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EXPLORING THE RELATIONSHIP BETWEEN PROSPECT THEORY AND INTERNATIONAL CONFLICT: THE THAI-CAMBODIAN BORDER DISPUTE AS A CASE STUDY

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ABSTRACT

The present paper explores the relationship between Prospect Theory and International Conflict by concentrating on key concepts such as the endowment effect, reference dependence, and framing. Prospect Theory is shown to have considerable explanatory power in the case of the historical dispute between Thailand and Cambodia over their shared border. The apparent lack of strategic importance of the Temple in dispute, the absence of natural resources in the contested area, and the relative intensity of the conflict cannot be properly explained by rational-choice theories. Finally, the paper concludes that Prospect Theory shows greater explanatory traction than rational-choice theories in explaining the intensity and persistence of the conflict over the contested areas, in particular the land surrounding Preah Vihear Temple.

KEY WORDS: Journalism - Thailand - Cambodia - Conflict

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EXPLORAR LA RELACIÓN ENTRE LA TEORÍA PROSPECTIVA Y EL CONFLICTO INTERNACIONAL: LA DISPUTA FRONTERIZA ENTRE TAILANDIA Y CAMBOYA COMO CASO DE ESTUDIO

RESUMEN

El presente trabajo explora la relación entre teoría prospectiva y Conflictos Internacionales, concentrándose en conceptos fundamentales como el efecto de la dotación, la dependencia de referencia, y el encuadre. Teoría de las Perspectivas ha demostrado tener poder explicativo en el caso de la disputa histórica entre Tailandia y Camboya a través de su frontera compartida. La aparente falta de importancia estratégica del Templo en el conflicto, la ausencia de recursos naturales en el área disputada, y la intensidad relativa de que el conflicto no puede ser adecuadamente explicado por las teorías de la elección racional. Finalmente, el artículo concluye que la Teoría de la perspectiva muestra una mayor tracción explicativa de las teorías de la elección racional para explicar la intensidad y persistencia del conflicto en torno a las áreas controvertidas, en particular la tierra que rodea Preah Vihear Temple.

PALABRAS CLAVE: Periodismo – Tailandia – Camboya - Conflicto

1. INTRODUCTION

International Relations has historically been dominated by rational-choice theories such as those derived from the mathematical models of game theory and broader paradigms such as realism and certain strands of institutional liberalism (Cozette, 2008; Jackson & Nexon, 2009; Kolodziej, 2005). This bias in favor of theories assuming rational behavior presents important weaknesses when analyzing real world conflicts (Cakir, 2009). It is difficult for rational-choice theories to explain instances in which international actors choose to act in a way that clearly leads to a suboptimal outcome (Levy, 2000). Examples of this behavior include but are not limited to, risky aggressive behavior for the protection of strategically unimportant interests, foreign policies centered on the recovery of territory lost hundreds of years ago, and a greater willingness to endure costs to avoid losses than to achieve gains. While other theories have attempted to explain this apparently anomalous behavior, such as critical theory and other constructivist approaches, prospect theory shows considerable potential in terms of being able to explain these apparent deviations from the expected outcomes of rational-choice theories by focusing on actors' motivations (Stuart Sim, 2005).

The first section of this exploratory essay introduces the basic concepts behind prospect theory. Emphasis is placed on explaining the relationship between prospect theory and decision making. The endowment effect and reference dependence are discussed in detail so as to explain the way in which the theory describes motivation.

Thailand's dispute with Cambodia over the land surrounding Preah Vihear temple is used as a representative case study to explore the way in which the conflict would be interpreted using prospect theory rather than critical theory or realism.

