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FAITS ACCOMPLIS IN THE SHADOW OF SHIFTING POWER

by

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ABSTRACT

FAITS ACCOMPLIS IN THE SHADOW OF SHIFTING POWER

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Old Dominion University, 2020
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The military *fait accompli* is so understudied a phenomenon in the international relations literature that even its definition is not widely known. A *fait accompli* is a unilateral revision to the status quo in an ongoing dispute over some distribution of benefits. Though recent work has demonstrated that *faits accomplis* are relatively common events in international history and current international relations, the subject remains undertheorized and empirically underexplored. This dissertation seeks to open up the conversation about *faits accomplis* in two complementary ways. First, it advances an original formal model of *faits accomplis* in the shadow of power shifts, interacting the effects of dynamic power on a rising state's decision to use *faits accomplis* to revise the status quo in an ongoing territorial dispute. Second, it tests the predictions of the theoretical model against the evidence amassed in two cases of territorial disputes, China's maritime territorial disputes with its Southeast Asian neighbors in the South China Sea, and those with Japan in the East China Sea.

The dissertation aims contribute to the international relations literature at three levels of generality: China's security strategies, the security dynamics of East and Southeast Asia, and the growing body of work on *faits accomplis* in security studies. I offer and apply a coherent structural explanation of China's behavior in the South China Sea while also providing insight into when and where we might expect *faits accomplis* in other contexts, and under what conditions such *faits accomplis* may give rise to war.

The results of the succeeding analysis are provocative. They question the received wisdom of Power Transition Theory that rising states will challenge declining states only once they approach parity of power. Instead, my model and analysis suggest that any shift in power, accompanied by sufficiently low costs of revision, can trigger *faits accomplis* on the part of dissatisfied rising states. They also suggest that the conditions for preventative war are weaker than previous formal models have predicted, making war a more likely outcome of power shifts than was previously thought.

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This dissertation is dedicated to Rebekah, with love and appreciation

“An excellent wife who can find? She is far more precious than jewels. The heart of her husband trusts in her and he will have no lack of gain.”

Proverbs 31:10-11, English Standard Version, Holy Bible

Thank you for your constancy, joy, and love throughout the toil and tears. Thank you for believing in me.

To my parents, Ernest and Donna Haste, thank you too for your wisdom, love, and support. Thank you for “teaching me in the way I should go,” and for your untold sacrifices to make this dream possible.

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This project was born out of a seminar paper written for Dr. Brandon Yoder, without whose encouragement and advice neither the seminar paper nor this particular dissertation would ever have been written. I am grateful for the many hours of conversation and candid advice he has provided me.

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LIST OF ABBREVIATIONS

ADIZ	Air Defense Identification Zone
ASBM	Anti-Ship Ballistic Missile
ASDF	(Japan) Air Self Defense Force
CMS	China Maritime Service
ECS	East China Sea
EEZ	Exclusive Economic Zone
FONOP	Freedom of Navigation Operation
JCG	Japan Coast Guard
MSDF	(Japan) Maritime Self Defense Force
PLA	People's Liberation Army
PLAAF	People's Liberation Army Air Force
PLAMC	People's Liberation Army Marine Corps
PLAN	People's Liberation Army Navy
PRC	People's Republic of China
SCS	South China Sea
SLOC	Sea Lanes of Communication
U.S.	United States of America
UNCLOS	United Nations Convention on the Law of the Sea

CHAPTER 1

INTRODUCTION

For to win one hundred victories in one hundred battles is not the acme of skill. To subdue the enemy without fighting is the acme of skill.

—*Sun Tzu*¹

This project explores China's use of *faits accomplis* in China's maritime periphery with two central objectives. First, it explains the general conditions under which *faits accomplis* arise in the context of territorial disputes. Second, it leverages the theoretical insights into these conditions by exploring specific cases in which Beijing has elected to employ *faits accomplis* and refrained from using them. It argues that China's revisionist behavior in the South China Sea is an instance of a *fait accompli* driven by its growing ability to project power into the region, while its restraint in the East China Sea reflects Beijing's higher estimated costs of unilateral revisions in its Eastern periphery than to the South.

In the early 2000s China was involved in an average of three conflictual incidents in the South China Sea each year. By 2009, that number had risen to an average of twenty per year. These incidents included the seizure of fishing vessels and their cargos, harassment of United States Navy scientific ships, and the sabotage of Vietnamese seismic exploration vessels. Subsequently, China undertook massive land reclamation projects on contested sea features, building islands out of atolls and reefs, and developing these new islands into military installations. This island-building campaign has been accompanied by increasingly assertive claims to sovereignty rights over a massive swath of some of the world's most trafficked waterways.

¹ Samuel B Griffith, *Sun Tzu: The Art of War*, vol. 39 (Oxford University Press London, 1963), 77.

At the same time that China was moving aggressively to consolidate a *fait accompli* in the South China Sea, other territorial disputes took the back seat, with little apparent escalation, and no *faits accomplis* attempted. China's approach to its dispute with India has been largely conciliatory. Tensions have occasionally arisen when Chinese soldiers—and their Indian counterparts have probed each others' responses to brief, nonviolent incursions, but these tensions have been universally marked by rapid returns to the status quo ante and moves to deescalate tensions. Similarly, although China's dispute with Japan over Senkaku/Diayou Island has been diplomatically contentious and occasionally punctuated with maritime incidents involving fishing and coast guard vessels, China has made no attempt to seize the disputed island or impose a similar *fait accompli* in the surrounding waters.

The Chinese case is thus a useful one for exploring and understanding the strategic contexts that do – and do not – lead states to embark upon a militarized effort to revise the status quo through territorial seizure short of war. When, where, and why do powers like China decide to attempt *faits accomplis*? To understand and answer this puzzle, this study develops the first formal model of *faits accomplis* by rising powers. This model provides a framework for a series of case studies that illuminate how different structural constraints and opportunity calculations account for the aggressive pursuit of *faits accomplis* in the South China Sea and the restraint exercised in other disputed regions in China's periphery.

To date, only one peer-reviewed formal study exists with the military *fait accompli* as its primary object of study and no formal model has attempted to comprehensively account for the effects of power shifts, private information, and the availability of unilateral *faits accomplis* as an outside bargaining option. The model developed here provides the framework for broadly generalizable predictions about the conditions which give rise to unilateral military revisions to

the status quo short of war in territorial disputes and I then map those conditions onto China's observed behavior in the South China Sea and the East China Sea. This framework accounts for China's behavior in the South China Sea in terms of the timing of its policy change along with the extent of its revisions and complements existing domestic explanations of regime stability. It also accounts for the failure to observe *faits accompli* elsewhere in China's periphery to date, while providing a context for predicting when and under what circumstances China and other powers might shift from restraint to assertion in other contested areas.

It is important to acknowledge at the outset that this study enters a very large and diverse debate that has developed over the last several decades concerning China's shifting place in the international order. China's aggressive action in the South China Sea has been extensively discussed because they are an important facet of what has been a (if not the) critical question in international relations in the first decades of the 21st Century. How we understand and account for these developments matters, as many scholars have acknowledged. While China's maritime *faits accompli* are certainly disturbing to China's neighbors and to the United States on the basic level that these revisions potentially threaten direct interests, their broader strategic implications depend critically on how we understand them in the broader strategic context of international politics. What explains these dramatic and sudden shifts in behavior? Are we observing the first moves of a rising China's challenge to the post-war order built by the United States in a bid to replace the United States as the primary power in the region? Is the Chinese Communist Party seeking to distract from domestic political fragility by rallying its populace around a nationalistic cause abroad? University libraries and periodical columns are filled with competing explanations for China's increasingly aggressive behavior (and I review this material extensively in Chapter Two).

China's abandonment of Deng Xiaoping's admonition to "hide your capabilities and bide your time" in the South China Sea has attracted the focused attention of scholars of China and international security alike.² The timing and extent of its seizures of maritime features throughout the South China Sea does not conform with predictions of a number of leading theories of international relations. Using the conventional framing of China as the dissatisfied rising power, its behavior does not follow Dale Copeland's prediction that declining states will be the initiators of conflict during power shifts.³ Nor does it accord with Power Transition Theory's prediction that rising states will revise around a specific inflection point at which the rising state reaches parity with the declining state.⁴ Nor does it necessarily follow predictions generated by bargaining models of war that rising states delay action to fulfil their revisionist preferences even after reaching parity, until the gains from revision outweigh the opportunity costs of waiting.⁵ Finally, China's behavior does not map neatly onto the predictions of liberal internationalism that enmeshing states in international trade and international institutions tends to moderate their incentives for conflictual behavior.⁶ Instead, China's sudden and dramatic shift to aggressively

² Dingding Chen and Jianwei Wang, "Lying Low No More? China's New Thinking on the Tao Guang Yang Hui Strategy.," *China: An International Journal* 9, no. 02 (2011); Michael Yahuda, "China's New Assertiveness in the South China Sea," *Journal of Contemporary China* 22, no. 81 (2013); Alastair Iain Johnston, "How New and Assertive Is China's New Assertiveness?," *International Security* 37, no. 4 (2013); Bryan Clark and Jordan Wilson, "Strategic Competition between the United States and China in the Maritime Realm," in *Study of Innovation and Technology in China* (Institute on Global Conflict and Cooperation, 2017); Yahuda, "China's New Assertiveness in the South China Sea."; Michael Pillsbury, *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower* (Henry Holt and Company, 2015).

³ Dale C Copeland, *The Origins of Major War* (Cornell University Press, 2000).

⁴ Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (Houghton Mifflin Harcourt, 2017); Robert D. Kaplan, "The South China Sea Is the Future of Conflict," *Foreign Policy* (2011).

⁵ James D Fearon, "Rationalist Explanations for War," *International organization* 49, no. 03 (1995); Robert Powell, "Uncertainty, Shifting Power, and Appeasement," *American Political Science Review* 90, no. 4 (1996); "The Inefficient Use of Power: Costly Conflict with Complete Information," *American Political Science Review* 98, no. 2 (2004).

⁶ Robert O Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton University Press, 2005); G. John Ikenberry, "The Rise of China and the Future of the West: Can the Liberal System Survive?," *Foreign Affairs* (2008).

revisionist behavior in the South China Sea has posed a fascinating set of challenges to students of geopolitics across a range of paradigmatic approaches to the field. Because this behavior also presents a serious challenge to policymakers in Washington and across Southeast Asia, it is vital that we understand the case of China's *fait accompli* in the South China Sea, in concert with its less aggressive action elsewhere.

I aim to contribute to the scholarly literature at several levels of generality: China's security strategies, the security dynamics of East and Southeast Asia, and the growing body of work on *faits accomplis* in security studies. I offer and apply a coherent structural explanation of China's behavior in the South China Sea that complements rather than competes with existing domestic explanations of China's foreign policymaking. It also provides insight into when and where we might expect *faits accomplis* in other contexts, and under what conditions such *faits accomplis* may give rise to war.

THE FAIT ACCOMPLI

Long overlooked in the international relations literature, the *fait accompli* has recently seen renewed interest from security analysis and scholars of international security.⁷ *Faits accomplis* are one of several types of "gray zone" conflicts. From the security studies field, increased interest has corresponded to growing attention to the category of conflict that falls short of the traditional conception of war. Unlike war, conflicts in the "gray zone" typically do not involve kinetic exchanges between clearly identified armed forces resulting in at least 1,000 battle deaths per year. The "gray zone" conflicts category encompasses *faits accomplis* along with cyber-attacks, support for insurgent groups, clandestine operations, public influence

⁷ Dan Altman, "By Fait Accompli, Not Coercion: How States Wrest Territory from Their Adversaries," *International Studies Quarterly* 61, no. 4 (2017); Van Jackson, "Grappling with the Fait Accompli: A Classical Tactic in the Modern Strategic Landscape," *War on the Rocks*, MAY 31, 2016; Ahmer Tarar, "A Strategic Logic of the Military Fait Accompli," *International Studies Quarterly* 60, no. 4 (2016); Dan Altman, "The Fait Accompli in Interstate Crises: Land Grabs from 1918 to 2007," Postdoctoral Fellow, CISAC (2015).

campaigns, and other attempts to probe or skirt established redlines for war.⁸ Seen in this context, *faits accomplis* represent a crucial tool of “strategic gradualism,” or measured attempts to revise the status quo without provoking outright war.⁹

Altman frames *faits accomplis* as an attempt to outmaneuver adversaries without crossing bright red lines that would provoke a military enforcement of the status quo.¹⁰ This intermediary status between war and peace, along with the universal use of some amount of military force in territorial *faits accomplis*, leads Van Evera to conceptualize *faits accomplis* as a sort of “halfway” point between peace and war, neither entirely peaceful nor outright war.¹¹ This places *faits accomplis* in a liminal conceptual space. In the case of territorial *faits accomplis*, they often take the form of salami-slicing tactics: a series of limited gains progressing toward larger aims.¹² More broadly, they constitute a “limited unilateral gain at an adversary’s expense in an attempt to get away with that gain when the adversary chooses to relent rather than escalate in retaliation.”¹³ Thus, *faits accomplis* share conceptual similarities with both coercion and deterrence. They are conceptually similar to coercion in that they employ state power to force a change to the status quo, yet unlike coercive threats *fait accomplis* require only non-action on the

⁸ Recent examples of such probes have included Russian aerial incursions into European airspace and Iranian probing of American naval vessels’ response protocols in the Persian Gulf. For thorough discussions of grey zones and redline probing see: Javier Jordán, “El Conflicto Internacional En La Zona Gris: Una Propuesta Teórica Desde La Perspectiva Del Realismo Ofensivo,” *Revista Española de Ciencia Política*, no. 48 (2018); Cole Adam Spitzack, “Gray Is the New Black: Great Power Competition in the Gray Zone” (The University of Texas at Austin, 2018); Michael J Mazarr, “Mastering the Gray Zone: Understanding a Changing Era of Conflict,” (US Army War College Strategic Studies Institute Carlisle, 2015); Van Jackson, “Tactics of Strategic Competition,” *Naval War College Review* 70, no. 3 (2017).

⁹ Mazarr, “Mastering the Gray Zone: Understanding a Changing Era of Conflict,” 38.

¹⁰ Dan Altman, “Advancing without Attacking: The Strategic Game around the Use of Force,” *Security Studies* 27, no. 1 (2018).

¹¹ Stephen Van Evera, “Offense, Defense, and the Causes of War,” *International Security* 22, no. 4 (1998).

¹² Jordán, “El Conflicto Internacional En La Zona Gris: Una Propuesta Teórica Desde La Perspectiva Del Realismo Ofensivo,” 142; Jackson, “Tactics of Strategic Competition,” 44.

¹³ Altman, “By Fait Accompli, Not Coercion: How States Wrest Territory from Their Adversaries,” 882.

part of the target. In this, they are like deterrent threats, which count on their targets' unwillingness to fight to prevent them from taking undesired action: in this case, trying to reverse the *fait accompli*.¹⁴

For the purposes of this study, I define the *fait accompli* as a limited unilateral military revision to the status quo. Initial *faits accomplis* are accompanied by attempts to consolidate the gains of revision, but are explicitly used as a measure of revision short of war itself. Thus, a sudden seizure of territory that is accompanied by a declaration of war or is part of a larger battle plan is a surprise attack, not a *fait accompli*. Similarly, a coercive threat to cede a contested piece of territory or face retribution is an ultimatum, not a *fait accompli*. Other attempts to probe red lines—cyber-attacks, probing defenses with flybys or approaching coastal waters with naval vessels—are certainly conflictual behavior but do not materially revise the status quo territorial distribution. While some *faits accomplis* are non-territorial—diplomatic recognition of a contested independence bid, for example—the cases explored in this study all involve territorial disputes. Additionally, because recent scholarly interest in *faits accomplis* have focused on territorial *faits accomplis* and used similarly narrow definitions, this approach allows the dissertation to address existing work more directly.¹⁵ This definition is fully compatible with those of Altman, Jackson, and Tarar, as well as with Van Evera's usage in his discussion of *faits accomplis* in the context of the Offense/Defense balance.¹⁶ However, under this definition none of the behaviors Van Evera describes as *faits accomplis* in his analysis of the origins of the First

¹⁴ Thomas C Schelling, *Arms and Influence* (New Haven: Yale University Press, 1966), 138; Robert A Pape, "Why Economic Sanctions Do Not Work," *International Security* 22, no. 2 (1997).

¹⁵ Tarar, "A Strategic Logic of the Military Fait Accompli."; Dan Altman, "By Fait Accompli, Not Coercion: How States Wrest Territory from Their Adversaries," *ibid.* 61 (2017); "Fait Accompli in Interstate Crises."; Jackson, "Grappling with the Fait Accompli: A Classical Tactic in the Modern Strategic Landscape."

¹⁶ Van Evera, "Offense, Defense, and the Causes of War," 10.

World War would qualify. Austria's ultimatum to Serbia, Austria's subsequent declaration of war against Serbia, and the Central Power's planned rapid victory against Serbia each fail the now-standard definition.¹⁷

Several additional famous *faits accomplis* highlight the key elements of this definition. Using this framing, Egypt's nationalization of the Suez Canal in 1956, Russia's 2014 annexation of Crimea, and China's revisions in the South China Sea all qualify as territorial *faits accomplis*.¹⁸ In each, the revisionist state mobilized military forces to unilaterally modify the status quo, leaving the decision of whether to escalate to either the target state(s) or some other status quo enforcer. Germany's 1938 annexation of the Sudetenland and India's annexation of West Papua, however, would not qualify since both territories were conceded—by Czechoslovakia and the Netherlands respectively—following coercive threats.¹⁹ What would count as a *fait accompli* is Nazi Germany's decision to subsequently take a larger slice of Czechoslovakia than the agreed-upon Sudetenland concession.

Given this rather narrow understanding of *faits accomplis*, how common are they in interstate land disputes? Chipman notes with concern the rise over the past decade of gray zone strategies with special attention to Russian and Chinese *faits accomplis*, but suggests these are relatively new phenomena in international politics.²⁰ Daniel Altman's research demonstrated that, contrary to popular assumption, states are far more likely to use *faits accomplis* than coercion to force revisions to the status quo in territorial disputes. Between 1918 and 2015 states

¹⁷ "The Cult of the Offensive and the Origins of the First World War," *International Security* 9, no. 1 (1984): 94.

¹⁸ Jackson, "Grappling with the Fait Accompli: A Classical Tactic in the Modern Strategic Landscape."

¹⁹ Altman, "By Fait Accompli, Not Coercion: How States Wrest Territory from Their Adversaries," 886.

²⁰ John Chipman, "A New Geopolitical Challenge to the Rules-Based Order," The International Institute for Strategic Studies, <https://www.iiss.org/blogs/analysis/2018/11/challenge-rules-based-order>.

used *faits accomplis* to seize territory in 105 territorial disputes, while only using coercive threats in 12 cases.²¹

These findings become even starker when focusing on the past half century. Altman observes that “not once in the last 50 years has a state successfully coerced another into ceding territory under threat without using its military to seize the territory first...It is possible to draw the comparison in a variety of ways, but the bottom line is clear: states gain territory by *fait accompli* far more often than by coercion.”²² Thus, *faits accomplis* are more common than previously thought, and they play a central role in modern territorial disputes.

Faits accomplis are also theoretically important as a cause of war. First, by virtue of the fact that *faits accomplis* involve military mobilization, they inherently move one step closer to armed conflict, increasing the chances of escalation spirals into outright war.²³ *Faits accomplis* raise the costs of backing down for a dissatisfied power that employs them as a means to revise the status quo. Having sunk material and reputational costs into a visible effort to revise the status quo sends a credible signal of resolve, but it also creates additional costs of backing down, raising the likelihood of war in the event a *fait accompli* is followed by an ultimatum to withdraw to the status quo ante.²⁴ *Faits accomplis* also force defending states to choose between accepting losses and enforcement (by a declaration of war since *faits accomplis* include moves to defend gains made). Finally, *faits accomplis* may serve as a signal to inform a declining power of a rising power’s highly resolute or revisionist type. When a declining power becomes convinced

²¹ Altman, "By Fait Accompli, Not Coercion: How States Wrest Territory from Their Adversaries."

²² "Red Lines and Faits Accomplis in Interstate Coercion and Crisis" (Massachusetts Institute of Technology, 2015), 61.

²³ Van Evera, "Offense, Defense, and the Causes of War."

²⁴ James D Fearon, "Signaling Foreign Policy Interests: Tying Hands Versus Sinking Costs," *Journal of Conflict Resolution* 41, no. 1 (1997); Branislav L Slantchev, "Military Coercion in Interstate Crises," *American Political Science Review* 99, no. 4 (2005); Van Evera, "Offense, Defense, and the Causes of War."

that a rising power is too resolute to be satisfied by the declining power's maximum acceptable level of concessions, this new information may trigger a preventive war.²⁵ Several of these paths from *fait -accompli* to war are explored in the formal model in Chapter 3.

FRAMEWORK FOR INQUIRY

The two primary methodological approaches leveraged in this study are formal modeling and case studies. As discussed in detail below, these methods complement each other by bringing together the insights of rigorous theoretical modeling and hypothesis-generation and the thick description and exploration of causal processes of case studies. This approach is in line with the body of scholarship which seeks to draw out links between theoretical modeling and empirical research, known as Empirical Implications of Theoretical Modeling (EITM). Such approaches seek to establish a unified approach that facilitates the mutual enrichment of theoretical and empirical work, with emphasis on joining theoretical rigor and empirical evidence through hypothesis testing and validation.²⁶ Although *faits accomplis* are a relatively frequent event in interstate disputes with a growing consensus conceptual framework, much remains to be theorized about the conditions that give rise to their use, either in general or in the case of China's territorial disputes in particular. This dissertation seeks to provide insight into both of these areas by complementing an original formal model focused on the effects of *faits accomplis* on the outcomes of power shifts with a detailed study into two cases of territorial disputes involving China and its neighbors.

²⁵ Although he does not include *faits acocomplis* in his analysis, the preventative logic outline here is consistent with Robert Powell, *In the Shadow of Power* (Princeton: Princeton University Press, 1999), Ch 4; "Uncertainty, Shifting Power, and Appeasement."

²⁶ Jim Granato, Melody Lo, and Sunny Wong, "Las Implicaciones Empíricas De Los Modelos Teóricos (Iemt): Un Marco De Referencia Para La Unificación Metodológica," *Política y gobierno* 17, no. 1 (2010): 29-30; Jim Granato and Frank Scioli, "Puzzles, Proverbs, and Omega Matrices: The Scientific and Social Significance of Empirical Implications of Theoretical Models (Eitm)," *Perspectives on Politics* 2, no. 2 (2004).

MODELING *FAITS ACCOMPLIS*

Models are simplified renderings of real-world systems or interactions that highlight some element of the system or interaction. They do not, in other words, seek to encapsulate the whole of the phenomenon they portray. Rather, a model is “a constrained, best effort to capture what the modeler believes to be the essence of a complex empirical phenomenon or at least an important aspect of it.”²⁷ Since models are necessarily simplifications of the systems they represent, they are also necessarily limited. As George Box famously quipped, “Essentially, all models are wrong, but some are useful.”²⁸ These limitations come in at least two forms. First, models are restricted by their need to be *tractable*. Scholars model complex problems because the systems themselves are too complex to unwind into their component parts; thus, a model adopts assumptions or focuses on a subsystem in order to grapple with a more manageable piece of the puzzle in the hopes of producing some useful insight. This leads to the second limitation of modeling. Models are limited by the modeler’s understanding of the forces at work in the system he or she seeks to model.²⁹ Even a sufficiently tractable and focused model only mirrors the elements of the system it seeks to represent insofar as the assumptions built into it by its modeler represent the reality he or she seeks to understand. This second limitation has been the focus of a number of critiques of formal modeling as a method of inquiry in political science.³⁰

²⁷ Powell, *In the Shadow of Power*, 24.

²⁸ George EP Box and Norman R Draper, *Empirical Model-Building and Response Surfaces* (John Wiley & Sons, 1987).

²⁹ This is fundamentally in agreement with Schelling and Myerson’s assessments of the limitations inherent to modeling. Schelling Thomas, “Micromotives and Macrobehavior,” *WW Norton & Company, New York* (1978): 87-91; Roger B Myerson, “On the Value of Game Theory in Social Science,” *Rationality and Society* 4, no. 1 (1992): 66-68.

³⁰ Iain Hampsher-Monk and Andrew Hindmoor, “Rational Choice and Interpretive Evidence: Caught between a Rock and a Hard Place?,” *Political studies* 58, no. 1 (2010); Stephen M Walt, “Rigor or Rigor Mortis? Rational Choice and Security Studies,” *International security* 23, no. 4 (1999); James Johnson, “What Rationality Assumption? Or, How ‘Positive Political Theory’ rests on a Mistake,” *Political Studies* 58, no. 2 (2010).

The approach I adopt addresses these concerns in several ways. First, the use of formal models is undertaken with careful attention to the limitations of models in isolation. Formal models are useful tools to explicitly frame a limited set of assumptions explicitly in terms of the causal mechanisms they produce. In this respect, they make theoretical arguments more transparent both to the modeler and his or her audience. This transparency arises first from the specification of the model itself, in which the scope and assumptions of the model are explicitly laid out. Second, formal models provide transparency through their internal links, which are normally demonstrated in mathematical proofs and spell out the intervening causal links between the mechanisms under study.³¹ The specification of the model along with its internal links allow for clearly defined hypotheses of causal relationships. Finally, this project goes beyond proposing and analyzing a formal model by evaluating the predictions of the model through a series of cases and quantitative analysis, returning to the motivating theoretical questions in light of the empirical evidence gained in the case and quantitative studies. This approach allows for the full investigative process of theoretical specification, prediction, empirical testing, validation, and reevaluation of theoretical framing.

This transparency allows modeling to serve as a useful heuristic device for formulating and refining theories of politics. The very process of specifying and solving even simple game theoretic models forces precisely articulated assumptions and causal linkages, which are then more readily amenable to both theoretical interrogation and empirical testing. Even when the assumptions baked into a model prove faulty, the model can play a role in demonstrating the flaw in the erroneous assumption. On the other hand, when sound assumptions lead to counter-

³¹ Powell, *In the Shadow of Power*, 29-30; Frank Lovett, "Rational Choice Theory and Explanation," *Rationality and Society* 18, no. 2 (2006): 240-41; Ariel Rubinstein, "Comments on the Interpretation of Game Theory," *Econometrica: Journal of the Econometric Society* (1991): 923.

intuitive outcomes the model's predictions can be interpreted and applied to detailed case studies or tested through quantitative methods. This project aims to draw on the lessons of one particular model—a modified Rubenstein-Stahl bargaining model adapted from Powell's model of power shifts—to gain insight into both the general behavior of states' use of *faits accomplis* and China's use (and restraint from use) of *faits accomplis* in its territorial disputes.

The model I advance in this dissertation interacts two key assumptions not previously used together in formal bargaining models: costly *faits accomplis* and power shifts. While other studies have explored bargaining without attention to either or by including one or the other of these variables, I argue both are essential to understanding China's use of *faits accomplis* in the South China Sea as well as their proliferation in territorial conflicts more broadly. Fearon's foundational work on territorial bargaining includes a brief discussion of *faits accomplis*, but ultimately models the phenomenon as a costless take it or leave it offer.³² While this model helps draw out the commitment problems that can arise from appeasing revisionist states, it does not reflect the unilateral nature of the actual seizure of territory. Nor does it capture the inherent costs of mobilization and international opprobrium that accompany *faits accomplis*. The inclusion of costs in models of *faits accomplis* is not only a closer approximation to reality; the material and reputational costs of conflict—even grey zone conflicts like *faits accomplis*—have observable impacts on revisionist states' decisions to undertake *faits accomplis* as well as target states' decisions to accept them. Thus, my model adopts Tarar's framing of *faits accomplis* as costly measures that revise the division of benefits over which two adversaries are bargaining.³³

³² Fearon, "Rationalist Explanations for War."

³³ Tarar, "A Strategic Logic of the Military Fait Accompli."

As with costly *faits accomplis*, power shifts have tremendous impacts on the outcomes of territorial bargaining. The evidence from studies of bargaining and coercion in war show the powerful effects of shifting power on the ability to force weakened adversaries to accept conditions they would not have accepted while they were stronger.³⁴ In other words, power shifts alter the parameter space in which ongoing bargaining takes place. Under some conditions, this leads rising powers to impose *faits accomplis*, despite their inherent costs, and declining powers to accept the rising powers' revisions despite the losses they represent. Under other conditions, declining states may attack in response to *faits accomplis*. The model I develop in Chapter 3 allows for specification of conditions that lead to peaceful shifts, *faits accomplis*, and wars provoked by attempted *faits accomplis*.

