactions. By adapting the theories of asymmetric military conflict and applying them to non-violent interactions between states of differing power, it will become clear that many of the asymmetric negotiation outcomes currently unaccounted for actually do have strong theoretical explanations. Can Andrew Mack's theory of relative resolve in war be applied to state's levels of relative resolve at the bargaining table? Do we see examples of Derek Clark and Kai Konrad's theory of multiple front attacking in non-

⁴⁵ Clark and Konrad 2007

military interactions between states of differing powers? This thesis will set out to further out understanding of negotiated solutions in which small states receive a greater proportion of the benefits than was originally expected by drawing on this existing literature on asymmetric military conflict.

In addition to examining the applicability of asymmetric military conflict theories to instances of asymmetric negotiations, it is important to develop an understanding of the ways in which the implementation of these strategies brings about success for weaker parties. While the aforementioned scholars have addressed the ways in which small states can achieve success at the bargaining table, such as Pape's theory on resolve signaling, we know very little about how states actually implement these strategies in times of peace. Military strategies, however, provide a much deeper insight into success as well as provide a deeper understanding of how resolve can be demonstrated effectively. Identical to the way in which this thesis will turn to the military literature to explore theoretical explanations for weak state strategies in asymmetric negotiations, this thesis will also turn to the military literature to show how weaker parties can effectively convey resolve to succeed.

Specifically, the works of Thomas Schelling and James Fearon will play a central role in this process. Schelling's "Arms and Influence" first advanced the theory of commitment and threat credibility, arguing that an effective communication of resolve to act is essential to deter or coerce an adversary.⁴⁶ Only when a state commits to an action but also makes it incredibly clear to its opponent that it intends to or is able to act will the outcome be affected. Building on Schelling's work, Fearon's "Signaling Foreign Policy Interests" addresses the specific ways in which

⁴⁶ Schelling 1966

states on the international stage can effectively communicate their level of resolve to an opponent. Fearon argues that states in these types of interactions are faced with two strategic options: they can attempt to “tie hands,” “taking an action that increases the costs of backing down if the would-be challenger actually challenges but otherwise entails no costs if no challenge materializes,” or “sink costs,” “actions that are costly for the state to take in the first place but do not affect the relative value of fighting versus acquiescing in a challenge.”⁴⁷ In both cases of tying hands and sinking costs, states can implement these strategies to effectively signal resolve, enabling one party to actively exhibit how much they value something they claim to be interested in. These strategies, previously considered to be only applicable in the military conflict context, can certainly be applicable in the negotiation context as well, where states may try to sink costs such as political capital or opportunity cost, as exemplified by Canada in its negotiations with the United States, or tie hands by creating “audience costs”⁴⁸, as exemplified by Indonesia in its negotiations with the United States. Applying this theory to instances of peaceful interactions can provide a better understanding of the ways in which states can convey their resolve and have success. This thesis intends to demonstrate the ways in which weak states can, in negotiations, tie hands and sink costs to succeed.

Before proceeding any further, it is important to discuss a key assumption behind the argument that war-based strategies can be implemented in negotiations and yield similar results. The assumption is that military conflict and peaceful negotiations, despite having many distinct characteristics, are similar enough in many

⁴⁷ Fearon 1997, 70.

⁴⁸ Fearon 1997, 68

respects to merit an exploration as to whether or not the strategies implemented in one circumstance can potentially be effective in the other. One of the first similarities is that states that are engaged in all out war and those engaged in a continual series of negotiations both employ calculated strategies aimed at maximizing personal gains. In both cases, the respective parties begin with an understanding of their current position and their desired outcomes and strategize accordingly. In most cases, the strategy selected by each side plays an instrumental role in determining the outcome, whether on the battlefield or at the bargaining table.

Second, both wars and negotiations necessitate investments, both economically and politically. While on a much smaller scale, international negotiations on issues such as natural resources or trade consume a certain amount of budget and personnel. In addition, politicians are often forced to sink political capital into negotiations by taking sides, making difficult decisions, and investing significant amount of time and focus, when there may be more pressing issues that need addressing.

Third, and arguably the most important similarity between wars and negotiations, actors involved in both circumstances have certain levels of resolve that correspond with the resources they are willing to exhaust in order to succeed. It will soon become clear that resolve plays an integral role in this thesis, as it is one of the most adaptable asymmetric war theories to peaceful negotiations and is an empowering strategy used by weaker states both on the battlefield and at the bargaining table to extract concessions from stronger adversaries and secure beneficial agreements. It is important to note that resolve can take a number of

different forms, many of which will be addressed over the course of this thesis. One of the most common forms of resolve hails from the aforementioned work of Robert Pape, who argues that “resolve signaling”, the indication of intent to vigorously pursue particular goals to challenge “the unipolar leader”, is one of many soft-balancing techniques used by small states to weaken the bargaining position of a stronger adversary.⁵¹ By way of example, Pape predicts that “France, Germany, Russia, China, Japan, and other important regional states” may benefit from signaling intention to join a balancing coalition against the United States. Their indication of intent to do so, which Pape characterizes as resolve, is sufficient to extract concessions from the American side, which would have an interest in maintaining the current status quo.⁵² While Pape’s form of resolve revolves around the concept of signaling, where the goal is not to “impede the superior state’s current actions, but to demonstrate resolve in a manner that signals a commitment to resist the superpower’s future ambitions,”⁵³ the aforementioned Fearon provides us with a much more concrete understanding of the ways in which resolve can be signaled that will be applied throughout this thesis. As exemplified in Canada and Indonesia’s negotiations with the United States, resolve influenced each party’s determination to continue to pursue a beneficial agreement in the face of a strong opposition, directly shaping their actions in the process. Canada and Indonesia did not use their resolve as a mere threat or “indication”, as Pape describes resolve, to weaken the American bargaining position and coerce certain actions from them; instead it was used as a driving factor to shape the actions and strategies of these weaker parties. Canada

⁵¹ Pape 2005, 37.

⁵² Pape 2005, 9.

⁵³ Pape 2005, 37.

conveyed its resolve by sinking costs, politically and economically, which influenced its persistence through the economic impacts of a trade war with their immensely wealthy adversary and their attempts to reduce the size and scope of the potential free trade agreement. Indonesia tied hands, committing themselves to the Indonesian public that they would support their anti-Western sentiments in the negotiation process by refusing to sign an imbalanced agreement and ensuring that they would not be exploited in any fashion by the United States during the process. In both of these cases, the implementation of Fearon's mechanisms for conveying resolve played integral roles in ensuring the successes experienced by Canada and Indonesia at the bargaining table, shaping these weaker party's strategies and actions.

One of the more convoluted variables that are relevant to the relationship between wars and negotiations is victory. In war, it is relatively clear what constitutes a victory; one side will usually admit defeat after a significant depletion of troops, resources, finances, etc. that renders them incapable of continuing to fight. In war, the outcome is typically absolute, with one side being the "victor" and the other the "loser". In negotiations, it can be less clear what constitutes a victory. I argue that victory presents itself in a form similar enough to war to merit an exploration of the applicability of wartime asymmetric theories to cases of asymmetric negotiations. A victory in a negotiation is determined based on whether or not a party left the negotiation table with more than expected by realist expectations of strong-weak state interactions. Like war, victory for a weak state in a negotiation, then, is not a complete domination of the negotiation table in which each and every aspect of the discussions goes in its favour. Victory is, instead, achieving some outcome that is

some minimal distance from an initially preferred point. Victory is realized when a state is able to pull an adversary state closer to its preferred outcome and extract concessions on particularly important issues. A weaker state can “win” against a stronger state, therefore, by moving an adversary closer to their desired outcome and thereby leaving the negotiation table with more than expected.

Carl von Clausewitz is known for developing one of the most prominent theories on war, and it is interesting to note the incredibly strong parallels that exist between the form of state interaction he describes and the way in which states interact at the bargaining table. War, Clausewitz argues, is incredibly unpredictable, necessitates strategy selection based on a cost/benefit analysis, stresses the focus on strategic “centers of gravity”⁵⁴ and involves complex relationships between attack and defense. Similarly, political negotiations between nations are equally volatile in nature. Negotiations also necessitate proper strategy selections based on similar analyses of costs and benefits. In addition, negotiations generate strategic centers of gravity when states identify their levels of resolve and determine what factors are primarily responsible for this particular level. Finally, attack and defense relationships are commonplace in negotiation processes, as states constantly make decisions to either pursue or protect their interests based on their calculated importance of the relevant issues. War, as Clausewitz famously argued, is simply politics by other means.

These important factors above have provided a glance into what forms the basis of one of the key assumptions of the thesis, that despite their obvious

⁵⁴ Defined by the *DoD Dictionary of Military and Associated Terms* as the source of power that provides moral or physical strength, freedom of action, or will to act.

differences, wars and negotiations exhibit a number of similar characteristics. Based on these three extremely important parallels between wars and negotiations, it is clear that the two interactions between states are similar enough to merit an exploration as to whether or not the same asymmetric strategies can be used effectively in both circumstances. While war and negotiations should not be thought of as one and the same, it is important to understand that a number of dynamics play out extremely similarly in both cases. This justification will serve as the basis for the argument that war-based theories of asymmetric conflict can be effectively applied in order to explain the dynamics of asymmetric negotiations over the course of this thesis.

Chapter 3: When is the Existing Literature Applicable?

Before presenting a number of cases aimed at proving that the existing literature on asymmetric negotiations fails to account for many significant instances of modern day asymmetric negotiations, it is important to first present a case in which the existing theories *do* apply, in order to best understand the way in which they do not fully explain the cases that will follow. The World Trade Organization dispute that arose between Antigua and Barbuda and The United States in relation to internet gambling exemplifies a strong combination of both theories presented by the aforementioned asymmetric negotiation scholars, and is a clear example of the ways in which smaller states emerge victorious from the bargaining table. Antigua and Barbuda, a country that pales in comparison to the United States in terms of size, economic strength and international influence, was able to use Pape's soft-balancing technique of entangling diplomacy through WTO proceedings as well as Zartman's theory by accepting their position as the weaker party and bargaining accordingly to extract significant concessions from the United States and achieve a great deal of success at the bargaining table. The remainder of this chapter will outline the WTO dispute process between the two nations through the lens of the acceptance and soft-balancing asymmetric negotiation theories.

3.1 Antigua and Barbuda and the United States Trade Dispute

Internet gambling is one of the most profitable Internet-based businesses, accruing just under \$12 billion dollars globally in revenue each year.⁵⁵ The vast

⁵⁵ Kilby 2008, 236.

majority of providers of these services are based outside the United States, but have a customer base consisting largely of American citizens. The legality of the provision and consumption of Internet gambling services is convoluted under U.S. law. Federal legislation, passed by the U.S. five to six decades ago (and prior to the emergence of the Internet), and including the Wire Act (1961), the Travel Act (1952) and the Illegal Gambling Business Act (1970), was implemented to prevent cross-border gambling activities, but the power and scope of these laws today, in light of the Internet, is heavily debated. U.S. citizen Jay Cohen faced charges under the Wire Act for the founding and operating of World Sports Exchange, an Internet gambling company based in Antigua. According to the United States Department of Justice, “if any casino website, either operating domestically or offshore, receives a wager or bet by an individual within the U.S., that website has violated the Wire Act”.⁵⁶ Cohen was found guilty and given a hefty sentence for illegally providing Internet gambling services to citizens of the United States. World Sports Exchange was a legally licensed business in Antigua. The case caused a large-scale economic downturn in Antigua’s Internet gambling industry and spurred one of the most unprecedented disputes in the history of the World Trade Organization (WTO).

The existing U.S. federal legislation, the actions taken by the U.S. government against Jay Cohen, and the consequential impact on the Antiguan economy were largely responsible for Antigua’s appeal to the WTO on March 27, 2003. Over the next four years, the World Trade Organization entertained Antigua’s appeal for justice and arbitrated arguments put forward by both sides during the dispute resolution process. In December of 2007, the WTO authorized an Antiguan

⁵⁶ Kilby 2008, 240.

retaliation against the United States, allowing the small nation to suspend its obligations to Trade-Related Aspects of Intellectual Property Rights (TRIPS) and procure \$17 million dollars per year in intellectual property goods from U.S. firms.

3.2 The Initiation of the Dispute

In 2003, due to American enforcement of the decades-old anti-gambling legislation and its effects on the market for gambling services, the Antiguan gambling services industry was in a severe economic downturn. In an effort to bring about an upswing in the economic strength of the country, Antigua reached out to the WTO for assistance, instead of fighting the United States head on and alone. Antigua filed a dispute with the WTO on the premise that the United States had committed to opening trade in gambling services under the GATS. Antigua argued that the United States had violated its commitments under the General Agreement on Trade in Services (GATS) by effectively preventing international trade in gambling services to all other countries. By denying through its legislation the provision of gambling services by foreign companies to persons located in the U.S., the United States violated its specific obligations made under the GATS, which requires each member to accord market access to all other members in the sectors specified in its schedule.⁵⁷ The United States believed that it had not made a commitment to free trade in gambling services, arguing that its commitments in its GATS schedule to “recreational services, except sporting” did not include gambling services.⁵⁸ The pre-existing legislation, however, ran contrary to these commitments, illegally prohibiting

⁵⁷ Kilby 2008, 243.

⁵⁸ Kilby 2008, 244.

Antiguan providers access to the United States market. The U.S. enforcement of its legislation was effectively acting as a ban to the agreed upon free and fair flow of services. If a country is a member of GATS and agrees to open trade for a particular sector in its schedule of commitments, it cannot enforce such barriers as they violate both the specific and general obligations of the member country. The basis for the Antiguan case was strong, and it became even stronger with the employment of the WTO and its binding dispute resolution process.

3.3 The Dispute Resolution Process

The first round of dispute resolution between Antigua and the United States began after a negotiation period failed to result in a settlement between the two nations. Antigua turned to the WTO Dispute Settlement Body and requested the formation of a panel to resolve the dispute. During the panel review, a number of issues emerged. Primarily, disagreement arose over the specific commitments made by the United States under GATS. Specifically, the United States had made commitments to free trade in “entertainment services, cultural services and all other recreational services, except sporting”.⁵⁹ The United States contended that “sporting services” should implicitly include gambling and betting services, thereby excluding the United States from committing to free trade in such services and justifying the establishment of the non-tariff barrier legislation. Antigua argued the opposite, claiming that gambling services were not included in the “sporting” category. After a lengthy review period, the Panel recommended that the “WTO request the U.S. to bring its legislation into compliance with its obligations under GATS”, which would

⁵⁹ Kilby 2008, 244.

provide Antiguan gambling service providers with access to U.S. markets without fear of prosecution.⁶⁰

The Panel's ruling, however, did not bring about any immediate changes. The U.S., vehemently disagreeing with the Panel's ruling, appealed on January 7, 2005. Subsequently, the dispute was referred to the WTO Appellate Body, which conducted an additional review of the case. The Appellate Body reviewed the Panel's ruling relating to the U.S.' commitments and agreed that the U.S. implicitly included gambling and betting services in its schedule when it committed to the free trade of "recreational services". The U.S, it determined, had "committed to giving foreign companies the right to provide Internet gambling services to U.S. customers" and had subsequently done the opposite.⁶¹ As a result, the Appellate Body ruled that enforcement of existing U.S. legislation to Antiguan gambling service providers violated GATS.