2. PROSPECT THEORY

Prospect theory was originally developed by the field of social psychology and also received considerable attention from economists who wanted to explain deviations from rational choice theory in consumer behavior (Levy, 2000). Its application to international relations is relatively recent which explains the wide gaps that remain in terms of experimental research related to international conflict. Three concepts that are central to prospect theory are reference dependence, the endowment effect, and framing (Levy, 2000, p. 95). Reference dependence refers to the point of reference taken by a party as the starting point for negotiations or conflict (Levy, 2000, p. 95). The endowment effect refers to how a new acquisition is quickly normalized as the new point of reference which makes it more valuable in the eyes of the party.

Moreover the endowment effect explains how a decision taken when facing losses leads to risk seeking behavior while a decision taking when facing gains leads to risk-averse behavior (Levy, 2000, pp. 94-95). Finally framing is the process of choosing a point of reference which is particularly important since it affects the way a problem is viewed, either as a loss or a gain. Needless to say the previously mentioned concepts are more complex than the brief definitions provided can explain and because of that the next subsections will deal with each term in detail.

2.1 Endowment Effect and Loss Aversion

One of the most important contributions of prospect theory is the insight that people consider relative changes more important than absolute values (Levy, 2000). In other words, it is more important for a person whether they gain or lose something than whether their present condition is considered plentiful or not. A good example of this is money. People are more sensitive to changes in their wealth than to objective assessments of their total wealth. Thus a person can be very sensitive to losing \$1,000 even though they have more than \$100,000 left even after taking into consideration the loss. Prospect theory also makes the important point that people are more sensitive to losses than to gains. This means that a person feels more pain from a loss than pleasure from a gain (Levy, 2000). Loss aversion is thus an important aspect of prospect theory with direct applications to the field of international relations.

Prospect theory tells us that people or states are more sensitive to losses than to gains which means that they will react differently when faced with decisions which could lead to one or the other. The higher sensitivity to losses means that people are willing to risk more in order to avoid them, than they would to gain something. This leads to risk-seeking behavior in order to avoid losses and risk averse behavior when considering possible gains. Therefore an actor is more likely to engage in risky

behavior in order to avoid a loss even if there is a possibility of losing even more. That same actor would prefer a small gain with little risk rather than a larger gain with higher risk.

The endowment effect refers to the phenomenon of the greater value that a recently acquired object achieves virtually immediately after it has been acquired. In other words, an object that is gained or acquired becomes more valuable to the actor than before it was acquired simply because now parting with it would be considered a loss which is more painful than a gain is pleasurable. This explains why the selling price is usually higher than the buying price (Levy, 2000). People expect a higher price for their possessions than the price they would have originally been willing to pay for them. Thus the acquisition is endowed with a new value. Needless to say this has important consequences for international conflict since recently acquired territory or concessions may be considered more valuable due to the endowment effect and thus the country would be willing to engage in riskier behavior to defend them than they were willing to take in order to originally obtain them.

2.2 Reference Dependence

Reference dependence is another important concept in prospect theory. It refers to the starting condition each party considers to be the normal state (Levy, 2000, p. 94). Another way to view it is as the point of reference used by each party in order to assess gains or losses. Therefore reference dependence is of great importance since it determines whether a net change is considered to be a loss or a gain which in turn determines the likelihood of risk taking or risk avoidance. In most studies applying prospect theory to international relations, the status quo is assumed to be the point of reference (Levy, 2000). This is an important weakness because in many cases the point of reference can be a previous condition or even a desired condition. It is difficult to ascertain the points of reference of political actors since they may not make them explicit. In other cases it is very clear that the point of reference is not the status quo such as in the case of the Palestinian Authority and Israel (Abulof, 2009).

It is also important to note that a gain is quickly normalized into a new status quo which means that there is a change in the point of reference. For example a gain in territory is virtually immediately considered to be part of the actor's possessions due to the endowment effect (Levy, 2000). This in turn has important consequences for the study and practice of international relations since it is then harder to reverse that gain due to loss aversion. There is one important exception to this phenomenon, and that is when a gain in territory, economic position, resources, or other asset is considered to be a bargaining chip by the actor since the start of the negotiation (Levy, 2000, p. 212). In this case the reference point does not shift since the gain is not normalized and it is easier for the actor to part with it in the interest of protecting other interests considered to be more important.