The formal model of power shifts and *faits accomplis* developed in Chapter 3 highlights the incentives that arise when *faits accomplis* are available as an option to rising and non-rising states engaged in territorial disputes. These incentives are often implicit in theoretical discussions, but formalizing them allows us to focus explicitly on their impact on decisions. As will be seen in Chapter 3, modeling the incentives that arise from power shifts and *faits accomplis* leads to counter intuitive results, which in turn generate testable predictions concerning future territorial disputes. Like Tarar, my model assumes a moderate cost—less than the costs of war, but nonzero—to *faits accomplis*. This is because there simply are material costs to mobilizing forces to seize territory even when that territory is not fortified or physically contested. Additionally, there are nontangible but nevertheless real reputational costs associated with violating international norms. Thus, the *fait accompli* is modeled as a costly “outside

³⁴ Robert Powell, "Bargaining and Learning While Fighting," *American Journal of Political Science* 48, no. 2 (2004); Slantchev, "Military Coercion in Interstate Crises."; Robert A Pape, *Bombing to Win: Air Power and Coercion in War* (Cornell University Press, 1996); Thomas Chadeaux, "Bargaining over Power: When Do Shifts in Power Lead to War?," *International Theory* 3, no. 02 (2011); Powell, *In the Shadow of Power*, Ch. 4.

option” available to a dissatisfied rising power in addition to the options of accepting the status quo, bargaining over disputed territory, or going to war to revise it.

CASE STUDIES AND CASE SELECTION

While good formal models propose clearly articulated theoretical explanations of causal relationships, their explanations remain abstract without additional work to interpret their results and apply their findings to the real-world phenomena they seek to explain.³⁵ In this regard, the descriptive richness provided by case studies provides a powerful complement to the theoretical abstraction inherent in game theoretic modeling. While formal models trade descriptive thickness for precision in describing proposed general causal mechanisms, case studies offer rich context and thick description of the causal factors at work in a few related instances of the outcome under study.³⁶ This is not to suggest that case studies do not generate causal hypotheses on their own, but rather to highlight the synergies between formal modeling and detailed case studies. This dissertation begins with a motivating question concerning the conditions that give rise to *faits accomplis*, advances a discrete set of proposed theoretical causal mechanisms and conditions that emerge from a formal model of *faits accomplis*, and explores two related cases of territorial disputes to test and contextualize the theoretical explanations provided by the model. This approach seeks to mitigate some of the methodological limitations of the game theoretic approach—namely the lack of thick historical context—while gaining the generalizability and richness of both approaches. As King, Keohane, and Verba stress, developing rigorous causal hypotheses and good description need not be competing objectives.

³⁵ Gary King, Robert O Keohane, and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research* (Princeton university press, 1994), 50.

³⁶ Johnson, "What Rationality Assumption? Or, How 'Positive Political Theory' rests on a Mistake," 298.

“One of the often overlooked advantages of the in-depth case-study method is that the development of good causal hypotheses is *complementary* to good description rather than competitive with it. Framing a case study around an explanatory question may lead to more focused and relevant description, even if the study is ultimately thwarted in its attempt to provide even a single valid causal inference.”³⁷

China’s territorial disputes are a helpful set of cases for drawing out insights into *faits accomplis* for several reasons. First, China’s behavior in the South China Sea presents an ongoing example of the phenomenon in action. The scope and timing of its *faits accomplis* presents a puzzle for scholars of international relations theory and for area specialists alike. Beyond the specific instance of *faits accomplis*, however, the divergent outcomes of China’s ongoing territorial disputes in the East China Sea and South China Sea presents a helpful set of cases that are amenable to the comparative method. China’s observed change in behavior within the South China Sea region helpfully presents an instance of within-case variation with which to test the predictions of the dissertation’s formal model.³⁸ The comparison of China’s approach to territorial disputes across regions and with varied disputants allows for the use of John Stuart Mill’s “method of difference,” in which cases share high degrees of similarity but diverge in terms of outcomes in the study variable.³⁹ More specifically, the similarities in the territorial dispute cases, the clear conceptualization of the category of phenomenon under study, the variation in observations of *faits accomplis*, and more general theoretical relevance of *faits*

³⁷ King, Keohane, and Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research*, 4.

³⁸ Stephen Van Evera, *Guide to Methods for Students of Political Science* (Cornell University Press, 1997), 52; Andrew Bennett, "Case Study Methods: Design, Use, and Comparative Advantages," in *Models, Numbers, and Cases: Methods for Studying International Relations* (University of Michigan Press, 2004), 23.

³⁹ Van Evera, *Guide to Methods for Students of Political Science*, 57.

accomplis to international studies make these cases excellent candidates for a structured-focused comparison.⁴⁰ Some scholars have expressed concerns⁴¹ about the ability to create generalizable theory even from structured-focused comparison. Gaubatz and Drozdova, for example recommend using information theory to further discipline small-*n* analysis through small-*n* quantitative analysis.⁴¹ However, they also acknowledge that there are conditions under which the structured-focused comparison may be used without quantification through information theory: “Structured, focused comparison is a sufficient analytic tool when a set of cases clearly aligns to distinguish the impact of one or two central variables.”⁴² The disputes explored in my case studies arise in the context of rising Chinese economic and military power, and occur with neighbors who have varying levels of military and economic strength. In particular, China’s ability to leverage its growing power to protect its *faits accomplis* and consolidate its gains varies dramatically between the two cases. I focus on China’s disputes in the South China Sea alongside China’s outstanding territorial disputes on its maritime border with Japan in the East China Sea. This case selection allows for observation of variation in China’s behavior over time—from largely cooperative behavior to aggressive revisions in the South China Sea—and across geopolitical contexts while maintaining a focus on the key *fait accompli* variable.

⁴⁰ Alexander L George and Andrew Bennett, "The Method of Structured, Focused Comparison," in *Case Studies and Theory Development in the Social Sciences* (MIT Press, 2005), 69-70.

⁴¹ Katya Drozdova and Kurt Taylor Gaubatz, *Quantifying the Qualitative: Information Theory for Comparative Case Analysis* (Sage Publications, 2015), 52 ff. Gaubatz and Drozdova do not, however, dispute the value of case studies generally. They simply seek to provide a set of tools to allow more precise measurement and generalization in small-*n* studies. Others go much further in discounting the utility of case studies in general: Paul S Gray et al., *The Research Imagination: An Introduction to Qualitative and Quantitative Methods* (Cambridge University Press, 2007), 199; Arend Lijphart, "Comparative Politics and the Comparative Method," *American political science review* 65, no. 3 (1971): 683-4. This dissertation rejects the latter view for the reasons discussed above.

⁴² Katya Drozdova and Kurt Taylor Gaubatz, "Reducing Uncertainty: Information Analysis for Comparative Case Studies," *International Studies Quarterly* 58, no. 3 (2014): 634.

One possible objection to the case selection comes from the literature on China's strategic policy thinking, which frequently refers to China's strategy in the South China Sea and East China Sea as two parts of a single strategic theater.⁴³ One extension of this argument might be that the South China Sea and East China Sea cases may be linked by too many endogenous variables to allow for helpful traction as case studies. Indeed, the two cases are very similar, as Chapters 4 through 6 discuss in detail. However, there is justification for adopting two paired cases with a great deal of similarity for the purposes of a structured focused comparison.⁴⁴ In fact Mill's method of difference prescribes adopting two or more cases with as many similarities as possible to assess those differences that are most likely to contribute to the divergent outcomes between them.⁴⁵ Beyond the methodological prescriptions of the likes of Van Evera and J.S. Mill, there are substantive reasons to pair the two cases. First, the two cases allow for cross-case comparison with the same state facing the choice to impose *faits accomplis*, or not, with differing outcomes. This is despite the many similarities enumerated above and detailed later in the dissertation. They also allow for comparing the behavior of a given state, China, in two separate regions over the same period of time, allowing for within-case comparison of the two cases over the same period of time, increasing the explanatory leverage of the two cases. Finally, because China faces different disputants in the South China Sea and the East China Sea, contrasting its behavior in the two regions will allow for insights into the different dynamics of interstate bargaining between different sets of bargaining partners. In sum, I argue that there is good reason

⁴³ M Taylor Fravel, *Active Defense: China's Military Strategy since 1949* (Princeton University Press, 2019); Toshi Yoshihara and James R Holmes, *Red Star over the Pacific, Revised Edition: China's Rise and the Challenge to US Maritime Strategy* (Naval Institute Press, 2018); Andrew S Erickson and Joel Wuthnow, "Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific "Island Chains"," *The China Quarterly* 225 (2016).

⁴⁴ Sidney Tarrow, "The Strategy of Paired Comparison: Toward a Theory of Practice," *Comparative political studies* 43, no. 2 (2010).

⁴⁵ Van Evera, *Guide to Methods for Students of Political Science*.

to evaluate the two cases as similar enough for a productive pairing of cases, but enough distinction between them to treat them as separate cases for the sake of cross-case comparison.

PLAN OF THE DISSERTATION

This chapter has laid out the motivating puzzle of the dissertation—understanding the conditions that give rise to *faits accomplis*, both in the context of China’s territorial disputes and more generally—and my approach of combining the insights of formal modeling with structured-focused comparisons of two cases of China’s territorial disputes with its neighbors. It also examined the importance of the *fait accompli* itself as a worthwhile object of study for students of international relations. Chapter Two examines the dynamics of power, power shifts, and competing approaches to territorial disputes along with existing explanations of China’s changing behavior in its maritime periphery. Chapter Three advances the dissertation’s game theoretic model of *faits accomplis* and shifting power, highlighting the conditions under which the model predicts observed *faits accomplis* and the ways in which revisionist powers’ access to *faits accomplis* as a feasible tool raises the risk of war in territorial disputes. Chapter Four focusses on the first case study: China’s change in behavior in the South China Sea over time. Chapter Five extends this study to include China’s approach to its territorial disputes with Japan in the East China Sea. Chapter Six draws together the two case studies and tests the theoretical predictions of the model against the empirical observations in the two cases. Finally, Chapter Seven reviews the implications of the preceding analysis for our understanding of *faits accomplis* generally, China’s revisions in the South China Sea, and the security dynamics of the region. One simple but powerful prediction arising from the model is that we should expect *faits accomplis* to be more likely during, or immediately following, shifts in power between disputants. In those cases, states rising in power relative to other claimants are more likely to leverage their new positions of power to seize disputed territories. Another key prediction is that

the opportunity for rising states to impose *faits accomplis* significantly weakens the conditions for war between disputants. This may be counterintuitive since *faits accomplis* are, by design, measured to make territorial gains while avoiding war. Still, the model predicts that declining states faced with the possibility of a stream of *faits accomplis* will elect to attack the rising power rather than allow their position to erode unchallenged.

CHAPTER 2

LITERATURE REVIEW

The military *fait accompli* is, at its root, an attempt to gain control over disputed territory without fighting. Its logic is similar to the logics of deterrence, compellence, and ultimata, yet remains distinct from each. The previous chapter introduced and conceptualized *faits accomplis*, but to better understand the conditions that give rise to the phenomenon, we must first locate it in the broader literature of power and coercive tools of statecraft. The goal of this review is to show how a neglected phenomenon fits into the larger puzzle of state bargaining in the shadow of power, and into efforts to understand China's behavior in its maritime periphery.

This chapter reviews the existing literature on interstate bargaining and coercive diplomacy, along with a brief overview of attempts to model the effects of power shifts on interstate bargaining.⁴⁶ The remainder of the chapter proceeds in four parts. The first conceptualizes power in the context of *faits accomplis*, reviewing the broad literature on power and power shifts as they relate to territorial disputes and land grabs. The second discusses the advances made in the use of formal models to better understand the incentives of power shifts in interstate bargaining, disputes over distributions of benefits generally speaking, and war. The chapter argues that the *fait accompli* remains theoretically undeveloped in the extant literature and outlines the extent to which this dissertation proposes to fill a portion of this lacuna. Next, the chapter turns to a theoretical review of the leading explanations of China's behavior in its ongoing territorial disputes. It argues that the literature on China's behavior lacks a cohesive structural explanation that accounts for power shifts and *faits accomplis* as a tool of conflictual

⁴⁶ The brief overview presented in this chapter will be more fully explored in the following chapter, which presents the dissertation's formal model of power shifts and *faits accomplis*.

foreign policy. Finally, the chapter turns to applying various theoretical explanations to the cases examined in later chapters, and show why in this context, as in the broader literature, a theoretical model of the *fait-accompli* in the face of shifting power can provide needed insight.

POWER, POWER SHIFTS, AND TERRITORIAL DISPUTES

The military *fait accompli* occupies a paradoxical position amongst the tools of coercive diplomacy. A state implementing a *fait accompli* employs the use of military force to obtain political objectives, but its goal is to effect revisions to the status quo without escalating conflict to warfare. Sometimes, as in the case of Turkey's annexation of Northern Cyprus, this attempt is successful. In other cases—Argentina's attempt to seize the Falkland Islands from the United Kingdom, for example—both the revision and the attempt to avoid war result in failure. As discussed in the previous chapter, this places *faits accomplis* in a legal and policy grey zone, but it also complicates their conceptualization in terms of the use of force and coercive bargaining.

Conceptualizing Power and Faits Accomplis

At its most basic level, power in the international sphere is fundamentally instrumental and relational. It is instrumental in that its value inheres in the outcomes and preferences it can be leveraged to realize. In other words, states use their power to achieve objectives, or at least to manage outcomes as best they can. It is relational in that power only gains meaning when measured relatively between actors. In Dahl's famous formulation, "A has power over B to the extent that he can get B to do something that B would not otherwise do."⁴⁷ Yet this formulation

⁴⁷ Robert A Dahl, "The Concept of Power," *Behavioral science* 2, no. 3 (1957): 202. This is consistent with Weber's classic formulation along with more recent, narrower explorations into the dynamics of power Max Weber, *The Theory of Social and Economic Organization*, trans. A.M. Henderson and Talcott Parsons (Glencoe, Ill: Free Press, 1957), 152; Hans Morgenthau and Politics Among Nations, "The Struggle for Power and Peace," *Nova York, Alfred Kopf* (1948); Michael Beckley, "The Power of Nations: Measuring What Matters," *International Security* 43, no. 2 (2018); David A Baldwin, *Power and International Relations: A Conceptual Approach* (Princeton University Press, 2016); Ernest J Wilson III, "Hard Power, Soft Power, Smart Power," *The Annals of the American Academy of Political and Social Science* 616, no. 1 (2008); Joseph S Nye, "Soft Power," *Foreign policy*, no. 80 (1990); John Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton & Company, Inc., 2001); Stephen Van Evera, *Causes of War: Power and the Roots of Conflict* (Cornell University Press, 2013).

is so broad as to give little insight into the varied uses of power. The deterrence literature provides more conceptual traction for explaining *faits accomplis*, however. Art's taxonomy of the uses of military power draws out three uses of power that are useful to this project, two of which were briefly discussed in Chapter 1: defense, deterrence, and compellence.⁴⁸ Defensive power is simply the ability to resist military attack by another state. To reformulate Dahl, A exercises power over B if A can resist a military attack by B. Similarly, a state uses its power as a deterrent if it can prevent another state from taking an action that it otherwise would have taken. Finally, a state uses compellent power when it can cause a target to change existing behavior with the threat of force. As Schelling and Pape, among others, have observed, both deterrent and compellent force rely on a state's capacity to punish targets for failing to comply with its demands.⁴⁹ In the case of deterrence, the capacity is never actualized but coerces in the form of a deterrent threat. In the case of compellence, coercion may be accomplished through threats alone, but more often requires the actual use of force. For Schelling, *faits accomplis* are a means for targets of deterrence to probe would-be deterring states' red lines through the use of salami-slicing tactics.⁵⁰

Shelling's treatment of *faits accomplis* as a tactic to evade coercion sheds light on part of the interplay between power and land grabs, but it misses an important way in which they also allow revisionist states to invert the incentives of defense and deterrence on states interested in preserving the status quo. *Faits accomplis* do not fit neatly into Art's categories of force because

⁴⁸ Robert J Art, "To What Ends Military Power?," *International Security* 4, no. 4 (1980); Schelling, *Arms and Influence*. Art discusses a fourth dimension—swaggering—that is less salient here, and Schelling addresses deterrence and compellence in detail in Chapter 2.

⁴⁹ *Arms and Influence*; Pape, *Bombing to Win: Air Power and Coercion in War*.

⁵⁰ Schelling, *Arms and Influence*, 66.; Altman explores the dynamics of red lines in crisis bargaining extensively in Altman, "Red Lines and *Faits Accomplis* in Interstate Coercion and Crisis."

they reveal how a unilateral revision to the status quo changes the incentives between two disputants. As they are proactive and unilateral, *faits accomplis* are not simply deterrent or compellent uses of force. Because they initiate conflict—albeit low-intensity conflict—they are not purely defensive. Instead, *faits accomplis* seek to seize not only disputed territory, but a defensive position.⁵¹ By taking the initiative in seizing a portion of disputed territory a revisionist state gains the advantage of inertia and the onus of revision—in this case of revision back to the status quo ante—shifts to the defender of the status quo. Furthermore, the status quo power's task has shifted from deterrence to the relatively more difficult compellence.⁵² Because *faits accomplis* involve both the seizure and defensive consolidation of disputed territory, enforcement of the status quo is nearly certain to require an outright attack by a state seeking to roll them back.

Power Shifts

The commitment problem of expected future realities casting a shadow on current decisions is at the heart of the alleged “Thucydides trap” facing the United States as it contends with China’s growing capabilities. Thucydides famously attributed the primary cause of the Peloponnesian War to “the growth of Athenian power and the fear which this caused in Sparta.”⁵³ This fundamental logic of accepting conflict—even costly, otherwise undesirable conflict—in the face of a worsening strategic position is the driving force behind preventative wars. It is also central to formal bargaining models of war.

⁵¹ Robert Jervis, "Cooperation under the Security Dilemma," *World Politics* 30, no. 2 (1978); Van Evera, "Offense, Defense, and the Causes of War."; Jack S Levy, "The Offensive/Defensive Balance of Military Technology: A Theoretical and Historical Analysis," *International Studies Quarterly* 28, no. 2 (1984).

⁵² Art, "To What Ends Military Power?," 10.

⁵³ Thucydides, *History of the Peloponnesian War*, trans. Rex Warner (London: Penguin, 1972), Book 1.23.

The preventive logic of war during power shifts as an important driver of state behavior is well-established in the international security literature.⁵⁴ More recent work has explored the role of preventive logic on democratic state behavior,⁵⁵ American foreign policy,⁵⁶ and US-China relations.⁵⁷ The core intuition behind preventive motivations is that states fear the concessions that rising rivals may force upon them once power has sufficiently tipped in their favor. A state facing a deteriorating strategic outlook may choose to attack before its position worsens if it believes its adversaries likely to attack or force unbearable concessions once its ability to fight back has waned further.⁵⁸ And because of the anticipated power shift, bargains that make both states better off than war may not be credible because of the commitment problems created by shifting power.

Taylor Fravel explores this logic in his work on Chinese territorial disputes. He argues that escalations of territorial disputes can be explained in part by changes in the strength of a state's bargaining power—defined as a function of the amount of contested land already

⁵⁴ Jack S Levy, "Declining Power and the Preventive Motivation for War," *World Politics* 40, no. 1 (1987); Kenneth Waltz, *Theory of International Politics* (Reading: Addison-Wesley, 1979); Stephen Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1987); Morgenthau and Nations, "The Struggle for Power and Peace."; Van Evera, "The Cult of the Offensive and the Origins of the First World War."

⁵⁵ Randall L Schweller, "Domestic Structure and Preventive War: Are Democracies More Pacific?," *World Politics* 44, no. 2 (1992); Jack S Levy, "Preventive War and Democratic Politics: Presidential Address to the International Studies Association March 1, 2007, Chicago," *International Studies Quarterly* 52, no. 1 (2008).

⁵⁶ Marc Trachtenberg, "Preventive War and US Foreign Policy," *Security Studies* 16, no. 1 (2007); M. Taylor Fravel, "Revising Deng's Foreign Policy," *The Diplomat*, January 17 2012.

⁵⁷ David Shambaugh, "US-China Rivalry in Southeast Asia: Power Shift or Competitive Coexistence?," *International Security* 42, no. 04 (2018); Christopher Layne, "The US–Chinese Power Shift and the End of the Pax Americana," *International Affairs* 94, no. 1 (2018); David Lampton, "Power Constrained: Sources of Mutual Strategic Suspicion in U.S.-China Relations," (National Bureau of Asian Research, 2010); John J Mearsheimer, "The Gathering Storm: China's Challenge to US Power in Asia," *The Chinese Journal of International Politics* 3, no. 4 (2010).

⁵⁸ Chadeaux, "Bargaining over Power: When Do Shifts in Power Lead to War?."; Levy, "Declining Power and the Preventive Motivation for War."; Alexandre Debs and Nuno P Monteiro, "Known Unknowns: Power Shifts, Uncertainty, and War," *International Organization* 68, no. 1 (2014); Randall Schweller, "Managing the Rise of Great Powers," in *Engaging China: The Management of an Emerging Power* (New York: Routledge, 1999).

occupied by the would-be reviser and its ability to project military power into the territory—over time. For example, he argues that across the period he surveyed, China has only used military force to enforce claims “when it viewed its relative position in these disputes as weakening.”⁵⁹ Furthermore, he notes that the effects of declining bargaining power are independent of a state’s initial strength in the dispute. This complements Copeland’s observation that expectations of worsening economic environments may lead even second-tier powers to initiate war on preventive logic. He argues that despite their weaker starting point, if the prospects of decline are severe and they have little certainty that an adversary will exercise restraint in future bargaining games, they may still risk fighting.⁶⁰

Similarly, the “Dynamic Differentials” theory Copeland presents in *The Origins of Major War* argues that both the distribution of power and shifts in power matter in determining whether major powers will go to war.⁶¹ Importantly, he argues that all major wars will be preventive since rational rising states always have an incentive to put off conflict until they are stronger. However, in the absence of multipolarity, declining states may initiate war or attempt revisions that risk war if they anticipate a rapid or prolonged decline. Finally, Chan and Tessman find that relative decline is more likely to prompt states to take preventative action than relative rise if and only if: a) the declining state has enough current advantage to promise a reasonable chance of success; and b) their leaders fear that their decline will be steep or sustained enough to erode their future bargaining position.⁶²

⁵⁹ M Taylor Fravel, “Power Shifts and Escalation: Explaining China’s Use of Force in Territorial Disputes,” *International Security* 32, no. 3 (2008).

⁶⁰ Dale C Copeland, *Economic Interdependence and War* (Princeton University Press, 2015).

⁶¹ *The Origins of Major War*.

⁶² Steve Chan and Brock F Tessman, “Relative Decline: Why Does It Induce War or Sustain Peace?,” in *Systemic Transitions* (Springer, 2009).

Other scholars have observed that power shifts can also incentivize rising powers to act opportunistically, seizing the opportunity to use their newfound capabilities to their advantage.⁶³ As with preventative logic, this thinking is driven by shifts in the distribution of relative power. Under opportunistic logic, a state that has thus far settled for a tolerable but not preferable status quo finds itself with newfound abilities to revise the status quo in its favor. These revisions may be peaceful, as with the ascent of American power as British power waned. But they may also be contentious, as with the expansions of Hitler's Germany and Napoleon's France in the 20th and 19th centuries. Stephen Van Evera's framework of windows of opportunity and vulnerability brings preventive and opportunistic motivations for war together in a unified framework.⁶⁴ Windows are closely linked to the idea of "preventive war" – the mentality that it is better to fight now rather than later in potentially less optimal circumstances. According to Van Evera, windows appear in a variety of forms. Most broadly, windows are divided into windows of vulnerability and opportunity.⁶⁵ Windows of vulnerability are an erosion of a state's defensive position, which makes the state act before its position is compromised. Windows of opportunity are the opposite; a state sees an offensive edge and decides to act before it disappears. Christensen expands on this, describing the "trending" nature of windows: states expect windows of vulnerability to widen further and further, while they expect windows of opportunity to shut permanently.⁶⁶ Windows can be short-term (tactical) or long-term (strategic) in nature, and they

⁶³ Robert Gilpin, "The Theory of Hegemonic War," *The Journal of Interdisciplinary History* 18, no. 4 (1988); *War and Change in World Politics* (Cambridge University Press, 1983); Mearsheimer, *The Tragedy of Great Power Politics*; Levy, "The Offensive/Defensive Balance of Military Technology: A Theoretical and Historical Analysis."; Jack S Levy and William R Thompson, *Causes of War* (John Wiley & Sons, 2011).

⁶⁴ Van Evera, *Causes of War: Power and the Roots of Conflict*.

⁶⁵ *Ibid.*, 74.

⁶⁶ Thomas J Christensen, "Windows and War: Trend Analysis and Beijing's Use of Force," *New Directions in the Study of China's Foreign Policy* (2006), p. 51.

can be internal or external. Van Evera explains internal windows as a state's own military or economic windfalls – or setbacks – and external windows as diplomatic or alliance gains – or losses. Additionally, Van Evera identifies seven “intervening phenomena” through which windows increase the risk of war: preventive logic for war, bellicose diplomacy, less credible threats, greater expectation of war, concealment of grievances, hastened diplomacy, and the power-privilege disequilibrium.

By and large, the dependent variable in these theories is war, defined as at least one thousand battle deaths per year,⁶⁷ while behavior this study seeks to explain does not always (at least so far) rise to the threshold of outright war. Still, as the analysis of the formal model in Chapter 3 shows, even the revisionist behavior China has employed so far potentially carries significant risk of sparking a spiral into war. Furthermore, these systemic theories are useful heuristics for exploring the fundamental incentives deriving from the balance of power shifting against a state. To take one example, Gilpin's theory of hegemonic war is at its core driven by the declining state's concerns that its ability to shape the international system in its favor is declining relative to its rivals.⁶⁸ This fear is particularly pronounced when the declining power is the extant hegemon that has presumably fashioned a system that favors its preferences. In other words declining hegemons may have more to lose than other declining great or middle powers, but the driving logic remains the same.

If states' security concerns are shaped by the trends in the distribution of power, they are also shaped by changes to those trends. In other words, changes in the rate of relative growth or

⁶⁷ Waltz, *Theory of International Politics*; Gilpin, *War and Change in World Politics*; Walt, *The Origins of Alliances*; Levy, "Preventive War and Democratic Politics: Presidential Address to the International Studies Association March 1, 2007, Chicago."; Abramo FK Organski and Jacek Kugler, *The War Ledger* (University of Chicago Press, 1980).

⁶⁸ Gilpin, "The Theory of Hegemonic War."

decline can have effects on behavior independently of the relative growth or decline itself. This is the key insight of Copeland's theory of dynamic differentials, which explores "the simultaneous interaction of the differentials of relative military power between great powers and the expected trend of those differentials."⁶⁹ Copeland finds that rapid or gradual but substantial changes in the slopes of relative power differentials between major competitors are important determinants of war. These observations hold for preventive war by a declining hegemon under nearly all conditions, but they also hold for preventive war initiated by a *weaker* but declining state when the decline is seen as deep and inevitable. Imagining a state's relative power to another state as a line, changes in the slope of the line may be enough to lead to war even when the sign of the line's function does not change. In other words, changes in the speed of shifts in relative power can spark war, even when the overall direction of the power shift does not change. This observation is consistent with Edelstein's argument that a state's patience (modeled as a discount factor in the game in Chapter 3) to wait for future gains to outweigh present concerns depends on the gravity, concreteness, and certainty of the threat. Thus, "leaders of existing great powers are disinclined to expend considerable resources on an uncertain long-term threat [but] the more state leaders become alerted to the potentially threatening long-term tensions of a rising power, the less likely cooperation in the short term with a rising great power becomes."⁷⁰ As with Copeland's expected trends in power, Edelstein's time horizons are not static. When an event causes a state to update its beliefs about the immediacy or gravity of a threat, leaders update their time horizons and may take future threats more or less seriously depending on the development.

