The argument: The Japanese government's position demanding the return of the Northern Territories (the "Territories") from Russia cannot be explained in terms of the instrumental value of the Territories, but only by factoring in the importance of their recovery to the Japanese sense of identity (i.e., the intrinsic value of the Territories). Political scientists should carefully examine interest-formation and interest-specification of particular states (and patterns across states) to derive state preferences, rather than assuming or deriving them from ancillary theories. In short, researchers should treat "interests" as exogenous variables.

State interests can be identified by three methods (which are roughly aligned in a continuum going from general to specific) (see p. 216, fig. 1):

a) Assumption (e.g., interests assumed by structural factors of the international system - Waltz);

b) Derivation from ancillary theory (e.g., Milner's domestic interest model), in accordance with three models,
   a. Model A - exogenizes relative strength of interest groups
   b. Model B - exogenizes relative strength and preferences of interest groups
   c. Model C - exogenizes relative strength, preferences, and identities of interest groups; or

c) Empirical discovery (e.g., country-specific area study approach).

K&W argue that Model C is the best method of identifying state interests and attempt to demonstrate this with the case study of the Territories, which, by nature of being a territorial dispute, would appear amenable to preference derivation or assumption.

The instrumental value of the Territories cannot explain Japan's foreign policy stance:

a) Economic value - the Territories are small and lack natural resources and infrastructure, though there is some value in the maritime area.

b) Strategic value - though the Soviet Union placed substantial (but arguably unfounded) strategic value on the Territories (as protection for the Sea of Okhotsk submarine bastion), this rationale has declined since the end of the Cold War and does not apply to Japan, except derivatively.

c) Opportunity cost - Japan has suffered a high opportunity cost by insisting on a return of the Territories, straining the Russo-Japanese and G-7 relationships, undercutting the credibility of Japanese diplomacy, and damaging Japan's global role and reputation.

The intrinsic value of the Territories bears greater explanatory power over Japan's position:

a) K&W first concede that their measurement of the intrinsic value is "problematic from a social scientific perspective" (p. 226), and that it necessarily invokes the concept of identity.

b) Comments by analysts and observers reveal both a moral imperative and considerations not purely based on entitlement in demanding return of the Territories.
c) Senior Ministry of Foreign Affairs and Japanese Defense Agency officials frame the problem in moral, legal, and symbolic (but not instrumental) terms.
d) The claim to the four islands (the "four-island formula") is inconsistent with the diplomatic history, which reveals that at times Japan was willing to settle for more or less island territory. This may be explained by the persistence of the Liberal Democratic Party, which assumed power when the four-island formula emerged in 1956. "[S]ocialization processes can explain how the sense of entitlement, and Japanese expectations, have crystallized around [the four-island formula]." (p. 231)
e) Despite the lack of personal experience with the Territories, the claim for their return can be explained by the Japanese sense of identity. Put simply, "[t]he Japanese sense of identity includes the Northern Territories." (p. 232)

Implications:
The Japanese claim to the Territories "has discouraging implications for those who would prefer to assume state interests, or to derive them from an efficient, portable ancillary theory." (p. 232) K&W argue that political scientist attempting to describe preference formation must necessarily examine the phenomenon from an interdisciplinary point of view. Though this caution is not generalizable merely from the evidence presented, K&W argue there is suggestive reason to believe that taking into account norms, ideas, cultures, and social structures will lead to a better explanation of foreign policy and the decisions of state leaders.

Lastly, K&W answer some common objections to their approach, with some broader perspectives:

a) The claim for the Northern Territories is at heart a security issue since Japan considers the Territories its homeland. This arguably contradicts what systemic IR theories would predict.
b) In general, IR theory does not adequately explain territorial claims against other nations.
c) Even if IR theory were not concerned with predicting Japanese foreign policy in this particular instance, this case points towards the weakness of making strong assumptions about state interests.
d) Even though attachments to territory are not uncommon, the particular attachments groups form (e.g., the four-island formula) are very difficult to explain, particularly with systemic factors.
e) Pure domestic distributional arguments are not necessarily sufficient in explaining the Territories claim, since no clear material distributional gain is necessarily to be had.