

Prospect Theory and Foreign Policy Analysis in the Asia Pacific Rational Leaders and Risky Behavior

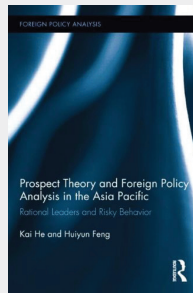
By Kai He and Huiyun Feng

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Reviewed by Avinash Godbole

THEORY, or the principles that help one organise, understand and interpret facts in a better manner, is the central pillar around which any scientifically premised field of research is developed. Credibility of the field of international relations, as an independent and scientific field of research, is based on its theoretical underpinnings. Even then, international relations theory is constantly under the process of refinement as it remains a discursive science despite claims of objectivity. Kai He and Huiyun Feng attempt the same in their book entitled, "Prospect Theory and Foreign Policy Analysis in the Asia Pacific." They study and fill in the gaps in this neoclassical realist interpretation of state behaviour by applying prospect theory, which is originally rooted in the field of Psychology.

He and Feng say that "integration of prospect theory and neoclassical realism helps explain risk taking behavior in world politics, which is sometimes seen as 'irrational behavior' by mainstream international relations scholars" (p. 1-2). The authors claim to go a step further in being able to explain this rather than just qualify it as irrational. They develop a "political legitimacy-prospect model" in order to explain the "rationalist puzzles" in the study of Asian foreign policy and suggest that "political leaders are more likely to make risky decisions when they face a deficit of political legitimacy, i.e., they are seriously challenged



domestically and/or internationally, and they are framed in a domain of losses" (p. 2). Using this premise, this book looks at four case studies: the absence of NATO like US led alliance in Asia, North Korea's erratic nuclear posture, China's (apparently) soft stance on Taiwan's pro-independence leadership and China's

unexpected compromise, and Japan's unexpected provocations on the East China Sea dispute. Towards this end, the authors use the prospect theory argument that "people tend to evaluate choices with respect to a reference point. People choose risk-averse behaviour in a domain of gains but risk-acceptant behaviour in a domain of losses" (p. 4).

The scope of this book is somewhat limited in that it is not providing an entirely alternate theoretical perspective that challenges the current field of knowledge. While the authors propose to use prospect theory, they do not challenge the utility of the rationalist model but see prospect theory as complementing the rationalist model and filling the gaps wherein the rationalist model falls short. The authors locate this lacuna at the theory's inability to explain certain "irrational decisions" by bringing in the analysis of the issue at the individual level. Their general analysis is that it is the opportunity costs and not the prospective gains that force leaders to take decisions that are otherwise considered irrational.

The case studies presented in the book do neatly fit into the scope of the analysis based on the prospect theory model, except in the case of the conflict on the East China Sea since the Chinese compromise in 2008 was only in the wake of the Summer Olympics and it involved hardly any risk. There are also a few other developments that could have been part of the discussion in the book. For example, the China Taiwan Economic Cooperation Framework Agreement (ECFA) that many in China as well as Taiwan see in contrasting terms has implications for the questions of sovereignty as well as autonomy and legitimacy. China's military modernisation, which is critical from the point of view of its approach on Taiwan and the East China Sea dispute, is not weighed in adequately. Similarly, the American strategies of rebalancing and pivot do not find a place in the discussions in this book.

Kenneth Waltz, in his classic "Man, the State and War," presented three levels of looking at

how decisions of going to war were made. The significance of his contribution to the field of international relations research was in the segregation of these levels of analyses. What prospect theory does in this book is to once again integrate these levels into an alternate analysis of the conflict situations. The question to be asked in the future research on prospect theory is whether it remains only a retrospective analytical tool or does it have a predictive capacity to aid in the process of decision making. Unless prospect theory adds that capacity, its applicability as an independent theory will be limited.

Nonetheless, it does not limit the utility of the book under consideration. Its value is in its analysis of the circumstances and contexts that guide decisions that are otherwise considered irrational. In that sense, prospect theory's utility is deconstructing the risky behaviour in international relations a little more and this book demonstrates how it fits into the context of East Asian scenarios.

Turkish-Greek Relations

Rapprochement, Civil Society and the Politics of Friendship

By Leonidas Karakatsanis

London; New York: Routledge, 2014, 283 pages, \$145.00, ISBN 9780415730457.

Reviewed by Orçun Selçuk

LEONIDAS KARAKATSANIS' book looks at the reconciliation efforts between Turkey and Greece which, according to the author, resemble a pendulum that repeatedly swings between two extremes of enmity and friendship. The book is an expanded and updated version of a Ph.D. dissertation written at the University



of Essex's Ideology and Discourse Analysis Program. It relies heavily on scholars like Derrida, Schmitt, Laclau, and Mouffe. The book focuses on diverse initiatives intended to promote the Turkish-Greek friendship in the post-1974 era. The author uses the term "floating signifier" to describe the existence of