⁶⁹ Copeland, *The Origins of Major War*, 15.

⁷⁰ David M Edelstein, *Over the Horizon: Time, Uncertainty, and the Rise of Great Powers* (Cornell University Press, 2017), 13.

Two historical cases illustrate the effects of shifts in expected relative power: Japan's decision to attack Pearl Harbor during the Second World War (1941) and the Berlin Crisis of (1948). Each of these cases has been covered extensively in other work, but I briefly review them below in order to highlight their intuitions. In the first case, Japan practiced peaceful, trade and development-focused diplomatic policy through the 1920s as it attempted to modernize and grow its economy without provoking fear among its neighbors. This "Shidehara diplomacy" was remarkably similar to Deng Xiaoping's *Tao Guang Yang Hui* philosophy of biding one's time and hiding one's strength. Though its modernization depended on imports for many of the crucial resources necessary for modernization—rubber, oil, iron, tin, and other metals—Japan was able to meet these needs through its trading relationships through the 1920s.⁷¹ After 1929 however, the Great Depression and trade restrictions imposed by Western powers slowed these imports to a trickle and Japan's expected value of trade decreased as compared to more militaristic options. Thus, the Japanese civilian leadership, which had resisted earlier attempts by the military to promote expansionist policies, decided that expansion was the only remaining policy that would satisfy the empire's growing appetite for resources.⁷² Still its first steps in this direction were incremental and sensitive to risk, moving first to occupy Manchuria and consolidate gains there before pressing for an increasing sphere of direct influence in Southeast Asia with the goal of meeting its need for resources without alienating itself from the West. When the U.S., Britain, and the Netherlands all further tightened trade restrictions in 1937 in response to Japan's invasion of China, the Japanese leadership became increasingly desperate.

⁷¹ Dale C Copeland, "A Tragic Choice: Japanese Preventive Motivations and the Origins of the Pacific War," *International Interactions* 37, no. 1 (2011): 118-19.

⁷² Akira Iriye, "After Imperialism; the Search for a New Order in the Far East 1921-1931," *Journal of the American Oriental Society* 85, no. 4 (1965).

War Minister Tojo summarized the choice to go to war as the choice of the least disastrous option available. He worried that attempting to fight the United States, especially while fighting China, would be devastating to the Japanese military, “[yet] I fear that we would become a third-class nation after two or three years if we just sat tight.”⁷³ Japan made several last-ditch diplomatic efforts to re-open its trade routes, but “[w]hen Roosevelt refused a November *modus vivendi* that would have restored limited oil exports, Japan’s deep decline to the ranks of a third-rate state was a given. War had become the tragic lesser of two evils.”⁷⁴

Similarly, the Berlin Crisis of 1948 demonstrates the preventative logic of a worsening strategic position leading to crisis bargaining situations. In the three years preceding the Berlin Crisis, Moscow was content with a policy of *détente*. Rebuilding from the Second World War, Moscow preferred engagement to competition wherever possible. As its industrial and economic centers had been so devastated over the course of the war, the Soviets’ growth trajectory in terms of power was tremendous, if only because of the gulf between the status quo ante and the aftermath of the war. The Berlin Conferences of 1948, however, shook Moscow’s perception of its expected position relative to the Western bloc.⁷⁵ The unification of Western occupied zones, reestablishment of German leadership in the newly-created unified region, Western-backed currency reform, and finally Secretary of State Marshall’s commitment to investing in rebuilding a strong and prosperous Germany that extended within what Moscow saw as its own borders all amounted to a dramatic blow to the Soviets’ strategic position. Faced with the possibility of a rapidly strengthening Germany supported by a united West, Stalin decided that the risks of

⁷³ Nobutaka Ike, *Japan's Decision for War: Records of the 1941 Policy Conferences*, trans. Nobutaka Ike (Stanford University Press, 1967), 239.

⁷⁴ Copeland, "A Tragic Choice: Japanese Preventive Motivations and the Origins of the Pacific War," 125.

⁷⁵ *The Origins of Major War*, 179.

falling behind a resurgent Germany and having its zone economically absorbed by the West outweighed the risks of initiating a crisis. By June 23rd, Stalin decided that détente was no longer a risk he could afford and finalized his decision to blockade of Western sectors of Berlin.⁷⁶

MODELING POWER SHIFTS AND *FAITS ACCOMPLIS*

How do the dynamics of power shifts change when rising states are given the option to unilaterally revise the status quo distribution of benefits in their favor via *faits accomplis*? One approach to studying interstate bargaining uses formalized models of strategic interaction to explore the incentives at work in a given bargaining scenario. Game theoretic models are, importantly, not full replications of the system they seek to explain. Rather, they are simplified representations of a system designed to formalize the assumptions scholars make about a given scenario and the strategic decisions facing the players in it. Models of strategic interactions focus on a particular set of conditions and behaviors—shifts in the distribution of power, costs of revision and war, and the payoffs of both of these and the status quo, in this case—to glean some new insight into their interactions. As the common aphorism goes, “all models are wrong, but some are useful.”⁷⁷ This is no less true for game theoretic models than for any other modeling endeavor.

One of the most explored dynamics of the shadow of the future in interstate bargaining is the role of commitment problems play in making cooperative settlements less likely, even when bargaining outcomes exist which are preferable to both parties negotiating over a divisible distribution of benefits.⁷⁸ As initially demonstrated by Fearon and further explored by others,

⁷⁶ Ibid., 181.

⁷⁷ Commonly attributed to George Box. Though the full exact quote is not in his writings, the phrase “all models are wrong” and the aphorism’s sentiment appear in: George EP Box, “Science and Statistics,” *Journal of the American Statistical Association* 71, no. 356 (1976): 792.

⁷⁸ Bahar Leventoglu and Branislav L Slantchev, “The Armed Peace: A Punctuated Equilibrium Theory of War,” *American Journal of Political Science* 51, no. 4 (2007); Fearon, “Rationalist Explanations for War.”; Powell, “Uncertainty, Shifting Power, and Appeasement.”; Colin Krainin and Thomas Wiseman, “War and Stability in

shifts in the relative distribution of power lead to commitment problems when rising states are unable to guarantee that their aims for revising the status quo are not greater than the maximum concessions declining states are willing to offer to keep the peace. These aims may indeed be limited, either by a rising state's true preferences or by its willingness to moderate its revisions in order to keep the peace. However, when shifts in power are great enough to allow a rising state to impose its will on a declining state post hoc, more revisionist types of rising state have incentives to mask their true preferences until the balance of power has shifted enough in their favor. In other words, highly revisionist states that anticipate significant future gains may mask their intentions in the hopes of avoiding a preventive attack by their declining rivals. Fearon's exploration of bargaining and war points to the dilemma faced by declining powers. Faced by the prospect of diminished bargaining power as time progresses, a declining power is forced to take the least bad option even if that means adopting confrontational behavior.⁷⁹ In Powell's complete information model of power shifts, war is exclusively initiated by declining powers when they find initiating conflict in the present to be less painful than waiting for their power to decline further.

However, states almost never have the benefit of perfect information while devising their strategies. Powell finds that rising powers do initiate conflict under incomplete information, but they face strong incentives to put off conflict as their bargaining position improves over time.⁸⁰ At their most basic level, these incentives flow from the same desire as the preventive motivations of declining powers: the preference to fight—if fighting is indeed required—when

Dynamic International Systems," *The Journal of Politics* 78, no. 4 (2016); Tarar, "A Strategic Logic of the Military Fait Accompli."

⁷⁹ Fearon, "Rationalist Explanations for War."

⁸⁰ Powell, *In the Shadow of Power*, Ch. 4.

their relative power is strongest. Thus, rising states face a tradeoff. They possess growing capabilities and a consequent incentive to leverage them into favorable payoffs, but they also want to avoid conflict with a declining (but still potent) adversary. The solution, in Powell's model is for the rising state to wait for the declining state to offer concessions aimed to pacify the rising state's new appetites. If the declining state's offers suffice to appease the rising power, the shift passes peacefully. Otherwise, the rising power attacks once the differential between its capabilities and its share of the distribution of benefits is sufficiently large. But as the model I present in Chapter 3 shows, this solution is an artifact of the rising state's limitation to passively accepting offers or initiating all-out war.⁸¹

One element common to Powell and Fearon is that the shifts required to spark major war tends to be dramatic, either in their speed or overall magnitude. Colin Krainin shows, however, that slow persistent shifts in power can be enough to incentivize declining states to attack their rising rivals.⁸² This is largely due to Krainin's modeling decision to represent power shifts as multiplicative changes in power rather than additive changes. Still, as the analysis of the model presented in Chapter 3 shows, the contributions of this dissertation's model are compatible with both Powell's and Krainin's approaches. Though the suggestion that states may be willing to fight rather than face massive concessions seems intuitive, this result is powerful. It undermines the previously-held conventional wisdom that gradual shifts in power allow declining states enough time to adjust to the changing global order that to mitigate their incentives to fight over expected concessions. Rather than a simple function of a per-turn shift in power determining the outcome of a power shift, then, Krainin finds that both the magnitude and speed of shifts are

⁸¹ Ibid.

⁸² Colin Krainin, "Preventive War as a Result of Long-Term Shifts in Power," *Political Science Research and Methods* 5, no. 1 (2015).

important. Holding constant the overall magnitude sudden shifts certainly can be volatile, but it is the size of the demand which ultimately drives the decision to accept a shift or go to war to prevent it.

A common factor in each of these studies, and in the model I explore in Chapter 3, is this strong incentive faced by declining powers to act while their bargaining power is the strongest. This incentive weakens when a state is unsure of the extent of the demands its rival may impose on it or when the extent of the shift is unknown, but it strengthens as a state learns that it faces a prolonged decline or a particularly tough rival. The logic behind this observation is straightforward. As a declining power becomes more certain that its rising opponent will gain the ability to extract larger concessions, its willingness to accept war while it is still strong increases. As the comparative statics in the model presented in Chapter 3 show, there are values for the overall size of a shift, resoluteness of an opponent, or costs of conflict (either war or *faits accomplis*), under which a declining power is unlikely to be dissuaded from conflict. This effect becomes even more pronounced when we consider formal work on bargaining in the midst of conflict. Furthermore, models of ongoing bargaining during conflicts show that when weak states have the possibility of improving their relative position through continued conflict, their best play is to prolong the conflict despite the cost of continued fighting.⁸³

Power Shifts and War

Within the security studies literature, most formal models focus on non-cooperative games—that is, games in which players compete for some share of a divisible good or benefit, or in which some number of players are incentivized against cooperation. In this vein, Fearon formalizes the conditions under which commitment and informational problems—the inability to

⁸³ Powell, "Bargaining and Learning While Fighting."; Bahar Leventoğlu and Branislav L Slantchev, "The Armed Peace: A Punctuated Equilibrium Theory of War," *ibid.* 51, no. 4 (2007).

credibly signal willingness to cooperate, and uncertainty about opponents' true costs of conflict, respectively—lead to war even when competitors would prefer a negotiated settlement of their disputes.⁸⁴ The crucial insight in Fearon's work, and the basis for most bargaining models of conflict that have followed, is that war between rational actors can emerge even when each player would prefer to arrive at a negotiated settlement rather than fight.⁸⁵

What emerges from these studies is the connection between the challenges of informational and commitment problems and power shifts. Even commitment and informational problems are fundamentally functions of the shadow of the future, since it is the threat posed by possible types of opponent (strong vs weak, trustworthy vs untrustworthy) which drives preventative behavior in such equilibria. Building on this insight, scholars have leveraged formal bargaining models to gain insights into the effects of power shifts on interstate bargaining and war. Fearon and Powell highlight the commitment problems that arise from allowing the distribution of power in a bargaining game to shift.⁸⁶ Their analyses show how shifts in power incentivize highly revisionist rising states to mask their revisionist intentions to avoid a preventative attack by the declining state.

This undermines the credibility of the commitments rising states might make to convince declining states not to fight from a position of relative power since both revisionist and status quo rising powers would send the same cooperative signals early in the shift. These insights

⁸⁴ Fearon, "Rationalist Explanations for War."

⁸⁵ Important subsequent work includes: Powell, "Uncertainty, Shifting Power, and Appeasement."; "War as a Commitment Problem," *International organization* 60, no. 1 (2006); Debs and Monteiro, "Known Unknowns: Power Shifts, Uncertainty, and War."; Leventoğlu and Slantchev, "The Armed Peace: A Punctuated Equilibrium Theory of War.", and Scott Wolford, Dan Reiter, and Clifford J Carrubba, "Information, Commitment, and War," *Journal of Conflict Resolution* 55, no. 4 (2011).

⁸⁶ Powell, *In the Shadow of Power*; "War as a Commitment Problem."; James D Fearon, "Rationalist Explanations for War," *ibid.* 49, no. 03 (1995).

begin to outline a set of conditions under which we may see a number of conflictual outcomes—preventive war by the declining state, war by a dissatisfied rising state—or a peaceful shift in power. Later work, however, has shown that the set of conditions that give rise to war is even larger than previously estimated. In one example, Krainin outlines conditions under which even gradual shifts in which both states have time to adjust to the changing distribution of power can produce war.⁸⁷ This substantially weakens the conditions for war during power shifts as compared to Powell’s work, but does not address the relationship between *faits accomplis* and war.

BRINGING IN THE *FAIT ACCOMPLI*

By and large, the formal modeling literature has focused on models of war in which conflictual behavior that falls short of war itself are not captured. If we are to identify the conditions that lead to war as opposed to peace *or* military *faits accomplis*, however, we will need to refine our models. Ahmer Tarar’s model of military *fait accompli* and crisis bargaining breaks new ground in this regard, and demonstrates the informational problems that sometimes lead dissatisfied states to employ the *fait accompli* rather than engage in crisis bargaining as well as the conditions under which these *faits accomplis* can lead to war. However, to date no formal study has analyzed the role of *faits accomplis* in shaping outcomes of power shifts. Thus, the model presented in Chapter 3 is the first to show how commitment problems lead to war in the context of *faits accomplis*.

While the formal literature on *faits accomplis* is underdeveloped, there is a robust literature on power shifts that ignores the potential role of *faits*. Powell provides an infinite-horizon

⁸⁷ Krainin, "Preventive War as a Result of Long-Term Shifts in Power."; Krainin and Wiseman, "War and Stability in Dynamic International Systems."

bargaining game between two states in the midst of a power shift.⁸⁸ The rising state (R in Figure 1) has the option to offer a new division of a good held by the declining state (D). The declining state may accept the offer, make a counter offer, or attack. The rising state has the same options as D in the last round, and the rounds continue until successive concessions by D have transferred the good to R or one state attacks. Powell finds that while R avoids attacking in early rounds, as t increases it is more likely to attack if D has not made concessions. He further notes that there is nothing special about transition points themselves, and no difference in the risk of war between faster and slower power shifts.⁸⁹ What Powell's model does not include is an ability for R to take some revisionist action short of war. Krainin argues that the conditions for war during power shifts are considerably weaker than shown in Powell.⁹⁰

Fearon captures this *fait accompli* option under the shadow of power shifts, giving a dissatisfied state the ability to impose unilateral revisions.⁹¹ When information about capabilities and resolve are known, R then seizes an amount of the disputed good just under D's threshold of fighting and D acquiesces. But when that information is private, D and R have incentives to respectively over represent and underrepresent their resolves, which complicates the bargaining process. This model permits unilateral revisions on the part of the rising state and considers private information about capabilities, but does not give the declining state an opportunity to act

⁸⁸ Powell, *In the Shadow of Power*.

⁸⁹ *Ibid.*, 142.

⁹⁰ Krainin, "Preventive War as a Result of Long-Term Shifts in Power."; Powell, *In the Shadow of Power*; "War as a Commitment Problem."; "Bargaining and Learning While Fighting." The model analyzed in this chapter seeks to demonstrate these effects on the terms of Powell's (1999) original model to the extent possible since it is interested in comparing its results with those of Powell. The conclusions drawn from introducing *faits accomplis* hold with regards to Powell's model, but it seems intuitive that this effect would be consistent when applied to the models introduced in Krainin (2015) as well.

⁹¹ Fearon, "Rationalist Explanations for War."

preventively (as Copeland and Powell suggest it will) or provide either state with more than a binary set of options.

In Tarar's model, a satisfied state and a dissatisfied state are disputing some divisible good which, under the status quo, is held by D. His formulation differs from Powell and Fearon in that he gives R the option to either initiate bargaining or attempt a *fait accompli* to gain some portion of the good. However, Tarar holds the distribution of power static, rather than including shifting power explicitly in the model.⁹² Similarly, Carter demonstrates conditions under which relatively weak states may move to consolidate territory disputed by stronger states, but like Tarar, does so in the context of static power.⁹³

One contribution of this dissertation is its attempt to consolidate the insights of a theoretical model which accounts for both power shifts and *faits accomplis* with the empirical evidence from a pair of cases of ongoing territorial disputes. The following chapter introduces a formal model of *faits accomplis* in the shadow of shifting power, while the subsequent three chapters explore China's use of *faits accomplis* in its territorial disputes in the South China Sea and restraint in the East China Sea. This approach not only provides an opportunity to explore the empirical implications of my theoretical model, but it also provides insights into China's use of *faits accomplis*.

EXPLAINING CHINA'S BEHAVIOR: A THEORETICAL REVIEW

Similar to the theoretical literature on power and formal modeling with regards to the *fait accompli* and power shifts, the literature on China's foreign policy decision making struggles to explain Beijing's use of *faits accomplis* in its territorial disputes. A number of theoretical explanations of Chinese behavior offer helpful insights into its motivations, yet most also fail to

⁹² Tarar, "A Strategic Logic of the Military *Fait Accompli*."

⁹³ David B Carter, "The Strategy of Territorial Conflict," *American Journal of Political Science* 54, no. 4 (2010).

account for some element of Beijing's revisionism in the South China Sea. This section does not argue that each of these approaches is fundamentally flawed, but rather that a gap exists in the China literature which could be filled at least in part by explicit theoretical attention to the *fait accompli* as a major tool in China's foreign policy arsenal.

China's growth in economic clout and ability to project military power into its maritime periphery has been well-documented.⁹⁴ So too has its increased aggression in its maritime territorial disputes, especially in the SCS. Of late China has moved away from Deng Xiaoping's policy of *tao guang yang hui*, or "keep a low profile," and adopted a more muscular approach to asserting its preferences in its maritime periphery.⁹⁵ These assertive policies challenge expectations of a rising China's behavior from a number of theoretical approaches. They conflict with some formal modeling work that suggests a rising China would avoid conflicts that incite opposition or, at a minimum, show restraint and moderation in its attempts to revise the status quo.⁹⁶ Meanwhile, Power Transition Theory arguably struggles to explain the timing of China's behavior, since this explanation predicts that rising powers begin to attempt revision only as they reach parity with the declining enforcer of a status quo. While domestic-level theories provide some explanatory power for this change—focusing on cultural factors and the CCP's need to strengthen its legitimacy—they too leave room for further examination.

⁹⁴ Franz-Stefan Gady, "China Kicks Off Construction of New Supercarrier," *The Diplomat*, January 05, 2018.; James Samuel Johnson, "China's "Guam Express" and "Carrier Killers": The Anti-Ship Asymmetric Challenge to the U.S. In the Western Pacific," *Comparative Strategy* 36, no. 4 (2017).; Ankit Panda, "Introducing the Df-17: China's Newly Tested Ballistic Missile Armed with a Hypersonic Glide Vehicle," *The Diplomat*, December 28, 2017 2017.

⁹⁵ Chen and Wang, "Lying Low No More? China's New Thinking on the Tao Guang Yang Hui Strategy.."; Dingding Chen, Xiaoyu Pu, and Alastair Ian Johnson, "Debating China's Assertiveness," *International Security* 38, no. 3 (2014)., 178.; Fravel, "Revising Deng's Foreign Policy."

⁹⁶ Charles Glaser, "Will China's Rise Lead to War? Why Realism Does Not Mean Pessimism," *Foreign Affairs* (2011).; G. John Ikenberry, "The Rise of China and the Future of the West: Can the Liberal System Survive?," *ibid.* (2008).; and Henry A. Kissinger, "The Future of US-Chinese Relations: Conflict Is a Choice, Not a Necessity," *ibid.* 90, no. 2 (2012).

Two broad explanations have been suggested to explain the apparent contradiction between China's incentives to misrepresent its strength and revisionist preferences and its aggressive policies in the region. First, that Beijing is itself responding to perceived threats, be they perceived aggression from the United States or concerns over the strategic vulnerabilities posed by its dependence on importing sources of key resources. In this view, China is understood to be aware that its policies may induce balancing against it but accepts that risk in light of the greater security afforded by securing critical objectives now. Second, theories of power transition have suggested that rising powers are likely to attempt to revise the international system to better serve their preferences once they gain the ability to do so. This explanation would see China as having reached a turning point at which it is confident that it can achieve its objectives without incurring prohibitive costs from its competitors' reactions. Each of these explanations seeks to explain China's behavior in terms of a rising power seeking to maximize its security, but each faces significant problems.

The first explanation sees China's policies as a response to external threats. Whether America's alleged attempts to contain China,⁹⁷ an ongoing security dilemma between the two countries,⁹⁸ or concerns over strategic vulnerabilities in its energy supply lines,⁹⁹ this school of thought sees China's current aggressive policies as a rational response to a real strategic threat to Beijing's interests. On this view, China's abrasive policies are rational responses to threats to China's security. If Washington is indeed pursuing policies to contain China's growth or

⁹⁷ Andrew Nathan and Andrew Scobell, "How China Sees America: The Sum of Beijing's Fears," *Foreign Affairs*, Sept/Oct 2012

⁹⁸ Michael Chase, "Chinese Suspicion and U.S. Intentions," *Survival*, Vol 52, 3.; David Lampton, "Power Constrained: Sources of Mutual Strategic Suspicion in U.S.-China Relations," *NBR Analysis* 2010.; David Shambaugh, "Coping With a Conflicted China," *The Washington Quarterly*, Vol 34, 1.

⁹⁹ Brock Tessman and Wojtek Wolfe, "Great Powers and Strategic Hedging: The Case of Chinese Energy Security Strategy," *International Studies Review*, 13 (2011) 214-240

undercut its power in the region, then it is conceivable that a counter-balancing policy could enhance China's security rather than diminish it. However, the first two iterations of this view rest on premises with little empirical support: that Washington has been pursuing a containment policy against Beijing, and that China's belligerence is aimed at the United States. In fact, rather than seeking to contain China, the U.S. has been one of China's largest investors, doubling its annual direct investment from \$29.7 billion in 2007 to \$61.7 billion in 2013 even during a period when China was shifting towards a more aggressive stance in the South China Sea.¹⁰⁰ In addition, the two countries cooperated on a host of issues from tensions on the Korean peninsula and re-establishing bilateral military-to-military talks to managing the recovery from the 2009 financial crisis.¹⁰¹

On the other hand, there is good reason to believe that China is concerned how it will meet its ballooning demands for energy.¹⁰² Chinese consumption of hydrocarbons has vastly outstripped its production in the past decade and a half. In 2000, China produced slightly more than three million barrels per day and consumed nearly five million, a gap of slightly more than one million barrels per day; current estimates suggest this trend will not only continue, but worsen before it improves.¹⁰³ But while China's energy supply is clearly an important concern, this alone cannot account for its policy choices in the region. As the preceding section on trade incentives demonstrated, China has prioritized claims to sovereignty in the Spratley and Senkaku

¹⁰⁰ United States: Direct Investments in China 2000-2013 | Statistic (Statista)

<http://www.statista.com/statistics/188629/united-states-direct-investments-in-china-since-2000/>

¹⁰¹ Thomas Christensen, "The Advantages of an Assertive China: Responding to China's Abrasive Diplomacy," *Foreign Affairs* 90, no. 2 (2001): 67; Alistair Ian Johnston, "Is China a Status Quo Power?," *International Security* 27, no. 4 (2003): 49.

¹⁰² Tessman and Wolfe, 216

¹⁰³ U.S. Energy Information Administration. China. Feb 12, 2013. <http://eia.gov/countries/country-data.cfm?fips=CH>

islands even when doing so meant missing out on opportunities to extract oil and natural gas with other claimants. If access to the resources under the seabed themselves were an overriding motivation, one would at least expect an agreement on joint exploration to accompany attempts to gain a favorable settlement on maritime claims.

A second view builds on power transition theory to explain China's behavior. Here the argument is that as a China's power continues to increase and approaches parity with the United States, it has increasing incentives to revise the ordering of the international system, including influence and territorial control, to better suit its own preferences.¹⁰⁴ Under this framework, China's aggressive policies since 2008 are a reflection of its newfound capacity to seek the revisions it has always wanted but which have hitherto been out of reach. This model, along with offensive realist models,¹⁰⁵ predicts that as China's confidence that it can successfully revise the international system will grow with its power, leading it to challenge the status quo with increasing regularity until its objectives are met.

The problem with the power transition model is that it fails to consider fully the incentives at work for rising states. While it may be the case that China is dissatisfied with certain elements of the current system's distribution of benefits, it is also true that even in successful confrontations challenges to an established system carry with them costs as well as benefits. Apart from the direct balancing a revisionist state may face, there are also opportunity costs from lost cooperation with states that stand to lose from its proposed revisions. Thus, a dissatisfied state will pursue a revisionist confrontation only if its anticipated gains exceed its

¹⁰⁴ Gilpin, "The Theory of Hegemonic War," 178; Van Evera, *Causes of War: Power and the Roots of Conflict*, Ch. 4.

¹⁰⁵ John J Mearsheimer, "Can China Rise Peacefully?," *The National Interest* 25 (2014).

anticipated losses.¹⁰⁶ If a rising state is already on track to surpass a declining state and eventually implement its preferences with less opposition, it has strong incentives to avoid conflict in the near term so that it will be better positioned to acquire its objectives later at a lower cost. By the same logic, not only does China have incentives to delay its attempts to revise the system, it also has incentives to conceal its ambitions of revision, since the ostensibly declining United States would then face incentives to retrench or preempt expected revisions while it still had the upper hand.¹⁰⁷ I explicitly model incentives to bluff and conceal in Chapter 3.

The model analyzed in Chapter 3 helps fill in the explanatory gap by accounting for the material and reputational costs associated with imposing *faits accomplis* along with those of warfare, and incorporating the incentives of shifting power into the rising state's decision to revise. The result is a model that predicts increasingly likely revisions as power shifts toward the rising state, with a large revision as the shift ends. This complements Powell and Copeland's work, but contradicts the Power Transition Theory argument that there is a particularly dangerous point just as the rising state reaches parity with the declining state. A key insight gained from adding the *fait accompli* option is that the rising power has more incentive to revise, and the ultimate distribution of benefits is more in favor of the rising power. This in turn exacerbates the credible commitment problem.

With the leading structural models of international relations so far offering relatively little explanatory power for China's policies, scholars have increasingly focused on domestic-level factors to explain China's aggressive behavior. These explanations vary widely in

¹⁰⁶ Robert Powell, "In the Shadow of Power." Princeton: Princeton University Press (1999), 92-94

¹⁰⁷ Robert Powell, "Uncertainty, Shifting Power, and Appeasement," *American Political Science Review*, Vol 90, 4 (1996), 751-752

expression and nuance, but generally focus on three domestic sources of China's aggressive foreign policy: the CCP's need for domestic legitimacy, bureaucratic maneuvering among various domestic agencies and factions, and a shared cultural understanding of China's rightful place in the global order.

The first set examines the role of domestic nationalism as a primary source of legitimacy Chinese Communist Party's leadership of the nation. In this view, China's foreign policy choices—especially those pertaining to claims of national sovereignty or China's place in the international system—are best viewed through the lens of international prestige which, in turn, feeds the nationalist sentiment that helps maintain the CCP's place in power.¹⁰⁸ Increasing economic inequality and persistent flaws in public infrastructure have only increased the pressure on the CCP leadership to strengthen their bids to nationalism for legitimacy.¹⁰⁹ Thus, this view would explain China's forceful diplomacy not as a strategic response to power distributions, but as a status symbol that serves to shore up the regime's support among domestic audiences.¹¹⁰

The second group of explanations looks at the role of party and bureaucratic politics in forming China's foreign policy. This view attributes China's bellicose diplomacy to political jockeying between various individuals and agencies within the CCP and Chinese bureaucratic agencies.¹¹¹ The bureaucratic politics model relaxes assumptions of states making policy as

¹⁰⁸ See for example, Robert Ross, "China's Naval Nationalism Sources, Prospects, and the U.S. Response," *International Security*, Vol 32, 2, (2009) 46-81; Susan Shirk, "China: Fragile Superpower." Oxford: Oxford University Press (2007); and Daniel Blumenthal, "Riding a Tiger: China's Resurging Foreign Policy Aggression." *Foreign Policy*, April 15, 2011.