The concept of reference dependence and prospect theory in general is similar to certain concepts in Gestalt psychology (Cakir, 2009). Perception is also considered to

be pivotal by Gestalt psychologists and the role of it plays in interpreting reality is emphasized. In Gestalt psychology a single stimulus can be interpreted in two ways such as in the famous example of the glass of water that can be considered to be half empty and half full (Cakir, 2009). One important difference however is that Gestalt psychologists concentrated mostly on the interpretation of images rather than situations (Cakir, 2009; Thomas-Cottingham, 2004). Nevertheless Gestalt psychology shares a similar mechanism to that of reference dependence. According to Gestalt psychology the evaluation of a certain image will change according to perception which is very similar to what reference dependence in Prospect theory states. It should be noted however that Gestalt psychology is much broader in scope than prospect theory and that prospect theory concentrates solely on risky situations.

2.3 Framing

Framing is the process through which a situation is classified as a loss or a gain (Levy, 2000). The term has a much broader meaning in psychology and the social sciences but it can be understood as the process of presenting a situation in a way that implies a loss or a gain. Framing is central to the process of negotiation since it can influence the flow of the interaction by indirectly affecting the way in which actors view the resulting give and take. In other words framing is an attempt to influence the way in which a situation is categorized by another actor. Since prospect theory states that losses and gains are evaluated differently by actors when faced with risky decisions, then it is in the interest of an actor to influence the other actor in a negotiation to view a concession as giving up a gain rather than giving up a net loss. Needless to say this depends on the point of reference. Framing aims to influence the point of reference so as to make the position seem advantageous to the other actor and thus making it easier for him or her to make concessions as expected by prospect theory (Levy, 2000, p. 197).

It should be noted that framing does not change the objective situation nor the absolute wellbeing of one actor or the other but rather the subjective point of reference to determine relative gain or relative loss. This is an important point because a situation that can be framed as a loss or a gain depending on the reference point involves the same amount of resources from a mathematical point of view. The difference between economists and accountants in calculating total costs is a good example of how this can happen even when using allegedly "objective" standards. Accountants do not add opportunity cost to the calculation while economists do. This results in a much lower total cost reported by accountants which exaggerates the net profit for the company. Therefore in a negotiation between shareholders and company executives, it would make sense for executives to frame the company's financial performance from the point of view of accountants rather than economists. This would shift the reference point to a lower level so a greater portion of the revenue would be considered to be a gain or "profit".

In international relations this process is equally important as in microeconomics since diplomats working in first track diplomacy are faced with considerable resistance

when attempting to extract concessions from the other side (Fisher & Ury, 1991; Kissinger, 1994; Ury, Brett, & Goldberg, 1993). This becomes much easier if the other side is persuaded to view the situation as a gain due to a shift in their point of reference. The opposite situation is also a possibility such as in the case of irredentism in terms of territorial claims. One possible example to this is Russia's relations with former Soviet Republics (Tsygankov & Tarver-Wahlquist, 2009). Russia's point of reference may be the Soviet Union's former sphere of influence or Imperial Russia's territorial reach rather than its present day borders. This makes diplomatic relations much more confrontational since Russia considers that it is operating at a loss and therefore is willing to take more risky behavior in order to avoid further losses. The relatively recent invasion of Georgia is a case in point. This kind of irredentist point of reference can lead to intractability in interstate conflict.