In the months following the Appellate Body's confirmation of the Panel's initial ruling, the United States was tasked with bringing the Wire Act, the Travel Act and the Illegal Gambling Business Act into conformity with its obligations under the GATS. It appeared, however, that the United States had no intention of making any changes whatsoever to the existing legislation. Despite no change in legislation or its application, the U.S. contended that it had indeed come into compliance with the Appellate Body ruling, on the basis that the Department of Justice was conducting an internal review of the legislation. Antigua, who had already prevailed in the dispute resolution process twice, turned again to WTO processes to seek finality. Antigua

⁶⁰ Kilby 2008, 244.

⁶¹ Kilby 2008, 245.

requested the formation of a second WTO Panel to address the extent to which the United States had in fact complied with the Appellate Body's ruling. The Panel's findings were, not surprisingly, in favour of Antigua, holding that the United States failed to follow one of its obligations as a member of GATS and failed to implement the earlier ruling. Specifically, the Panel held that the U.S.'s treatment of foreign gambling service providers compared to that of its domestic gambling service providers was unequal. Under the national treatment clause, an important principle of the WTO and GATS is that both foreign and domestic products must receive identical treatment. The Panel concluded that the United States legislation violated this principle by placing a higher value on the gambling services provided in the United States than those provided in Antigua. The Panel found the United States guilty of failure to comply on March 20, 2007.

Following three separate rulings in favour of Antigua in the dispute, the WTO authorized trade retaliation against the United States on December 21, 2007. It was determined that Antigua was authorized to suspend its obligations to TRIPS (intellectual property payments) up to \$17 million dollars annually. Issues arose in this process, however, relating specifically to the type of retaliation that Antigua should be granted. While United States argued that Antigua should not be authorized to retaliate across sectors of the country's economies, Antigua argued to the WTO that the disparity in size and trade volumes between the two countries was so great that tariff barriers on only GATS-related services would have a minimal impact on the United States and only serve to harm the Antiguan economy which relies heavily

on trade in essential goods with the United States.⁶² On the basis of the impracticality and ineffectiveness of trade sanctions, the WTO ruled that Antigua could suspend its TRIPS obligations. For up to \$17 million dollars annually, cross-sector retaliation was authorized and Antigua was able to download movies, mp3s, e-books, and other similar products from the United States without violating intellectual property rights.

3.4 Antigua and the Existing Asymmetric Negotiation Theories

There are clear parallels between the Antiguan gambling case and the acceptance and soft-balancing theories. Accordingly, the existing literature on asymmetric negotiation can account for cases in modern day international relations. There are a multitude of examples of Antigua employing entangling diplomacy, “appealing to international institutions” such as the WTO to empower them in the negotiation process. By initiating the trade dispute with the WTO, using the Dispute Settlement Body, the Panel Review process and the Appellate Body process, Antigua was able limit the abilities of the United States without direct one-on-one confrontation. As Pape argues, the strategy of entangling diplomacy can make it more difficult for the larger state to put its power to use by imposing “immediate costs and constraints”. As made clear by the numerous rulings by the Dispute Settlement Body, the Review Panel and the Appellate Body in favour of Antigua through the dispute resolution process, small states can extract significant concessions from larger counterparts when they “soft-balance”.

⁶² United States Census Bureau

The primary example of Antigua employing the acceptance strategy came during the retaliation process, when Antigua was authorized to suspend its obligations to TRIPS up to \$17 million and was authorized to procure movies, mp3s, e-books and other similar products without violating intellectual property rights. In dispute resolution processes between countries of similar sizes, cross-agreement and cross-sector retaliations are extremely rare. It is uncommon for a GATS-related dispute to result in a TRIPS-related retaliation, as was the case with Antigua and the United States. The ruling by the WTO to allow for this cross-agreement retaliation was actually premised upon Antigua's position as the weaker party - its relative weakness worked to its advantage. As explained above, Antigua argued to the WTO that based on the massive inconsistencies between the two countries in terms of size and trade volumes, an authorized retaliation relating to the GATS would do little harm to the United States and would likely harm Antiguan. With such a heavy reliance on the United States for trade in goods and services, any sort of tariff on imports from United States would almost undoubtedly adversely impact the Antiguan economy, while having no discernable negative impact on the United States. Antigua strategically used its position as the smaller and less powerful country to strengthen its argument and bargaining position en route to securing a favourable WTO ruling. With its TRIPS obligations suspended, Antigua could retaliate effectively against the United States with little concern for any direct repercussions on the Antiguan economy.

This chapter set out to present the ways in which the existing theories of asymmetric negotiations can apply to interactions between states on the international

stage. The Antiguan gambling case validates the existing asymmetric negotiation theory through applications of the acceptance and soft-balancing approaches. But while Antigua's success against the United States has a valid foundation in existing asymmetric negotiation literature, Syria's success against Turkey, Canada's success against the United States and Indonesia's success against the United States do not. The following chapters will set out to find an explanation for these cases by adapting existing theories from the aforementioned asymmetric military conflict literature.

Chapter 4: The 1987 Canada-U.S. Free Trade Agreement

4.1 Introduction

Canada and the United States have had a long history of political, economic and social cooperation and integration, despite immense differences in their population, wealth, influence and power. The Canadian population currently stands at around 35 million, which pales in comparison to the 320 million people who live in neighbouring United States. The state of California alone has more residents than Canada. The United States economy is worth over 8 times that of the Canadian economy and government spending this past year in the United States totalled over \$6.5 trillion while Canadian government spending reached only \$250 billion. Despite such differences, the two countries are deeply economically intertwined through trade in goods and services, their political views are relatively similar creating a natural alliance on the world stage, and their similar level of development generates comparable identities.

However, like many neighbouring countries, conflicts have arisen over a number of issues over time, many of which have been economics-driven. One of the most famous economic negotiations between the two nations arose in in the 1980s, where Canada and the U.S. began to work toward developing a free trade agreement. The agreement that was struck in 1987 acted as the precursor to the North America Free Trade Agreement, one of the most prominent trade liberalization efforts in the world today. Reaching a deal, however, was no easy task, and for many years the respective governments of Canada and the United States did not see eye to eye. Both sides entered the negotiation process with very different interests and visions for the

scale and scope of the potential free trade agreement. For the Canadian side, there was significant interest in securing an agreement in a number of key areas. Primarily, Canada set out to ensure that a strong dispute settlement process was agreed upon, including the implementation of binding safeguard arbitration and binational panel review.⁶³ Binding safeguard arbitration would mean that “a decision made by an international arbitral panel can hold both Canada and the United States to its decision, notwithstanding the views of national agencies”, seen by many as a “substantial reduction of the United States’ sovereignty.”⁶⁴ Binational panel review, a five-member committee of trade experts from both countries, would examine all antidumping and countervailing actions to ensure legality and equality. Again, the existence of this dispute settlement mechanism can significantly empower a weaker party in trade disputes with a stronger adversary.⁶⁵ In the years following the signing of the FTA, Canada “has challenged actions by US agencies in over 40 cases, of which about half have resulted in a partial or complete reversal of the agency’s action”.⁶⁶ In addition to securing a strong dispute settlement process, Canada was interested in excluding intellectual property rights from the agreement for fear that free trade in such products with the United States would only lead to exploitation. Finally, on a broader scale, Canada wanted to increase its access to the United States market in as many sectors as possible, which would undoubtedly bolster the country’s GDP.

⁶³ Zartman and Rubin 2000, 36; Steger n.d.

⁶⁴ Zartman and Rubin 2000, 36.

⁶⁵ Steger n.d.

⁶⁶ Zartman and Rubin 2000, 37.

For the American side, interest in reaching an agreement differed significantly from their weaker counterpart. The United States government initially expressed little interest in investing the requisite time and energy into the negotiations, but not because “the United States was against an agreement; it was that the US government recognized that an over-enthusiastic response might stimulate a national response on the Canadian side, and therefore, poison the negotiations before they got started”.⁶⁷ Despite this cautious approach to the beginning of the negotiation process, the American side recognized two opportunities that would emerge from the signing of a potential FTA. First, signing a free trade agreement with Canada would allow the United States to clear up some “minor trade irritants” with Canadian policies in decades prior of “screening and regulating foreign investment”, “the treatment of foreign-owned firms under the National Energy Policy” and its closed-door policy on intellectual property rights.⁶⁸ Second, signing a FTA would allow for a “certain degree of experimentation regarding the liberalization of areas such as investment and services”.⁶⁹ In addition to these two interests from the American side, the United States government showed a strong intention not to agree to the proposed dispute settlement process mentioned above.⁷⁰

This chapter will summarize the negotiation process between these two countries and discuss the ways in which the outcome of this asymmetric relationship (in which the weaker and less powerful Canada had a great deal of success in securing its interests relative to the much larger and powerful United States) cannot

⁶⁷ Zartman and Rubin 2000, 41.

⁶⁸ Zartman and Rubin 2000, 42.

⁶⁹ Zartman and Rubin 2000, 42.

⁷⁰ Zartman and Rubin 2000, 42.

be explained by the existing asymmetric negotiation theories and instead can be explained by the prevailing theories of asymmetric military conflict. More specifically, Andrew Mack's wartime theory of relative resolve can be appropriately applied to this peaceful negotiation case and can provide an explanation for a negotiation dynamic that the existing acceptance, soft-balancing and coalition building asymmetric negotiation theories would fail to rationalize. Moreover, James Fearon's wartime theory of resolve signaling can be applied in this case and can provide a deeper understanding of the ways in which Canada was able to "sink costs" and "tie hands" on route to a successful negotiation outcome against a larger and more powerful adversary. By making significant political capital investments and committing to the general public their intention to reach an agreement, the Canadian government effectively conveyed its resolve to the American side, increasing Canadian leverage, shifting the American bargaining position and contributing to a significant victory for the weaker party.

4.2 Canadian Economic Policy – A Brief History

Before delving in to the specifics of the negotiation process and drawing connections between asymmetric wartime theories and the eventual outcomes of the 1987 FTA, it is important to understand the prevailing conditions which existed in Canada, the weaker state, that influenced its actions during negotiations with the United States. Trade liberalization, specifically with the United States, has persisted as an extremely controversial issue throughout Canada's history. Despite the worldwide trend in favour of the removal of barriers to trade in goods and services

today, widespread support for economic openness has not always been the case in the country. Concerns about trade liberalization date back as far as 1876, when Canada, recently emerging from British control, and its first Prime Minister, Conservative Party leader John A. Macdonald, implemented the National Policy.⁷¹ The National Policy was comprised of a significant number of protectionist measures including high tariffs against imports in manufactured goods, in order to protect domestic sectors. Macdonald's closed-economy policies formed the basis for Canada-U.S. economic relations and shaped the opinions of many Canadians for decades to come. During this period, a significant portion of the population viewed the opening of its economy to the larger and much more powerful United States as a form of political annexation. There was fear that U.S. influence in Canada's politics and economics would skyrocket in the event that it was granted more liberal access to some of the most integral facets of the Canadian economy.⁷²

Macdonald's protectionist measures played an immensely important role in shaping Canadian politics. The National Policy and its beneficial effects on domestic manufacturing sectors kept the Conservative Party in power through the majority of prime ministerial terms moving into the 20th century. However, a number of trends began to emerge in the 20th century, both domestically and internationally, that caused a major shift in Canadian sentiment towards economic liberalization. First, ally economies became increasingly integrated during both World War I and World War II, and so the economies of both Canada and the United States cooperated immensely during these periods. Second, through the first half of the 20th century, the

⁷¹ Fowke 1956, 480.

⁷² Hart 2011, 22.

United States experienced a shift in sentiment towards economic liberalization and began to lower its tariffs on goods in most sectors of its economy. Finally, and arguably most importantly, Canada's economy had grown stronger as a result of these protectionist policies and Canada was ready to liberalize and compete with other nations on the international stage. With these three key trends, Canada experienced a major shift in public opinion on economic policy, causing an increase in support for the Liberal Party of Canada, which opposed the National Policy and advocated for trade liberalization.

In the first half of the 20th century, the Liberals began to dominate the political scene primarily under the leadership of William Lyon Mackenzie King, who served as Prime Minister for three terms: 1921-1926, 1926-1930, and 1935-1948. King actively supported liberalized economic policies, played an integral role in eliminating the National Policy from Canadian economics and laid the groundwork for future trade agreements between Canada and the United States. Moving through the 20th century, the Canadian government began to actively pursue liberalizing economic policies and immediately realized their benefits. The earliest and one of the most important free trade agreements that was struck in this period was the Canada-United States Automotive Products Agreement (commonly referred to as the Auto Pact). In this agreement, tariffs on automotive products such as parts, tires and cars were removed completely between the two nations, with the intention of stimulating economic growth in the sectors of both countries.⁷³

The Canadian economy was able to benefit significantly from this agreement. Before the Auto Pact, a mere seven percent of automobiles produced by Canadian

⁷³ Montreal Gazette 1976

manufacturers were exported to the United States.⁷⁴ By 1968, this number had jumped to 60%. In addition, 40% of automobiles purchased in Canada were exported from the United States.⁷⁵ The Auto Pact spurred the automotive industry to become Canada's most important industry. The "Big Three" American car companies (General Motors, Ford, and Chrysler) began to invest heavily in Canada, and an automotive trade surplus developed with the United States.⁷⁶ In addition, the Auto Pact created thousands of jobs for Canadians and played a significant role in stimulating wage increases in the automotive sector.⁷⁷ In fact, some reports suggest that Canada *solely* benefitted from the Auto Pact. A 1976 article from the Montreal Gazette cites findings from the U.S. International Trade Commission, which say that "nearly all benefits from the accord have gone to the Canadian economy" and that "Canada enjoys a substantial surplus in completed motor vehicles trade with the U.S. under the agreement."⁷⁸

On the other side of the agreement, the American economy and its automotive sector did not flourish to the same degree that the Canadian economy did. Despite accruing some benefits from the Auto Pact, the United States certainly incurred more costs.⁷⁹ When money from General Motors, Ford and Chrysler began to flow out of the United States and into Canada, causing a trade surplus for the latter, the United States economy suffered significantly.⁸⁰ In the 1980s, a weak Canadian dollar contributed to the arrival in North America of Japanese carmakers such as Suzuki and

⁷⁴ Crane 2006

⁷⁵ Crane 2006

⁷⁶ External Affairs 1986.

⁷⁷ Montreal Gazette 1976; External Affairs 1986

⁷⁸ Montreal Gazette 1976

⁷⁹ Montreal Gazette 1976

⁸⁰ Hart 2011, 202.