¹⁰⁹ Shirk, 255-257

¹¹⁰ Ross, 50

¹¹¹ See: Thomas Christensen, "The Advantages of an Assertive China: Responding to China's Abrasive Diplomacy," *Foreign Affairs*, Mar/Apr 2011; Adam Entous and Josh Chin, "Chinese Intercepts of U.S. Planes Expose Limits of Warming Ties," *The Wall Street Journal*, August 24, 2014; and Sarah Raine, "Beijing's South China Sea Debate," *Survival*, vol. 53, 5 (2011): 69-88

unitary actors to focus on the interactions between various government and party agencies. One example of this view includes the argument that many of China's more reckless policies in the South and East China Seas have been instigated by local units or commanders rather than as part of a coordinated policy out of Beijing.¹¹² This explanation may account for growing involvement of Chinese para-naval organizations in maritime, and their subsequent increase in budget appropriations.

Third, a number of China-watchers explain its assertive policies in terms of shared memories and a cultural sense of China's rightful place in the world order.¹¹³ This is distinct from the first view, which sees nationalism primarily as a tool wielded by the CCP to consolidate power around itself, by viewing nationalism as a cultural phenomenon which pervades Chinese society and constrains the policy options available to Beijing's elites. Here, shared cultural memories of past wrongs suffered by the Chinese people, coupled with a sense of China's rightful place as a great power in international affairs, creates strong social incentives to right past wrongs.¹¹⁴ This serves as a normative force in forming expectations that China ought to reclaim what it lost as well as a practical constraint on Beijing's elites to meet these expectations. Finally, some approaches offer explanations that synthesize various combinations of these

¹¹² Entous and Chin (2014)

¹¹³ Zheng Wang, "In China, 'History Is a Religion'" *The Diplomat*, June 16, 2014. Accessed April 10, 2015. <http://thediplomat.com/2014/06/in-china-history-is-a-religion/>; Michael Swaine, "China: The Influence of History." *The Diplomat*, January 14, 2015. Accessed April 15, 2015. <http://thediplomat.com/2015/01/china-the-influence-of-history/>; Michael Swaine, "China: The Influence of History." *The Diplomat*, January 14, 2015. Accessed April 15, 2015. <http://thediplomat.com/2015/01/china-the-influence-of-history/>.

¹¹⁴ Jin Qiu, "The Politics of History and Historical Memory in China-Japan Relations," *Journal of Chinese Political Science*, Vol 11, 1 (2006): 25-53; Suisheng Zhao, "China's Pragmatic Nationalism: Is it Manageable?" *The Washington Quarterly*, Vol 29, 1 (2005)

accounts. These vary widely, but many see Chinese nationalism as a force that simultaneously constrains the CCP and serves as a useful tool to strengthen its legitimacy.¹¹⁵

While these domestic explanations provide helpful insight into Beijing's foreign policy-making process, they have unanswered questions of their own. For instance, if China's aggressive policies are best explained as the disparate actions of rogue agencies, then one might predict that the central government in Beijing would make conciliatory gestures in the wake of flare-ups caused by local agencies. Even if these gestures were not explicitly linked to the incidents caused by its rogue agencies, they could send a message to neighboring states that the party leadership has no aggressive intent. Alternatively, one might predict a change over time in the behavior of these domestic agencies, suggesting that Beijing disapproved of the action and took action internally (out of the public eye) to curb such independent behavior in the future.

However, the evidence shows little sign either of overtures from Beijing following incidents at sea or of attempts to correct the behavior of the agencies involved in them. Indeed, the common rhetoric following such events is generally defensive. In March 2011, two Chinese Maritime Patrol vessels almost rammed a Filipino survey ship operating near Reed Bank after demanding that it evacuate the area. Immediately after the incident, the Chinese embassy in Manila repeated its typical claim to China's "indisputable sovereignty" over the area, indirectly indicating that its patrol vessels had acted justly in defending Chinese sovereign waters.¹¹⁶ Furthermore, Liu Jianchao, the Chinese ambassador to the Philippines later remarked, "that's part of our exercise of jurisdiction. It's not harassment," explicitly defending the actions of the

¹¹⁵ Gabriel Dominguez, "China's maritime disputes: 'Fear, honor and interest'," *Deutsche Welle*, May 26, 2014, Accessed April 14, 2015. <http://www.dw.de/chinas-maritime-disputes-fear-honor-and-interest/a-17662983> ; Blumenthal (2011); Zheng Wang, "Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations," New York: Columbia University Press (2012).

¹¹⁶ BBC News, "Philippines Halts Tests after China Patrol Challenge." March 08, 2011.

Chinese patrol vessels.¹¹⁷ Additionally, on June 4th, 2011 the Philippine Department of Foreign Affairs complained of the increased activity of Chinese naval vessels in the South China Sea, claiming that such action was causing increased instability in the region. Hong Lei, China's Foreign Ministry spokesperson defended the PLAN's actions, declaring that the "Chinese vessels were cruising and carrying out scientific studies in waters under China's jurisdiction and their activities were in line with the law." He even went on the offensive, claiming that the statement made by the Philippines was "irresponsible."¹¹⁸ If these incidents were the result of rogue agencies, the party leadership in Beijing seemed disinclined to distance itself from their actions.

On the other hand, explaining China's policies as a result of domestic nationalism raises questions of its own. According to this view, the CCP's primary objective since the Tiananmen uprisings in 1989 has been maintaining the stability of party rule through sustained economic growth and appeals to nationalist credibility.¹¹⁹ China's leaders are held hostage by popular perceptions of their willingness to guard China's national pride, making nationalist sentiment a constant consideration for foreign policy.¹²⁰ If China's policies are driven by the CCP's need to divert attention from domestic challenges or a nationalist commitment to undo the century of humiliation and regain its rightful territories, one would expect little willingness to negotiate with other claimants over disputed territory, participate in joint exploration in disputed areas, or offer territorial concessions in areas where it claimed sovereignty. Contrary to these expectations, however, Beijing has performed each of these actions since the Tiananmen uprisings.

¹¹⁷ Thayer, October 2011: p. 13.

¹¹⁸ Ibid., p. 12.

¹¹⁹ Shirk, 68

¹²⁰ Ibid., 98

In 2005, the Philippines, Vietnam, and China attempted to form an agreement to jointly explore for hydrocarbons in waters claimed by all three states. The purpose of this deal was not to settle territorial boundaries, but to set them aside for the sake of the gains each could derive from extracting the oil and natural gas resources under the ocean floor. However, when this agreement foundered in early 2008, China was the only member that offered to renew the deal.¹²¹ Furthermore, Beijing has sought negotiated settlements on at least 22 territorial disputes since 1989, in many cases conceding at least half of the disputed territory. Among other agreements, it offered significant territorial concessions to settle longstanding territorial disputes with Kazakhstan in 2002, Kyrgyzstan in 2004, Laos in 1993, and Vietnam in 1999.¹²² This behavior hardly seems consistent with a state locked into confrontational behavior by domestic forces. Instead, as I argue in Chapter 6, it would appear that popular nationalism plays more of an enabling role, providing the CCP with a mechanism through which to mobilize popular support for *faits accomplis* and reducing the domestic reputational costs of engaging in conflictual, potentially risky behavior abroad.

CONCLUSION: GAPS IN THE LITERATURE

The studies reviewed above are helpful in that they set out conditions that challenge the received wisdom from power transition theory—that the approach of parity between rising and declining states is the trigger for war—and provide some insight into possible motivations for Chinese revisionism in the South China Sea. However, despite the strong contributions to our theoretical understanding of power, formal insights into power shifts and state bargaining, and Chinese motivations, this review of the literature also reveals a paucity of attention to the role of

¹²¹ Stein Tønnesson, "China's Changing Role in the South China Sea: Reflections on a Scholars Workshop." *Harvard Asia Quarterly*, (2010): 26

¹²² M. Taylor Fravel, "Regime Insecurity and International Cooperation Explaining China's Compromises on Territorial Disputes," *International Security*, vol 30, 2 (2005): p. 56-57

the *fait accompli* in shaping state behavior, both in terms of state bargaining generally and in the case of China specifically. By focusing on the interaction of power shifts alongside multiple options including *fais accomplis*, the model developed here provides a much more comprehensive treatment. It demonstrates that the sufficient conditions for preventive war by the declining state expand, and the scope of the demands and seizures made by the rising state likewise expands. In addition, this model permits analysis of the timing and scale of *fais accompli* and war during the course of a power shift. By applying the results of this model to a pair of regional territorial disputes involving Beijing, this project provides an opportunity to test the insights of the model against an important, timely set of territorial disputes involving an ascendant China.

Despite the well-developed literature addressing interstate bargaining and power shifts, models of bargaining in the shadow of shifting power have historically constrained players to binary sets of actions: offer concessions or go to war (declining power), and accept concession or go to war (rising power). While useful in exploring the general dynamics of power shifts, these options allow no insight into the sort of grey zone behaviors discussed in chapter one. Yet as Altman has demonstrated *fais accomplis* in particular are relatively common outcomes in territorial disputes. In the case of China's behavior in the South China Sea, where Beijing has imposed a series *fais accomplis*, the formal literature has little to offer that captures all of the dynamics that may at work: private information, shifting power, and *fais accomplis*. Fearon's *Rationalist Explanations for War* includes a brief discussion of the phenomenon as a peripheral complication to commitment problems, but to date only one study has made the *fait accompli* the primary object of study in a formal model.¹²³ While Tarar's study helps understand how

¹²³ Tarar, "A Strategic Logic of the Military Fait Accompli."

dissatisfied states choose between initiating crisis bargaining and imposing unilateral revisions and demonstrates how expected *faits accomplis* may lead to preventive war, it leaves other questions unanswered. When during power shifts do *faits accomplis* trigger war or unilateral concessions? What conditions increase the likelihood of *faits accomplis*? The model advanced in the next chapter is the first to establish conditions under which shifts in the distribution of power increase the likelihood of *faits accomplis*. It is also the first study to examine how *faits* influence the conditions under which such shifts are lead to preventive war or strategic concessions. The analysis demonstrates that accounting for *faits accomplis* weakens the conditions necessary for war presented in leading bargaining models of war. It also outlines several conditions that generate peaceful shifts, preventative war by the declining power, and opportunistic war by the rising power.

CHAPTER 3

MODELING *FAITS ACCOMPLIS* IN THE SHADOW OF SHIFTING POWER**INTRODUCTION**

The *fait accompli* is an understudied form of low-intensity conflict. The unilateral revisions to the de facto status quo employed in Crimea and the Spratly Islands serve to highlight the longstanding importance of *faits accomplis* and raise important questions. When do *faits accomplis* trigger war or unilateral concessions? What conditions increase the likelihood of *faits accomplis*? The model in this chapter is the first to establish conditions under which shifts in the distribution of power increase the likelihood of *faits accomplis*. It is also the first study to examine how *faits accomplis* influence the conditions under which such shifts lead to preventive war or strategic concessions. The analysis demonstrates that accounting for *faits accomplis* weakens the conditions necessary for war presented in leading bargaining models of war. It also outlines several conditions that generate peaceful shifts, preventative war by the declining power, and opportunistic war by the rising power. It advances a formal model that demonstrates the conditions under which a rising power might employ *faits accomplis* against a declining power. It thereby fills a gap in the broader literature on interstate bargaining, power shifts, and territorial disputes.

Despite a well-documented decline in large-scale wars of conquest, disputes over territory remain an important issue in international relations. Of late in fact, border and territorial disputes appear to be a consistent source of conflict not only in the South China Sea, but also in Georgia, Ukraine, the Arctic, Palestine and elsewhere around the globe. Looking forward, there are concerns that old territorial disputes, such as the contested border between Ethiopia and Eritrea and several overlapping claims in the Arctic Sea, might provide renewed sources of conflict.

One solution to territorial disputes is to attempt a unilateral revision to the status quo along with an immediate consolidation of gains—a *fait accompli*. Altman demonstrates that far from being rare events, land seizures by *fait accompli* are surprisingly common outcomes of territorial disputes since the end of the second world war, but little formal work has been done to explore the conditions that give rise to *faits accomplis*.¹²⁴ Ahmer Tarar's recent work begins to fill this gap by studying a bargaining game in which the dissatisfied state has an "outside option" of imposing a *fait accompli*, but does so in terms of a static distribution of power, removing the effects of shifting power from the scope of his model.¹²⁵

Shifts in relative power are one important driver of conflict in such disputes.¹²⁶ Models of the dynamics of power shifts in bargaining in international relations highlight the conditions under which conflict and concessions occur.¹²⁷ Yet most work on bargaining over territorial disputes frames the possible outcomes—war, concessions, and status quo—of these disputes in terms that do not address the option of revisions via military *fait accompli*.

This study is the first to analyze the interacting role of power shifts and *fait accompli* in shaping state bargaining strategies over territorial disputes. It explores the conditions under which a rising state's ability to impose a *fait accompli* in disputed territory increase incentives to act more aggressively than might be expected without such an ability. Building on and extending beyond the work of Robert Powell and Ahmer Tarar, the model provides crucial insights about

¹²⁴ Dan Altman, "By Fait Accompli, Not Coercion: How States Wrest Territory from Their Adversaries," *ibid.* 61 (2017).

¹²⁵ Ahmer Tarar, "A Strategic Logic of the Military Fait Accompli," *ibid.* 60 (2016).

¹²⁶ Chan and Tessman, "Relative Decline: Why Does It Induce War or Sustain Peace?."; Copeland, *The Origins of Major War*; Van Evera, "Offense, Defense, and the Causes of War."; *Causes of War: Power and the Roots of Conflict*.

¹²⁷ Fearon, "Rationalist Explanations for War."; Powell, *In the Shadow of Power*; "War as a Commitment Problem."; Krainin, "Preventive War as a Result of Long-Term Shifts in Power."

conflictual revisions to the status quo that fall short of the standard definitions of warfare within the context of power shifts.

In the context of a power shift, the availability of a *fait accompli* option increases the likelihood of preventative war by a declining power. Short of war, the availability of an “outside option” to the rising state may account for recent observed “salami-slicing” tactics in territorial disputes (e.g. the South China Sea and Ukraine) that did not fit neatly into existing models of interstate bargaining, since this option allows the rising state to revise the status quo while preserving some chance of avoiding all-out war. This option, in effect, lowers the expected utility of the declining state for continued bargaining relative to going to war. The model also highlights conditions under which rising states are incentivized to signal honestly or bluff, depending on their costs of imposing a *fait accompli*, the size of the per-turn shift in power, and the declining state’s costs of going to war.

The remainder of the chapter proceeds as follows. After a brief overview of the literature on power shifts and *faits accomplis*, the model of *fait accompli* in the shadow of shifting power is introduced. Next, I describe and analyze the model’s equilibria under complete information. This followed by an analysis of the model under asymmetric private information. Finally, the chapter concludes with a discussion of key implications of these models.

PREVIOUS WORK

How do the dynamics of power shifts change when rising states are given the option to unilaterally revise the status quo distribution of benefits in their favor via *faits accomplis*? By and large, the formal modeling literature has focused on models of war in which conflictual behavior that falls short of war itself is not captured. If we are to identify the conditions that lead to war as opposed to peace or military *faits accomplis*, however, we will need to refine our models. Ahmer Tarar’s model of military *fait accompli* and crisis bargaining breaks new ground

in this regard, and demonstrates the commitment problems that sometimes lead dissatisfied states to employ the *fait accompli* rather than engage in crisis bargaining as well as the conditions under which these *faits accomplis* can lead to war. Yet to date no formal study has analyzed the role of *faits accomplis* in shaping outcomes of power shifts, as we saw in Chapter 2.

Outside of the formal modeling literature, Taylor Fravel argues that escalations of territorial disputes can be explained in part by changes in the strength of a state's bargaining power—defined as a function of the amount of contested land already occupied by the would-be reviser and its ability to project military power into the territory—over time. For example, he argues that across the period he surveyed, China has only used military force to enforce claims “when it viewed its relative position in these disputes as weakening.”¹²⁸ Furthermore, he notes that the effects of declining bargaining power are independent of a state's initial strength in the dispute. This complements Copeland's observation that expectations of worsening economic environments may lead even second-tier powers to initiate war on preventive logic. He argues that despite their weaker starting point, if the prospects of decline are severe and they have little certainty that an adversary will exercise restraint in future bargaining games, they may still risk fighting.¹²⁹

Similarly, the “Dynamic Differentials” theory Copeland presents in *The Origins of Major War* argues that both the distribution of and shifts in power matter in determining whether major powers will go to war.¹³⁰ Importantly, he argues that all major wars will be preventive since rational rising states always have an incentive to put off conflict until they are stronger. However, in the absence of multipolarity, declining states may initiate war or attempt revisions

¹²⁸ Fravel, “Power Shifts and Escalation: Explaining China's Use of Force in Territorial Disputes.”

¹²⁹ Copeland, *Economic Interdependence and War*.

¹³⁰ *The Origins of Major War*.

that risk war if they anticipate a rapid or prolonged decline. Finally, Chan and Tessman find that relative decline is more likely to prompt states to take preventative action than relative rise if and only if: a) the declining state has enough current advantage to promise a reasonable chance of success; and b) their leaders fear that their decline will be steep or sustained enough to erode their future bargaining position.¹³¹

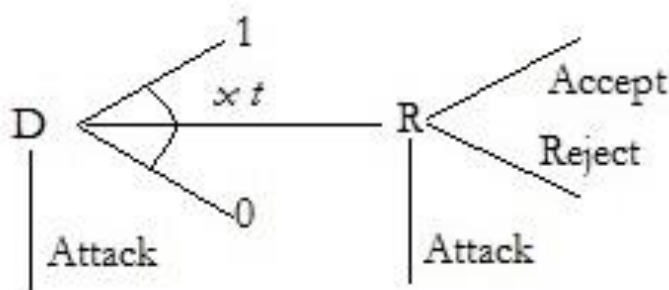


Figure 3.1: Powell's Model Of Bargaining in The Shadow Of Shifting Power

The formal literature on *faits accomplis* is underdeveloped, but there is a robust literature on power shifts that ignores the potential role of *faits accomplis*. Powell provides an infinite-horizon bargaining game between two states in the midst of a power shift.¹³² The declining state (D in Figure 3.1) has the option to attack or offer some split, x_t , of the disputed territory. The rising state (R) has the option to accept D's offer resulting in an updated status quo and continuing to the next round of the game, reject the offer resulting in a continuation of the status quo into the next round of the game, or attack D, ending the game. Rounds continue with this series of offers and responses into an infinite horizon unless one state attacks the other, which

¹³¹ Chan and Tessman, "Relative Decline: Why Does It Induce War or Sustain Peace?."

¹³² Powell, *In the Shadow of Power*.

ends the game. Powell finds that while R avoids attacking in early rounds, as the game progresses R is more likely to attack if D has not made concessions. He further notes that there is nothing special about transition points themselves, and no difference in the risk of war between faster and slower power shifts.¹³³ Krainin modifies assumptions about the functional form of the power shift and argues that the conditions for war during power shifts are considerably weaker than shown in Powell.¹³⁴ Neither Powell's model nor Krainin's include an ability for R to take revisionist action short of war.

While Fearon (1995) captures a *fait accompli* option under the shadow of power shifts, giving a dissatisfied state the ability to impose unilateral revisions, this model leaves out the potential for preventative war. When information about capabilities and resolve are known, R then seizes an amount of the disputed good just under D's threshold of fighting and D acquiesces. But when that information is private, D and R have incentives to respectively overrepresent and underrepresent their resolves, which complicates the bargaining process. This model permits unilateral revisions on the part of the rising state and considers private information about capabilities, but does not give the declining state an opportunity to act preventively (as Copeland and Powell suggest it will) or provide either state with more than a binary set of options.

Tarar models *fait accompli* but not power shifts. In Tarar's model, a satisfied state and a dissatisfied state are disputing some divisible good which, under the status quo, is held by the

¹³³ Ibid., 142.

¹³⁴ Krainin, "Preventive War as a Result of Long-Term Shifts in Power."; Powell, *In the Shadow of Power*; "The Inefficient Use of Power: Costly Conflict with Complete Information."; "War as a Commitment Problem." The model analyzed in this chapter seeks to demonstrate these effects on the terms of Powell's (1999) original model to the extent possible since it is interested in comparing its results with those of Powell. The conclusions drawn from introducing *faits accomplis* hold with regards to Powell's model, but it seems intuitive that this effect would be consistent when applied to the models introduced in Krainin (2015) as well.

dissatisfied state. His formulation differs from Powell and Fearon in that he gives the dissatisfied state the option to either initiate bargaining or attempt a *fait accompli* to gain some portion of the good. However, Tarar holds the distribution of power static, rather than including shifting power explicitly in the model. Similarly, Carter demonstrates conditions under which relatively weak states may move to consolidate territory disputed by stronger states, but like Tarar, does so in the context of static power.¹³⁵

These studies are helpful in that they both set out conditions that challenge the received wisdom from power transition theory that the approach of parity between rising and declining states is the trigger for war. However, by focusing on the interaction of power shifts alongside multiple options including *faits accomplis*, the new model developed here fills an important gap. It is the first to demonstrate that the sufficient conditions for preventive war by the declining state expand when there is a *fait accompli* option. In addition, this model permits analysis of the timing and scale of *faits accomplis* and war during the course of a power shift. The predictions and insights of this model are applied in subsequent chapters to case studies involving territorial disputes in China's maritime periphery.

THE MODEL: LOGIC AND INTRODUCTION

At its most basic level the model studied here is a model of state responses to territorial disputes. Because the introduction of power shifts and the rising state's additional possible "move" of imposing *faits accomplis* add additional levels of complexity, I begin exposition of the model with a basic illustration of a territorial dispute and work up the ladder of complexity to specify the complete model.

¹³⁵ Carter, "The Strategy of Territorial Conflict."

A territorial dispute is, at its core, a disagreement between two or more states over a distribution of benefits. The model assumes a bilateral dispute over territory. Thus, we can imagine some portion of territory to which both states lay claim. In some cases—the dispute over the Falkland Islands between the United Kingdom and Argentina—one state controls the entirety of the disputed territory and is entirely satisfied while the other claimant controls none and is entirely dissatisfied. In other situations, the two claimants each control some portion of the disputed territory. In all dyadic territorial disputes, however, the two fundamental descriptive components are the territory under dispute and the status quo division of territory. Figure 3.2 depicts a generic dyadic territorial dispute in which two states begin with a status quo distribution of contested territory where $q \in [0,1]$ represents State R's status quo share and $1 - q$ represents State D's share.

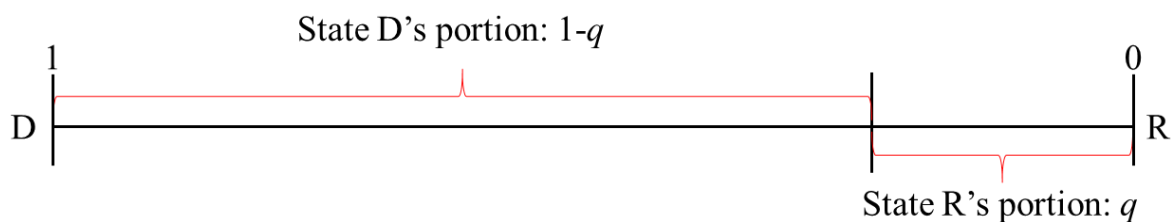


Figure 3.2: Simple Model of a Territorial Dispute

Table 1 provides a brief definition of each term used in the model from this point forward and should provide a useful reference as the model description and solutions progress throughout the chapter.

Table 3.1: Key Terms in the Model

Variables	
p_t	probability that R prevails in a conflict $\in (0,1)$; Range: p_τ, p_T
q_t	portion of disputed territory possessed by R at the beginning of turn $t \in (0,1)$
x_t	D's offered split of disputed territory in turn t ; $\in [q_t, 1]$
y_t	R's seized split of territory in turn t (fait accompli); $\in [0,1]$
Constants	
d	costs of going to war for D; $\in (0,1)$
r	costs of going to war for R; $\in (0,1)$
α	costs of imposing fait accompli for R; $\in (0, r)$
δ	common discount factor for future gains; $\in (0,1)$
T	turn in which shift in p ends
τ	turn in which shift in p begins
Δ	constant, additive change in p_t ; $\Delta = p_{t+1} - p_t = \frac{p_T - p_\tau}{T - \tau}$

The first key assumption of the model arises out of treating power as a dynamic rather than a constant value. While the previous chapter covered some of the theoretical work on shifting power, the addition of power shifts to this model allows us to examine their effects on the incentives of a formalized bargaining game. The mechanics of the shift are explained formally below. In the real world, shifts in relative power may come in fits and starts or as a steady development over time. This model examines a shift in power that is assumed to be constant and additive; over time, the rising state gains power relative to the declining state at a steady, linear

rate for a known number of turns.¹³⁶ Similarly, while armed conflict over territory may end in either conquest of the entire disputed territory or a negotiated settlement with new (or even status quo ante) divisions, this model simplifies the outcomes by treating victory and defeat as binary options, with the victor gaining the entire disputed territory and the loser losing the entire disputed territory.¹³⁷ The shift itself is modeled by a change over time in the likelihood that each state will prevail in the event of an armed conflict between the two. As described in Table 3.1, this is a constant, additive shift beginning in turn τ and ending in turn T . The shift is generalized such that it could be a small shift or a large one, but it need not be a complete transition in relative power. We can illustrate such a shift by modifying the simple model of a territorial dispute from Figure 3.2. In Figure 3.3, we see the beginning setup of the game, in which the rising state's (R) payoff of going to war is represented by the probability that it will win a war against the declining state (D) minus its costs of going to war, " r ." Similarly, the declining state's payoff for war is represented by the likelihood that it wins in a conflict minus its costs of going to war, " d ." Both of these payoffs are assumed to begin as less than each state's value of the status quo. The costs of R and D going to war are somewhat of an abstraction, but represent the combination of material and reputational costs involved in going to war (e.g. costs of mobilization, the lives, money, and materiel lost during war, trade losses, and international opprobrium). The probability of the rising state's victory, p , is some value between 0 and 1, while the probability of the declining state's victory is represented as the inverse of p : $(1 - p)$.

¹³⁶ This assumption is a standard simplifying convention in the literature on power shifts (Powell 1998, Powell 2004, Krainin 2015).

¹³⁷ This simplification is consistent with Fearon (1995), Powell (1999, 2004, 2006), and is a necessary concession for the sake of the tractability of the model.

Thus, as described in Table 3.1, the probability of R prevailing in a given turn t is represented as p_t .

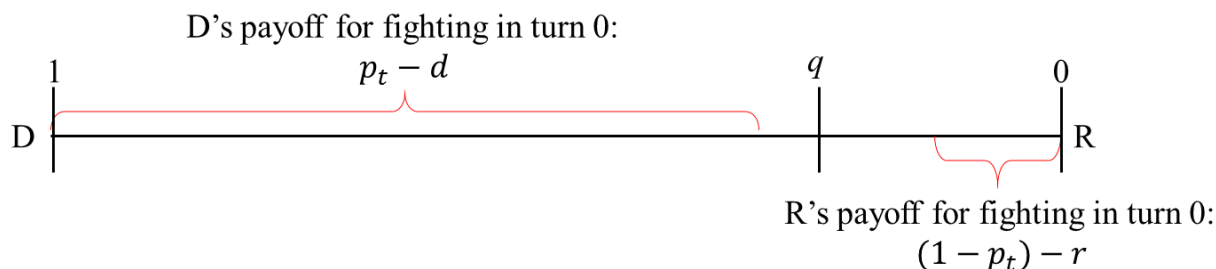


Figure 3.3: Turn Zero of a Power Shift

Figure 3.4 represents some subsequent round of the game, in which the rising state's costs of going to war have diminished, while those of the declining state have increased. Despite a favorable shift in power, the rising state's payoff for going to war is still less than the payoff offered by the status quo.