3. BACKGROUND ON THE THAI - CAMBODIAN BORDER DISPUTE

In order to explore the explanatory power of prospect theory in the realm of international conflict, the Thai-Cambodian Border dispute will be introduced. The long simmering dispute over the demarcation of the Thai-Cambodian border can be traced back hundreds of years to the time of the Angkor Empire (Chandler, 2008; Cuasay, 1998; Wyatt, 2003). During the 14th and 15th centuries Angkor, a Khmer polity, extended to present day Thailand, Vietnam, and Malaysia (Chandler, 2008). As the regional hegemon it received tribute from other regional powers such as the Cham states, proto-Thai polities such as the Ayuthya, and Annamite statelets. The subsequent decay of the Angkorean Empire during the late 15th century left a power vacuum that was soon filled by the Thai and the Vietnamese (Chandler, 2008; Heidhues, 2000; Wyatt, 2003). Both groups exercised considerable influence over Cambodia and carried out relatively frequent invasions and raids. Thus the very porous border separating the Thai speaking peoples and the Khmer moved from deep inside present day Thailand to deep inside present day Cambodia almost reaching the fertile area surrounding the Tonle Sap lake (Chandler, 2008). The Thai advance was halted by a third party, the French who added Cambodia, Vietnam, and Laos as protectorates during the late 19th century (Chandler, 2008; Cuasay, 1998; Heidhues, 2000; Wyatt, 2003). French power slowly rolled back previous Thai advanced through a series of coercive treaties returning territory that had been under Thai control for more than a century back to nominal Cambodian suzerainty (Chandler, 2008; Cuasay, 1998; Wyatt, 2003). The most of important of those treaties was signed in the early 1907 century and returned to Cambodian control the provinces of Battambang and Siem Reap, and was accompanied by a map drawn by the French delineating the border in the vicinity of the Dangrek mountain range and just past an Angkorean temple, Preah Vihear (Chandler, 2008, pp. 183-184; Cuasay, 1998).

During World War II, Thailand forcefully incorporated the lost territory with the acquiescence of their Japanese allies, but were later forced to relinquish the lost territory by the returning French authorities (Wyatt, 2003). Nevertheless, decades of political instability in Cambodia during the final years of the first Sihanouk regime, the Democratic Kampuchea interlude, and the subsequent decades of internal political

strife leading to the Paris Peace Accord and the United Nations Transitional Authority for Cambodia (UNTAC), Thailand held de facto control over the Temple and the land surrounding it (Brinkley, 2011; Chandler, 2008). De jure sovereignty over the temple was awarded to Cambodia by the International Court of Justice in 1962 based on the position of the Temple in a map drawn by the French in 1908 (Cuasay, 1998, p. 855). The decision granted Cambodia ownership over the temple but it did not settle the issue of the land surrounding the temple nor other unmarked areas of the border (Chan, 2004; Gallis, 2009; Singh, 1962). At the time Thailand removed the Flag from the temple in a standing/upright position and placed in a museum with the intention of returning it to the temple in the future (Cuasay, 1998). As previously mentioned, due to political instability in Cambodia, Thailand exercised control over the temple and the surrounding area during several decades even though ownership over the temple was ruled in favor of Cambodia (Chandler, 2008).

Sporadic border clashes between Cambodian and Thai troops due to the ill defined border intensified after the 2008 decision of the United Nations Educational, Scientific, and Cultural Organization (UNESCO) to include Preah Vihear Temple in the list of protected World Heritage Sites (Ahuja, 2011; Gallis, 2009; Nanuam, 2011; Petty, 2011; Szep, 2011). Concurrent political instability in Thailand resulted in a sharp rise in nationalist rhetoric and in a much more aggressive stance towards the small plot of land surrounding the temple (Dalpino, 2011; DRESSEL, 2009; Feigenblatt, 2009a, 2009b, 2010b, 2010c; John, 1994; Lintner, 2009; Murphy, 2009; Ungpakorn, 2010). Previously sporadic clashes turned into more intense and frequent exchanges of fire including artillery and allegedly even the use of poison gas by the Thai side (Ahuja, 2011; "Thai-Cambodian Conflict: Temple Trouble," 2011). The intensification of the violence seriously disrupted tourism to the Temple and also caused the displacement of hundreds of villagers on both sides of the border (Chambers & Wolf, 2010). At this point Cambodia started seeking the good offices of a third party to mediate the dispute ("Thai-Cambodian Conflict: Temple Trouble," 2011). Thailand strongly opposed the intervention of a third party and considered the dispute to be a bilateral issue rather than a regional one.