Honda, who exploited aspects of the agreement to produce cars in Canada and export them to the U.S. tax-free. The United States automotive sector was hit hard; production plants were forced to shut down and thousands of Americans were put out of work.

The Auto Pact and its significant benefits to the Canadian economy gave Canadians a peek into what trade liberalization had the potential to offer. It goes without saying that, due to the immense benefits to the Canadian economy, they liked what they saw. Successful trade negotiations, it was discovered, have high potential to have major positive effects on an economy, especially when such a negotiation includes a wealthy country with large established corporations (such as the “Big Three” in the United States) who are willing to invest across borders. This realization, that trade liberalization and the pursuit of free trade agreements are likely to positively affect Canada, took nearly a century to come about. An understanding of both how the economic landscape shifted so radically over this period and the end results of the Auto Pact (for both Canada and the United States) is essential to comprehend the nature of the asymmetric free trade agreement negotiation process that would eventually emerge between the United States and Canada in the 1980s.

4.3 The Canada-U.S. Free Trade Agreement Negotiation

The 1987 Free Trade Agreement negotiation process pitted two allies against each other on the heels of the Canada-United States Automotive Products Agreement, each with significantly differing opinions on the benefits of trade liberalization and free trade agreements. Canada entered the negotiation process in the wake of an

incredibly positive experience for its economy, while the United States entered with less optimism.⁸¹ In addition to asymmetrical opinions on trade liberalization, there appeared to be significantly different perceived levels of benefits available for both sides should an agreement be reached. According to Michael Hart, author of *Decision at Midnight – Inside the Canada-US Free Trade Negotiations*, “favourable access to the world’s most affluent market was an attractive prospect” and would “have a major and enduring impact on Canada and Canadian Society.”⁸² For the United States, Hart explains that the possible benefits that would be derived from an agreement would be less significant, limited to the increased ability to influence Canadian politics and access to markets in which the U.S. was not as powerful such as natural resources. It was clear that major challenges existed for Canada as it attempted to coax the United States to join them at the bargaining table and address the major philosophical differences that existed between the two countries. Hart argues that, “while Canadians viewed it as the most important trade agreement in the twentieth century, Americans considered the FTA as a mere opportunity to resolve existing trade and tariff irritants and a step towards renewed multilateral trade relations.”⁸³ The clear distinction in level of resolve to reach an agreement between the two countries persisted throughout the vast majority of the negotiation process and played a major role in shaping Canadian strategy at the bargaining table in its efforts to extract the most gains from the larger and more powerful United States.

⁸¹ Hart 2011, 169; Andrew and Fox 1971

⁸² Hart 2011, ix.

⁸³ Merrett 1996, 306.

4.4 The Negotiation Process

At the outset of the free trade agreement negotiation, the relationship between Canada and the United States was akin to a job applicant nervously awaiting his first interview with his dream employer. Just like a job applicant wants to impress their potential employer, Canada wanted to impress the United States and hoped to prove that the U.S. would benefit from hiring them. Just like an applicant would, Canada rehearsed its pitch countless times, showed up early to the interview full of enthusiasm and hope, and put its best foot forward. The United States on the other hand, somewhat begrudgingly, took time from its busy schedule to evaluate a potentially beneficial addition to its already huge economic portfolio. In reality, the primary focus of the first negotiation session between the two countries played out like an interview – with the Canadian side and the countries lead negotiators presenting their “resume” – a slideshow explaining Canada’s economic history and structure and its plans for the Free Trade Agreement.⁸⁴ This first negotiation session between the two countries marked one of Canada’s first attempts to “sink costs” as a means by which to convey their resolve to the American side, investing significant political capital from the outset. Canada would go on, over the course of the negotiation process, to invest a great deal of political capital to press their agenda, which would prove to have a significant effect on the leverage and bargaining position of the United States. Canada’s high level of resolve combined with the ability to effectively convey it to their adversary was instrumental in influencing Canada’s actions in pursuit of a beneficial agreement.

⁸⁴ Hart 2011, 74.

Canada's drive to reach a trade agreement with the United States, undoubtedly fuelled by the success it had with the Auto Pact, was also rooted in economic theory. Small economies dependent on larger economies for trade, it is commonly argued, require "free, stable, and secure access to at least one large market" to benefit from specialization and long production runs.⁸⁵ Canada would benefit, thereby, by acquiring access to the economy of a wealthy ally. In addition, a number of significant findings from economists at the time proved that there was potential for significant economic benefits for smaller economies in the event of a free trade agreement with a larger partner. Specifically, one study conducted by Richard Harris and David Cox concluded that Canadian real GDP would increase if barriers to trade such as tariffs were removed, allowing American and Canadian industry alike to produce at more efficient levels.⁸⁶ In addition, a number of "export-oriented lobby groups"⁸⁷ from a number of prominent industries in the Canadian economy were extremely vocal during the negotiation process and had large stakes in the Canadian position.⁸⁸ In almost all cases, these lobbyists strongly supported trade liberalization and increased access to the American market, and as a result had significant interests in major tariff reductions in their sector.⁸⁹ For the Canadian government, it is fair to assume that pleasing the leaders of these groups, who represented the forefront of the Canadian economy, was essential; action against their interests would be political suicide. In this aspect of the negotiation process, it is clear that the Canadian side had sunk further costs, where there was a great deal of pressure from important facets of

⁸⁵ Hart 2011, 5.

⁸⁶ Harris and Cox 1984

⁸⁷ Stoyanov 2016, 17

⁸⁸ Stoyanov 2016, 17.

⁸⁹ Stoyvanov 2016, 1

the Canadian economy to reach an agreement aimed at lowering barriers to trade such as tariffs and quotas. For the Canadian government, it was clear that there would have been significant domestic retribution in the event that an agreement could not be reached. The necessity of the agreement to the Canadian side, fuelled in this aspect of the negotiation process by the sinking of costs, acted as a strong signal of resolve to the American side. It was clear that the incentives to reach an agreement were present, and that signing a deal would be necessary.

On the other hand, convincing the United States that there were mutual benefits to be had proved to be a difficult task for the Canadian government. The United States was extremely wary of pursuing another liberalizing trade agreement after the Auto Pact had caused such significant harm to the American economy while doing much good for the Canadian economy. While the United States did have specific interests in reaching an agreement, including the resolution of trade irritants and experimentation with trade liberalization in areas such as investment and services, it was clear that the scale and scope of their ideal agreement paled in comparison to that of the Canadian side.⁹⁰ From the outset, “the free trade negotiation remained a Canadian initiative and as such were not a goal that the United States had specified for itself.”⁹¹

As a result, the United States and Canada expressed very different emotions at the negotiation’s outset: cautiousness and enthusiasm. At the first negotiation session, which convened in May of 1986, the lead negotiator for Canada, former deputy Minister of Finance Simon Reisman, “talked about a big agreement...

⁹⁰ Hart 2011, 160.

⁹¹ Zartman and Rubin 2000, 48; Andrew and Fox 1971

ambitious in scope and imaginative in design”, while the lead negotiator for the United States, former deputy trade representative in Switzerland Peter Murphy, was more “circumspect, raising concerns about technical issues” and expressing limited interest in reaching an agreement.⁹² During the first negotiation session, Reisman fervently attempted to make his case that both countries would benefit from Canada’s proposal. As Reisman argued to Murphy during the negotiation process:

“Freer trade would allow us [Canada] to overcome our deficiencies by having access to a bigger market and being able to use more up-to-date technology and having longer production runs and getting greater volume. That's the bottom line. The major benefit you [United States] expect to get from a free-trade arrangement will be to increase your productivity.”⁹³

The first session did not go according to Reisman’s plan, as Murphy did not express similar aspirations for the scope and grandeur of the Canadian proposal. Instead of the broad plan Reisman expected to work towards with Murphy, all he received was “a litany of irritants and grievances” and it was clear that “Murphy had no broad framework or conception of his own to offer.”⁹⁴ It was also clear that American concerns were present as to whether or not the agreement would bring about fewer benefits to the United States and that this reluctance was fuelled by memories of the Auto Pact and its negative impact on the American economy.⁹⁵

The effects of the first failed negotiation session were significant, and seemingly in an attempt to bully Canada into standing down on issues it deemed essential as part of the agreement the United States government responded with a change in its trade policy. In what has been referred to as a “strange war”, the United

⁹² Hart 2011, 155.

⁹³ Hart 2011, 155.

⁹⁴ Hart 2011, 160.

⁹⁵ Hart 2011, 161.

States unleashed a series of anti-trade liberalisation policies. On May 21, 1986, U.S. President Ronald Reagan implemented a 35% tariff on Canadian shakes and shingles to which Canadian Prime Minister Brian Mulroney responded with taxes on U.S. books, tea bags and Christmas trees in June to protect their domestic industries (which ended up causing more pain in Canada than it did across the border).⁹⁶ In addition, the United States lumber lobby submitted a countervailing duty petition that sought one billion dollars in “penalties on annual sales of softwood lumber from Canada,” a petition that would end up costing Canada millions of dollars to fight.⁹⁷ Finally, also on May 21, the United States House of Representatives passed “the ominous trade bill...that would penalize Canadian resource exports by making any differential pricing practices subject to countervailing duties”, a protectionist policy with major implications for the exporting of goods from one of Canada’s most valuable sectors.⁹⁸ These strong-arm manoeuvres, aimed at extracting concessions from the Canadian side on issues of importance to the Americans, were poised to have a significant impact on the Canadian economy.

A plausible interpretation of these actions is that the United States, in an effort to extract concessions on the trade agreement and limit its scope, was flexing its muscles and using its power in the negotiation process in an attempt to influence Canadian action. Many Canadians at the time, feeling the detrimental effects of the trade war, argued that Canada should recognize that its attempt to pursue free trade would only lead to further economic pressure from the powerful United States in the form of tariffs and countervailing duties (which had already taken a serious toll on the

⁹⁶ Hart 2011, 161.

⁹⁷ Hart 2011, 161.

⁹⁸ Hart 2011, 162.

strength of the Canadian economy) and that it should abandon its efforts to pursue a broad free trade agreement.⁹⁹ The pressure from the United States' protectionist measures adversely impacted the Canadian economy as government spending rose and its economy was hit incredibly hard. The debate in Canada over how to respond to the United States lasted around three weeks. Eventually, and arguably surprisingly, Canada's resilience and determination to reach a free trade agreement and benefit from it shone through. After inviting Vice President George Bush to a meeting at 24 Sussex, Brian Mulroney announced publicly that the war was over. Canada had survived the United States' first attempt to bully its way into avoiding the type of free trade agreement demanded by Canada by economically overpowering its counterpart. In this instance, it was Canada's persistence and level of resolve to continue to negotiate in the face of severe economic pressure and to reach an agreement, whatever the cost, that would shape the negotiation process over the next year. Mulroney and the Canadian government, in the wake of the trade war, committed to the public that an agreement beneficial for the Canadian economy would be reached, in an effort to strategically convey resolve to the American side.¹⁰⁰ By "tying their hands", increasing the political costs of backing down, Canada was able to credibly signal its intention to reach an agreement with the American side, giving Mulroney, Reisman and the Canadian negotiation team a great deal of leverage in the negotiation process.

Convincing the American side to engage in serious and productive negotiations, however, would still prove to be a major challenge moving through

⁹⁹ Hart 2011, 162.

¹⁰⁰ Hart 2011, 294.

1987. The two sides would meet in negotiation sessions for many months following the end of the trade war, many times leaving and expressing very similar negative sentiments about the likelihood of an agreement being signed. The views and intentions of the U.S. side simply did not match those expressed by the enthusiastic Canadians, and Reisman's bubbling optimism was overshadowed by concerns about the "readiness of the U.S. side to engage in serious negotiations."¹⁰¹ It was clear that the United States had "indulged in little strategic planning" as their "agenda appeared to be no more than a compilation of the ongoing bilateral irritants list supplemented by any matter raised the previous week or two by any member of Congress."¹⁰² The lack of vision for a viable framework continued to prove worrisome for Reisman and the Canadian side. The following excerpt from a 1986 Canadian news article accurately captures these circumstances:

"Washington has been exasperatingly slow to get its act together, including stating the U.S. position. Ambassador Murphy has given every impression of mostly relying on a lengthy shopping list of allegedly unfair Canadian trade practices that Congress wants ended. Lacking a broader vision of the community of interest that stands to benefit from lower Canada-U.S. trade barriers and clearer rules for settling trade disputes - what Reisman calls 'making a bigger pie' - Murphy's approach has been disquietingly adversarial and narrow."¹⁰³

It was clear that the United States was not keen on accommodating Canada and its proposal for large-scale free trade. Canada had the will to pursue an agreement as well as a plan for how to do it, while the same could not be said for its counterpart. As Michael Hart explains, "Canada had provided a feast; the United

¹⁰¹ Hart 2011, 169.

¹⁰² Hart 2011, 172.

¹⁰³ Hart 2011, 188.

States had brought only thin and watery gruel.”¹⁰⁴ At this point in the negotiation process, about 4 months so far, it became increasingly apparent that Canada would have to shoulder the majority of the load if it wanted to get a deal done. Reisman pushed forward and was able to persuade the U.S. side that the addressing of Canadian objectives “could no longer be delayed.”¹⁰⁵ Fuelled by Reisman’s enthusiasm and determination in the fall of 1986, Canada went on the offensive. As Michael Hart quaintly describes it, “the Canadian side had gradually unclothed itself like an anxious maiden and was worried that it would soon be completely bared before it knew whether American intentions were honourable. The Canadian side was no longer willing to play that game.”¹⁰⁶ By this point, the Canadian side had invested an incredible amount of political capital into this negotiation process, both in the form of opportunity cost in pursuing other goals on the international stage and risking tainting their relationship with the world’s most powerful nation.¹⁰⁷ Canada had, through the sunk cost mechanism, conveyed their resolve to the United States and Reisman’s determination to reach a deal became clearest at this point. Reisman began to aggressively pressure the United States on topics deemed important to the Canadian side such as dispute settlement mechanisms, customs matters and agriculture and even “agreed to work on issues of importance to the U.S. side like intellectual property and services”¹⁰⁸ as the two sides moved through 1987.¹⁰⁹ Productivity began to increase significantly as the two nations began to meet more frequently over the course of the year and engage in more serious and productive

¹⁰⁴ Hart 2011, 211.

¹⁰⁵ Hart 2011, 172.

¹⁰⁶ Hart 2011, 200.

¹⁰⁷ Hart 2011; Andrew and Fox 1971

¹⁰⁸ Hart 2011, 199-200.

¹⁰⁹ Hart 2011, 133.

discussions on key issues. By the end of the spring of 1987 the two sides were able to agree on a draft text. It appeared as if the two sides would be able to reach an agreement prior to the October 4 deadline imposed by the U.S. Congress on Murphy and his team.