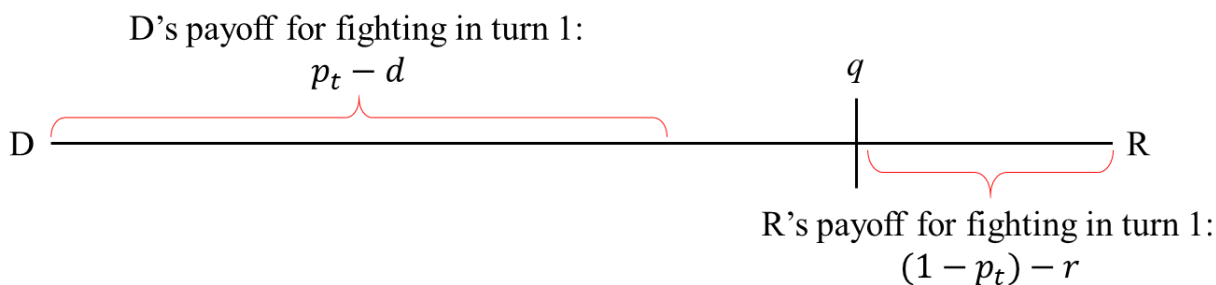


Figure 3.4: Turn One of a Power Shift

Finally, in Figure 3.5, we see that the shift has progressed far enough that the rising state now stands to gain more from going to war than from continuing to accept the status quo. This is because its power has grown to such an extent that its expected utility of fighting now exceeds the value of the status quo. Because of the prevalence of the power transition literature in

discussions of power shifts and power politics, it is worth noting that this result does not require a transition in power; it only requires that power shift sufficiently in the rising state's favor to cause it to prefer fighting over continued acceptance of the status quo.¹³⁸

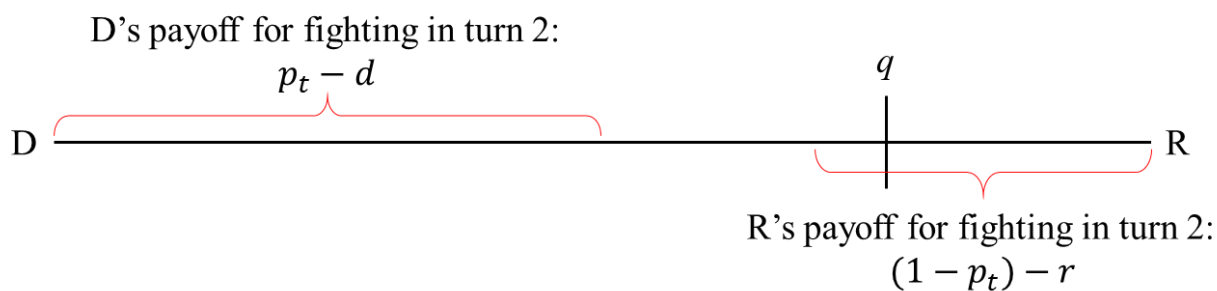


Figure 3.5: Turn Two of a Power Shift

The second key feature of this model is the rising state's option to impose *faits accomplis* in order to seize portions of the disputed territory. Recall that current work on power shifts and *faits accomplis* either include power shifts (Powell, 1999) or *faits accomplis* (Tarar, 2006) but not both. To include the additional option in this model, I modify the game shown in Figure 1 to give the rising state the option to make a unilateral land grab, as shown in Figure 3.6.

¹³⁸ For more on the implications of bargaining in the shadow of shifting power, see Powell (1999, Ch 4).

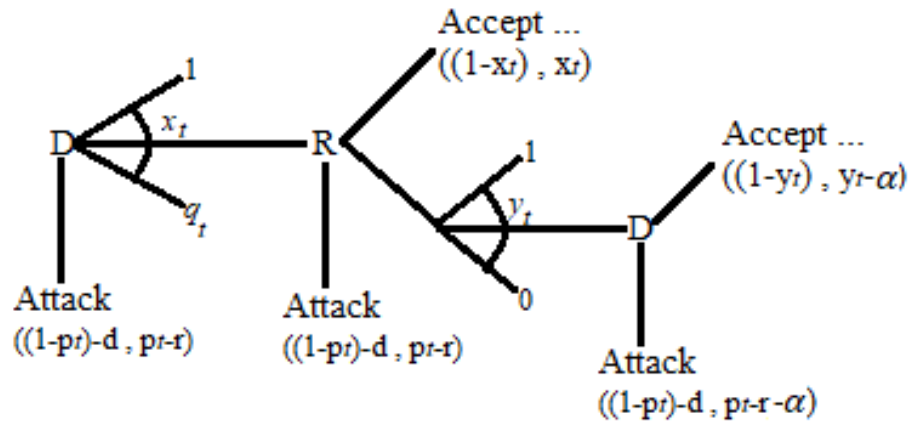


Figure 3.6: Stage Game: Bargaining with Shifting Power and *Fait Accompli* Option

Figure 3.6 shows one round t of the infinite-horizon game. In this modified version of the game, R begins play in any given turn t with a status quo portion of the disputed territory q_t while D begins play with $(1 - q_t)$. D moves first, with the option to either attack R or offer a concession $x_t \in [q_t, 1]$. If D attacks, the game ends with the payoffs for war. Assuming the declining state has not attacked and has offered x_t , R has the option to accept D's offer, attack, or impose a *fait accompli* $y_t \in [0, 1]$ at a cost of α . If R accepts, the status quo updates to reflect the new distribution of territory, each player receives a payoff for the new distribution of territory, and the game progresses to the next round with D's initial option set. If R attacks, the game ends with the payoffs for attacking. Finally, if the rising state has imposed a *fait accompli*, D moves again with the option to either accept R's *fait accompli* or attack in response. If D accepts, each player receives a payoff for the new distribution of territory (in R's case, minus the costs of imposing a *fait accompli*, and the game progresses to the next round. If D attacks, the game ends with each player receiving the payoffs of war. I discuss each of these actions and outcomes further below.

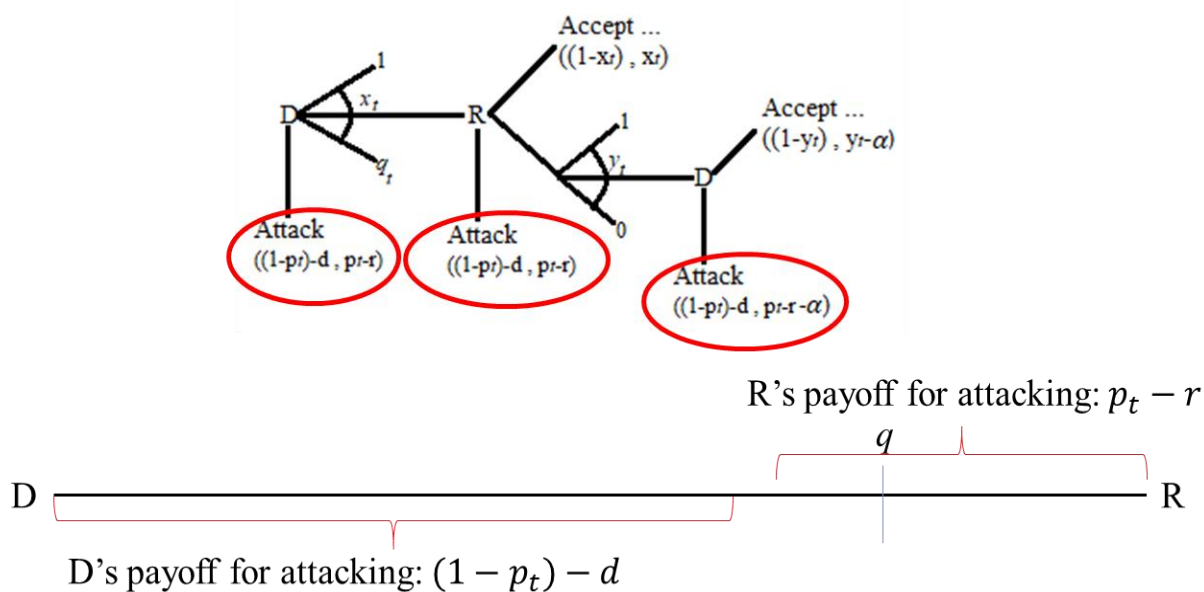


Figure 3.7: Outcome One--War

This configuration of the model permits three general sets of outcomes, though each may arise under a variety of conditions. These general outcomes are illustrated in Figures 3.7-3.9, while the formal payoff functions for a few important paths through the infinitely repeated game can be found in Appendix A. First, either state can attack, which ends the game with each state gaining the payoffs of war (Figure 3.7). The game can end in war with a preventive attack by the declining state or an attack by a rising state, as in Powell (1999), or a defensive attack by the declining state in response to a *fait accompli*.

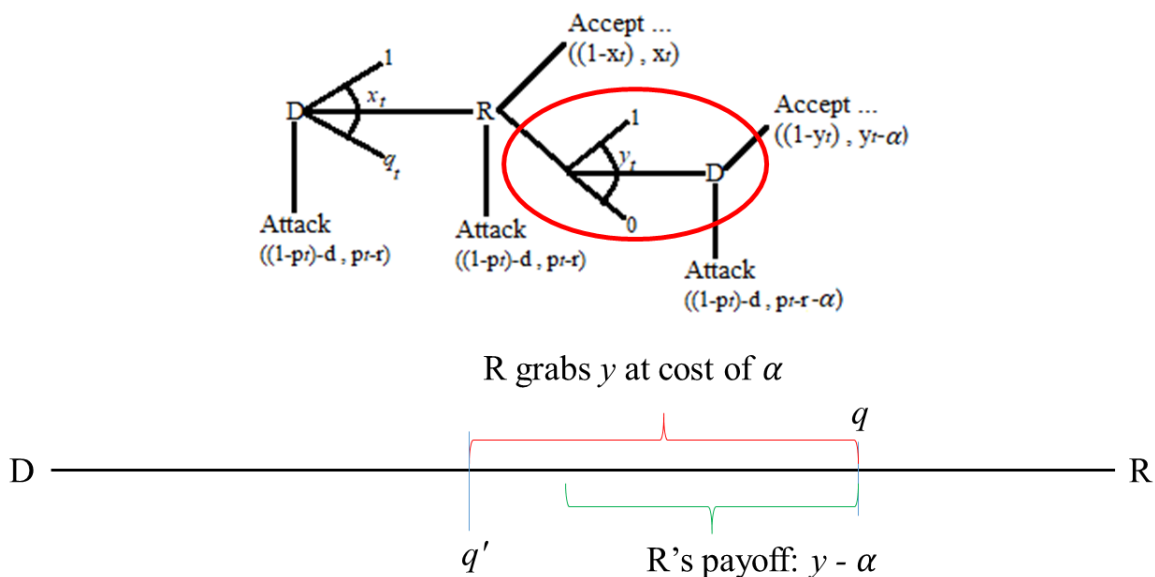


Figure 3.8: Outcome Two--*Fait Accompli*

Second, the rising state can make a unilateral revision to the status quo, in which case it seizes a portion of territory y_t at a cost of α (Figure 3.8).¹³⁹ Theoretically, this portion of territory may be very small—only a sliver of the portion of territory controlled by the declining state—or very large—up to the entirety of the disputed territory—or anywhere in between. The rising state then gains the territory seized and the status quo distribution of territory is updated accordingly. This land grab of y updates the status quo (q) to a new status quo (q') and prompts the declining state to either accept the new status quo or attack the rising state. The declining state can choose to accept this new division of territory or attack in response. If D chooses to accept, a new round begins with D's initial options and updated q_t .

¹³⁹ As with the costs of going to war, this represents the material and reputational costs of imposing a *fait accompli*. While lower than the costs of all-out war, these costs are still nonzero and are thus included in the model.

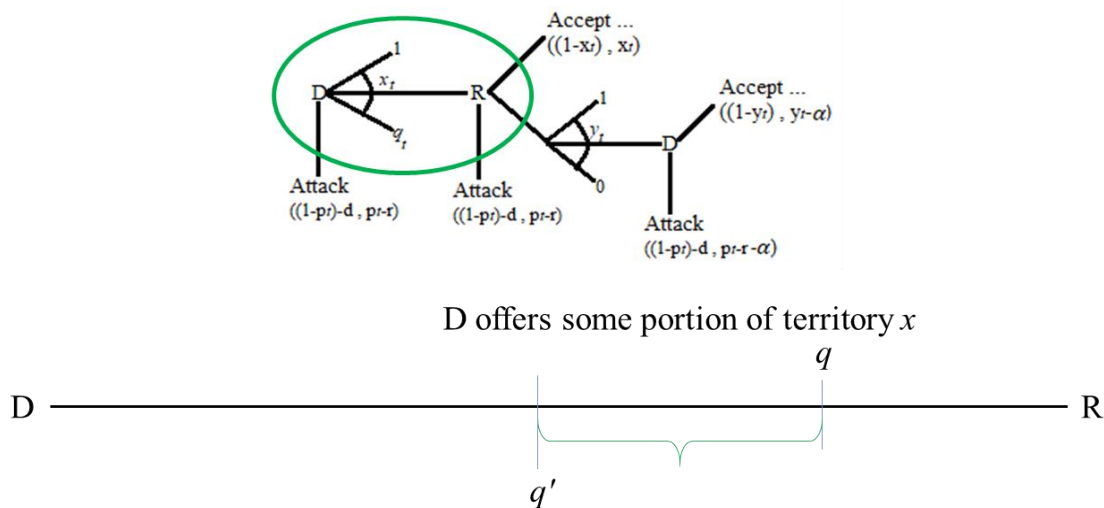


Figure 3.9: Outcome Three--Concession

Third, the declining state can offer a concession of territory x_t to the rising state (Figure 3.9). As with the unilateral land grab, an offered and accepted concession changes the status quo, with the new status quo replacing the earlier status quo for future rounds of the game. It should be noted that since the rising state's bargaining position is strictly improving over the course of a power shift—that is to say, its power relative to the declining power is improving—the model does not seek to capture instances of concessions on the part of the rising state. Of course, states do not ascend forever, and a once-rising power may face relative decline in the future. In that case the model may capture that state's expected behavior as a declining state, but for the sake of simplicity this model focuses only on one shift—R's rise relative to D—and its aftermath at a time.

Finally, it may be helpful to illustrate the strategic logic that may lead a declining state to offer voluntary concessions rather than simply waiting for a rising state to impose *faits accomplis*. The underlying logic of this decision lies in the declining state anticipating the decisions of the rising state and moving to minimize its losses. A declining state may offer

concessions to satiate the rising state and forestall a *fait accompli* or to prevent an outright attack; in either case, the offer is made to mitigate or forestall future losses that the declining state expects the rising state to impose. Figure 3.10 illustrates the logic of this decision in an example.

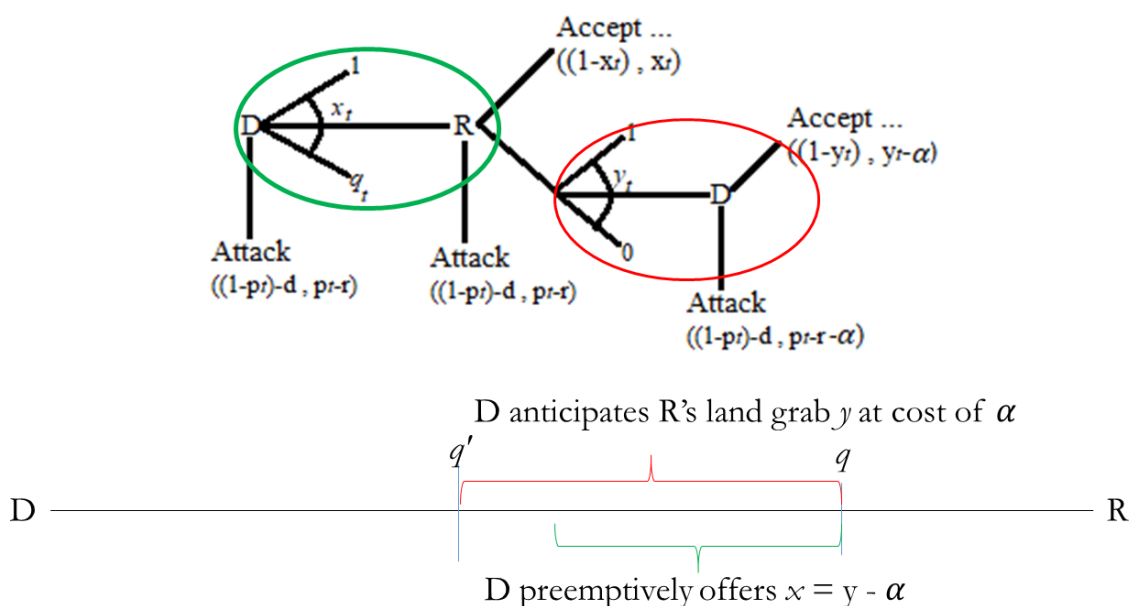


Figure 3.10: Strategic Concession

In Figure 3.10, power has shifted sufficiently that in the current turn t , absent some concession from D, the rising power R will engage in a *fait accompli* which will shift the status quo from q to q' . This shift will, however, require R to pay the cost α , making R's gain equal to only $q - q' - \alpha$ or $y - \alpha$. Therefore, D can make both sides better off by making a concession offer x_t which provides R with a gain equal to what it could have accomplished by engaging in the *fait accompli* while allowing D to retain additional territory equal in value to the costs R would have borne engaging in the *fait accompli*.

THE MODEL: TECHNICAL EXPRESSION

Figure 3.6 depicts a single round of a multi-stage game of indefinite length between a rising state, R, and a declining state, D. Both players are assumed to have strictly increasing linear utility functions with payoffs corresponding to the actions modeled in Figure 3.6. If either state attacks the other, both states pay the costs of going to war— d and r respectively, where both are positive—and the game ends with the rising state in possession of the entire territory with probability $p_t \in (0,1)$ and the declining state in possession of everything with probability $1-p_t$. Figure 7 shows the costs of attacking in a one-off one stage game. The resulting payoffs are received by each state in each successive period.

In the model these costs are assumed to be distributed across the remainder of the game. I make this assumption for two reasons. First, it is an attempt to maintain as much in common with the original model I am modifying for this project, Powell's classic 1998 model. Since Powell makes this modeling decision about distributing costs, I chose to do so as well. Second, the costs of attacking another state are both material and reputational, and both types of costs can have knock-on effects long after the initial decision to engage in warfare. Finally, as Powell observes in a later work on commitment problems and war, the distribution of costs is necessary to capture the costs of fighting as a fraction of the total stream of benefits over time.¹⁴⁰ Therefore, in the model developed below, costs and payoffs of going to war in any given turn $t=w$ will be represented as distributed across the remainder of the game, or

Equation 1

$$\sum_{t=w}^{\infty} \delta^{t-w} (1 - p_w - d) = \frac{1 - p_w - d}{1 - \delta}$$

¹⁴⁰ Powell, "War as a Commitment Problem," 188.

for the declining state and

Equation 2

$$\sum_{t=w}^{\infty} \delta^{t-w} (p_w - r) = \frac{p_w - r}{1 - \delta}$$

for the rising state. In these expressions p_w is the probability of victory in the war by the rising state, and $1-p_w$ is the probability of victory in war by the declining state. Each state pays a cost (r or d) associated with fighting the war. The same is true for R's costs of imposing *faits accomplis*, which are similarly distributed across future turns. Thus, if a *fait accompli* is initiated in turn $t=f$, and no other actions take place in the game, the payoffs for the rising power from that point forward are those expressed in Equation 3:

Equation 3

$$\sum_{t=f}^{\infty} \delta^{t-f} (y_f - \alpha) = \frac{y_f - \alpha}{1 - \delta}$$

Appendix A shows several instances of the overall payoffs associated with ongoing costs of going to war and imposing *faits accomplis*, along with payoffs of continuation of the status quo and voluntary concessions in a given turn. The payoff functions laid out in the appendix form the basis for the model solutions discussed in the following sections.

The shift in power is modeled by a static additive increase in p with p increasing by a value Δ over the course of an arbitrary number of turns, T . This reflects the assumption,

discussed above, that the shift in power is linear, as in Powell (1998). Thus, at the beginning of the shift when $t = \tau$, R's probability of victory is at its lowest point, p_τ , and at the end of the shift, when $t = T$, R's growth in relative power has leveled off at p_T . As a simplifying assumption, I assume that the game begins in the first turn of the power shift. Because the power shift begins in turn zero of the game, τ or the first turn of the power shift is always equal to zero in my solutions. For the sake of clarity of notation, however, I have retained the use of τ when referring to the beginning of the shift in power.¹⁴¹ Finally, both players are assumed to have strictly increasing linear utility functions for gains in territory over time.

In any given round t , if D proposes an offer $x_t \in [0,1]$ that R accepts, that offer becomes the new status quo and the game continues to $t+1$. If R presents D with a *fait accompli* $y_t \in [0,1]$ and D declines, a war takes place and the game ends, while if D accepts, the resulting distribution becomes the new status quo and the game continues. Thus, in each turn D decides whether to launch a preventive attack on R (which ends the game) or makes an offer to split the disputed territory. This offer can be either a new division of territory more favorable to R or an offer of the current status quo. Meanwhile, R must decide whether to attack (ending the game), accept the declining state's offer updating the status quo, or impose a *fait accompli* on the declining state. Both players are assumed to be risk averse, and both players are assumed to have a common discount factor $\delta \in (0,1)$ for payoffs in the future.

A series of concessions from D over several rounds results in both players receiving the payoff for the new distribution of territory at each time period t , summed over the course of the game and discounted by the common discount factor δ . A *fait accompli* or series of *faits*

¹⁴¹ It is important to note that, while the concrete examples used to generate the model's comparative statics demonstrate cases where the states' power shifts from $p < 1 - p$ to $p > 1 - p$, the directional effects of the model's observations hold in cases of generic power shifts, not only power transitions.

accomplis by R that is accepted by D yields a similar result, except that R pays a small cost for each time it imposes a *fait accompli*. This cost is positive and lower than the cost of all-out war ($r > \alpha > 0$). This reflects the real material and political costs of seizing contested territory, as well as the lower material and reputational costs of a unilateral revision that falls short of outright war. If an attempted *fait accompli* in turn t is followed by an attack by D in war, the game ends with D paying the costs of war (d), R paying both the costs of *fait accompli* (α) and war (r), and the winner determined by R's probability of victory at that turn (p_t). Structuring the game this way allows the model to account for shifts in relative power between two bargaining players, the presence of a dispute over some divisible territory, the possibility of proactive *faits accomplis* by the rising power, and the possibility of preventive war by the declining power.

Assumptions and Limitations of the Model

Apart from the assumptions mentioned above, three additional assumptions and consequent limitations to the model bear mention before proceeding to the analysis of the model. First, the model assumes that the change in power during a power shift is additive rather than multiplicative. This is contrary to some of the latest work in the field,¹⁴² and is a simplification of how real-world shifts in power occur, yet it is necessary to this project for two reasons. First, it maintains consistency with the Powell's source model, of which this model is a modification. In order to better compare my results with Powell's work, this consistency is needed. Second, recalling Box's dictum, this model adopts the assumption of linear growth in power in order to isolate and simplify the analysis of the key variable: the military *fait accompli*.

The second limitation relates to the concept of cumulative gains. One might argue that gains such as those acquired through *faits accomplis* themselves add to a state's national power,

¹⁴² Krainin, "Preventive War as a Result of Long-Term Shifts in Power."

and thus, *faits accomplis* represent an additional source of endogenous change to relative power in the model. This may well be true, yet again for the sake of simplicity, I have chosen to maintain a simple additive increase in power that does not account for the possibility of gains in relative power stemming from territorial gains. This is both to make the mathematics of analysis more tractable and because, while some gains may increase relative power, others may prove to be strategic liabilities and the generalizability of the model may suffer from trying to account for such particulars in the model itself. It may be worth reexamining in future work, however, how accounting for cumulative gains and multiplicative shifts in power affect the outcomes of the model.

The final limitation I will discuss here relates to the ordering of turns in the model. Obviously, politics in the real world are not simple turn-based games of strategy. Rather, states make decisions concurrently and respond to actions simultaneously. As such, formal models with turn-based decision structures are inherently limited to a simplification of real world events. This limitation, however, is not so great as to eliminate the heuristic value of examining the incentives at play in a formal model. I believe the incentive structures represented in the game I have outlined here are true enough to their real world sources to allow for meaningful analysis of the incentives at work, and thus these limitations, while real, are not fatal to the following analysis.

COMPLETE INFORMATION RESULTS

Having set up the parameters and payoffs of the game, we can now turn to the solution to its complete information form.

Proposition 1: War must occur in any subgame perfect equilibrium (SPE) under complete information at time $t = \tau$ if there exists any time t such that

Equation 4

$$\frac{1 - p_\tau - d}{1 - \delta} > \sum_{t=0}^{\infty} \delta^t (1 - \max\{q_0, x_t^*\})$$

Otherwise, the shift passes peacefully.¹⁴³

Intuitively, the left-hand side of Equation 4 is the present value of the payoff received by the declining power in the initial turn of the game from fighting a preventative war. The right hand side of the equation sums the present-value of the payoffs for the declining power associated with making the optimal stream of concessions to the rising power: the stream of concessions x_t^* at each time t such that the rising power is dissuaded from engaging in a *fait accompli* or war at minimum cost to the declining power. If the declining power receives a higher payoff from war than from making the anticipated stream of concessions, then the declining power will engage in preventative war.

We can demonstrate this by backwards induction, beginning with the stream of payoffs that follow from the conclusion of the power shift. At the end of the shift, when $p = p_\tau$, R attempts to maximize its payoff given its position of strength. It has gained all the power it will for the foreseeable future and is at the strongest bargaining position it will achieve. Thus, from this stage of the game on, it looks like a static power game. R therefore imposes a *fait accompli* that makes D indifferent between accepting and attacking by choosing a value for y_t such that $U_D(\text{war}) = U_D(\text{accept})$:

¹⁴³ This will look familiar to readers of Powell (1998) as it is, on the surface, the same condition for war that emerges in *In the Shadow of Power*. The key difference, as shown below, lies in the value of x_t^* .

$$\sum_{t=0}^{\infty} \delta^t (1 - y_T^*) = \sum_{t=0}^{\infty} \delta^t (1 - p_T - d)$$

$$\frac{(1 - y_T^*)}{1 - \delta} = \frac{1 - p_T - d}{1 - \delta}$$

$$y_T^* = p_T + d$$

The $1 - \delta$ term notes that costs of war are not one-time payments but are distributed across the remainder of the game. This accounts for ongoing reputational effects and opportunity costs of war and has precedent, but is not universal in bargaining models of war (Fearon 1996, Powell 1998). It also allows me to maintain as much consistency as possible with Powell's model to facilitate comparison between the two. I assume the same distributed cost to *fait accomplis* for the same reason.