The present situation in terms of the border dispute is that there continue to be sporadic clashes between the armed forces of the two countries (Szep, 2011). Bilateral talks have not resulted in any sustainable agreements and while Thailand has accepted the good offices of Indonesian peacekeepers in the disputed area, it has prevented them from entering the area due to technicalities such as the right to inspect the Thai held area ("Thai-Cambodian Conflict: Temple Trouble," 2011). With elections rapidly approaching in Thailand and a growing polarization between nationalist and populist forces; the dispute over the less than four square miles of land surrounding the temple is becoming a very sensitive and possibly explosive issue (Chambers & Wolf, 2010; "Thai-Cambodian Conflict: Temple Trouble," 2011). The dispute is now an issue of sovereignty, historical antagonism between the two countries, and political opportunism ("Thai-Cambodian Conflict: Temple Trouble," 2011).

4. APPLYING PROSPECT THEORY TO THE THAI - CAMBODIA BORDER DISPUTE

The Thai-Cambodian border dispute has been studied from a vast array of theoretical standpoints. Most studies dealing with the dispute have concentrated on the legal aspects of the dispute (Chan, 2004; Cuasay, 1998). Such studies tend to place great emphasis on the decision of the International Court of Justice to grant ownership of the temple to Cambodia and the subsequent decision by UNESCO to recognize the temple as a world heritage site (Chan, 2004; Cuasay, 1998; Gallis, 2009). Another group of studies follows one of various guises of elite theory to explain the recent history of the dispute as resulting from elite competition and the rational calculation of costs and benefits in terms of political support (Cock, 2010). A related strand builds on this interpretation through the application of critical theory (Harris, 2010). Studies following critical theory tend to emphasize the complete disregard for the interests and needs of the people living along the border as well as the self serving nature of decisions made in the two capitals (McCargo, 2005). This interpretation also includes a monetary dimension in that the Thai military benefits from a certain degree of conflict due to its continued control over a porous border as well as due to the budget increases it can thus justify (Ungpakorn, 2007, 2010).

Anthropological explanations emphasize the syncretic nature of culture along the border and the artificial nature of clearly defined borders in the Southeast Asian context (Mulder, 1996, 2000). Nevertheless, none of the previously mentioned groups of studies can satisfactorily explain the apparent intractability of this dispute (Brinkley, 2011; Hinton, 2006). The border dispute can trace its origins back more than six hundred years, leading to a historical antagonism between Cambodians and Thais that frequently surfaces in the form of xenophobic violence and in the disproportionate reaction to relatively minor offenses (Brinkley, 2011; Chandler, 2008; Hinton, 2006).

Prospect theory can be used to tentatively explain some of the hard to penetrate aspects of this dispute. A good starting point in this discussion is the issue of reference dependence. It is clear that the reference point for the Thais is not the status quo as reflected by the decision of the International Court of Justice in 1960 which upheld the power balance of the late 19th century (Cuasay, 1998). The way in which the Thai flag was removed from the temple, in an upright position, as well as the rhetoric of influential political groups such as the Yellow Shirts (People's Alliance for Democracy) clearly indicates a large degree of irredentism on the Thai side (Nanuam, 2010; "PAD vow to reclaim Thai soil at miniature Preah Vihear," 2009). It is hard to know exactly where the Thais consider the border should be however it is quite clear that they consider Preah Vihear to be in Thai territory ("PAD vow to reclaim Thai soil at miniature Preah Vihear," 2009; Ungpakorn, 2007, 2010). This is important because according to Prospect Theory anything less than the reference point would be considered a loss which would lead to risky behavior in order to avoid that loss (Levy,

2000). Thailand's aggressive behavior and willingness to use considerable military force including artillery shows that the Thai consider the territory around the temple to be particularly important (Ahuja, 2011).