Without warning, however, just 11 days before the deadline, everything came to a halt. The political landscape had shifted in the United States and protectionist tendencies had risen once more. The U.S. had put its foot down; Murphy and the U.S. side decided that the a trade agreement Canada desired did not match the agreement the United States was willing to agree to. As a result, the American side began to oppose the Canadian side on issues fundamental to their position including the dispute settlement mechanisms and intellectual property rights.¹¹⁰ The United States declared that the bilateral trade negotiations would be officially suspended on the basis that the two sides had reached an impasse. Whether this was brinkmanship or actuality, this was a large blow to the Canadian side and their hopes of achieving their goal of a broad-ranging mutually beneficial trade agreement. Widespread concern emerged that a protectionist-fuelled trade war with a wealthy and powerful adversary would start again, a situation which had been devastating to the Canadian economy once before.

But the Canadian government would not be swayed. Prime Minister Brian Mulroney announced that “Canada has tried vigorously, effectively and well to conclude this arrangement and the burden is now on the U.S. to deliver on its end of the bargain.”¹¹¹ Mulroney believed that the sides were not too far apart and that an

¹¹⁰ Zartman and Rubin 2000, 36.

¹¹¹ Hart 2011, 294.

agreement beneficial to both parties could in fact be reached. With this level of resolve, Mulroney (aided by Reisman) was able to coax the United States back to the negotiation table through two primary mechanisms. First, Mulroney explained to his counterpart that the United States should be concerned with failure to reach a deal with its closest ally and largest trading partner, a circumstance that would undoubtedly have a significant adverse effect on the goals of the United States in its ongoing GATT negotiations. As these GATT negotiations during the Uruguay Round were of the utmost importance to the United States, it was realized that it was also in their interest to respond to Canada's request to continue the negotiation process and be seen by the international community to have the ability to make a deal.¹¹² Second, the Canadian side identified a key issue for the American side and, already so deeply invested in reaching an agreement, was willing to rearrange the deal to better suit American interests on this aspect. Specifically, there was strong United States interest in "enshrining US trade law in the agreement, but making its application to Canada subject to bilateral dispute settlement."¹¹³ Canada's eagerness to make a deal combined with the significant costs already sunk into the negotiation process lead to a concession on this front. It was deemed less important to challenge the American side than have the inclusion of U.S. trade law be responsible for the collapse of the whole agreement altogether. As a result, the American side was coaxed back to the bargaining table. This combination of Canadian resolve and an appeal to international norms and expectations was the final push that seemingly brought about the type of agreement that Canada was looking for. Canada's

¹¹² Hart 2011, 319.

¹¹³ Hart 2011, 327.

incredible resolve and their ability to effectively convey it to the American side drove them to this tipping point and it was clear that Reisman and his Canadian team would not have reached this point without the persistent determination that had been exemplified time and time again in the previous months.

With the deadline only three days away, Canadian and American negotiators worked around the clock, settled disputed aspects and reached an agreement, just minutes before midnight on October 3, 1987. In the agreement, the United States, “driven by the desire not to fail” and the commitment by the Canadian side to reach an agreement fuelled by their costs sunk into the negotiation process, ended up making a number of significant compromises, many of which fell in Canada’s favour.¹¹⁴ The American side agreed to drop intellectual property rights from the agreement, a matter on which the United States had remained incredibly adamant over the preceding year. A government procurement package, one of Canada’s deemed essential aspects that caused significant controversy, was agreed to be included. Canadian sovereignty was also protected through the inclusion of a strong dispute settlement mechanism of binding safeguard arbitrations and binational panel reviews which levelled the playing field between Canada and the United States for potential future trade disputes. With regard to the outcome of the deal and the areas that caused most of the issues between the two sides during the negotiation process, it is generally agreed upon that Canada emerged victorious.¹¹⁵ While both sides appeared to leave the bargaining table satisfied with the result after months of deliberation and negotiation, the much weaker Canadian side was thrilled with its accomplishments.

¹¹⁴ Hart 2011, 341.

¹¹⁵ Hart 2011, 341.

Canada was able to move the United States away from its initial bargaining position, wanting a relatively minor deal in scale and scope, demanding the inclusion of intellectual property rights and expressing a strong desire to exclude a dispute settlement mechanism from the agreement. The nervous applicant got the job with his dream employer.

4.5 Strategy and Success

While the negotiations between Canada and the United States were clearly extensive and convoluted, one key aspect of the process is clear. While common sense suggests that the weaker party in a negotiation is likely to succumb to the power, influence and resources of the larger party, Canada, the smaller power, was able to extract significant compromises from the United States on a number of important issues and leave the bargaining table with a sense of accomplishment. In addition, Canada was able to persist through the economic pressure imposed by the United States during the negotiation process, and the consequential disquiet at home. The reason for this, I argue, relates directly to the relative levels of resolve of both parties and the way in which signaling resolve lead to success. The FTA negotiation process is strewn with examples of the United States choosing to flex its muscles or use its position as the powerful (and more apathetic) party to extract gains from Canada, and Canada responding with determination and resolve. It is also clear how Canada was able to effectively convey its resolve to the United States through “sinking costs” and “tying hands”, mechanisms that proved to be extremely influential in determining the outcome of the negotiation process. While the potential

benefits for Canada were huge, the negative aspects of an agreement for the U.S. were, by comparison, small and the benefit of international perceptions for the U.S. was significant. The acceptance asymmetric negotiation theory, which argues that countries who accept their position as the weaker party and negotiate accordingly can “get appropriate benefits in the agreement”, the soft-balancing theory, which argues that weaker countries can use “soft-balancing” techniques such as entangling diplomacy and the participation in balancing coalitions to shift power, and the coalition building theory, which argues that weaker states will group together to increase bargaining leverage, do not apply in this case. Canada did not simply accept its position as the weaker party and enter the negotiation process with accordingly low expectations, nor did it attempt to shift power from the hands of the United States by implementing soft-balancing mechanisms or form a coalition with fellow weak states. Instead, Canada, as evidenced by its incredibly high level of resolve to reach an agreement, viewed itself as a worthy adversary of the powerful U.S. and negotiated accordingly, as if the two parties were equals, and not succumbing to any deterrent pressure that was imposed. As noted by Gilbert Winham and Elizabeth DeBoer-Ashworth, “at the bargaining table...a threshold was crossed in which a perceived asymmetric economic-power relationship did not automatically translate into an asymmetric negotiating-power relationship.”¹¹⁶

It is clear, then, that the Canada-U.S. Free Trade Agreement negotiation process is an example of a case that cannot be explained by the existing theories for asymmetric negotiations. In order to explain how Canada what strategy Canada used at the negotiation table to emerge successful from this asymmetric negotiation, it is

¹¹⁶ Zartman and Rubin 2000, 48.

helpful to turn to the war-based theory of asymmetric conflict scholar, Andrew Mack. To briefly summarize his theory once more, Mack argues that a state's level of resolve compared to its counterpart plays a crucial role when the two parties engage in military conflict. For "insurgents", the weaker states in his theory, war becomes total, while for the "external power", the stronger states in his theory, war is limited and not all-consuming. For stronger states, a challenge from a weaker state is viewed as an inconvenience, an unexpected turn of events that will require the government to exhaust unnecessary resources to subdue the insurgent. For the weaker states, however, their challenge is all or nothing and one of full mobilization, where defeat could destroy their statehood, or at least, their independence. According to Mack, when the war is perceived as total, as it is for weaker states engaging in asymmetric conflict, the "prosecution of the war does take automatic primacy above all other goals". In these conflicts, therefore, weak states, when actively engaged in their conflict and deeply invested in victory, can persevere and outlast strong states.

Mack's theory of resolve and asymmetric conflict clearly parallels the Canadian experience during the Free Trade Agreement negotiation process. More specifically, there are clear parallels between Canada and the United States and Mack's Insurgent and External Power parties, respectively. Canada, over the course of the negotiation process, exhibited all the qualities of an "insurgent". For the Canadian side, the conflict became, as Mack would describe it, total and all consuming. The Canadian government invested the vast majority of its time, resources and energy into the negotiation process in the hopes that an agreement beneficial to Canadian society and its economy would be reached. While the United

States government consistently requested breaks from the negotiation process to deal with domestic circumstances such as political campaigns and midterm elections, the Canadian side was fully mobilized and committed to working as much and as often as possible to ensure that a free trade agreement was signed by October 4. While the United States government hesitated on its ability to commit to a large-scale free trade agreement and implemented incredibly damaging protectionist measures during the trade war, the Canadian side persisted and remained determined. It was clear that, from 1985 to 1987, the negotiation process took automatic primacy above all other goals and involved serious opportunity costs on the international stage, and that Canada's active engagement in the process and investment in victory were essential in its ability to outlast the stronger United States and gain significantly from the signing of the agreement. It was Canada's relatively high level of resolve compared to that of its counterpart that led to the signing of the agreement on October 3, 1987.

On the American side, there is also a clear parallel between the United States and Mack's "external power". Over the course of the negotiation process, it is made apparent time and time again that the U.S. viewed the type of agreement proposed by Canada, broad and all encompassing, primarily as an inconvenience that would require the government to exhaust more resources than necessary to achieve what it desired to achieve from the negotiation process. The United States was, throughout the vast majority of the negotiation process, apathetic as to whether or not an agreement would be reached. In general, the majority of the actions they employed were intended to reduce the inconvenience imposed by the determined, and likely irritating, Canadians. Murphy's approach, and his lack of creativity and motivation to

conclude an agreement, exemplifies the United States' general apathy towards Canada's proposed bilateral trade relationship. Similarly, the protectionist measures imposed by President Reagan in combination with the United State Lumber Lobby countervailing duty submission and the ominous Trade Bill, each of which took a significant toll on the Canadian economy, were attempts by the U.S. to lower Canada's resolve and dissuade them from pursuing aspects of the trade agreement that the United States did not wish to agree to such as the exclusion of intellectual property rights and the inclusion of a dispute settlement mechanism. Finally, the rise in protectionism sentiments just 11 days before the deadline and the subsequent suspension in negotiations, which nearly derailed the entire process, were likely attempts by the United States to lower the determination of the Canadian side.¹¹⁷ Fundamentally, like Mack's "external powers", the United States did not view the trade agreement as paramount to state livelihood and prosperity. Instead, it viewed the negotiation process as a humouring of an important ally and trade partner. The negotiation process, despite its complexity and length, was certainly not "total" and all-consuming for Canada's neighbour to the south.

I argue that the conflict that arose between Canada and the United States during the 1987 Free Trade Agreement negotiation process is not one that can be explained by the prevailing theories of asymmetric negotiations. Andrew Mack's theory of relative resolve in the context of military conflict is applicable in this case, exhibiting a number of important parallels and explaining the ability of Canada to effectively withstand the pressure, power and influence imposed by its stronger counterpart. It is clear that the Canadian negotiation strategy was fuelled by its high

¹¹⁷ Hart 2011, 293.

level of resolve relative to that of the American side and that Canada's determination to bring about a beneficial free trade agreement proved essential in the process. Mack's theory, therefore, does not just apply to wartime asymmetric conflicts. The theory can be applied in times of peace as well, and provide a reasonable explanation as to how a less powerful party can be successful in a negotiation process against a much better funded adversary. It is also clear that, as a result, a currently unaccounted for case in the asymmetric negotiation literature can be explained, as this thesis has set out to prove. What this thesis has also set out to prove, is that the strategies adapted by weaker parties in asymmetric negotiations implemented at the bargaining table are successful because of the ways in which they are able to convey resolve, through either tying hands (for example, by making public commitments) or the sinking of substantial costs (financial or otherwise) into the process. The trade agreement negotiation process between Canada and the United States is an example of success of a small state spawning from an effective conveying of a message of resolve, primarily through these sinking costs and tying hands mechanisms. Canada sunk costs in the negotiation process by investing significant political capital into the negotiations and their outcome. Setting aside other goals on the international stage, risking letting down lobbyists from the most important sectors of the Canadian economy and jeopardizing public support in future elections, the Canadian government had large stake in reaching an agreement. Canada tied hands in the negotiation process by committing to the public that an agreement with the United States would be reached and that the agreement would benefit the Canadian economy. Each of these mechanisms played an important role in signaling to the United States

Canadian intention to pursue an agreement and leave the bargaining table with a successful outcome. Based on these actions, it is easy to see not only the end result (i.e. a demonstration of resolve), but also the strategy implemented by the Canadian side in the course of the negotiation process to send the message. Moreover, it would appear as if Mack's asymmetric conflict theory for weak state strategy and relative resolve and Fearon's military theory for resolve-signaling and conflict success can be appropriately applied in this instance of a peaceful asymmetric negotiation.

Chapter 5: The Indonesia-United States Aid Negotiations

5.1 Introduction

With the rise of Communism in China in 1949, the international stage experienced a major shift as Western and Asian nations alike became engaged, whether voluntarily or involuntarily, in a global balancing act. The United States had grown particularly wary of Communist influence in Asia and began significant efforts to limit its spread by making allies in the region. Naturally, countries in close proximity to China became increasingly important to the United States, but they were also the most susceptible to a Communist takeover.¹¹⁸ The economic health of these countries, however, was not particularly strong, and many nations in the region were requesting significant financial aid packages.¹¹⁹ Indonesia, struggling economically, was one of these countries that the United States feared could quickly turn to Communism. The United States believed that securing Indonesia as an ally would prove instrumental in the fight against Communism, and offered that, in exchange for significant aid both financially and militarily, Indonesia would commit to the support of U.S. interests and contribute “to the defense of the free world.”¹²⁰ This proposal sparked a three-year long negotiation process in which the two sides struggled to work out an agreement.

Entering this negotiation process, the two sides exhibited extremely different initial bargaining positions, and over the course of this chapter, it will become clear how Indonesia was able to move the American position closer to its own desired outcome. Initially, however, the two sides appeared to be on nearly opposite sides of

¹¹⁸ Zartman and Rubin 2000, 53; Jones 1973, 38.

¹¹⁹ Meernik, Krueger and Poe 1998

¹²⁰ Zartman and Rubin 2000, 54; Feith 1967.

the bargaining spectrum. The United States insisted that a “balanced military-economic agreement” was necessary, meaning that without general Indonesian commitments to defend the free world from Communism, Indonesia would not obtain any financial assistance.¹²¹ In addition to these conditions, the United States insisted that specific conditions be established in relation to the trading of “strategic materials with the Communist Bloc.”¹²² Effectively, an embargo was established in which certain privileges to countries intending to trade with China, Eastern Europe and the Soviet Union such as “aid, loans, [and] preferential access to certain products” became contingent on cutting all trading ties.¹²³ It was made clear that compliance with the embargo would be a “specific way for Indonesia to prove its contribution to the defense of the ‘free world’.”¹²⁴

For the Indonesian side, their initial bargaining position differed significantly. Indonesia needed financial support for its weak “constabulary, police and army” and economic assistance from the United States became “highly desired by the developmentalist circles of Indonesia’s leadership.”¹²⁵ A second major interest that Indonesia had entering the negotiation process relates to the embargo contingency proposed by the United States. The Indonesian economy relied heavily on trade with China and other members of the Communist Bloc, especially in strategic materials such as tin and rubber.¹²⁶ Compliance with the American embargo would be devastating for the Indonesian economy, which produced 40% of the world’s rubber

¹²¹ Zartman and Rubin 2000, 54; Feith 1967.