This yields the following payoffs, with $p_T + d$ substituted for y_T^* from T onward if both sides anticipate no further changes in the distribution of territory:

$$U_D(\textit{fait accompli}_T) = \frac{1 - (p_T + d)}{1 - \delta}$$

$$U_R(\textit{fait accompli}_T) = \frac{p_T + d - \alpha}{1 - \delta}$$

Since D knows it will be stuck with $1 - p_T + d$ if R imposes a *fait accompli*, it makes an offer (x_T^*) in its phase of turn T to make R indifferent between accepting D's offer and attempting a *fait accompli* such that $U_R(\textit{fait accompli}_T) = U_R(x_T^*)$:

$$\frac{p_T + d - \alpha}{1 - \delta} = \frac{x_T^*}{1 - \delta}$$

$$x_T^* = p_T + d - \alpha$$

To summarize, at the conclusion of the power shift the declining state offers the rising state the portion of the disputed territory that the rising state would have seized minus the cost of

imposing *fait accompli*. Therefore, although the D's offer is smaller than what R could have seized, R's payoff to accepting D's offer is equal to its payoff of seizing the larger territory at the cost of α . Since this makes R indifferent between accepting D's offer and imposing its own seizure, R accepts D's offer. It is also the case that R prefers accepting x_T^* to attacking as long as

Equation 5

$$\frac{p_T + d - \alpha}{1 - \delta} \geq \frac{p_T - r}{1 - \delta}$$

results in,

$$d + r \geq \alpha$$

This is true by assumption since d and r are both positive and $r > \alpha$. For its part, D prefers offering x_T^* to attacking in turn T since $U_D(x_T^*) > U_D(\textit{fait accompli}_T)$ and R has tailored its threatened *fait accompli* to make D indifferent between accepting y_T^* and attacking. This yields a payoff at time period T of:

$$U_R(x_T^*) = \frac{p_T + d - \alpha}{1 - \delta}$$

$$U_D(x_T^*) = \frac{1 - (p_T + d - \alpha)}{1 - \delta}$$

Extending the interaction from the last round of the power shift backward to the beginning of the game, we compare D's costs of war in round 1 with its costs of making concessions to R throughout the game. At each stage through the power shift, D must offer enough to induce R not to seize territory or attack in order to minimize its losses. To do this, D offers R enough in turn t to make it indifferent between accepting its offer or waiting until the next round, meaning that $x_t = \frac{p_t + d - \alpha}{1 - \delta}$. But in the next round, power will have shifted in R's

favor again and R will have a new indifference point. Therefore, to find D's optimal offer at time t , we account for the per-turn shift and discount factor for future gains, which yields:¹⁴⁴

$$\frac{p_t + d - \alpha}{1 - \delta} = x_t^* + \frac{\delta(p_{t+1} + d - \alpha)}{1 - \delta}$$

In the equation above, the optimal concession at period t (x_t^*) is one just large enough to set the payoff from a *fait accompli* in the current period (the left-hand side of the equation) equal to the payoff of a *fait accompli* in the next period (the payoff from a *fait accompli* in the next period is discounted by delta (δ) on the right hand side of the equation). Thus, during a power shift the optimal offer is the one which makes R indifferent between the (smaller) benefits of a *fait accompli* today, and waiting for a (larger) *fait accompli* in the next period. After rearranging terms and solving for x_t^* , we have an expression (Equation 6) which indicates the offer that the declining power must make in turn t to forestall a *fait-accomplis* and/or war by the rising power.

Equation 6

$$x_t^* = p_t + d - \alpha - \frac{\delta \Delta}{1 - \delta}$$

where Δ represents the per-turn change in p over the course of the shift. Having established D's optimal complete information offer from the end of the game backwards to turn zero, D can evaluate its alternatives between attacking in turn zero and making concessions down the line through the end of the shift in power. The inequality below describes D's choice between going to war in turn 1 and holding its status quo portion of the disputed territory until R has gained

¹⁴⁴ This equation is based on Powell's (1999, 274), except that the inequality shown here accounts for the costs of *faits accomplis* and R threatening to impose *faits accomplis* rather than threatening an attack as in Powell. Full solution in Appendix B

enough power to threaten a *fait accompli*, thereafter making the necessary concessions to prevent a *fait accompli*. Since p remains constant after $t=T$, D stops making concessions after turn T , but has to live with the status quo from the concessions it has already offered. On the right of the inequality is D's payoff for war in the first turn of the game.

$$\sum_{t=0}^{\infty} \delta^t (1 - \max\{q_0, x_t^*\}) \geq \frac{1 - p_0 - d}{1 - \delta}$$

When the above inequality holds, the shift in power passes peacefully. In this equilibrium, the declining power gains the benefits of the status quo until the rising power can credibly threaten a *fait accompli*, and thereafter makes the concessions necessary to forestall a *fait accompli* at each period until the shift ends. For some parameters this results in a gradual shift in the distribution of territory as D makes concessions to R, followed by a large concession just before the last shift in power, as illustrated in Figure 3.11 below.

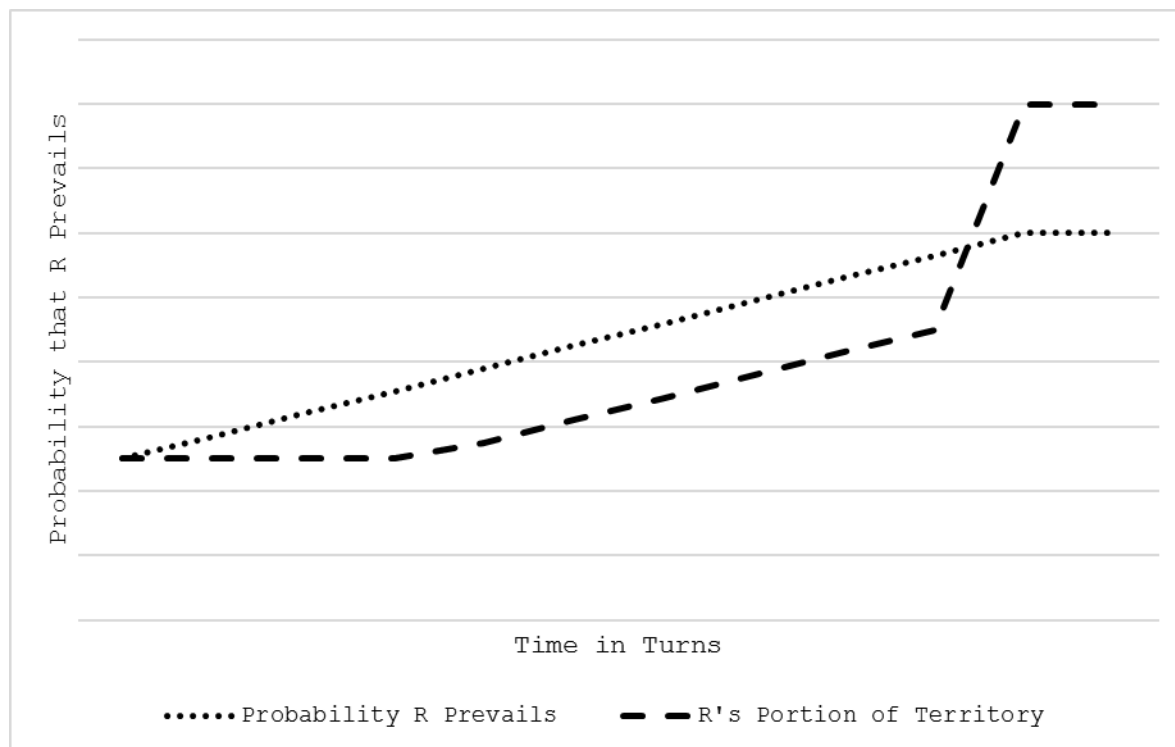


Figure 3.11: Illustration of a Power Shift with Equilibrium Concessions

The game's other equilibrium obtains when the inequality above does not hold: when D's payoffs of attacking in round 0 exceed its payoff of making concessions throughout the course of the shift. In this case, D attacks immediately, ending the game.

Why shouldn't D wait until R is about to make its first demand to attack, thus ensuring that he at least retains the gains of the favorable status quo before attacking? This only serves D's interests if the shift in power starts at some point after $t=0$. If D determines that fighting is to its advantage at any point in the game after the shift begins, D maximizes its payoff by fighting as early as possible in the power shift, when p is as small as possible. Since the game and shift both begin in turn zero, D attacks immediately in this equilibrium.

The equilibria resulting from this inequality generates a corollary to Proposition 1.

Corollary 1: For all parameters of the game, the conditions for war are strictly weaker than for the version of the game that does not include faits accomplis.

This results primarily because of the difference in the value of x_t^* in this model and in Powell's (1999, 275). Without considering *faits accomplis*, D's minimum offer to satisfy R need only be large enough to forestall an attack by R, or $x_t^{*'} = p_t - r - \frac{\delta\Delta}{1-\delta}$, whereas in this model, D is forced to make concessions to forestall both war and *faits accomplis*, in which case $x_t^* = p_t + d - \alpha - \frac{\delta\Delta}{1-\delta}$. Thus, whenever $p_t + d - \alpha > p_t - r$, it must also be true that $x_t^* > x_t^{*'}$. Since we know by assumption that $r > \alpha$, it is true that $x_t^* > x_t^{*'}$ for all nonnegative d .¹⁴⁵ Because the optimal offers are therefore larger, D has less to benefit from making a stream of optimal offers, and preventative war is therefore more appealing.

While less definitive, it is perhaps helpful for intuitions to consider the end state of the game in each situation. In the absence of a *fait accompli* option, after the power shift ends, D can offer R a distribution of the territory such that the share possessed by R is $p_T - r$. By contrast, in the presence of a *fait accompli*, as discussed above, the final offer is much less favorable for D. R's share is $p_T + d - \alpha$. Indeed, if $d > \alpha$, R will end the power shift with a larger share of the territory than its simple ability to win a war, a dramatically worse outcome for D. In the absence of a *fait-accomplis* option, D rather than R always had a larger share of the territory at the end of the power shift than its ability to win a war. Little wonder then that D is more likely to engage in preventative war against a rising power able to use the *fait accompli*.

¹⁴⁵ It is true that allowing α to be greater than or equal to r would change this condition, but in that case, the model's predictions are simply identical to Powell's. Furthermore, it seems unreasonable to assume that the costs of war are lower than the costs of imposing a *fait accompli*.

The model also provides some insight into when we should expect to see *faits accomplis* by suggesting that a tipping point exists at which the rising power's incentives shift from putting off conflict to seizing territory unilaterally.

*Proposition 2: In all SPE under complete information, as Δ is increasing R threatens larger *faits accomplis* later in the shift.*

To see this, consider R's payoff for imposing a *fait accompli* on turn t during the power shift:

$p_t + d - \alpha - \frac{\delta\Delta}{1-\delta}$. Early in the game, the larger Δ is the more incentive R has to put off *faits accomplis* until later in the game. But since power is dynamic in this game, p_t can also be expressed as $p_\tau + (t - \tau)\Delta$. Substituting for p_t and taking the first derivative of the threatened *fait accompli* in turn t over Δ yields

$$\frac{dt}{d\Delta}(p_\tau + (t - \tau)\Delta + d - \alpha - \frac{\delta\Delta}{1-\delta}) = t - \tau - \frac{\delta}{1-\delta}$$

So when t is small, the effect of a large Δ is negative, but as t increases, there comes a point when this changes. The effect of Δ can thus become positive as the length of the shift increases if the shift is long enough. Framed this way, it becomes clear that Δ has a positive effect on R's incentive to revise as t increases. The same force that acts as a restraint on R early in the game—a high Δ value—quickly multiplies the incentives to act aggressively. The key tipping point comes when present power overwhelms incentives to put off conflict. This suggests that while faster shifts do not lead to war in Powell's (2000) model of bargaining in the shadow of shifting power, they may still lead to aggressive revisions when rising states are given a *fait accompli* option.

In addition, several other interesting insights related to the conditions for war emerge.

Corollary 2: As D's costs of going to war decrease, war becomes more likely.

This is because as d decreases, the declining state's payoff for going to war in turn zero, $\frac{1-p_t-d}{1-\delta}$, increases relative to its payoff for a series of concessions, $\sum_{t=0}^{\infty} \delta^t (1 - \max\{q_o, x_t^*\})$. This effect is somewhat muted, however, since the fact that D is more likely to be provoked causes R to moderate its threatened seizures of territory. As D's costs of war decrease, R's threatened land grabs (and the concessions required to forestall them) decrease as well. But one effect is larger than the other since as d approaches zero there is nearly no cost to D to locking in the stream of benefits of the status quo as compared with the costs of making concessions that are driven, in part, by R's costs of imposing *faits accomplis* and the shift in power over time. Still, as the comparative statics demonstrate, for low values of d , the declining state's payoffs for war when $p = p_t$ are frequently greater than for concessions and the game ends in war. (See Appendix C for several examples)

Corollary 3. As R's costs of imposing faits accomplis increase, D's concessions to pacify R decrease correspondingly, making a peaceful shift more likely as compared to a preventive war.

This is intuitive, since the concessions the declining state has to make so that the rising state becomes indifferent between accepting its offer and imposing a *fait accompli* decrease as α increases. That is, the value of a series of concessions from time t , $\sum_{t=c}^{\infty} \delta^t (p_t + d - \alpha - \frac{\delta\Delta}{1-\delta})$, decreases as α increases.

Finally, the results of this model parallel Powell's (1999) model to the extent that the key determinant for the game's complete information equilibrium is the relationship between the per-turn shift in power and D and R's costs of going to war or imposing *fait accompli* respectively as shown in Proposition 1. The larger the disparity between the distribution of benefits and the per-turn shift in the distribution of power, the more likely a preventive war becomes since D's payoff of accepting rapid concessions is unlikely to match his payoff of attacking in turn zero. Similarly, even dramatic shifts can pass peacefully when D has the opportunity to benefit from the lion's share of the disputed territory for a long time. However, they also suggest that the parameter space that generates war during power shifts is wider than suggested in Powell (1999). These observations are supported by an exploration of the game's comparative statics, shown in Appendix C.

Another result is that the extent to which R's costs of imposing a *fait accompli* overshadow D's costs of going to war in determining the outcome of the game. This was suggested by the equilibrium analysis above, but is illustrated in the last two tables in Appendix C. For example, when α is set at 0.1 and other values held constant, only very high values of d are sufficient to avoid a preventive war. Here we see that while the declining state's costs of going to war do play a role in shaping the game's equilibria, a stronger indicator is how costly it is for the rising state to unilaterally seize territory.

INCOMPLETE INFORMATION RESULTS

In the complete information form of the game, the declining power can precisely preempt the rising power's threatened land grabs because it knows the exact value of α , the rising state's costs of imposing *fait accompli*. The incomplete information form of the game relaxes that assumption by making the value of α private information. Instead of having certainty about R's costs of imposing *faits accomplis*, the declining state believes that α is distributed across a range

of values. Specifically, I assume that the beliefs about the possible values is distributed uniformly on $[\underline{\alpha}, \bar{\alpha}]$. This enriches the analysis in at least two ways. First, the declining state's uncertainty about the rising state's costs of imposing a *fait accompli* means that it cannot tailor preemptive concessions to keep the rising state indifferent between accepting and imposing a *fait accompli*. Second, the rising state's ability to impose *faits accomplis* and private information about the associated costs give it the opportunity to bluff the declining state about its costs of seizing territory in order to either forestall a preemptive attack or to attempt to coerce larger concessions. The rising state's incentive to bluff, and the declining state's need to improve its limited information, even if the rising state plays honestly enriches the analysis of the role of power shifts in shaping *fait accompli* decisions by providing a framework for thinking about when *fait accompli* will take place rather than being forestalled, when the rising state will preemptively attack instead of accepting concessions or launching a *fait-accomplis*, and the way observing *fait-accomplis* updates the information the declining power holds.

Exchange of Private Information Under Honest Play

First, we examine the game when the rising state has private information but plays honestly. As will be discussed below, there are regions of the probability space in which such play is in equilibrium. The declining state knows its own costs of war, d , as well as the rising state's costs of war, r (both of which are common knowledge), but is unsure of the value α for the rising state. The rising state has complete information as in the game analyzed above. While it may be helpful for future work to analyze the game when r is unknown to the declining state and d is unknown to the rising state, increasing the number of unknown values dramatically increases the complexity of the model, so this analysis focuses on only one piece of private information.

Proposition 3: When R plays honestly and D observes any two periods in which R does not impose a fait accompli in t but does in $t + 1$, D can update its beliefs about R's value for α such that:

$$p_t + d - x_t - \frac{\delta\Delta}{1-\delta} \leq \alpha < p_{t+1} + d - x_{t+1} - \frac{\delta\Delta}{1-\delta}$$

Under these conditions, the declining state can begin to update its information as early as the rising state's turn in round 0. Building off the complete information equilibria, the declining state knows that it can make the rising state indifferent between imposing *fait accompli* and accepting a concession by making the optimal offer: $x_t^* = p_t + d - \alpha - \frac{\delta\Delta}{1-\delta}$. Although it cannot make such a precise optimal offer under incomplete information, the declining state can infer that each offer x_t that does not provoke a *fait accompli* by the rising state provides as least as much payoff to the rising state as a land grab would have. Mathematically, this means that for every x_t that is not followed by a land grab, $x_t \geq p_t + d - \alpha - \frac{\delta\Delta}{1-\delta}$. Solving for α , the declining state can update its beliefs about the lower boundary of α such that $\alpha \geq p_t + d - x_t - \frac{\delta\Delta}{1-\delta}$.

One potential strategy would be as follows: in early rounds, the declining state learns about the rising state's type by offering the status quo and updating its beliefs about the rising state's costs for each turn that passes without a *fait accompli*. But after several turns, even relatively irresolute types of the rising state will not be satisfied by the declining state's minimal offer and will impose a *fait accompli*. This informs the declining state that the inequality above no longer holds, or that $\alpha < p_t + d - x_t - \frac{\delta\Delta}{1-\delta}$.

This information comes at the cost of failing to preempt the rising state's first *fait accompli*, but it gives the declining state a good deal of information about the rising state's true

costs. Assume that the declining state observes no *fait accompli* at turn t , but does observe one at turn t_{+1} . This means that

$$p_t + d - x_t - \frac{\delta\Delta}{1-\delta} \leq \alpha < p_{t+1} + d - x_{t+1} - \frac{\delta\Delta}{1-\delta}$$

Once the rising state reaches the point where the original offer is insufficient to prevent land grabs, the declining state can further refine its beliefs about the rising state's costs by making offers within its new range of possible values of α : $[\underline{\alpha}', \bar{\alpha}']$, and progressively narrowing in on a belief about α that is nearly accurate. Alternatively, if the declining state's updated information reveals that even the relatively irresolute remaining types of rising state would attempt unacceptable *faits accomplis* by the end of the power shift, the better-informed declining state may attack in response to the land grab that gives it the updated information. This results in a corollary to Proposition 3:

Corollary 4: War must occur in response to an observed fait accompli in any SPE under private information where D's observation updates his beliefs about α such that

$$\frac{1 - p_t - d}{1 - \delta} > \frac{\delta^t (p_t + d - \bar{\alpha}' - \frac{\delta\Delta}{1-\delta})}{1 - \delta}$$

In other words, when observing a *fait accompli* allows the declining state to update its beliefs about the rising state's costs of unilaterally revising the status quo such that even relatively irresolute types of risers would prompt unacceptably large concessions, the declining state simply attacks in response to the informing *fait accompli*.

Bluffing Faits Accomplis

In a game of private information, the rising state may have incentives to play dishonestly. For example, an irresolute type of rising state (large value of α) may wish to extract greater concessions from the declining state by representing itself as a more resolute (low α value) type that could threaten more aggressive *faits accomplis*.

To explore the effects of this type of bluffing, consider a scenario in which the declining state is faced with one of two possible types of rising state.¹⁴⁶ Therefore, let there be two types of rising state with differing values for α : Resolute R with a relatively low value for α ($\underline{\alpha}$) and Irresolute R with a relatively high value of α ($\bar{\alpha}$). Further, let Resolute R's cost of imposing *fait accompli* be the lowest possible cost that would not trigger an automatic preventive attack from the declining state under complete information. This value of α can be defined by setting equal D's payoffs of going to war in turn zero with its payoffs of making a series of concessions from turn zero and solving for α as follows.

$$\frac{1 - p_\tau - d}{1 - \delta} = \sum_{t=0}^{\infty} \delta^t \left(p_t + d - \alpha - \frac{\delta \Delta}{1 - \delta} \right)$$

$$1 - p_\tau - d = p_t + d - \alpha - \frac{\delta \Delta}{1 - \delta}$$

$$\alpha = p_\tau + p_t + 2d - \frac{\delta \Delta}{1 - \delta} - 1$$

In other words, this type of R's value of α is just high enough that once it prefers imposing *fait accompli* to accepting the status quo, the declining state is indifferent between making concessions to its honest threats of *fait accompli* and going to war. Since D is indifferent

¹⁴⁶ In reality, a declining state likely has beliefs about a rising adversary on a continuous range of possible types, but for the sake of simplicity, this scenario restricts the possible types of rising state to two.

between making concessions and going to war, Resolute R may begin revising the status quo without fear of a retaliatory attack.

Irresolute R has higher costs of seizing territory though, and may prefer to wait until it prefers revising to the continued acceptance of the status quo. But under some conditions it may prefer to masquerade as Resolute R in the hopes of extracting greater concessions from D than it would otherwise get by playing honestly. Thus, Irresolute R can adopt a strategy of either bluffing as Resolute R or playing honestly depending on the exact value of $\bar{\alpha}$. The payoffs of this strategy can be summarized by the following inequality, where the expression on the left represents Irresolute R's payoff for honest play—accepting the status quo until he prefers revising to continued acceptance—and the expression on the right represents bluffing—beginning revisions when the more resolute type would do so and accepting the losses due to its higher costs of revision until D begins making concessions as it would to Resolute R.¹⁴⁷

$$\max \left\{ q_t, p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right\} > \delta^s \left(p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right) + \delta^c (\bar{\alpha} - \underline{\alpha})$$

In the above inequality, time s represents the point that the resolute type of rising state would begin imposing *fait accompli* on the declining state, while time c represents the point that, after a series of bluffs, the declining state begins treating Irresolute R as the more resolute type. When the above inequality holds, a separating equilibrium emerges in which the more resolute type begins revising the status quo at time s , while the irresolute type begins imposing *faits accomplis* only once power has shifted in its favor enough to make revisions profitable. When the inequality does not hold, the two types of rising states pool on beginning revisions at time s .

¹⁴⁷ Full solution in Appendix D.

A review of the model's comparative statics (Appendix E) shows that each of these equilibria are supported by values that we might reasonably expect to observe.

Exploring these equilibria reveals three important factors that shape the model's outcome. First, decreasing low α increases the less resolute type's incentives to bluff. This follows the intuition of the complete information version of the game, which revealed that the rising state's big payoff does not come until the end of the shift. Thus, as $\underline{\alpha}$ shrinks, the payoffs of getting concessions—especially the final large concession—as a more resolute type increase relative to the costs of bluffing. Mathematically, this is evident in the final expression of the simplified payoff inequality. As $\underline{\alpha}$ shrinks, $\delta^c(\bar{\alpha} - \underline{\alpha})$ increases, which raises the overall payoff of bluffing.

Conversely, increasing the magnitude of the shift incentivizes honest play. While it is true that increasing \bar{p} raises the payoffs of both bluffing and honest play, the fact that the largest concession comes at the end of the shift means that the largest benefit of a large shift comes after even Irresolute R is incentivized to impose *fait accompli*. It is possible that some types of R may have values of α so high that they will never want to impose *fait accompli*, but in those cases, those types simply accept the status quo throughout the game since the accumulated costs of bluffing are so high.

Finally, it is worth noting that the declining state's prior beliefs about R's play an important role in shaping the outcome. A declining state that begins the game nearly convinced that it is facing an irresolute type of R will take longer to begin making concessions as if to a resolute type. Conversely, the reverse is true if D strongly believes R to be resolute. Thus, changes in the declining state's prior beliefs about R's type can have dramatic effects on the game's equilibria, since the irresolute type's strategy depends in large part on how long it takes the declining state to become convinced that it is facing the resolute type.

Another incentive for the rising state to misrepresent comes when some types of R are so resolute that honest signaling of their type would prompt an attack from the declining state as observed in Corollary 2. To explore this, consider a scenario similar to the one above, except that now $\underline{\alpha}$ is low enough that D would prefer war to concessions and $\bar{\alpha}$ is high enough that D would prefer concessions to war. As above, this creates relatively resolute and irresolute types of R. But now, the incentives to play honestly and bluff are reversed. The relatively irresolute type of R prefers to play honestly since D would prefer to fight the resolute type rather than offer concessions to it. For its part, the resolute type of R will want to bluff, at least until the power shift has lowered D's minmax value to the point that it prefers concessions even to the resolute type to war. In this case, R must decide whether to misrepresent its resolve and masquerade as a less resolute type or attack. Unlike in the complete information game where R strictly prefers *faits accomplis* to attacking, R prefers to attack here since a *fait accompli* would reveal its type and trigger war from D, which would leave R paying the costs of war and *fait accompli*. The following inequality summarizes the condition that dictates Resolute R's strategy in this scenario.

$$\sum_{t=0}^{\infty} \delta^t \left(\max \left\{ q_t, p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right\} \right) > \sum_{t=0}^{\infty} \delta^t (\max \{ q_t, p_t - r \})$$

or

$$p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} > p_t - r$$

$$d + r > \bar{\alpha} + \frac{\delta \Delta}{1 - \delta}$$

where the left side of the inequality represents the payoff for bluffing as the irresolute type and the right side represents the payoff for going to war. When the inequality holds, the resolute type

masquerades as the irresolute type, earning the status quo payoff followed by the irresolute payoff for the remainder of the game and the shift passes peacefully. Otherwise, the game ends in war initiated by the rising power. This scenario highlights two key features of the model. First, it demonstrates a set of conditions that generate war by the rising power. Second, it demonstrates conditions under which war initiated by the rising power becomes more likely as the speed of the shift increases.

IMPLICATIONS OF THE MODEL

The model advanced in this chapter introduces a mechanism to gain insight into the role of the military *fait accompli* in shaping bargaining during power shifts. Most importantly, its analysis has shown that accounting for the possibility of *faits accomplis* by rising powers expands the set of conditions that lead to war—both preventative by declining states and opportunistic by rising states—during power shifts as compared to leading models of bargaining during power shifts. Second, and related to the first point, the addition of a *fait accompli* option to the rising state’s set of choices makes the declining state strictly worse off in any power shift so long as the rising state’s costs of war are greater than its costs of imposing *faits accomplis*. This is true whether regardless of the functional form of the power shift—additive as with Powell or multiplicative as with Krainin—and across parameterizations of the model as long as $\alpha < r$.

Third, it also demonstrates the conditions under which we observe *faits accomplis* but not war in a model of repeated bargaining. This allows for the model to account for behaviors in territorial disputes involving power shifts that are revisionist but fall short of outright war. Series of annexations such as those observed in Georgia, Ukraine, and the South China Sea do not fit neatly into models of power shifts in which the only revisionist option available is war. This model’s *fait accompli* option begins to fill that gap.

Fourth, it presents a new framing for the role of costs of war in shaping outcomes during power shifts. In bargaining models of war without the *fait accompli* option, the declining state can leverage the rising state's costs of going to war to limit its demands, since the rising state can be made indifferent between fighting and accepting a lesser offer. When a state is able to impose a *fait accompli*, this leverage is reversed. In this model, the rising state leveraged the declining state's costs of going to war to extract greater concessions, making peaceful passing of power shifts less likely. Fourth, it provides some insight into when we should expect to see *faits accomplis* by suggesting that a tipping point exists at which the rising power's incentives shift from putting off conflict to seizing territory unilaterally.

Finally, we can observe conditions in which the rising state uses *faits accomplis* as a signaling tool. When a less resolute type of rising state imposes its first series of *faits accomplis* it is not doing so because it stands to gain immediately from its revisions. Rather, it is signaling to the declining state that it is the more resolute type with the hopes of future gains despite the costs of its early revisions. Likewise, the more resolute type signals its true type when it imposes its first revision, since it has no incentives to misrepresent its type. Similarly, in a scenario in which the least resolute type of R is just barely tolerable to the declining state, more resolute types would try to avoid preventive wars by signaling their irresolution through a lack of *faits accomplis*. In each case, the various types of rising states seek to maximize their payoffs by sending signals—truthfully or by bluffing—to the declining state.

Empirical Implications of the Theoretical Conclusions

Beyond the generalized theoretical conclusions, the foregoing analysis presents us with several empirical implications for considering the roles of power shifts and *faits accomplis*. Most obviously, is the role of power shifts (or some other change the value of the parameters) as a necessary condition for observing unilateral military revisions to the status quo in territorial

disputes. This is an intuitive conclusion and is consistent with the model's equilibria. When two states are locked in a territorial dispute with a static power differential and other variables held equal, neither state is moved by new incentives to attempt a unilateral revision to the status quo.

Second, both the comparative statics and Corollaries 3 and 4 suggest that the role of the rising state's costs of imposing *faits accomplis* are important in determining not only the likelihood of observing them, but also in the likelihood of the power shift passing peacefully. This is true of the model's predictions, since highly resolute types of rising state are likely to face preventive attack when their type is known and can only mask their types when the declining state's prior beliefs include irresolute types whose behavior the resolute types can profitably mirror. It also stands to reason that states with low costs of unilateral revisions are more likely to revise. The α value for costs of revisions represents both material and reputational costs, with quite a wide array of factors potentially influencing this value. In a state with a highly nationalistic population (or at least a highly nationalistic selectorate) one can imagine domestic forces pulling α down. Alternatively, in liberal democracies with high social values on respecting international norms, public opinion could magnify the costs associated with α , making *faits accomplis* less likely.