On the other hand the Cambodians' position is not as straight forward as that of the Thais. For one thing there are two possible reference points they could have. The first is that of the border of the Angkorean Empire which clearly included the Temple in addition to a vast sway of territory in current day Thailand. Another possibility is that they consider the borders demarcated by the French during the early 20th century to be their reference point. A third possibility is that their reference point includes the temple but not its surrounding territory. If we explore the first possibility there are several problems with this alternative. First of all there is an important historical discontinuity between the Angkorean Empire and present day Cambodia since the ruins were actually rediscovered by the French and its history reconstructed from stone inscriptions rather than oral history (Chandler, 2008). The subsequent conversion of the Kingdom to Theravada Buddhism might also distance it from the more Indianized Angkorean polity. Nevertheless, historical discontinuity does not preclude a psychological attachment to a glorified long forgotten past. Therefore, the borders of the former Angkorean Empire cannot be discarded as a possible reference point for Cambodia. The second possibility of considering the borders drawn by the French during the early years of the 20th century is quite plausible. According to this scenario, Cambodia has renormalized the losses of its former domains in Thailand while at the same time accepting the borders coercively negotiated by France. This is possible since the borders drawn by the French include Cambodian territory that was recovered after hundreds of years of Thai domination. In addition to that, the border is a relatively good reflection of the ethnic division of the territory. Therefore, while there are some Khmer speakers on the Thai side of the border, there are also many Thai speakers on the Cambodian side (Heidhues, 2000; Mulder, 1996). The borders roughly follow a line demarcating the middle of a porous zone of syncretic cultural coexistence (Neher, 2002). A third option, which includes the iconic temple but excludes its surrounding territory, is also a possibility. According to this possible interpretation the Cambodian reference point is Preah Vihear and the surrounding territory is only considered as a bargaining chip or buffer zone preventing the possible advance of the Thais.

The previously mentioned possible reference points are important since they can explain the overly aggressive behavior of both parties in relation to their border dispute. Moreover, Thailand's bellicose approach to the dispute and frequent rejection of foreign intervention tends to support the assumption of reference points triggering the endowment effect and thus implying losses rather than gains. Assuming Thailand considers its reference point to include Preah Vihear in addition to its surrounding territory then it follows that Thailand considers that it is attempting to reverse a previous loss. This loss refers to French gains before and after World War II which deprived Thailand of the territory it had conquered starting in the 17th century. Supporting evidence to this assumption include the way in which the flag was removed from Preah Vihear after the decision of the International Court of Justice, the

rhetoric of the Yellow Shirts and royalists against the inclusion of Preah Vihear as a Cambodian World Heritage Site, and the disproportionate use of force in a relatively minor dispute over a nonstrategic territory (Cuasay, 1998; Gallis, 2009; Ungpakorn, 2010).

In the case of Cambodia, two possible reference points are likely. Its reference point could be border drawn by the French or the Temple minus the surrounding territory. Both options are plausible. It is important to note that Cambodia's response to the clashes has been more moderate and considerably more subdued than that of Thailand (McCargo, 2005). Cambodia has repeatedly requested third party mediation as well as foreign peacekeepers (Szep, 2011). This alludes to the possibility that the surrounding territory is simply considered to be a buffer zone or bargaining chip to be used in order to protect the Temple from Thai encroachment. This makes sense based on the reaction predicted by Prospect Theory. If Cambodia considers the status quo to be its reference point then it will consider anything less than that a loss but at the same time will avoid taking extreme risks since it is not attempting to recover for a loss. The opposite is true from the point of view of Thailand.