¹²² Zartman and Rubin 2000, 55.

¹²³ Zartman and Rubin 2000, 55.

¹²⁴ Zartman and Rubin 2000, 54.

¹²⁵ Zartman and Rubin 2000, 54.

¹²⁶ Zartman and Rubin 2000, 61.

and traded thousands of tons of tin with China.¹²⁷ As a result, Indonesia did not wish to be forced to alter its economic policies in exchange for military and economic assistance. Finally, Indonesia prided itself as a neutral party in the struggle between the western world and the Communist Bloc, and was vehemently opposed to being forced to take a side in exchange for financial assistance.¹²⁸ Entering the negotiation process, it was extremely important for the Indonesian side to limit the military commitments it would have to make in exchange for American assistance.¹²⁹

Theoretically, it would be reasonable to think that the United States should have had the upper hand in the negotiation of such an agreement, fuelled by its significant advantage in resources, military strength and international influence. One would think that the United States would be able to effectively use this influence in the negotiation process and ‘short change’ the Indonesian side, either by limiting the amount of aid contributed or by placing extremely stringent military conditions on Indonesia’s receipt of the aid, strategies which the Americans attempted through the 1950s. However, despite the massive asymmetry between the two nations, Indonesia was able to secure an “extremely advantageous” aid package “compared with deals signed with other Southeast Asian countries” at the time, receiving significant monetary and other resource support in exchange for very few and relatively insignificant binding military commitments.¹³⁰ This chapter will detail the negotiation process between the United States and Indonesia and explain the

¹²⁷ Zartman and Rubin 2000, 61.

¹²⁸ Zartman and Rubin 2000, 59; Kahin 1952; Hatta 1976.

¹²⁹ Zartman and Rubin 2000, 54; Kahin 1952

¹³⁰ Zartman and Rubin 2000, 55.

strategies and mechanisms used by the weaker Indonesian side to emerge successfully from the bargaining table.

The 1950s negotiation process between Indonesia and the United States is another example of an asymmetric interaction in which a weak state was able to have success using strategies not currently accounted for in the existing literature. Again, according to the acceptance, soft-balancing and coalition building theories presented, weak states can be successful at the negotiation table either by accepting their weaker position and bargaining accordingly or by using soft-balancing techniques such as economic strengthening or appealing to international institutions for assistance. As I will argue over the course of this chapter, Indonesia did not secure the generous aid package through these means. Despite the immense power imbalance it faced, Indonesia did not concede its weakness and strike an inferior deal; instead, it tried to level the playing field against the more powerful United States. It will also become clear that its attempts to level the field were not of the soft-balancing variety, nor were they of the coalition building variety; Indonesia's success at the bargaining table was fuelled not by physical strengthening efforts, international institution assistance or any other soft-balancing techniques, and instead was driven by deeply rooted nationalistic sentiments. Over the course of the negotiation process, anti-Western and anti-American sentiments in the Indonesian populace emerged and were leveraged by their negotiators, contributing greatly to the strength of their bargaining position. Determined not to be totally subjected to the influence of external forces, Indonesia developed a level of resolve in its pursuit of an aid package which was much greater than the United States' resolve to secure an ally in the region. To signal its resolve to

the United States and similar to the strategy used by Canada in its free trade agreement negotiations, Indonesia employed the tying hands mechanism. With the Indonesian government's public support of the Anti-western "ultranationalists" and commitment to its people that they would refuse to bend to the will of the United States, Indonesia effectively tied their own hands, signaling a determination to reach an agreement in which there was no exploitation. Indonesia's public rigidity in their bargaining position was an effective signal for resolve, and undoubtedly played an integral role in increasing Indonesian leverage, shifting the American bargaining position and contributing to a significant victory for the weaker party. Perhaps the United States ultimately concluded that loyalty would follow the money, but, in the end, Indonesia, fuelled by its high level of resolve and its effective ability to convey its resolve to the American side, was successful at the bargaining table and received the aid package without firm and subservient commitments in return.

Again, in order to best explain the way in which Indonesia emerged from the bargaining table with such a generous aid package with relatively few strings attached, and contrary to what most would have expected, it is helpful to turn to Andrew Mack's asymmetric war theory of relative resolve and Thomas Schelling and James Fearon's resolve signaling theories. While it will become clear that there are important differences in the dynamics of this case and those of the Canada-U.S. free trade agreement negotiations, Mack's theory of relative resolve can be similarly applied to this peaceful negotiation and provide an explanation for an outcome which the existing acceptance, soft-balancing and coalition building asymmetric negotiation theories fail to account for. Similarly, James Fearon's theory can also apply in this

case, where tying hands proves to be an effective way to convey resolve and enhance the likelihood of success for smaller states engaged in asymmetric negotiations.

5.2 Background

Before proceeding with an account of the negotiation process between the two nations, it is important to take into account a number of factors that played crucial roles in shaping both Indonesian-United States relations and their relative levels of resolve before the two sides met at the bargaining table in 1951. One of the most influential factors was the aid-related policy change made by the United States in the 1950s. The Mutual Security Act of 1951, supported by President Harry Truman, was introduced as a means of combatting the spread of Communism through the support of developing countries around the world. With the Act, the United States Congress “committed the administration to making humanitarian aid to foreign countries conditional on their support of U.S. long-term interests.”¹³¹ In return for significant support to bolster their economies and militaries, developing nations were asked to take a stand against Communism. This policy had serious implications abroad. Specifically, a commitment to support the “free world” was not something that Indonesia was eager to do, despite its desperate need for assistance both economically and militarily.¹³² Indonesia had an interest in appeasing both the United States and Communist China for a number of reasons, including the prospective economic support from the Americans and a significant trade relationship with its Asian

¹³¹ Zartman and Rubin 2000, 54.

¹³² Kivimäki 1993; Feith 1967

neighbour.¹³³ Ideally, Indonesia entered the negotiation process wanting to secure aid from the United States without having to make serious binding commitments to supporting the Americans in the fight against Communism.¹³⁴ This dynamic would play an important role throughout the entire negotiation process, as Indonesia became very rigid and steadfast in its pursuit of this goal. It will become clear that Indonesia's determination to get exactly what it wanted from the United States at the outset as well as its ability to credibly signal its resolve through the use of audience costs would prove essential in securing the beneficial agreement that was eventually signed.

A second important factor which heavily influenced the dynamic between the United States and Indonesia before the two sides began negotiations relates to the United States Cold War economic sanction policies. Along with the United Nations Political and Security Committee resolution on May 17, 1951 that restricted all trade with China, the United States imposed similar sanctions and "conditioned certain privileges on agreements not to trade strategic materials with China" and other Communist countries.¹³⁵ That is to say, Indonesia, in exchange for aid from the United States, would have to terminate all exchange in goods and services with China that the United States deemed "strategic". The impact of these policies would have been catastrophic for the Indonesian economy, which produced 40% of the world's rubber, traded thousands of tons of tin with China and relied heavily on the export of these "strategic goods".¹³⁶ These policies proved to be challenging roadblocks during

¹³³ Kivimäki 1993

¹³⁴ Zartman and Rubin 2000, 55.

¹³⁵ Zartman and Rubin 2000, 55.

¹³⁶ Zartman and Rubin 2000, 55.

the entire negotiation process. Indonesia had no interest in complying with these sanction policies that would only harm their economy and did not wish to “accept the trade commitments that had become a condition of U.S. friendship.”¹³⁷ Indonesia entered the negotiation process driven by the incentive to keep its economy afloat and it was determined not to be taken advantage of by the United States and its clout in the international trading system.¹³⁸ Despite its weak bargaining position, Indonesia would begin the negotiation process demanding “extensive U.S. assistance in stabilizing the world market prices” of tin and rubber as well as substantial compensation for the economic impacts of the trade sanctions in exchange for compliance with the proposed embargo policies.¹³⁹ Again, Indonesia’s apparent inflexibility on the issue became one of their strongest bargaining chips in the negotiation process and contributed significantly to the beneficial agreement reached in 1953.

A third and arguably the most important factor that played a role in shaping U.S.-Indonesian relations and the two countries’ relative levels of resolve prior to the beginning of the negotiation process was the nationalist sentiment that existed in Indonesia. Indonesia’s nationalists had extremely strong views about the role that outsiders should play in the shaping of their country and its policies.¹⁴⁰ There was widespread belief in the country that allowing external powers to influence Indonesian politics would only cause hardship, and norms developed against “yielding to the demands of external powers.”¹⁴¹ According to Timo Kivimäki, “the

¹³⁷ Zartman and Rubin 2000, 55.

¹³⁸ Kivimäki 1993

¹³⁹ Zartman and Rubin 2000, 55.

¹⁴⁰ Zartman and Rubin 2000, 60; Kahin 1952; Jones 1973, 42.

¹⁴¹ Zartman and Rubin 2000, 57.

very strength of the United States was perceived by the nationalist Indonesians as a threat to their sovereign independence”, which made it “very difficult for Americans to exercise power, to cooperate, or even to appear in public with Indonesian officials in the 1950s.”¹⁴² This deeply rooted aversion to the United States and its interests played an extremely important role in shaping the pre-negotiation dynamic between the two countries.¹⁴³ It also drove Indonesia’s resolve to persist through the negotiation process and extract concessions from the stronger and more influential United States.¹⁴⁴ Indonesia’s government was particularly interested in committing to its people that it would refuse to bend to the will of the United States. This “tying hands” mechanism, “taking an action that increases the costs of backing down if the would-be challenger actually challenges but otherwise entails no costs if no challenge materializes”¹⁴⁵, fuelled Indonesians’ rigidity in their bargaining position. The Indonesian side took the position that their citizens would simply not tolerate American dominance, and that they had told their citizens that they would not permit such an outcome. So Indonesia’s “society-level sensitivity” spawning from its nationalists and their anti-Western views played an absolutely essential role in providing leverage to Indonesian negotiators and was instrumental in helping Indonesia achieve its goal.¹⁴⁶

So, even before the negotiation process began, there were a number of factors that shaped the relationship between the United States and Indonesia and contributed to Indonesia’s relatively high level of resolve. For Indonesia, the negotiations with the

¹⁴² Zartman and Rubin 2000, 57.

¹⁴³ Kahin 1952; Jones 1973

¹⁴⁴ Kivimäki 1993; Jones 1973

¹⁴⁵ Fearon 1997, 70.

¹⁴⁶ Zartman and Rubin 2000, 74.; Jones 1973

United States represented an opportunity to prove that they would not be taken advantage of by an external power at the bargaining table and have their independence and trade policy neutrality reduced. To them, this was deemed “vital”.¹⁴⁷ The same negotiations, however, were “rather extraneous and secondary to Americans.”¹⁴⁸ Once again, we see the influence on negotiations of a “must win” mentality on one side and an “it would be nice” mentality on the other. The former produces strong resolve; the latter produces something closer to apathy. Indonesia, fuelled by the impact of the Mutual Security Act of 1951, the negative economic implications of the U.S. and UN trade embargos on strategic materials and the nationalist and anti-American sentiments that were pervasive throughout the country, entered the negotiation process with very specific interests and very clear and persistent demands combined with a determination not to be taken advantage of by a western nation. In the remainder of this chapter, the impacts of the Indonesian determination and resolve on the negotiation process and its outcome will become clear. Despite such an immense asymmetry between the two nations, Indonesia was able to gain the upper hand against the United States, reduce American willingness to hold firm on their negotiation position and secure a generous aid package in exchange for very few binding political commitments.

5.3 The Negotiation Process

The official negotiation process began in late 1951 and pitted U.S. Ambassador to Indonesia Merle Cochran against Indonesia’s Foreign Minister

¹⁴⁷ Zartman and Rubin 2000, 57.

¹⁴⁸ Zartman and Rubin 2000, 57.

Achmad Subardjo. It was clear from the outset that the United States was the more powerful state at the negotiation table and that Subardjo's weak and economically underdeveloped Indonesia would face an uphill battle against Cochran's "military, political and economic giant."¹⁴⁹ It was believed at the time that through "punishments and rewards", the mere strength of the United States would be enough to extract substantial concessions and binding commitments from Indonesia.¹⁵⁰ In addition, Subardjo and the "pro-US developmentalist" Sukiman Cabinet that held power through the first stages of the negotiation process were seen as further signs that the United States would be able to conclude a very favourable deal.¹⁵¹

The first few months of the negotiation process played out according to plan for the United States. The American side hoped to ensure that, in exchange for their provision of finances and resources to Indonesia would militarily commit to openly oppose and fight Communism in Asia.¹⁵² In pursuit of these goals, the United States began by insisting on the secrecy of the negotiations to ensure that the general public would not be made aware of, and would not influence, the process. There were significant concerns that the predominantly anti-Western Indonesian public would vehemently oppose the United States enforcing its "foreign influence" and impact local policy.¹⁵³ The Americans knew that they would lose leverage if information about the negotiations, or even the fact that talks were taking place, were made available to the Indonesian public. According to Cochran, "The United States had to

¹⁴⁹ Zartman and Rubin 2000, 56.

¹⁵⁰ Zartman and Rubin 2000, 56.

¹⁵¹ Zartman and Rubin 2000, 71.

¹⁵² Zartman and Rubin 2000, 55; Feith 1967.

¹⁵³ Zartman and Rubin 2000, 70; Jones 1973, 42.

move extremely cautiously concerning Indonesia's association with the West."¹⁵⁴ For Indonesia, despite the potential benefits the strategy may have in mobilizing anti-Westerners, there was fear that publicizing negotiation details at such an early stage in the process would have adverse implications on its relationship with the United States, contributing to the decreased likelihood that the American side would be generous in their economic assistance.¹⁵⁵

With the specifics of these negotiations withheld from the public, the United States was able to exert its strength and gain a significant advantage and the two sides, rather swiftly, concluded an initial agreement. The United States and Indonesia agreed to the Cochran-Subardjo Agreement on January 5, 1952, in which American financial commitments were exchanged for binding commitments from Indonesia to support the free world in the fight against Communism.¹⁵⁶ The agreement, however, was incredibly short-lived. Before the agreement could go to Indonesian parliament for ratification, a number of internal Indonesian Cabinet conflicts emerged and a number of U.S. Economic Cooperation Agency officials made important revelations to the public on February 12.¹⁵⁷ Revelations about the aid contract, which Indonesia had secretly worked out with a foreign power, caused significant uproar in the country and the Cochran-Subardjo Agreement quickly came under heavy criticism.¹⁵⁸ For an Indonesian society fuelled by anti-Western sentiments and persistent fears that U.S. influence in domestic policies would bring about more troubles than benefits, learning that their government had gone behind their backs to work with the United

¹⁵⁴ Zartman and Rubin 2000, 70.

¹⁵⁵ Zartman and Rubin 2000, 55; Jones 1973, 42.