Finally, Proposition 2 and Corollary 4 both highlight the importance of the speed of power shifts in shaping the declining power's decision to initiate preventive war. This logic is clear in complete information settings; when a declining power knows that it is facing a rapidly ascendant state with which it has active disputes over valuable territory, that state faces strong incentives to act preventatively early in the shift. However, it is also true when a declining state is trying to discern the type of rising state it faces. In this case, the incomplete information about the rising state's type is dangerous enough, but that danger is magnified by the speed with which

power is shifting in favor of the adversary of unknown type. The logic here is similar to that of Jervis's typology of universes in that both lack of information and the incentives to strike first are both destabilizing factors when a shift is fast and the rising state's type is unknown.¹⁴⁸

Table 3.2 lays out a set of possible outcomes based on varying parameters of the two key variables analyzed in this chapter, R's costs of imposing *faits accomplis* and the size of the shift in power. It shows that the most dangerous set of circumstances for the declining power is one in which the costs of imposing *faits accomplis* are low and the size of the shift is large. This point is intuitive, but what may be more interesting given the analysis of the model is the bluffing behavior that results from the same circumstances. This is because the low α , large shift scenario is also dangerous for the rising state, since it is the most likely to result in preventive war should the declining state realize the rising state's type in time to act. The table also shows that this model predicts that power shifts are necessary conditions for *faits accomplis*. This means that territorial disputes in which there is no shift in power will remain "frozen conflicts" until some shift in power occurs.

¹⁴⁸ Jervis, "Cooperation under the Security Dilemma."

Table 3.2: Model Predictions on Different Parameters of α and the Size of the Shift in Power

Honest Play		
Shift in Power	Low α	High α
Large	Most dangerous; Series of Large <i>faits accomplis</i> or concessions; preventative war most likely	Dangerous; fewer threatened <i>faits accomplis</i> but still threatens major revisions at end of shift; preventative war moderately likely
Small	Series of smaller <i>faits accomplis</i> ; preventative war possible but less likely	Few <i>faits accomplis</i> ; relatively small revisions at end of shift. D's concessions are minor; preventative war least likely
None	No <i>fait accompli</i> ; no preventative war	No <i>fait accompli</i> ; no preventative war
Bluffing Behavior		
Shift in Power	Low α	High α
Large	R bluffs as most resolute type D will accept; reveals true type at end of shift if at all	R more likely to play honestly; fewer <i>faits accomplis</i> because of associated costs
Small	Depends on size of shift; R may still bluff as less resolute type; series of smaller <i>faits accomplis</i>	R plays honestly; Few <i>faits accomplis</i>
None	No <i>fait accompli</i>	No <i>fait accompli</i>

CONCLUSION

The model and analysis presented in this chapter are intended to provide fundamental, but preliminary, insights into how *faits accomplis* shape outcomes in territorial disputes and power shifts. Further work along these lines might benefit from making one or both states' cost of war private, or by introducing alliances or nonstate actors that may influence the reputational costs of *faits accomplis* or war. However, in order to focus attention on the *fait accompli* itself and make an already complicated model as tractable as possible, private information was asymmetric and restricted to one variable. This provides not only an interesting set of results in its own right, but

it also lays out one possible theoretical framework for understanding China's revisionist behavior in terms of a rising power making a progressive series of unilateral alterations to the maritime status quo in the South China Sea. I will proceed through structured focused comparison in the next three chapters, examining whether the model can account for the emergence of *fait accompli* as a major strategic tool by China in the South China Sea but not in the East China Sea. Chapters 4 and 5 present the cases of the South China Sea and East China Sea, exploring the similarities of the two cases and underscoring the differences in the two key variables of the model: the costs of *faits accomplis*, and the shift in relative power. Chapter 6 then turns to a structured analysis of the two cases, tracing the differences in the two primary independent variables to the variance in outcomes in terms of *faits accomplis*.

CHAPTER 4

DECIDING TO SEIZE: CHINA'S TERRITORIAL DISPUTES IN THE SOUTH CHINA SEA

INTRODUCTION

The first two chapters of this dissertation laid out the importance of *faits accomplis* and located the phenomenon within the broader literature on power and territorial disputes in interstate bargaining. The third chapter presented and analyzed an original formal model which suggests several conditions under which we should expect to observe unilateral military revisions to the territorial status quo. The next two chapters test the model's predictions in two cases of territorial disputes between China and its maritime neighbors in the South China Sea (SCS) and East China Sea (ECS). In the ECS, China has outstanding disputes with Japan over ownership of the Senkaku/Diayou Islands and their surrounding waters, while in the SCS, China has outstanding disputes with the Philippines, Vietnam, Indonesia, and Brunei.

As this chapter and the next detail, these cases are remarkably similar in at least three respects. First, both regions are resource-rich, with energy deposits in the form of both natural gas and oil, as well as plentiful fisheries. Second, both the SCS and the ECS fall within the first chain of islands which forms a strategic perimeter around China's near maritime environment. Maintaining effective control over the "first island chain" has been of critical importance to the People's Liberation Army (PLA) military strategy since at least 2004.¹⁴⁹ Third, in both cases the United States has been involved as an enforcer of the status quo, either directly or indirectly. In the ECS, The United States has a treaty obligation, which it has reaffirmed on multiple occasions, to protect the territorial integrity of Japan. This treaty extends to military cooperation, the provision of bases on Japanese soil for the United States Navy, and joint exercises around

¹⁴⁹ Yoshihara and Holmes, *Red Star over the Pacific, Revised Edition: China's Rise and the Challenge to US Maritime Strategy*; Fravel, *Active Defense: China's Military Strategy since 1949*.

Japan's maritime periphery. In the SCS, the United States has a mutual defense treaty with the Philippines. As with Japan, the United States is committed to protecting the territorial integrity of the Philippines, and although the Philippines no longer hosts American military bases, the two states remain somewhat close allies. Finally, China's rapid growth in military capabilities would seem, at least at first glance, to affect its bargaining position in both regions equally. The PLA Navy's (PLAN) modernization campaign which has enabled a transformation from a green-water coastal navy to a blue water navy should allow force projection into both the ECS and SCS.

Yet despite these similarities, Beijing's behavior in the ECS and SCS shows sharp divergence. In the SCS, we observe a sharp increase in incidents at sea beginning in 2009, followed by an intense campaign of seizing disputed sea features and building artificial islands for use as military installations throughout the Spratly and Paracel Islands. In the ECS, on the other hand, China's behavior has been more subdued. While occasional incidents have flared over the same time period, they have been less frequent, with no attempted seizures or island-building as in the SCS.

This chapter examines the first of these two cases: China's behavior in the South China Sea. It begins with an overview of the recent history of China's role in maritime disputes in the SCS, the extent and nature of the overlapping claims, the United States' role as a major player in attempting to maintain a stable status quo in the region, and a chronology of China's increasingly aggressive behavior in the region, culminating in its island-building campaign. Together, each of these three elements contributes to the geopolitical context in which China's power shift and its decision to impose *faits accomplis* must be situated. The overlapping claims with several states maintaining active disputes with each other as well as with China hampers efforts to present a united front, while heterogenous security partnerships between the United States and claimant

states work together to create relatively low costs of imposing *faits accomplis* for China amid fractious, inchoate attempts to oppose its ongoing campaign of revisions.

Next, it examines the geopolitical trends impacting China's decision to revise the territorial status quo, including the capabilities and commitment of the United States and its regional partners, China's growth in power projection and area denial capabilities, and other factors impacting Beijing's payoffs for unilateral revision in the SCS. This section develops a deeper understanding of the extent of the power shift underway, as well as several endogenous factors that may influence the net material and reputational costs of revision: domestic audiences, resources, and strategic payoffs to revision.

Finally, the chapter concludes with an explicit analysis of the evidence in terms of the empirical predictions of the model presented in Chapter 3. This section ties together the theoretical insights drawn from the preceding chapter's formal model and the evidence gathered in this chapter to show that the magnitude of China's relative growth in power, combined with low net material and reputational costs of imposing *faits accomplis* make China's behavior expected in terms of the theoretical predictions of the model. Chapter 5 will explore the geography, history, and development of China's territorial disputes with Japan in the East China Sea, and Chapter 6 will explicitly compare China's costs of imposing *faits accomplis* and projecting power into the two seas as an explanation for its divergent behavior in the two regions.

HISTORY

Overlapping Claims/Plurality of Claimants

Situated at the nexus of the Western Pacific and the Indian Ocean, the South China Sea is one of the world's most trafficked bodies of water. More than half of the world's yearly shipping by tonnage passes through the various straits—Malacca, Sunda, Lombok, and Makassar—that

feed into the SCS, with more than six times more oil passing through these straits each year than through the Suez Canal.¹⁵⁰ Beyond its importance as a shipping hub, the South China Sea itself is resource rich, with fisheries that provide a large portion of the nutrition for the inhabitants of the states around it and plentiful, largely untapped, hydrocarbon deposits under the seabed.¹⁵¹ Apart from its inherent value in terms of resources and Sea Lanes of Communication (SLOCs), the South China Sea is a source of competition due to its location. Surrounded by maritime nations, the South China Sea is claimed in whole or in part by six different states: China, Taiwan, the Philippines, Malaysia, Brunei, and Vietnam. Beyond the challenges that normally accompany territorial disputes, China's claim is problematic for the other claimants both because of the extent of its claimed territory and its ambiguity regarding the meaning of its claims. Figure 4.1 depicts these overlapping claims and the SLOCs which run through them.

¹⁵⁰ Kaplan, "The South China Sea Is the Future of Conflict.", 80.

¹⁵¹ Ibid.

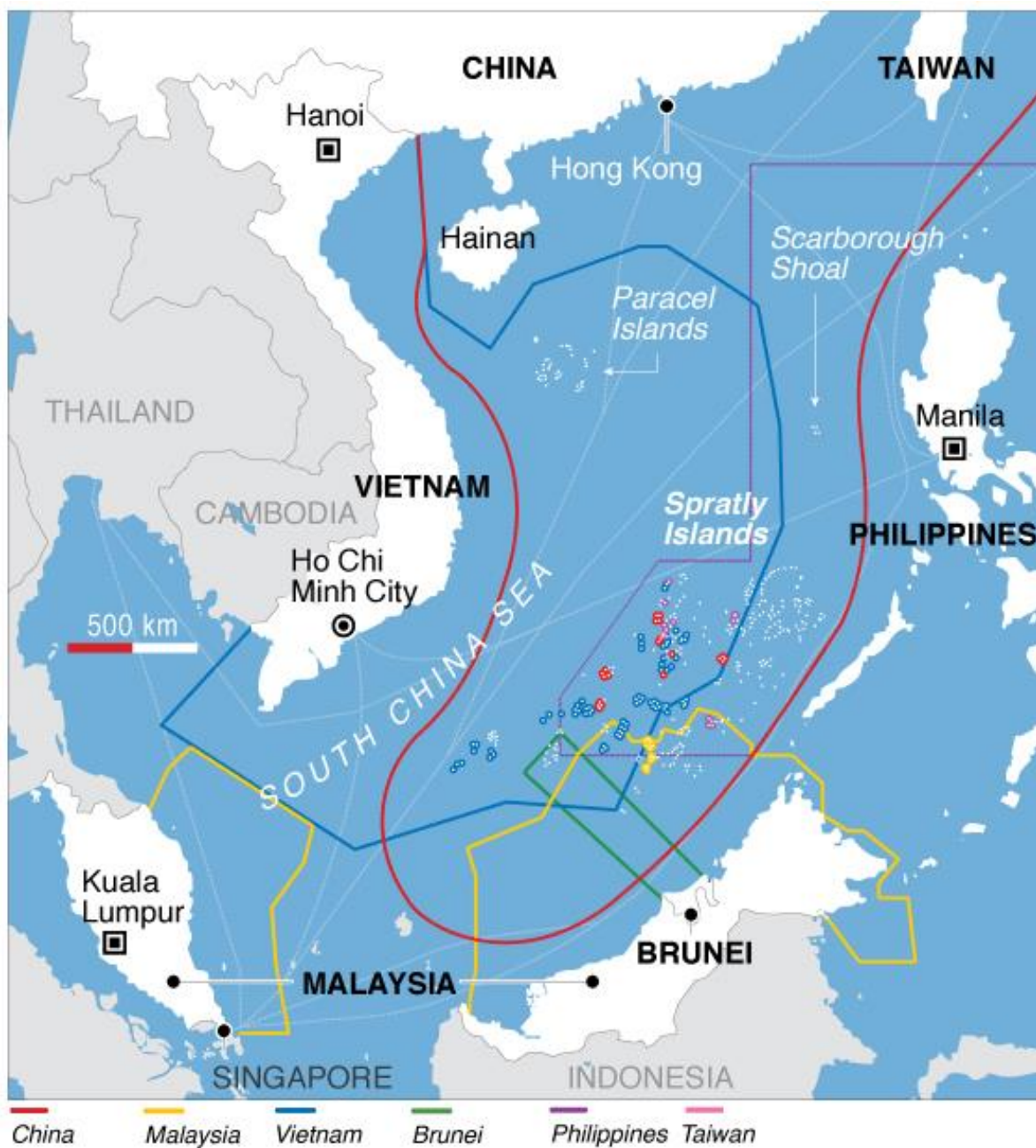


Figure 4.1: South China Sea Territorial Disputes

Source: Voice of America

As Figure 4.1 shows, China's claim—known as the “cow's tongue” or “nine-dash line” after the nine dashes marking the territory on official Chinese maps—encompasses nearly the entire South China Sea, running down the coasts of both Vietnam and the Philippines before skimming the coast of Borneo. Vietnam claims both the Spratly and Paracel Island chains in their entirety, but does not extend its claims as far east or south as China's. The Philippines claims the Spratly Islands as well as a number of small features in the vicinity of Scarborough Shoal (marked on Figure 12). These overlapping claims are further complicated by confusion over what rights are accorded within claimed territory.

The United Nations Convention on the Law of the Seas (UNCLOS) recognizes three types of maritime territory: Territorial Seas, Contiguous Zones, and Exclusive Economic Zones. *Territorial Seas* are recognized as extending up to 12 nautical miles from a state's coastal baseline and islands under its sovereignty. While all ships enjoy the right of innocent passage in these waters, a state enjoys full sovereignty in its territorial sea, including policing and development privileges. A *Contiguous Zone* extends 24 nautical miles from a state's coastal baseline and allows it to exercise control over enforcement of local laws and customs as it would on its landmass. Most countries (but not the PRC) hold that all aircraft and ships enjoy the same freedoms of passage that they would enjoy on the high seas. *Exclusive Economic Zones* (EEZs) extend a coastal state's economic rights beyond its Contiguous Zone up to 200 nautical miles from its baseline. This designation grants economic rights, such as the right to exploit and regulate fishing and hydrocarbon resources, within the EEZ but does not grant sovereignty

rights. Like Territorial Seas, EEZs can be extended by islands to which a state claims sovereignty, but EEZ rules stipulate that such islands must be habitable.¹⁵²

As one Congressional Research Service (CRS) report indicates, “China has not clarified whether it is claiming sovereignty over the entire sea and seabed enclosed by the nine dash line, or is making a more limited set of claims... This ambiguity has been an important driver of tensions.”¹⁵³ However, its actions have seemed to indicate an intent to exert control over both economic activity within the nine dash line and, occasionally, to prevent the passage of naval vessels through waters claimed by the PRC. China, along with Vietnam and the Philippines, supports its maritime claims on the basis of historical presence in the region and UNCLOS regulations allowing habitable islands to extend EEZ claims. Unlike China, however, Vietnamese and Filipino maritime claims specify most of their maritime claims as EEZ claims, and explicitly acknowledge the right of foreign naval and cargo vessels to innocent passage through their claimed waters. This places Chinese claims in conflict with its neighbors not only on the location of maritime boundaries, but on the rules that would apply even if the boundaries themselves are agreed upon. This uncertainty, coupled with the then upcoming establishment of the UNCLOS regime, led to a dash among South China Sea claimant countries in the 1990s to establish a presence on islands in the Spratly and Paracel island chains. Currently, all of the Paracel islands are under Chinese control, though Vietnam disputes the legitimacy of China’s control of the islands. The Philippines administers 53 islands, reefs, and shoals in and around the Spratly chain, the Kalayaan islands (located between the Spratly islands and the Philippine island of Palawan), and Scarborough Reef, though China and Vietnam do not recognize its control over

¹⁵² Ben Dolven, Shirley Kan, A., and Mark E. Manyin, "Maritime Territorial Disputes in East Asia: Issues for Congress," (Washington D.C.: Congressional Research Service, 2013)., 6.

¹⁵³ *Ibid.*, 8

islands in the Spratly chain as legitimate.¹⁵⁴ For its part, Vietnam claims the entirety of the Spratly and Paracel island chains, but only controls 31 islands and reefs in the Spratlys and Western South China Sea. The United States has not taken sides over the specifics of the disputed territories, voicing support for resolution of these disputes through UNCLOS arbitration, choosing to prioritize its insistence on continued freedom of navigation through the region's SLOCs, regardless of the actual territorial boundaries.

Also contributing to regional tensions are ongoing shifts in power distribution. The United States, the extant superpower, is rapidly being joined by the PRC as a great power in the region. China has made significant strides in expanding its economic and military strength in the past decade. Economically, China is one of the most vibrant nations in the world, with a burgeoning middle class and an unprecedented level of growth in GDP.¹⁵⁵ Its military, and particularly the PLAN, is showing signs of improving sophistication amidst dramatic increases in funding.¹⁵⁶ This new capacity has enabled China to become more assertive in pursuing its interests in the South China Sea. These interests can be broadly grouped into two categories: access to the resources in contested waters and under the ocean floor, and geopolitical security.

US Role as Enforcer of Status Quo

Although the United States is not a claimant in China's territorial disputes in the South China Sea, it has taken a central role as the defender of the status quo in the region. This is evident both in Chinese official documents addressing the region and in American behavior. China's 2004 and 2014 Central Military Commission (CMC) Strategic Guidelines for the PLA

¹⁵⁴ Ibid., 11-12

¹⁵⁵ Richard Silk, "Plenty of Productivity Still in Store for China, Economist Says," *Wall Street Journal Online*, February 21 2013.

¹⁵⁶ Adam P Liff and Andrew S Erickson, "Demystifying China's Defence Spending: Less Mysterious in the Aggregate," *The China Quarterly* 216 (2013): 4.

explicitly identify the United States as the primary adversary and defender of the status quo in the South China Sea.¹⁵⁷ Having witnessed the US role in the 1999 Bosnian war and the 2003 Iraq war, the CMC decided that high tech carrier-based air campaigns were their mostly likely threat from the US in the event of an attempted enforcement of the status quo and adopted an “Active Defense” strategy akin to the American description of A2/AD strategies in order to force potential conflicts offshore and deter American intervention to enforce the status quo.¹⁵⁸

For its part, the United States has taken on the role of defender of the status quo, albeit with limited success in halting Beijing’s territorial revisions. The United States has offered diplomatic and military support to Vietnam and the Philippines, called for adherence to the UNCLOS in response to Chinese island-building, and increased its Freedom of Navigation Operations (FONOPS) in the region to reinforce its position that Chinese territorial revisions are illegitimate. Notably, these efforts have not included any attempt to roll back Chinese gains from its *faits accomplis*.

Bilaterally, the United States and Vietnam have held annual defense dialogues since 2004, but in 2010 these meetings were raised to the deputy minister level and began to include joint training exercises. When United States Secretary of Defense Leon Panetta visited Hanoi in June 2012, Vietnam’s National Defense Minister, General Phung Quang Thanh, requested that the U.S. lift its then current restrictions on the sale of military hardware to Vietnam.¹⁵⁹ This request was granted in 2016, when President Obama announced a resumption of military sales to Vietnam.¹⁶⁰ Since then, the US has sold two modern Coast Guard cutters to Hanoi to help with

¹⁵⁷ Fravel, *Active Defense: China's Military Strategy since 1949*, 218; Yoshihara and Holmes, *Red Star over the Pacific, Revised Edition: China's Rise and the Challenge to US Maritime Strategy*, 8.

¹⁵⁸ Fravel, *Active Defense: China's Military Strategy since 1949*, 225-30.

¹⁵⁹ Liff and Erickson, "Demystifying China's Defence Spending: Less Mysterious in the Aggregate," 23.

¹⁶⁰ "Obama Lifts US Embargo on Lethal Arms Sales to Vietnam," *BBC*, May 23, 2016.

offshore patrols in disputed waters, with the most recent sale coming in late 2019.¹⁶¹ Similarly, Washington has worked on strengthening the Philippines' security relationship with the United States. This has included ship purchases (four U.S. Coast Guard Cutters), increased training missions with the United States, and an invitation of U.S. vessels to harbor in Subic Bay.¹⁶²

Along with efforts to bolster allies in the region, the United States has used Freedom of Navigations Operations (FONOPS) to oppose Chinese sovereignty claims in the region. Beginning in 2011 and continuing to the present, the US Navy has periodically sailed warships within 20 nautical miles of Chinese-claimed artificial islands in the Spratly and Paracel island chains under the justification of preserving claims to freedom of navigation through international waters.¹⁶³ These FONOPS have been accompanied by diplomatic statements that the United States does not recognize China's claims to these waters as Chinese national waters, and agitation within regional bodies such as the Association of Southeast Asian Nations (ASEAN) for China to abide by the UNCLOS guidelines for resolving maritime territorial disputes. Despite these actions, PLAN efforts to revise the de facto status quo in the region continued largely unhindered, with confidence among Southeast Asian states in Washington's ability or willingness to enforce the status quo eroding over time.¹⁶⁴

¹⁶¹ Phil Stewart; James Pearson, "U.S. To Provide Ship to Vietnam to Boost South China Sea Patrols," *Reuters*, Nov 20, 2019.

¹⁶² Carlyle Thayer, "Deference/Defiance: Southeast Asia, China and the South China Sea," (Singapore 2012). 7

¹⁶³ Ben Werner, "Future South China Sea Fonops Will Include Allies, Partners," *U.S. Naval Institute News*, February 12, 2019; Ankit Panda, "South China Sea: Two US Navy Warships Conduct Freedom of Navigation Operation in Paracel Islands," *The Diplomat*, May 20, 2018; Idrees Ali, "U.S. Warships Sail in Disputed South China Sea, Angering China," *Reuters*, November 21, 2019.

¹⁶⁴ Zack Cooper; Gregory Poling, "America's Freedom of Navigation Operations Are Lost at Sea," *Foreign Policy*, January 8, 2019 2019.

Revising the Status Quo

As China's ability to project power into the SCS region increased in the late 2000s, we observe a concurrent increase in attempts to probe opponents, incite incidents at sea, and eventually enact unilateral revisions to the status quo in the region. This section reviews the chronology of China's behavior in the SCS over the past decade, while the following section reviews the changes in geopolitical standing—the relative power and resolution of the United States and China—in the region. These two sections reflect the key variables analyzed in the model advanced in Chapter 3: occurrence of *faits accomplis*, shifts in the relative distribution of power, and costs of imposing *faits accomplis*.

In 2009, Chinese clashes with other regional players began to increase rapidly. That year, armed Chinese vessels and aircraft harassed and chased off two unarmed U.S. Navy survey ships—the USNS Impeccable and the USNS Victorious—conducting routine survey missions well outside the 12 and 24 nautical mile boundaries that mark Territorial Seas and Contiguous Zones.¹⁶⁵ In 2011, Chinese paramilitary and China Maritime Surveillance (CMS) forces clashed at least 10 times with Vietnamese and Philippine civilian vessels operating in or near contested South China Sea waters. On May 26th and June 9th 2011, two hydrocarbon surveillance ships, the *Bin Minh 2* and the *Viking II*, were chased out of contested waters to the Southeast of Vietnam's southern coast. While the ships were being evicted, Chinese-flagged fishing trawlers equipped with specialized cutting tools severed the tow cables hauling their survey equipment.¹⁶⁶ Vietnam claimed that both vessels were operating within Vietnam's EEZ, not in contested waters. Official

¹⁶⁵ Ronald O'Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities 2012* (Washington D.C.: Congressional Research Service, 2012), 4

¹⁶⁶ *Ibid.*, 13-17

PRC statements, however, argued that the Vietnamese vessels were operating in “China’s jurisdictional area” and called the CMS’s actions “normal maritime law-enforcement.”¹⁶⁷

On March 2nd, 2011, PRC patrol boats No. 71 and No. 75 confronted the *MV Veritas Voyager*, a French-owned, Singapore-based survey ship, as it conducted tests at the invitation of the Philippines near Reed Bank, less than 70 miles off the coast of Palawan. The PRC boats ordered the *Veritas Voyager* to leave the area and twice attempted to ram the survey vessel.¹⁶⁸ Immediately after the incident, the Chinese embassy in Manila issued its standard claim to China’s sovereignty over the area, indirectly indicating that its patrol vessels had acted justly in defending Chinese sovereign waters. More directly, Liu Jianchao, the Chinese ambassador to the Philippines, later remarked, “that’s part of our exercise of jurisdiction. It’s not harassment,” explicitly defending the actions of the Chinese patrol vessels on the grounds that the waters surrounding the Paracel Islands are for Chinese use exclusively.¹⁶⁹ Additionally, on June 4th of that year, when the Philippine Department of Foreign Affairs complained that increased Chinese naval activity in the South China Sea was causing instability in the region, Hong Lei, China’s Foreign Ministry spokesperson, responded with a statement declaring that the “Chinese vessels were cruising and carrying out scientific studies in waters under China’s jurisdiction and their activities were in line with the law.”¹⁷⁰ In May 2012, after Beijing had announced the imposition of a fishing ban extending to the northern Spratly Islands through August, Filipino patrol vessels

¹⁶⁷ Ibid., 17

¹⁶⁸ Ibid., 4

¹⁶⁹ Carlyle Thayer, "China-Asean and the South China Sea: Chinese Assertiveness and Southeast Asian Responses," (Taipei: Academia Sinica, 2011)., 13

¹⁷⁰ Ibid., 12

discovered 92 Chinese ships in and around Scarborough Shoal. Of these, five were government ships, while the rest were fishing and support vessels.¹⁷¹

Though official protests from Hanoi and Manila regarding these practices have been repeated and vehement, China's response has remained assertive. In response to complaints from Hanoi over the *Viking II* and *Binh Minh 2* incidents, the PRC Foreign Ministry simply issued an official statement asserting that "the law enforcement activities by China's CMS ships against Vietnam's illegally operating ships are completely justified."¹⁷² Two state newspapers warned that the other South China Sea claimant nations—principally Vietnam and the Philippines—risked war with China unless their behavior changed.¹⁷³ China has also opposed joint efforts between other claimant states and private oil companies, issuing diplomatic objections to companies involved in joint ventures in the South China Sea and threatening foreign oil companies with loss of Chinese business if they participate in joint ventures with Vietnam or the Philippines.¹⁷⁴

Following its initial increase in conflictual incidents at sea, and coinciding with the development of new tools of power projection (discussed in the "Geopolitical Trends" section below), China doubled down on its claims to the disputed waterways with a series of *faits accomplis*—unilateral revisions to the *de facto* territorial status quo—within the South China Sea. In late 2013, it began dredging the waters around undersea features claimed by Vietnam and the Philippines, developing the newly reclaimed islands into fortified military installations. By

¹⁷¹ Aileen SP Baviera, "China and the South China Sea: Time for a Code of Conduct?," *RSIS Commentary* 91 (2011).

¹⁷² *Ibid.*

¹⁷³ Caitlyn Antrim and George Galdorisi, "Creeping Jurisdiction Must Stop," *U.S. Naval Institute Proceedings* (2011)., 66

¹⁷⁴ Fravel M. Taylor Fravel, "China's Strategy in the South China Sea," *Contemporary Southeast Asia* 33, no. 3 (2011)., 11

November 2014, China had created three new islands including a nearly 10,000 ft. by 1,000 ft. island at Fiery Cross Reef—over 700 miles from China’s shores and just 170 miles from Vietnam’s coastline—that included an airstrip large enough to accommodate fixed-wing jet aircraft.¹⁷⁵ As of November 2019, China has developed an additional four artificial islands around the South China Sea for a total of seven: at Cuarteron Reef, Fiery Cross Reef, Gaven Reefs, Hughes Reef, Johnson Reef, Mischief Reef, and Subi Reef.¹⁷⁶ The military facilities at these new reefs include missile shelters, radar and communications facilities, bunkers, and airstrips. Despite warnings by the United States that these actions threaten the security of the region and its alliance partners, Chinese development of these features has continued unabated. When the Philippines filed a complaint with the UNCLOS arbitration tribunal over China’s actions at Mischief Reef and Subi Reef, China did not attend the tribunal and dismissed the ruling (in Manila’s favor) as irrelevant.