How do we explain Cambodia's normalization of control over the temple after hundreds of years without effective ownership and the decades without de facto control during the Khmer Rouge years and the subsequent decades of instability? It should be noted that Cambodia quickly normalized the return of Thai held territory both during the colonial period, as well as immediately after the Paris Peace Accord in the final decade of the 20th century. In other words, Cambodia attached considerable value to a relatively small swath of territory which had been outside of its control for most of the country's modern history (Chandler, 2008). This can be explained by the endowment effect. The swath of land was normalized virtually immediately after regaining control over it, during the late 1990s, which means that it was not considered a gain anymore but simply part of the status quo. Prospect theory explains that once a gain is normalized, much more value is attached to it than it had at the moment of acquisition (Levy, 2000). Another way to view it is that the pleasure attached to the gain, in this case the resumption of effective control over the Temple is much less than the suffering from losing it. Thus, the endowment effect explains Cambodia's attachment to the Temple and possibly also of its surrounding territory. Another important concept from Prospect Theory that can be applied to this border dispute is framing. This concept refers to the light in which an event is shown which in turn alludes to one interpretation or another. Thus the dispute can be presented as a case of Thailand fighting to recover territory lost to European colonialism which would imply a frame of interpretation based on "loss", as Thailand's defense of its territorial integrity based on the status quo which would imply the prevention of a possible loss, and finally as the protection of a gain which was made in the 17th and 18th centuries. Depending on the frame that is accepted, the way in which the objective situation will be interpreted. The first frame leads to an interpretation of a situation in which a loss has already taken place and the only solution is to take a risk to possibly reverse some losses or at least prevent further losses. According to Prospect theory this frame would lead to very risky behavior. The second frame would lead to the

interpretation of the dispute as the defense of the status quo in face of a possible loss which would also lead to risky behavior but not of the scale of the first frame. Finally the third frame would lead to a more subdued reaction since the defense of a gain is ruled by risk aversion rather than risk taking.

A similar framing effect can be tested in the Cambodian side. If the dispute is presented as the defense of a gain made during the final years of the colonial period, then the behavior of political actors on the Cambodian side can be expected to be quite subdued and moderate. On the other hand if the dispute is framed as a fight for the prevention of even greater losses after a string of losses starting with the fall of the Angkorean Empire, then the behavior of political actors can be expected to be more radical and risk-seeking. Finally if the dispute is presented as the protection of the status quo then the response would be harsher than in the first case but less risky than in the second. Thus Cambodia is subject to framing effects in the same way that Thailand is.

Framing effect are not only important for the parties directly involved in the dispute but also for third parties concerned about the outcome of the dispute too (Levy, 2000). Thus interest groups in both countries actively attempt to frame the dispute in terms leading to their desired measures. For example, the ultranationalists Yellow Shirts attempt to present the border dispute as the defense of the motherland against the encroachment of a historical enemy aided by hostile foreign powers (Nanuam, 2010; "PAD vow to reclaim Thai soil at miniature Preah Vihear," 2009). Thus, the dispute is elevated to an existential threat. The few square miles of disputed territory suddenly represent the possibility of losing the country's sovereignty and international standing. Needless to say this leads to very risky behavior as demonstrated by the brazen attempts of Yellow Shirt mobs to forcibly occupy Preah Vihear ("PAD vow to reclaim Thai soil at miniature Preah Vihear," 2009). Their rhetoric has also included calls for a total war against Cambodia to recover not only the disputed territory but also the temple itself. On the other hand the way in which the dispute is framed by the leaders of the Red Shirts is much more moderate and simply calls for the peaceful negotiation over the disputed territory while recognizing the status quo of Cambodian ownership over the temple (von Feigenblatt, 2010a). This is evidenced by the support of the Red aligned government for the inclusion of Preah Vihear in the list of World Heritage Sites in 2008 (Gallis, 2009). Thus in this case risky behavior is discouraged since the Red Shirts do not consider that they are operating from a previous loss.