¹⁵⁶ Zartman and Rubin 2000, 55; Feith 1967.

¹⁵⁷ Zartman and Rubin 2000, 70.

¹⁵⁸ Zartman and Rubin 2000, 71.

States was viewed as a significant betrayal of the general public. The Indonesian population rose up against the Cochran-Subardjo Agreement and demanded that the government retract all commitments made during the prior year's negotiations.¹⁵⁹ The reveal of the negotiation details to the public and the Indonesian population's incredibly negative response marked the beginning of a major shift in negotiation leverage. While the previously secret negotiations contributed to an American advantage, the exposure of the details of the agreement to the anti-American and "ultranationalist revolutionaries" moved power into Indonesian hands.¹⁶⁰ A major shift in resolve in addition to their ability to convey resolve by "tying hands" also occurred, with both the Indonesian public and government becoming more determined and publicly committed to sign a beneficial deal and avoid being overpowered by the American side. Ironically, the public distaste for the secrecy of their government negotiators provided Indonesian negotiators with greater power in the negotiations to come.

Four signs of Indonesia's increasing resistance became apparent after the details of the initial agreement were revealed to the public. First, it was made clear to the United States Government that Indonesia would not submit the Cochran-Subardjo Agreement to Parliament, effectively annulling all aspects of the deal. Second, the Indonesian government made the decision to fire Subardjo from his position as Foreign Minister and replace him with Ali Sastromidjojo. Third, a new, more anti-American Indonesian Cabinet was elected and tasked with re-initiating negotiations about aid and military support. Finally, Sastromidjojo demanded that talks be moved

¹⁵⁹ Zartman and Rubin 2000, 71.

¹⁶⁰ Zartman and Rubin 2000, 70.

to Washington in an effort to evade Cochran and his negotiation team and to “use the weaker bargaining position of the State Department’s leadership” to their advantage.¹⁶¹ For the United States, the significant advantage they held during the first round of the negotiation process had evaporated soon after the draft deal was made public.¹⁶² With their position significantly worsened in 1952, it also appeared as if their determination to extract concessions from Indonesia and provide a less than generous aid package was waning. When the second round of the United States-Indonesia aid negotiation process began in May of 1952, in Washington, it was clear that Indonesia had the upper hand.¹⁶³

Fuelled by both anti-Western nationalist sentiment and domestic commercial interests relating to the economic impacts of the U.S. embargo policies, Indonesia entered the second stage of the negotiation process with a renewed sense of confidence. With a population determined not to bend any further to foreign powers and not to suffer economically, lead by a newly established nationalist government, Indonesia’s resolve to extract concessions from the United States was at a peak. The second round of negotiations began with the Indonesians retracting many of the commitments made previously in the Cochran-Subardjo agreement. Specifically, Indonesia withdrew commitments in MSA section 511a, the portion of the agreement directly related to contingencies for American assistance. Indonesia also demanded that the negotiation process be divided into the pursuit of two separate agreements, the first relating to “technical and economic assistance” and the other for “purchases

¹⁶¹ Zartman and Rubin 2000, 71.

¹⁶² Zartman and Rubin 2000, 71.

¹⁶³ Zartman and Rubin 2000, 71.

of military and constabulary equipment.”¹⁶⁴ As Kivimaki explains, in both agreements, signed on January 12, 1953 “Indonesia was able to gain all the political terms it wanted in the Washington negotiations while giving practically nothing in return”, an incredible victory for Indonesia at the bargaining table.¹⁶⁵ The United States agreed to provide significant economic assistance requested, but also agreed to provide resources for the Indonesian constabulary, police and army, a provision not previously addressed in the Cochran-Subardjo Agreement. In return, Indonesia lost the possibility of receiving military grants, which was deemed by the Indonesian government as a “more attractive” option given the political costs associated with receiving them.¹⁶⁶ Overall, these 1953 agreements are widely viewed as a victory for Indonesia, which was able to secure economic assistance in exchange for no binding military commitments.¹⁶⁷ In addition, despite Indonesia’s agreement not to trade with China, many scholars believe that trade in strategic materials did in fact continue after 1953. Despite mounting evidence that Indonesia continued to sell rubber to China, the 1953 Eisenhower administration “took an even less persistent attitude toward the blockade”, opting not to enforce repercussions for violating the embargo and the subsequent U.S.-Indonesia aid agreement.¹⁶⁸ Again, it was clear that either the United States’ power or resolve, or possibly both, had been depleted so significantly through the negotiation process that American willingness to continue to bargain, or enforce the bargain, disappeared. Despite such an immense power asymmetry between the two nations, Indonesia emerged from the bargaining table victorious,

¹⁶⁴ Zartman and Rubin 2000, 71.

¹⁶⁵ Zartman and Rubin 2000, 71.

¹⁶⁶ Zartman and Rubin 2000, 71.

¹⁶⁷ Zartman and Rubin 2000, 71.

¹⁶⁸ Zartman and Rubin 2000, 72.

fuelled by its “determination not to yield.”¹⁶⁹ As the following section will set out to explain, Indonesia’s success was directly related to a combination of this determination as well as Indonesia’s ability to credibly signal its intentions to the American side.

5.4 Strategy and Success

Despite the advantage the United States should have possessed in the negotiation process based on its size, power, resources and international influence, the smaller and weaker Indonesia was able to secure an extremely advantageous agreement in which it achieved its primary goals of economic assistance in exchange for relatively few military and political commitments. Like the Canadians in their persistence during free trade negotiations with the United States, Indonesia exhibited characteristics of willpower and determination to leave the bargaining table with such a positive result. The public’s reaction was a clear and convincing way to signal resolve to the United States, making the likelihood of Indonesia walking away from the negotiations far more likely if they could not sell the American proposal at home. If the U.S. persisted in its position and demands, they might well end up dealing with a different and far less favourable (and potentially pro-Chinese) government. Just as the Canadian case could not be explained by the prevailing theories in asymmetric negotiations, the way in which Indonesia secured a “victory” against the United States is also unaccounted for.

But Andrew Mack’s military theory of relative resolve does explain the outcome. To briefly summarize his theory once more, Mack argues that for a weak

¹⁶⁹ Zartman and Rubin 2000, 73.

state, war becomes total and takes primacy over all other goals, while for strong states, war is limited and not all-encompassing, and so the state more actively engaged in their conflict can experience success. As will become clear in this section, Indonesia's success against the United States relates directly to an adaptation of Mack's wartime asymmetric conflict theory. Indonesia was able to reach such a beneficial agreement based on its higher level of resolve fuelled by nationalist sentiments, while the United States' decreasing bargaining leverage and determination over the course of the negotiation process contributed to a less desirable outcome.

Andrew Mack's theory explains that relative resolve can play an important role in impacting the leverage of weaker states in times of war. I argue that Mack's theory of resolve also can play an important role in impacting weak state leverage at the bargaining table, as was certainly the case for Indonesia in its negotiations with the United States. Indonesia's resolve increased over the course of the negotiation process while that of the United States rapidly decreased, contributing significantly to the eventual outcome in Indonesia's favour. As Kivimaki contends, "whatever increased Indonesia's determination not to yield also contributed to Indonesia's increasing bargaining leverage and made the negotiators less flexible" while "whatever contributed to US dependency on some type of negotiated solution weakened the United States as a bargainer and increased its flexibility."¹⁷⁰

It is important to address the "whatever" that Kivimaki refers to in order to best explain the way in which resolve played a role in shaping the dynamics and outcome of the negotiation process. For the Indonesian side, resolve was higher than

¹⁷⁰ Zartman and Rubin 2000, 73.

that of their adversary for a number of reasons. Primarily, as referred to a number of times above, the presence of nationalist sentiments in the country contributed significantly to increasing Indonesian determination to reach an advantageous deal.¹⁷¹ With a population so keen on maintaining independence and limiting the influence of foreign powers on domestic policies, Indonesia had a naturally strong aversion to the United States and its interests. Because of these sentiments, the aid and economic assistance that the United States was offering could not be valued highly by the Indonesian government.

The second important factor contributing to Indonesia's high level of resolve was the economic impact of the U.S. embargo policies on rubber and tin. Indonesia had an incredibly strong desire to "receive fair compensation for its lost export earnings", and again, maintained a firm position on the issue.¹⁷² Indonesia's refusal to budge or make concessions, coupled with the United States' interest in allying with the Asian nation, shifted even more power away from the American side and increased Indonesia's bargaining leverage.

While Indonesia's resolve, and thereby its leverage, increased over the course of the negotiation process, the leverage of the United States decreased substantially in the same time frame. The U.S. was persuaded that the Indonesian government could not ignore the will of their people – to do so would be disaster for the government, and accordingly, for the primary U.S. interest of controlling the spread of Communism. The United States was therefore forced to abandon "many of its self-

¹⁷¹ Zartman and Rubin 2000, 73.

¹⁷² Zartman and Rubin 2000, 73; Feith 1967.

interests” by the time the agreement was finalized.¹⁷³ The primary noticeable instance of the United States’ reduced resolve arose following the release of details of the Cochran-Subardjo agreement prior to the deal being presented to the Indonesian parliament. The American side lost a great deal of leverage in the process as public sentiment in Indonesia began to shape the remainder of the negotiation process as evidenced by the firing of Subardjo, the election of a new anti-American cabinet, and demands that Indonesia not bend to the influence of the United States. Faced with an adversary fuelled by a nationalist, anti-Western populace which did not value U.S. aid very highly, the United States realized that any advantage they may have had in the early stages of the negotiation process had disappeared almost entirely. Upon this realization, the United States became more readily flexible to Indonesian interests, eventually leading to an Indonesian victory at the bargaining table.

A second important factor that contributed to decreasing U.S. resolve during the negotiation process relates to the United States’ own perception of its role in the world. As Kivimaki theorizes, the United States viewed itself at the time as a “guarantor of stability” in the world and the country primarily responsible for opposing and eliminating Communism.¹⁷⁴ These beliefs, however, had important implications for the American bargaining position. According to Kivimaki, “the more the United States pressed Indonesia for concessions and the less the United States was willing to grant concessions, the closer Indonesia moved toward the Communist camp and the greater the erosions of the United States’ position as the world leader.”¹⁷⁵ As a result, with momentum and leverage shifting from the United States to Indonesia,

¹⁷³ Zartman and Rubin 2000, 75.

¹⁷⁴ Zartman and Rubin 2008, 74.

¹⁷⁵ Zartman and Rubin 2000, 74.

the American side was faced with a decreasing number of options and much higher risks to its global strategy, and it decided that pushing any further would only make the outcome worse.

It is important to distinguish this case in some respects from the Canada-U.S. free trade agreement negotiations, as there are a number of factors which differ significantly and make this case unique and its inclusion necessary. Specifically, two primary factors contribute to extremely different dynamics in the two negotiation processes: who initiates the negotiation and what drives each country's resolve. In Canada's negotiations with the United States, we see that the answers to these questions differ significantly from those in Indonesia's negotiations with the United States. Canada initiated the trade negotiations following the highly beneficial Auto Pact agreement and the majority of the pre-negotiation interaction between the two countries involved Canada attempting to coax the United States to the bargaining table. In the free trade negotiations, the weaker state initiated the negotiation process and made it their goal to benefit from an agreement with the stronger state. In the latter case, however, the United States approached Indonesia on the heels of Communism's takeover of China, requesting political support in the region in exchange for significant financial provisions. The dynamics of a negotiation between asymmetric nations can differ significantly based on whether the strong or weak state initiates the negotiation process, simply based on the fact that the initiator is likely to have a higher vested interest in reaching an agreement and therefore possibly more to lose. Reduced leverage for the initiator could potentially follow in such a scenario. For Canada, a deal with the United States was essential and played an important role

in shaping Canadian resolve and influencing the eventual outcome of the negotiation process. For Indonesia, significant bargaining leverage was gained at the outset simply by having the stronger United States in a 'weaker' initiator position.

Conversely, the factors driving resolve can also play important roles in shaping the dynamics of asymmetric negotiations, and the Indonesian and Canadian cases exemplify these different factors. Canada's resolve at the negotiation table was fuelled by the desire to secure an agreement that would undoubtedly bolster the strength of their economy, as they had experienced previously with the immense domestic benefits of the Auto Pact. Despite the United States' efforts to limit the scope of a prospective agreement or eliminate it altogether, it was Canada's ability to withstand these attempts and remain determined to sign a broad and beneficial free trade agreement that contributed to such an outcome. That resolve proved sufficient to outweigh any lack of leverage arising from Canada's position as initiator.

In Indonesia's case, they had both resolve and initial leverage arising from their position as the recipient and not the initiator. But Indonesian resolve was fuelled by a significantly different factor than that of the Canadians. Indonesia's determination to achieve a beneficial agreement arose from anti-American sentiments as opposed to a pursuit of potential benefits from the deal. Indonesia remained persistent in the negotiation process to avoid a perception of being taken advantage of by the United States in order to satisfy its incredibly large and vocal nationalist population. In this case, the dynamic of resolve arose from external factors and played a much different role than it did with the Canadians and their desire to work with the Americans. It is important to remember the ways in which these two cases

differ when analyzing the way in which resolve and the way in which resolve is conveyed play a role in shaping the outcome of the negotiation processes.

I argue that the negotiation process between Indonesia and the United States from 1951-1953 and the way in which the weaker Indonesia was able to emerge victorious is not one that can be explained by the prevailing theories of asymmetric negotiations. Andrew Mack's theory of relative resolve clearly plays an integral role in this case, influencing the ability of Indonesia to hold a firm and unwavering position and reduce the bargaining leverage of the stronger and more powerful state. Mack's theory, therefore, does not just apply to wartime asymmetric conflicts. Instead, this particular theory can be applied in times of peace as well, and provides a reasonable explanation for the way in which Indonesia was able to be successful against a much more powerful adversary in the negotiation process. While resolve (bred in this case from an angry populace) was not the only factor leading to a successful outcome for Indonesia, it was likely the most important. It is clear that, as a result, a currently unaccounted for case in the asymmetric negotiation literature can be explained, as this thesis has set out to prove. Similar to Canada's experience negotiating a trade agreement with the United States, we also find signs of the messaging of resolve through tying hands or sinking costs playing an important role in shaping the outcomes of the process. The aid agreement negotiation process between Indonesia and the United States is an example of weak state success due to the effective conveying of resolve, primarily through the hands tying mechanism. Indonesia was able to convey its determination to reach a specific type of agreement during the negotiation process and have success by tying their hands in their

commitment to the public to avoid an unfavourable agreement in which the Indonesian side was exploited in some fashion. Indonesia's bargaining rigidity, fuelled by this tying hands mechanism, contributed in many ways to the increased bargaining leverage enjoyed by Indonesia over the course of the bargaining process. In addition, it is clear that the outcome was influenced by this shift in power, with Indonesia eventually signing an agreement for an aid package with very few firm and subservient commitments in return. Based on this outcome, it is clear to see the way in which both Mack and Fearon's theories can be adapted from instances of military conflict to cases of asymmetric peaceful negotiations. Indonesia's strategy and success in the face of a much stronger and more influential adversary were directly impacted by their relative resolve and their ability to credibly convey their resolve.

Chapter 6: The Turkey-Syria Euphrates River Negotiation

6.1 Introduction

The following case study represents a third example of an asymmetric negotiation that fails to fit neatly into the existing theories on negotiations between states of differing powers as presented in the acceptance, soft-balancing and coalition building theories. The case of the Euphrates River negotiation lasted from 1980 to 1987 and pitted the upstream, and thereby more powerful, Turkey, against downstream and weaker Syria and Iraq. In addition to differing in power simply based on river position, Turkey and its weaker counterparts differed in a number of other respects including economic strength, military capabilities and regional influence. Despite the significant power differential between Turkey and its downstream counterparts, the Euphrates River negotiation process is an example of weaker parties achieving success against a stronger party when common sense and realist international relations theory would suggest otherwise.

While conflict over the waters of the Euphrates between Turkey and the downstream riparians had existed for decades, the majority of issues and the heart of the negotiation process began in 1980 and ended in 1987. In 1980, Turkey initiated the construction of the Great Anatolian Project (GAP), an “integrated, multi-sectoral regional development project that covers all development-related sectors such as agriculture, industry, transportation, urban and rural infrastructure, health care and education initiative”¹⁷⁶ and included the construction of 19 hydroelectric power plants and 22 dams along the Euphrates and Tigris Rivers.¹⁷⁷ Naturally, this project raised

¹⁷⁶ Altinbilek 2004

¹⁷⁷ Daoudy 2009, 367; Kolars and Mitchell 1991.

numerous concerns in Syria and Iraq, as those countries would feel the effects of the project downstream in terms of decreased water supply and increased water pollution.¹⁷⁸ From 1980 to 1987, however, Turkey exercised its dominance in the region to influence the actions and policies in Iraq and Syria, essentially forcing these countries to support the implementation of the GAP.¹⁷⁹ Turkey would do so by threatening to reduce water flow and limit its already extremely thin regulations on pollution in upstream segments of the river, both of which would undoubtedly cause significant harm to the economies and societies of Syria and Iraq.¹⁸⁰ These threats, naturally, had a significant impact on the Syrian and Iraqi governments, who faced no choice but to act according to Turkey's interests. For years it was clear that an extremely asymmetric relationship existed between Turkey and its downstream neighbours, in terms of both control of important water resources as well as a massive dichotomy in terms of economic strength, military size and overall influence. It was not until Syria implemented efforts to level the playing field in the months leading up to 1987 that either Syria or Iraq held any degree of power in negotiations with Turkey.

At the outset of these negotiations, the two sides entered with extremely different desired outcomes. For the Turkish side, their primary goal was to maintain the current status quo in the basin region, allowing them to continue to exert their influence on downstream riparians as they pleased.¹⁸¹ This included the intention to complete the GAP and minimize the allocation of water flow downstream into Syria

¹⁷⁸ Kolars and Mitchell 1991

¹⁷⁹ Daoudy 2009, 368; Aytemiz 2001

¹⁸⁰ Kolars and Mitchell 1991

¹⁸¹ Daoudy 2009, 360.

and Iraq. For the Syrian side, the desired outcomes were almost entirely opposite. Syria had interests in stopping the construction of the GAP because of the multitude of projected adverse implications including reduced water flow and increased pollution.¹⁸² Syria also was interested deeply in maximizing the minimal allocation levels of the Euphrates River water flow, which had been unacceptably low in previous years and taken a major toll on the Syrian economy.¹⁸³ Over the course of this chapter, it will become clear how, despite such differing interests and such an immense power asymmetry, the Syrian side was able to move the Turkish side away from their initial point of desired outcomes and have significant success in the negotiation process.

In 1987 the region experienced a massive shift away from the dynamics that had been present in the basin over the previous quarter century. The unprecedented Protocol on Economic Cooperation was signed between Turkey and Syria, guaranteeing that Turkey must release a minimum of 500m³ of Euphrates River water per second at the Syrian border. This agreement was a massive victory for Syria, as well as for Iraq which would benefit from the increased water flow downstream. Both countries had for years been subjected to and influenced by oppressive Turkish water policies. This chapter will examine the ways in which Syria was able to achieve such a significant victory against the larger and more influential Turkey. I argue that Derek Clark and Kai Konrad's war-based theory for asymmetric conflict, which argues that small states can have success against weak states when they attack their opponent on multiple fronts, strongly parallels the Euphrates River negotiation

¹⁸² Dauody 2009, 368; Carkoglu and Eder 2001, 64.

¹⁸³ Dauody 2009, 382; Carkoglu and Eder 2001, 50.

process, despite the fact that the two sides were not engaged in asymmetric military conflict with each other. Syria's ability to identify and target fronts on which Turkey was most weak (both politically and economically) resulted in a significant shift in power to the weaker riparian away from upstream Turkey who had come to dominate and relentlessly exert its influence over the basin area for many prior decades.

Over the course of this chapter, it will become clear that Syria's success against Turkey, a much stronger adversary, was heavily influenced by its ability to increase the number of fronts on which it attacked the Turkish side. As mentioned briefly in chapter 2, a fairly extensive literature exists on issue linkage, and it may appear at first glance that issue linkage and the attacking of multiple fronts are extremely similar, if not identical. I argue, however, that there are important distinctions between the two theories that must be addressed to fully understand the way in which Derek Clark and Kai Konrad's asymmetric wartime theory can be appropriately applied in this case. Scholars in the issue linkage field argue that, "by exchanging concessions across different policy dimensions, two countries may be able to achieve cooperation in situations where there would otherwise be no scope for mutual gains to be attained."¹⁸⁴ In these interactions between states, exchanging concessions to achieve cooperation and mutual gains plays the most important role in the process, and can certainly be an effective strategy in a negotiation.¹⁸⁵ As I will argue over the course of this chapter, despite the issue linkage strategy's effectiveness, the dynamics of the Syria-Turkey Euphrates River negotiation process do not play out in this fashion. It will become clear instead that the number of

¹⁸⁴ Coconi and Perroni 2002, 424.

¹⁸⁵ Haas 1980; McGinnis 1986; Dixon 1986;

Turkish fronts attacked by Syria played the most integral role in generating success for the weaker party.

6.2 Background

Before delving into the specifics of the negotiation process between Syria and Turkey that took place between 1980 and 1987, it is important to understand the relationship between the neighbouring countries, and their relation to the Euphrates River, before they arrived at the bargaining table. For Syria and Iraq, the Euphrates River was essential to livelihood. For Syria, the Euphrates Basin is responsible for 86% of the overall water supply consumed in the country for domestic consumption, food production, tourism and electricity generation.¹⁸⁶ In addition, more than half of Syria receives “less than 250 millimeters of rainfall per year – the minimum amount needed for rain-fed agriculture.”¹⁸⁷ Today, despite only 44% of the GAP being completed, detrimental effects have become noticeable in these downstream countries.¹⁸⁸ An estimated 40% of water reaching Syria and nearly 25% of water reaching Iraq from Turkey is polluted.¹⁸⁹ It has also been calculated that the GAP is influencing an increase in water withdrawal rates from the river, and that the project’s completion, scheduled initially for 2010 but now slated for 2047, will withdraw approximately 70% of the Euphrates natural flow as Turkey aims to irrigate nearly 2 million hectares of land in Southeast Anatolia and generate nearly 30 billion kilowatt hours of energy annually.¹⁹⁰ Clearly, Syria and Iraq are heavily dependent on

¹⁸⁶ Lowi 1995; Aytemiz 2001, 19.

¹⁸⁷ Lowi 1995; Aytemiz 2001, 9.

¹⁸⁸ Daoudy 2009, 367; Aytemiz 2001, 1.

¹⁸⁹ Daoudy 2009, 368; Carkoglu and Eder 2001, 64.

¹⁹⁰ Daoudy 2009, 367; Carkoglu and Eder 2001, 48.

Turkey's actions as the dominant riparian in the Euphrates basin. This relationship has existed since the 1960s, and significantly influenced the negotiations that took place from 1980 to 1987. Turkey's "enhanced power position due to its geographic upstream position" combined with its upper hand in terms of military and economic resources allow the country to unilaterally impose measures in favour of its own interest.¹⁹¹ Therefore, in the years prior to the 1987 Protocol on Economic Cooperation, there existed an extremely unhealthy dependent relationship between the downstream and upstream riparians, allowing the dominant Turkey to exert its influence at will. Despite many attempts to sign tripartite agreements, the "tense political relations in the basin...impeded cooperative outcomes" significantly, and heavily influenced the dynamics of the 1980s negotiations.¹⁹²

Dating back to the 1960s, Syria, Turkey and Iraq were engaged in a series of Bilateral Sessions aimed at reaching consensus on a number of topics related to the Euphrates River, including water allocation levels, pollution regulation and information sharing. It was clear from the outset that Turkey intended to use its influence in the basin to influence the direction of the talks towards topics it was interested in. When Syria and Turkey first initiated talks in 1962, the goal of which was to facilitate cooperation and reach an "equitable distribution of the Euphrates water" by implementing an open information system for climate and river data, Turkey seemed more interested in other aspects.¹⁹³ Turkey submitted a proposal that motioned for the two countries to also work to facilitate the equitable distribution of the Orontes River, a river that originates in Lebanon and flows primarily through

¹⁹¹ Daoudy 2009, 361; Aytemiz 2001, 33.

¹⁹² Lowi 1995

¹⁹³ Daoudy 2009, 382; Aytemiz 2001, 28.

Syria before ending in Turkey in the Mediterranean Sea. Turkey continued to press the issue, regularly reiterating its interest in the Orontes River over the next few years and, although not conceding on this request, Syria was forced to make additional concessions in future Euphrates-related Bilateral Sessions.¹⁹⁴

In 1969, Turkey attempted to exercise its influence again, emphasizing at the Bilateral Sessions its “will to pursue negotiations with both Syria and Iraq on the question of common projects to be built on the Turkish side of the Euphrates.”¹⁹⁵ Again, despite the intention of the talks to revolve around developing a framework for the equitable distribution of the Euphrates, Turkey insisted that the parties focus on its interests. Specifically, Turkey initiated five tripartite sessions with Iraq and Syria, the sole focus of which was to address Turkey’s intention to fill its upstream reservoirs. During the 1974 session, Turkey announced its intention to fill the Keban reservoir and allocate a meager 100-170 m³/second to flow downstream into Syria. This announcement sent the region into turmoil. Syria felt unfairly treated by Turkey and Iraq turned on Syria, accusing it of withdrawing a third of the river’s water. The situation required both Saudi and Soviet mediation efforts to bring the three countries away from the brink of war.

By the end of this 1974 crisis, it was apparent to the downstream countries that Turkey, despite its public commitment to cooperation and equality, did not intend to play fairly. In 1980, when Turkey officially unveiled the GAP, this was the final straw for the weaker countries. Syria and Iraq’s strategy to fight Turkey at the bargaining table solely on the issue of water was not successful, as Turkey’s position

¹⁹⁴ Daoudy 2009, 382; Aytemiz 2001, 28.

¹⁹⁵ Daoudy 2009, 382.

was too powerful and too influential to contest. The two downstream countries needed a new strategy in 1980, and Syria decided to ramp up and broaden its fight to attack on multiple fronts.

6.3 The 1987 Protocol on Economic Cooperation Negotiation

Turkey's implementation of the Great Anatolian Project and the expected adverse implications for downstream countries acted as a trigger for Syria to alter its strategy. Since the early 1960s, and during the vast majority of the Bilateral and Trilateral sessions held among the three countries, Turkey had been free to exercise its influence to direct outcomes in its favour, primarily based on the leverage that it garnered from a favourable upstream position and a significant advantage in economic and military resources. Syria and Iraq did not possess the resources or the bargaining power to bring about any significant change on the topic of water in the Euphrates basin, leaving Turkey to dominate the region.

In 1980, however, there was a strategic shift initiated by Syria in efforts to level the playing field and increase the influence and power of the downstream states. While previously Iraq and Syria had fought Turkey on one front: the Euphrates River, it became clear that Turkey's dominance could not be shaken and that instead, it would prove beneficial to fight Turkey on fronts in which these weaker states had more leverage. Specifically, Syria decided that it could attack Turkey three fronts: the financial front, by encouraging reductions in international financial support for the incredibly expensive GAP, the national security front, by supporting the Kurdish military in its operations in Turkey, and a secondary water front, by threatening to

exclude Turkey from the Syria/Lebanon agreement on the Orontes waters.¹⁹⁶ By identifying and targeting three crucial weak points in Turkish society, Syria was able to extract gains in the negotiation process of the Euphrates River and achieve the 500m³/s minimal allocation in the 1987 Protocol on Economic Cooperation.

The first front Syria attacked was financial, in an effort to impede the construction of the GAP and make international investments conditional on the satisfaction of Syrian and Iraqi interests. The GAP was projected to cost an estimated \$14 trillion USD to complete, a figure that would require heavy international investment from both nations and financial institutions.¹⁹⁷ Without large financial backing from these important parties, many aspects of GAP such as hydroelectric plants and dams would go unfinished and Syria and Iraq would benefit from higher quantities and qualities of water that flow through their countries. In order to reduce the financial support for the project, Syria made appeals internationally to financial institutions and governments alike, pleading for them to stop donating to Turkey and the GAP.¹⁹⁸ Syria wrote to the World Bank, Switzerland and Britain, as well as a number of large worldwide corporations, stressing the negative impacts that the GAP would have on the Syrian society and economy. These efforts to reduce the financial support for the GAP were extremely successful, as a number of corporations withdrew their support while many other governments and financial institutions reduced their level of support.¹⁹⁹ As a result, the Great Anatolia Project was hindered

¹⁹⁶ Daoudy 2009; Aytemiz 2001.

¹⁹⁷ Daoudy 2009, 375; Aytemiz 2001, 16.

¹⁹⁸ Daoudy 2009, 377.

¹⁹⁹ Daoudy 2009, 377.

significantly, with projects delayed, deadlines pushed back and an overall slowing of construction.

The second front that Syria attacked related to Turkish national security. Beginning in 1974 and continuing through the present day, Turkey has been involved in an armed conflict with Kurdish insurgents, who demand secession from Turkey or greater political and cultural autonomy. In the 1980s, Turkey was engaged in full-fledged war with the Kurdistan Workers' Party (PKK). During this war, Syria used its position to increase its leverage in the Euphrates River negotiations by funding, training and supporting the PKK for its operations in Turkey.²⁰⁰ Syrian assistance increased pressure on the Turkish military in its efforts to fight the Kurdish insurgency. By 1987, the year Turkey made concessions in the Protocol on Economic Cooperation, hundreds of Turks had been killed and the Kurdish army, fresh from guerrilla trailing in Syria and Lebanon, only seemed to be getting stronger. It appeared as if Syria's assistance in the fight against Turkey had the potential to affect Turkey's bargaining position substantially, as it quickly found itself in a war it could not afford to lose and something to offer to a neighbour who could help ensure that did not happen.²⁰¹

Finally, the third front that Syria attacked Turkey on related to water. Specifically, the Orontes River was a river of serious interest to Turkey based on both resource control and historical significance. Syria threatened, during the negotiation process, to exclude Turkey from any possible agreements that would be reached in

²⁰⁰ Carkoglu and Eder 2001, 49; Akbas 2015.