Cambodian rhetoric is more centralized than in the Thai case and is clearly based in the defense of the status quo (Harris, 2010; Hinton, 2006). In addition to that Cambodian attempts to frame the conflict for the international community have also included calls for international mediation to defend the status quo according to international law (Cock, 2010). Cambodia calls for international intervention since it does not consider that it is operating from a loss and thus foreign intervention would not preclude any irredentist claims aimed at recovering from previous losses. Thus both sides have an interest in framing the dispute in two very different ways in order to convince the international community that the border dispute is a bilateral issue of

critical importance or an international issue of moderate importance.

As demonstrated by the previous interpretation of the dispute through the lens of Prospect Theory, the coercive measures taken by both sides in the pursuit of a dispute over a few square miles of nonstrategic territory cannot be explained by rational choice theory. Both sides are losing revenue from trade, suffering from the dislocation of entire villages, as well as bleeding from the costs of the military campaigns themselves. Thus according to rational choice theory the dispute should have been conducted in a similar way to the multiple territorial disputes in the South China Sea, with little or no overt violence and protracted negotiations. Nevertheless the Thai-Cambodian border dispute has not followed the path expected by rational choice theory but fits the one expected by Prospect Theory rather neatly.

While Prospect Theory has considerable explanatory power in the case of the Thai-Cambodian border dispute there are other strong contenders. Elite theory and critical theory both reach similar conclusions but through different paths. According to elite theory, the violent pursuit of the dispute benefits elites in both countries which explains the apparent intractability of the dispute. For example, the powerful military in Thailand benefits from the dispute by making it easier for it to request greater funding, from a considerable increase in political capital due to its role in defending the nation, and finally from direct control over border territories (Ungpakorn, 2007, 2010). The analysis the Cambodian side is similar in that Prime Minister Hun Sen and his political party can deflect attention from the economic downturn and other national problems and thus take advantage from the rally around the flag effect before important elections (Brinkley, 2011; Cock, 2010; Hinton, 2006; John, 2005; McCargo, 2005). Critical theory comes to very similar conclusions but also adds the importance of economic factors such as the role of illegal logging in the border region, the role of both militaries in smuggling endangered species, weapons, and even human trafficking (von Feigenblatt, 2009b; Ungpakorn, 2007, 2010). Thus according to critical theory even though both countries have more to lose than to win from the violent pursuit of the dispute, dominant interest groups have vested interests in the dispute and thus choose to exacerbate it rather than resolve it.

5. CONCLUSIONS

Prospect theory is very useful in terms of understanding human motivation in that it transcends assumptions of perfect rationality through the powerful insights provided by concepts like the endowment effect and reference dependence. The former effect refers to the greater risk seeking behavior encountered when facing decisions perceived as being based on a condition of loss and risk averse behavior when facing a decision perceived as being based on a condition of gain (Levy, 2000). The implications for international conflict of the previously mentioned effect are many. If we combine the insights gained from the endowment effect with the concept of reference dependence it is possible to apply this theory for conflict analysis and resolution. A good application for this theory is the Thai-Cambodian border dispute. As was explained in previous sections of this paper, the border dispute cannot be properly

understood by relying solely on rational-choice theories and its apparent intractability can be overcome and deconstructed through the lens provided by prospect theory. While this paper did not operationalize the theory, it did provide some possible ways in which a change in reference point through framing could have an important impact on how the dispute is pursued by the parties in conflict. Framing could be used to de-escalate the conflict from armed violence to diplomatic negotiation. The best way to manage this important historical conflict is to change the perception of the main players so that they perceive the situation as if they were operating from a position of gains rather than losses. A second alternative would be to at least attempt to normalize their reference points to the status quo in order to elicit more risk averse responses.

This exploratory paper has explained the connection between Prospect theory and international conflict. The main concepts behind the theory were introduced in early sections of the paper and were also applied to the case of the Thai-Cambodian border dispute. Prospect theory provides a powerful explanatory framework to interpret the reasoning behind decision making in conditions of risk. The theory has some important limitations such as the difficulty in conducting empirical studies to determine intent. Identifying reference points is also a challenge specially when studying international conflicts.

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