²⁰¹ Carkoglu and Eder 2001, 49; Akbas 2015..

relation to water allocation along the Orontes River.²⁰² Syria attempted to exchange a concession on the Orontes River for Turkish concessions on the Euphrates River, a strategy that was integral in levelling the playing field despite the two countries' asymmetric positions.

The involvement of these three issues in the negotiation process proved to be major irritants to Turkey and its plan to generate incredible amounts of renewable energy and irrigate millions of hectares of land.²⁰³ The decreased funding resulting from Syria's attack on the financial front hindered the progress of the project while Syria's support for the Kurdish army put significant pressure on the Turkish government who were fighting a war they would rather avoid and spending money that they would rather invest in the GAP. Syria's threat in relation to the Orontes River was also a significant blow to the leverage that Turkey held in the Euphrates River negotiation process, and the water availability and territorial significance of the Orontes Basin were highly important to Turkey. In each case, Syria was able to gain leverage in the Euphrates River negotiation process, by having the power to improve the financial circumstances in Turkey, by being able to reduce the strength of the insurgency that was threatening the country and by being able to offer something of significant value to Turkey. This leverage became evident in the negotiation process that continued throughout the 1980s. In exchange for Syria's discontinued efforts to financially affect Turkey and for "collaboration with Syria on security issues, Turkey became more willing to compromise on some minimal allocation of the common

²⁰² Daoudy 2009, 382; Carkoglu and Eder 2001, 66.

²⁰³ Daoudy 2009, 367; Aytemiz 2001, 18.

waters.”²⁰⁴ Specifically, the agreement stipulated that “no party would support violent groups in other’s territory” in addition to committing to allocate the minimum 500m³/second of the Euphrates water to Syria.²⁰⁵

This was a resounding victory for Syria and downstream Iraq, who solidified through the 1987 Protocol on Economic Cooperation a generous minimum allocation of water. After being offered as low as 100m³/second by the dominant upstream riparian in previous Bilateral Sessions, Syria proved able to identify and attack weak fronts in the Turkish defense and use this leverage to bring about a significant victory in negotiations.²⁰⁶ In this case, despite such an immense asymmetric relationship dictated by river position, economic strength and military strength, the weaker party was able to extract significant gains from the stronger party in the negotiation process by attacking multiple fronts until a victory was ensured, a strategy that needs accounting for in the literature on asymmetric negotiations.

6.4 Strategy and Success

Derek Clark and Kai Konrad argue, in the military context, that when asymmetric countries go to war, it is not necessarily true that the stronger party will emerge victorious. Their reasoning as to why this is the case is that, in war, military actors are often required to divide their forces and defend on multiple fronts. In cases where the number of fronts is large, the defending actor is stretched extremely thin and becomes more vulnerable, and it is likely to become increasingly difficult for the actor to defend each additional front. As a result, the probability of the strong state

²⁰⁴ Daoudy 2009, 377, Carkoglu and Eder 2001, Akbas 2015.

²⁰⁵ Daoudy 2009, 370; Aytemiz 2001, 27.

²⁰⁶ Daoudy 2009, 382.

continuing to fight will decrease as the number of fronts attacked by the weaker state increases when resources become thinly spread and resolve is undermined. Therefore, for weak states interested in winning their wars, they will find it beneficial to maximize the number of fronts on which they attack to the point where it is in the interest of the strong state to negotiate surrender. When the collapse of one front increases the likelihood of weak state victory based on its impact on resource investments and resolve, it is clear that weak states would benefit from attacking as many fronts as possible based on their own resources and resolve.

There are clear parallels between Clark and Konrad's war-based theory of asymmetric conflict and the peaceful negotiation process between Turkey and Syria over the Euphrates River. Between 1960 and 1980, Syria attempted to attack Turkey solely on one front, the Euphrates River, and did not experience a great deal of success in the process. Turkey used its dominant position to exercise its will frequently, by directing the topics of Bilateral Sessions in their favour, by pressuring Syria and Turkey to make concessions in exchange for minimal water allocation agreements, and by implementing projects that would undoubtedly adversely affect the downstream riparians. It was easy for Turkey to defend a single front due to the significant leverage that it possessed in the negotiation process resulting from dominant position along the river as well as its high levels of economic strength, international influence and military capabilities. As Clark and Konrad would argue, for a state to win a war, or in this case a peaceful negotiation, it must have success on multiple fronts. When Syria attacked Turkey only in regards to the Euphrates River, a Turkish victory was all but guaranteed.

It was not until Syria began to influence the outcomes Euphrates River negotiation process by attacking Turkey on other issues that the playing field experienced a major shift in the weaker party's favour. By influencing the decrease of international finance from countries and financial institutions from around the world for the expensive Greater Anatolia Project, Syria increased its leverage in the Euphrates River negotiation process. By providing support to the PKK insurgency in Turkey, Syria added an additional front on which it was able to attack Turkey, resulting in a significantly improved bargaining position. Finally, by using the Orontes River negotiation process to its advantage, Syria was able to add yet another front that put pressure on Turkey to make concessions in the Euphrates River negotiations. By the end of 1987, Syria had increased the number of fronts on which it attacked Turkey from an ineffective one to an influential four. As Clark and Konrad argue, attacking a larger state on multiple fronts has the ability to spread the stronger party extremely thin, reduce their ability and willpower to continue to fight, and greatly increase the chance that the weaker party emerges victorious when at least one front collapses. The most pressing front that the Turkish side was forced to contend with was Syria's attack on Turkey's national security, by training and assisting the PKK in its military endeavours. The Turkish side, pressured by the growing strength of the PKK and mounting fears of a war in which they would find themselves on the losing side, was forced to give in.²⁰⁷ It became clear that collaborating with the Syrian side, instead of opposing them, would be the best strategy to ensure national security, and that the best way to do so would be to make

²⁰⁷ Daoudy 2009, 379; Carkoglu and Eder 2001, Akbas 2015.

concessions on the Euphrates River negotiations.²⁰⁸ The subsequent agreement signed between the two parties included incredibly specific stipulations regarding Syria's policies on any future interactions with the PKK, essentially eliminating any relationship between the two.²⁰⁹ As referred to above, in exchange for an agreed upon increase in minimal allocation of water flow to Syria, the two sides promised that "no party would support violent groups in other's territory". In the aftermath of this exchange, where Syria received more water downstream and cut its ties to the PKK, Turkey found itself, with regard to its national security, in a much more favourable position. For these reasons, and despite the important influence of Syria's attacks on the financial and Orontes River fronts, it is clear that without an attack on this national security front in particular, the front that experienced the most significant "collapse", Syria would not have experienced the success that it did against the larger and more powerful Turkish side at the bargaining table.²¹⁰

As argued above, the strategic mechanism employed by the Syrian side to increase the number of aspects on which it challenged its stronger adversary played an incredibly important role in generating success at the bargaining table for the weaker party. This strategy, I argue differs significantly from the existing theories on issue linkage, where states exchange concessions to achieve cooperation and mutual gains. When Syria attacked Turkey on the national security front, by supporting the strengthening of the PKK in their fight against the Turkish army, it was not looking to achieve cooperation and generate mutual gains by expanding the relevant aspects of the negotiation. Instead, this strategy was a calculated effort to force the Turkish side

²⁰⁸ Dauody 2009, 378; Akbas 2015.

²⁰⁹ Dauody 2009, 377, Carkoglu and Eder 2001, 68.

²¹⁰ Dauody 2009, 377.

to bend and break and eventually agree to increase minimal water allocation flow downstream. Moreover, when Syria attacked Turkey on the financial front, pleading with international institutions and governments around the world to pull their monetary support for the GAP, issue linkage was not present. Instead, this Syrian strategy should be viewed as an effort to pressure the Turkish side into accepting their demands, not as an effort to achieve cooperation and mutual gains. Similar to the ways in which an army may attack an adversary not only from the North but also from the East and West, Syria attacked Turkey on multiple fronts with the sole goal in mind of getting what they believed was truly fair. This is not to say, however, that issue linkage was completely nonexistent throughout the negotiation process. Syria most certainly linked together the Euphrates River negotiation process with the ongoing Orontes River negotiation process and the two sides were able to, in this aspect, achieve cooperation and mutual gains through an exchange of concessions. I argue, however, that the aforementioned fronts on which Syria attacked the Turkish side played an incredibly crucial role in the negotiation process, and that this strategy should be viewed independently from the theories in the existing issue linkage literature.

As evidenced by the resulting 1987 Protocol on Economic Cooperation in which Turkey made significant concessions in Syria's favour, it is clear that the Syrian effort to expand the number of fronts to attack played an integral role in shaping the outcome of this asymmetric negotiation. Clark and Konrad's theory, therefore, does not just apply to wartime asymmetric conflicts and a case currently unaccounted for in the theories presented by scholars in the existing asymmetric

negotiation literature can now be explained. This particular theory can clearly be applied in times of peace as well, and provides a reasonable explanation as to how Syria was able to achieve success in a negotiation process against a stronger and influential adversary. This case, again, exemplifies one of the many asymmetric negotiation situations not currently accounted for by the existing literature that can instead it can be explained by an adaptation of the prevailing asymmetric war-based theories.

Chapter 7: Conclusion

Common sense and realist international relations theory would suggest that power should, in the vast majority of cases, play an integral role in determining the outcome of international asymmetric interactions. Strong states are expected to have the upper hand in these instances against weaker adversaries, using their international influence and bountiful resources to dominate the negotiation process and generate outcomes in their favour. These theories, however, do not hold up in reality. It is not uncommon to see instances of asymmetric negotiations ending with the interests of a weaker party being satisfied and the stronger state emerging from the bargaining table with less than what would be expected. This thesis has set out to rationalize this reality, beginning with an analysis of the current theories that exist to explain weak party success in asymmetric negotiations. The “acceptance”, “soft balancing” and “coalition building” theories are effective explanations that account for a portion of asymmetric negotiation cases in international relations, and the Antigua and Barbuda World Trade Organization dispute is a strong example of a case where some of these theories can be applied. These same theories, however, are limited in their ability to account for all instances of asymmetric negotiations. As a result, a significant portion of cases have gone unaccounted for in the existing literature and explanations for the ways in which small states were able to achieve success in these circumstances are needed.

The foregoing case studies and analysis demonstrate that, in order to account for many of the currently unexplained cases, it is appropriate to expand the theories relating to asymmetric international negotiations to include theories that have been

developed in the context of asymmetrical warfare. Relying on applications of Andrew Mack's theory of relative resolve, Thomas Schelling and James Fearon's theories of resolve signaling and Derek Clark and Kai Konrad's theory of attacking multiple fronts can be particularly useful to account for these cases. As a result, it is shown that the techniques that smaller, less powerful states have used in military conflict can be utilized to the advantage of smaller states in the negotiation of international trade or environmental disputes/agreements. It would appear then, that the arsenal available to weak states in their interactions with stronger adversaries at the bargaining table has grown in size.

As exemplified by Canada and Indonesia, a highly resolved smaller state can level the playing field and extract concessions from stronger adversaries by effectively conveying this resolve, through mechanisms such as tying hands and sinking costs. As exemplified by Syria, a smaller state can have success against larger and more powerful states by increasing the number of fronts on which they challenge their opponent. In these three instances, military-based theories provide us with a better understanding of the tactics employed by weaker states and the way in which these strategies generated success. So, it appears as if less powerful states, attempting to achieve their goals, have more tactics available to them than the existing academic theories would suggest. Countries in this position would be well advised to study the lessons of the history of not only international negotiations, but also the lessons of asymmetric military conflict in their efforts to develop an appropriate negotiation strategy in situations of power imbalance.

In some cases, these strategies are not courses charted from square one. Positions of leverage (and the success in negotiations which follows) can be incidental and arise out of unrelated circumstances. But a strategy can be employed to take advantage of those circumstances and to leverage them in negotiations with a stronger state. For example, a small government may be faced with intractable realities within their country – strong patriotic feelings (as in Indonesia), a minority government, or other political factors which force the government to make internal commitments inconsistent with the interests of the stronger party. While that might appear to be counterproductive to the prospects of the smaller country for a successful negotiation, it may actually be utilized as an expression of resolve, commitment to an outcome and an unwillingness (or inability) to back down. The strategy is therefore to make use of circumstances that, at first glance, might appear to inhibit a favourable deal for the smaller nation. If the smaller nation is able to convince the larger nation that it simply has no ability to back away from its commitment to its people, the larger nation may conclude that, if it wants and needs a deal for its own reasons, it must meet the smaller country's demands. The alternative may be having to deal with a less favourable government in the future. But again, in employing these strategies of warfare negotiation in trade or other peaceful negotiations, the smaller country must understand the needs of the larger country. A demonstration of resolve on the part of the weaker party could lead the stronger party to walk away. As in all negotiations, it is critical to know how far the other party can be pushed.

While I have selected case studies relating to trade, financial aid and environmental negotiations (in three different parts of the globe), there is no reason

why the same policy considerations and conclusions would not apply to the broad gamut of peaceful negotiations between strong and relatively weak nations. It is quite possible for there to exist certain conditions that affect which mechanism or strategy a weaker state will employ. For example, smaller less-developed European nations are constantly vying for the opportunity to join the European Union and must negotiate with more powerful established nations, and the organization as a whole. If this weaker party possessed significant resolve to join the European Union and was able to effectively convey this resolve to its adversary through tying hands or sinking costs in a negotiation process, it is easy to see how this thesis' argument can be applied. Similarly, it is reasonable to suggest that a weak Asian country like Myanmar, who may seek financial aid or assistance in its democratization efforts from China, may have success in these negotiations by choosing to attack the Chinese on multiple fronts, by threatening national security or harming them financially for example. Again, it is not difficult to see that there is a generality of these asymmetric wartime theories and that it is likely that the same tactics that are discussed in this thesis could have equal application to that scenario and many others.

The world is becoming increasingly interconnected and interactions between states are ever increasing. One important form of these interactions, negotiations, will continue to be relevant and may continue to increase in prevalence. It is reasonable to expect, additionally, that less powerful nations will seek agreements of all varieties with more powerful nations in the coming decades, and that these weaker states will be looking for strategies and mechanisms to employ to increase their chance of success. It will prove incredibly important that weaker states are aware of

the strategies available at their disposal to extract concessions from stronger adversaries and achieve favourable results. This thesis has set out to increase this awareness, by broadening the thinking of asymmetric negotiation strategies and potentially increasing the tools and tactics available to smaller nations to achieve success, notwithstanding an unbalanced playing field.

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