GEOPOLITICAL TRENDS

US/Allied Capabilities and Commitment

The stakes of the territorial disputes in the SCS are high, not only for China’s access to much-needed resources and improved strategic footing, but also for the United States’ position in the region and the strategic and economic security of the smaller states surrounding the South China Sea. The United States has responded to China’s increased assertiveness in two ways. First, it has called for a peaceful negotiated resolution to maritime disputes. In July 2010, during a visit to the ASEAN foreign ministers’ summit, Secretary of State Hillary Clinton cited freedom of navigation in the SCS as a key interest of all states that depend on stable sea-based trade. To

¹⁷⁵ Jane Perlez, "China Said to Turn Reef into Airstrip in Disputed Water," *New York Times*, November 23 2014.; David Sanger and Rick Gladstone, "Piling Sand in a Disputed Sea, China Literally Gains Ground," *ibid.*, April 8, 2015.

¹⁷⁶ Ronald O'Rourke, "U.S.-China Strategic Competition in South and East China Seas: Background and Issues for Congress," ed. Congressional Research Service (Washington, D.C.2019).

reach a peaceful settlement, she “called for an international resolution mechanism for handling territorial disputes” between the various SCS claimant states.¹⁷⁷ On this front, the United States has maintained that it does not intend to take sides in the disputes, but does have an interest in seeing them resolved.

Second, as part of its broader “pivot” to Asia, the United States has sought closer ties with ASEAN and its member states. This has often taken place both through increased diplomatic engagement, as with Cambodia, Laos, and Myanmar, and through closer military cooperation, as seen in the invitation to Malaysia to join the annual Cobra Gold exercises, sending soldiers to Australia to assist with training programs, and initiating bilateral exercises with Vietnam. In broadening existing ties and forging new ones, the United States seems to be pursuing both its explicitly stated goals of ensuring the freedom of navigation in the region as well as an implicit goal of strengthening smaller regional powers with an interest in balancing China’s increased assertiveness. However, with the exception of sporadic and currently stalled negotiations to re-open the Subic Bay naval base for port calls by U.S. warships, the U.S. has not made any moves to deploy more forces to the area.¹⁷⁸

Material Capabilities

With the closure of the United States naval base in Subic Bay in 1991, the United States lost its last large permanent naval station in the South China Sea. Although the United States Navy retains a presence at Sembawang Base in Singapore, that presence is limited to fewer than 1,000 total personnel including military and civilian employees with a focus on logistical, not

¹⁷⁷ "US-China: Conflicting Interests in Southeast Asia," (Stratfor, 2010)., 2

¹⁷⁸ The Philippines closed the Subic Bay naval base to United States forces in 1991, but negotiations to re-open it as a fueling and refitting waystation have been ongoing since 2011. Lindsay Murdoch, "Philippines Divided over US Return to Subic Bay," *The Sydney Morning Herald*, November 20 2012; Duncan DeAeth, "US Navy Mulls Return to Subic Bay for New Naval Base in South China Sea," *Taiwan News*, June 27, 2019.

combat or enforcement, missions.¹⁷⁹ Physically this presence is not sufficient to operate as a forward operating base to push back against Chinese expansions, but it does represent important diplomatic gains in that it shows Singaporean commitment to working with the United States and its missions in the region. Despite the promise of a renewed force posture focused on countering Chinese expansions in the SCS, President Trump's "Peace Through Strength" initiative has not yet resulted in any successful negotiations to open new bases, or even refitting stations, for U.S. forces in the region.¹⁸⁰ Outside the SCS, the United States does have Navy, Air Force, Army, and Marine Corps bases in South Korea, Japan, and Guam. These locations are critical for the forward deployment of missile, naval, ground, and air forces and power projection across the Asia-Pacific, but efforts to intervene in conflicts in the SCS based in any of these locations would have to first push American military presence into the region through the first island chain.¹⁸¹

The primary tool available to the United States to project naval and air power is its fleet of eleven aircraft carriers.¹⁸² Along with the accompanying strike group of surface ships—AEGIS cruisers, destroyers, and submarines—American aircraft carriers are equipped with squadrons of attack fighters: currently the F/A-18s, soon to be upgraded to the F-35 Joint Strike Fighter. These fighters have a range of 500 and 550 nautical miles and serve to establish air superiority in the skies over and around the carrier group, along with flying strike missions to

¹⁷⁹ Chris Rahman, "Singapore: Forward Operating Site," in *Rebalancing the Force: Basing and Forward Presence in the Asia-Pacific*, ed. Carnes Lord and Andrew Erickson (Annapolis: Naval Institute Press, 2014), 121-22.

¹⁸⁰ Patrick Cullen, "The Rebalance to Asia under Trump: What Comes Next?," *The RUSI Journal* 162, no. 2 (2017): 11-12.

¹⁸¹ Kristien Bergerson, "China's Efforts to Counter US Forward Presence in the Asia Pacific," *US-China Economic and Security Review Commission* (2016): 9-10.

¹⁸² Rahman, "Singapore: Forward Operating Site," 9.

targets on land and sea that are beyond the reach of land-based air assets.¹⁸³ Carriers provided the backbone of United States intervention in the 1996 Taiwan Crisis, when the Yokosuka-based USS Kittyhawk strike group sailed to the waters off Formosa to deter Chinese intervention in Taiwan's electoral process. The Kittyhawk group sailed again to Formosa as a deterrent during Taiwan's 2000 and 2004 elections, to the humiliation of PLA forces which were powerless to prevent American power projection on their immediate coastline.¹⁸⁴

While American forces are certainly not limited to its carriers—its submarine fleet is unchallenged in its technological advantage and long-range strategic assets such as bombers and missiles remain powerful deterrent forces—it is the most visible element of Washington's power projection capabilities. It is also the most effective tool for establishing control over large swaths of maritime regions, both in the sea and in the skies above. Both because of these material realities and its past experiences of the constraints U.S. carrier groups can impose, it is understandable that the CMC leadership have identified U.S. carriers as the primary threat to its control over contested waters in the SCS and ECS. In fact, PLA leadership has become “obsessed” with developing tools to counter the American carrier's ability to disrupt its plans for the region, and thus Washington's ability to interfere in what it sees as its “internal” disputes in the SCS and ECS.¹⁸⁵

¹⁸³ Harry Kazianis, "Face It, the Mighty U.S. Aircraft Carrier Is Finished," *The American Conservative*, November 29, 2017 2017.

¹⁸⁴ Rahman, "Singapore: Forward Operating Site," 43-46.

¹⁸⁵ *Ibid.*, 39; Yoshihara and Holmes, *Red Star over the Pacific, Revised Edition: China's Rise and the Challenge to US Maritime Strategy*, 2-8; Johnson, "China's “Guam Express” and “Carrier Killers”: The Anti-Ship Asymmetric Challenge to the U.S. In the Western Pacific."; Bergerson, "China's Efforts to Counter US Forward Presence in the Asia Pacific."

Factors of Resolve

Of course, in addition to raw capabilities, states' bargaining positions are shaped by their resolve.¹⁸⁶ Factors impacting resolve can vary widely, from domestic audience preferences¹⁸⁷ and cultural limitations¹⁸⁸ to international reputational effects.¹⁸⁹ In the case of American commitment to the SCS, material and perceptual factors work together to increase the salience of preserving the stability of the region.

One such factor is the security agreement between the United States and the Philippines. The United States and the Philippines have a mutual defense treaty, dating back to 1951, which commits the United States to come to the aid of the Philippines in the event of conflicts between Manila and another state. As reiterated by the Enhanced Defense Cooperation Agreement of 2014 and numerous statements by United States Secretaries of State, this commitment includes cooperation on maritime defense of Filipino waters.¹⁹⁰ Similarly, despite the lack of explicit mutual defense treaties with Singapore and Vietnam, increasing US diplomatic cooperation with those countries has been aimed at bolstering those countries' negotiating position in the face of China's territorial seizures. One effect of US diplomatic commitments to states in the SCS region has been to set reputational costs to failing to uphold its security commitments to its regional

¹⁸⁶ Dan Reiter, "Exploring the Bargaining Model of War," *Perspectives on Politics* 1, no. 1 (2003); T Clifton Morgan, "Power, Resolve and Bargaining in International Crises: A Spatial Theory," *International Interactions* 15, no. 3-4 (1990); James D Morrow, "Capabilities, Uncertainty, and Resolve: A Limited Information Model of Crisis Bargaining," *American Journal of Political Science* (1989).

¹⁸⁷ Robert D Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1988).

¹⁸⁸ Joshua D Kertzer, *Resolve in International Politics*, vol. 2 (Princeton University Press, 2016); Michael E O'Hanlon and James Steinberg, *A Glass Half Full?: Rebalance, Reassurance, and Resolve in the US-China Strategic Relationship* (Brookings Institution Press, 2017).

¹⁸⁹ Stephen Walt, "The Origins of Alliances," *Ithaca New York* 1 (1987); "Alliance Formation and the Balance of World Power," *International Security* 9, no. 4 (1985).

¹⁹⁰ Carmela Fonbuena; Lily Kuo, "US Commits to Aiding Philippines in South China Sea," *The Guardian*, March 1, 2019.

partners. The logic of hand-tying measures in alliance politics is to send signals of commitment that are costly to break and difficult to undo. The public declarations of Secretaries of State Clinton and Pompeo (to name two) are instances of diplomatic signaling made all the more credible by the increased material commitments to regional partners—arms sales to Vietnam, cooperative exercises with ASEAN states including the Philippines and Vietnam, and basing agreements with Singapore—described above.

Chinese Capabilities and Commitment

China's territorial disputes with its neighbors account for 40 percent of active territorial disputes in Asia.¹⁹¹ It has active disputes with states across the SCS, ECS, and along its interior borders to the Southeast, with India and Nepal, yet only in the SCS have we observed the sort of ratcheting escalation and unilateral revisions Beijing has employed in the region over the past decade.¹⁹²

Changes in Capabilities: 2001-2019

Over the past two decades, the PRC has developed the ability to project power—and threaten to deny access to the United States in the event of a conflict—into the first island chain. In doing so, it seems also to have carved out a period, possibly temporary, in which it enjoys relatively low costs of unilateral revisions to the territorial status quo in the South China Sea.

In terms of naval assets, China has spent the past two decades modernizing and expanding its surface and submarine fleets.¹⁹³ In 2016, for example, China commissioned 18 new surface ships with a total displacement of 150,000 tons, or about half the total displacement

¹⁹¹ Jiakun Jack Zhang, "Is China an Exception to the Commercial Peace?" (University of California, San Diego, 2018).

¹⁹² Fravel, "Revising Deng's Foreign Policy."; James R Holmes and Toshi Yoshihara, "Deterring China in the "Gray Zone": Lessons of the South China Sea for US Alliances," *Orbis* 61, no. 3 (2017).

¹⁹³ Yoshihara and Holmes, *Red Star over the Pacific, Revised Edition: China's Rise and the Challenge to US Maritime Strategy*; Fravel, "China's Strategy in the South China Sea."; "Revising Deng's Foreign Policy."

of the British Royal Navy.¹⁹⁴ Since 2000, China's surface and submarine fleet have transitioned from a small green water fleet, comprised almost entirely of imported systems and vessels and restricted to its coastline, to a modern—albeit largely untested—and domestically-produced blue water navy.¹⁹⁵ Over the same period China has gone from possessing no aircraft carriers to one fully operational carrier with two more in production. Here too we see evidence of developing internal capacity. China's first aircraft carrier, initially named the *Varyag* and later rechristened as the *Liaoning*, is a retrofitted former Ukrainian carrier from the Cold War era. Its second carrier was designed domestically and launched from the Dailan shipyard in Southern China in 2017. While not a state-of-the-art model, the *Shandong* demonstrates the extent to which Beijing's military infrastructure has grown and modernized over the past two decades. The PLAN's third carrier however, features an electromagnetic catapult assisted take-off system similar to the American Ford Class carriers, and a large island that allows for rapid deployment of its aircraft compliment.¹⁹⁶ The first two carriers are ill-suited for long-range power projection missions but are perfectly configured to establish air dominance in conflicts within the first and second island chains. While the aircraft compliments and accompanying capital ships cannot match the firepower of an American aircraft carrier battle group, there are more than sufficient to confront any of China's neighbors within the region. The third carrier, with its larger compliment, more advanced communications and countermeasure systems, and modern catapult, is the PLAN's first step into long-range power projection capabilities.

¹⁹⁴ Ronald O'Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities 2018* (Washington D.C.: Congressional Research Service, 2018)., 3

¹⁹⁵ "The PLA Navy: New Capabilities and Missions for the 21st Century," ed. Office of Naval Intelligence (Washington, D.C.: Defense Technical Information Center, 2015)., 11

¹⁹⁶ Gady, "China Kicks Off Construction of New Supercarrier. "; H.I. Sutton, "The Chinese Navy Is Building an Incredible Number of Warships," *Forbes*, Dec. 15, 2019.

In addition to its expanding carrier fleet, the PLAN is also adding new surface ships and submarines to its arsenal. Over the past twenty years, it acquired 42 new conventional submarines with torpedo and anti-ship cruise missile capabilities. Of these, 12 were purchased from Russia with the remaining 30 produced domestically. Its development of a nuclear submarine force is still more impressive, with the design and construction of 10 nuclear powered submarines—six nuclear powered attack submarines and four nuclear powered ballistic missile submarines.¹⁹⁷ The PLAN's growth in submarine assets has been matched by its surface fleets, with new, modernized corvettes, frigates, and guided missile destroyers entering service at a rapid rate over the past ten years. That China has built up the capacity to produce these sophisticated platforms domestically speaks to its technical advancements, while its rapid deployment of its new ships into the South and East China Seas demonstrates its interest in projecting power into the region.

Perhaps the most significant development in China's force modernization has been the development of new anti-ship missile capabilities which threaten American ability to project power into the region via its carrier battle groups. These new capabilities threaten to overwhelm U.S. Navy missile defense systems on multiple axes. Newly developed cruise missiles, along with ballistic missiles equipped with glide vehicles for reentry, approach carriers from a low angle of attack, while new ballistic missiles with the capability to target moving ships present a threat from above. On the horizontal axis, China's new capabilities include the Russian SS-N-22 Sunburn and the SS-N-27 Sizzler cruise missiles, which are carried on Russian-made destroyers and submarines, respectively. These are complemented by the domestically produced YJ-83, a

¹⁹⁷ "Military and Security Developments Involving the People's Republic of China 2018," (Office of the Secretary of Defense, 2018)., 29

versatile system that can be launched from most Chinese ships and some strike fighters, and the YJ-62, and YJ-18 cruise missiles which are delivered by surface ships and submarines, respectively.¹⁹⁸ Finally, China also recently completed operational testing on the DF-17, a ballistic missile equipped with a glide vehicle for low-angle, high-speed reentry and approach. This long-range Anti-Ship Ballistic Missile is capable of approaching ships from a range of up to



Figure 4.2: Effective Ranges of PLAN ASBMs and IRBMs

Source: Daily Mail Online

¹⁹⁸ O'Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities 2018*.

1,300 nautical miles—well beyond the 600 nautical mile range of American carrier sorties—and at speeds exceeding Mach Two.¹⁹⁹ Figure 4.2 illustrates the ranges of several of China's newest missile platforms, along with the placement of major U.S. bases within reach of these systems.

On the vertical axis, China has developed a new version of its DF-21 Medium Range Ballistic Missile, the DF-21D (CSS-5 MOD 5), with a range of 800 nautical miles and the ability to correct its trajectory during terminal approach to hit moving ships outside the effective strike range of a carrier's aircraft complement. Finally, with an even longer range, the DF-26 Intermediate Range Ballistic Missile has the independent targeting capability of the DF-21D and an effective range of 2,100 nautical miles.²⁰⁰ All of these newly developed cruise and ballistic missile capabilities are coordinated by an increasingly sophisticated satellite-based targeting network which, though still unproven against American countermeasures, appears to be a largely functional and effective system.²⁰¹ Finally, recent reporting has shown that the PLAN has been outpacing the United States Navy in the production of modern destroyers and missile cruisers capable of intercepting aircraft and incoming missile sorties at a rate of nearly three to one.²⁰² Rather than posing a direct threat to US Navy vessels, these new warships increase the PLAN's Anti-Access/Area Denial (A2/AD) capabilities by threatening to deny access to ship-based aircraft and cruise missiles that may be used in a conflict scenario.

¹⁹⁹ Panda, "Introducing the Df-17: China's Newly Tested Ballistic Missile Armed with a Hypersonic Glide Vehicle."

²⁰⁰ Because the DF-26 is also capable of hitting land-based targets, this also puts American bases as far away as Guam within its range.

²⁰¹ Andrew Erickson, "Chinese Anti-Ship Ballistic Missile Development and Counter-Intervention Efforts," (Washington, D.C.: U.S.-China Economic and Security Review Commission, 2017).

²⁰² Sutton, "The Chinese Navy Is Building an Incredible Number of Warships."

Assessment of Capabilities

While China's growing naval capabilities have allowed it to project power into the South China Sea, its technical developments in missile systems increase the likelihood that it can deny the United States and other powers the ability to intervene in a crisis in the region. Beijing's growing surface and submarine fleet pose independent problems for U.S. operation, but are by themselves insufficient to prevent the U.S. Navy from acting in the region. China's new long-range missiles, however, complicate matters with their potential ability to strike aircraft carriers and their accompanying ships from both low and high angles of attack and are well outside the operational capabilities of U.S. carrier-based aircraft and the carrier's accompanying ships. Especially as the Chinese military's ability to coordinate joint actions across various branches of the military improves, the combination of these capabilities threatens to overwhelm American countermeasures in the event of American intervention in the region. It is important to note that these systems are not battle-tested. Nor are they likely, even if fully functional, to completely neutralize the ability of an American carrier group to operate. They do, however, dramatically increase the likelihood that any armed conflict between the United States and China will result in the loss of aircraft carrier(s) along with other capital ships.²⁰³ At a minimum, increasing the costs of American intervention in the region has improved China's position to revise the regional status quo in its favor, at least until the United States develops improved countermeasures or longer-range strike capabilities from carrier-based aircraft. At a maximum, these new capabilities may be sufficient to at least temporarily deter the United States from intervening in conflicts over the Spratly islands or even Taiwan.

²⁰³ Several analyses discuss the probability of the loss of one or more carriers in various hypothetical armed conflicts with China. For more, see: Kazianis, "Face It, the Mighty U.S. Aircraft Carrier Is Finished."; Johnson, "China's "Guam Express" and "Carrier Killers": The Anti-Ship Asymmetric Challenge to the U.S. In the Western Pacific."; Erickson, "Chinese Anti-Ship Ballistic Missile Development and Counter-Intervention Efforts."; and O'Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities 2018*.

The increased power projection and A2/AD capabilities in Beijing's naval and missile forces have given Beijing room to consolidate its gains through the construction of fortified artificial islands. Over the course of the past seven years, China has dredged submarine features in the Spratlys into artificial islands on which it has placed soldiers, supply stores, air strips, and other military infrastructure.²⁰⁴ While this is an example of the sort of revisionist behavior this dissertation seeks to explain, it is also an example of a feedback effect. Without the power projection capacity to act freely in the South China Sea, China would not have been able to develop these features into mini military bases. Yet once established, these eleven outposts serve to consolidate China's power in the region and extend its projection capability throughout the first island chain and then to the second island chain. The radar stations on some of these features extend China's ability to surveil the region, coordinate long-distance strikes from its missile corps or aircraft, and disrupt the communications systems of adversaries in the area.²⁰⁵ The landing strips allow for extended surveillance or strike missions from the air. And just as importantly, each artificial island serves as a fortified refueling and refitting station for China's naval assets throughout the region.²⁰⁶

The combination of modernized non-carrier surface vessels, improved command and control capabilities through expanded radar stations interacting with space-based assets and anti-ship missiles, an expanding carrier fleet, and growing submarine capabilities have not only increased the lethality of PLAN forces, but have broadened the vectors of attack available to the

²⁰⁴ Kazianis, "Face It, the Mighty U.S. Aircraft Carrier Is Finished."; Victor Robert Lee, "Satellite Imagery: China Expands Land Filling at North Island in the Paracels," *The Diplomat*, March 07, 2016.

²⁰⁵ David Brennan, "Beijing's South China Sea Military Bases Now Have Jammers That Can Block American Radar and Communications, U.S. Claims," *Newsweek*, April 9, 2018 2018.

²⁰⁶ Thomas Shugart, "China's Artificial Islands Are Bigger (and a Bigger Deal) Than You Think," *War on the Rocks*, September 21, 2016 2016.

PLA as it seeks to increase the costs of American intervention in the region. As one analyst writes, “Notwithstanding the operational effectiveness of U.S. countermeasures, if ASBMs were employed by Beijing as part of integrated multi-axis A2/AD campaigns in the Western Pacific, the risks posed to U.S. surface fleets would increase substantially...even if the U.S. were able to effectively exploit the existing operational weaknesses of China’s ASBMs, this weapon would still create challenges...by diverting or splitting the attention of its missile defenses during a combat scenario.”²⁰⁷

These developments—in quantitative and qualitative terms over the course of a decade—have raised costs for American intervention in the region while simultaneously making unilateral revisions an ever more accessible goal for the PLAN. This has not only disadvantaged the United States materially, but reputationally. As defense analyst Andrew Erickson stated in his 2017 congressional testimony, “Even the perception that China was on track to achieving parity [with the United States] would gravely harm America’s standing and influence across the Asia-Pacific and around the world.”²⁰⁸ On the other side of the reputational costs coin, China’s domestic audiences provide positive incentives for the ruling CCP to appease strong nationalist sentiments at home. In other words, while increased military development has increased American costs of war and the probability of Chinese victory, domestic factors are working separately to reduce China’s reputational costs of imposing *faits accomplis*, at least on the home front.

Factors of Resolution

While China’s growth in military and economic clout is undeniable, there is more at play than a simple Thucydides Trap. To be sure, China's growth in power has been remarkable. Its

²⁰⁷ Johnson, "China's “Guam Express” and “Carrier Killers”": The Anti-Ship Asymmetric Challenge to the U.S. In the Western Pacific," 323.

²⁰⁸ Erickson, "Chinese Anti-Ship Ballistic Missile Development and Counter-Intervention Efforts," 10.

economic growth has been the prime example of the Asia miracle, and its growth in military power has been similarly tremendous. Once a middling power with a large but poorly supplied and technologically limited armed forces, China is now reaping the rewards of over a decade of heavy investment in modernizing and reorganizing its military. This has been especially evident in its now cutting-edge A2/AD capabilities, along with a growing capacity to project naval power beyond its immediate coastline. However, this growth has accompanied increasing concern over Beijing's ability to maintain its high level of economic growth, its tremendous and accelerating increase in demands for energy sources, a growing threat of housing and demographic bubbles, and the astonishing public health effects of its rapid and unregulated industrialization campaigns. These impediments to economic growth may be temporary, yet they nevertheless threaten one of the CCP two main pillars of support for regime legitimacy: economic growth and nationalism. Since Deng Xiaoping's economic revitalization, these two forces have formed the bedrock of support for the CCP and Xi Jinping has used both to shore up support for the party in the face of challenges foreign and domestic.²⁰⁹

As nationalist sentiment has helped shore up President Xi's leadership of the PRC, it has also played a role in shaping policy in China's territorial disputes. While the CCP's stoking of nationalist sentiment has desirable effects in terms of boosting support for the regime, it has also affected the leadership's reputational costs of aggressive policies in the South China Sea. While the assertive behavior documented above has had negative reputational effects abroad, it has

²⁰⁹ Thomas Heberer and Gunter Schubert, "Political Reform and Regime Legitimacy in Contemporary China," in *Critical Readings on Communist Party of China* (BRILL, 2017); Suisheng Zhao, "The Ideological Campaign in Xi's China: Rebuilding Regime Legitimacy," *Asian Survey* 56, no. 6 (2016); Maria H Chang, *Return of the Dragon: China's Wounded Nationalism* (Routledge, 2018); Peter Hays Gries, Derek Steiger, and Tao Wang, "Popular Nationalism and China's Japan Policy: The Diaoyu Islands Protests, 2012–2013," *Journal of Contemporary China* 25, no. 98 (2016); Susan Shirk, *China: Fragile Superpower* (Oxford: Oxford University Press, 2007); Anne-Marie Brady, *China as a Polar Great Power* (Cambridge University Press, 2017).

played into and strengthened nationalist sentiment—and therefore support for President Xi—at home.²¹⁰

Resources

Apart from the immediate political pressures these trends place on China's ruling elites, they present serious structural impediments for the sort of long run growth trends China would need to maintain if it were to surpass the United States as the primary power in the region.

Establishing undisputed control over its claimed waters in the South China Sea is not a panacea for all of Beijing's woes, but it certainly would be a major step toward addressing its appetite for resources and establish its strategic predominance in the region.

The fishing industry is a key source of income for China's coastal provinces. Yearbook data indicate that, beyond these fisheries' role as a key source of nutrition in coastal provinces, the yearly value of saltwater fisheries production in Guangdong, Guangxi and Hainan alone exceeded 1.5 billion dollars. Research indicates, however, that stocks in key fishing grounds are dwindling. With coastal fishery stocks dwindling, Chinese fishermen are seeking their catches further and further into contested waters, sparking competition over contested fishing areas with Vietnam and the Philippines.²¹¹ Throughout the region, traditional fisheries are seeing decreased fish populations due to overfishing and ecologically damaging fishing methods.²¹² Reports indicate that fishing grounds in the Gulf of Tonkin can sustain an annual catch of 600,000 tons,

²¹⁰ Chang, *Return of the Dragon: China's Wounded Nationalism*; Randall Schweller, "Opposite but Compatible Nationalisms: A Neoclassical Realist Approach to the Future of US–China Relations," *The Chinese Journal of International Politics* 11, no. 1 (2018); Robert Ross, "China's Naval Nationalism: Sources, Prospects, and the U.S. Response," *International Security* 32, no. 2 (2009); M. Taylor Fravel, "Regime Insecurity and International Cooperation Explaining China's Compromises On," *ibid.* 30 (2005); Suisheng Zhao, "China's Pragmatic Nationalism: Is It Manageable?," *The Washington Quarterly* 29, no. 1 (2005); Elliot Brennan, "Nationalist Sentiments Run High in Asian Territorial Disputes," (Institute for Security & Development Policy, 2012).

²¹¹ Keyuan Zou, "The Sino-Vietnamese Agreement on Maritime Boundary Delimitation in the Gulf of Tonkin," *Ocean Development & International Law* 36 (2005), 16-17

²¹² *Ibid.*, 15-16

while total fishing in that area between Chinese and Vietnamese fishermen has exceeded 1,000,000 tons since the early 2000s.²¹³ Like China, Vietnam has responded to diminishing catches near its coast by encouraging its fishermen to venture further from the coast.²¹⁴ This has increased the frequency of conflicts over fisheries in contested waters. The Vietnamese government reported that PRC forces seized at least 36 fishing boats and detained 468 fishermen between 2009 and 2010 alone.²¹⁵ These confrontations have continued to escalate since 2010, with China imposing unilateral fishing bans, enforced by the PLAN and CMS, in disputed waters during Vietnam's peak fishing seasons.²¹⁶

China's appetite for fishing in the South China Sea has also prompted conflicts on the Eastern edge of the sea. The Spratly and Kalayaan island chains comprise some of the world's richest fishing grounds. The area, over 150,000 square miles, is home to 314 species of fish, including 66 commercially profitable species. The area lies on the migratory route of yellowfin tuna, a particularly profitable species, and provides over eight percent of the world's fishing catch each year.²¹⁷ As in the overlapping Sino-Vietnamese fisheries, this has led to competition and increasingly frequent clashes between Chinese and Filipino fishermen and patrol ships. In a typical case on Feb 25th, 2011, a Chinese frigate confronted three Filipino fishing vessels operating near Jackson Atoll, 140 nautical miles west of the Philippine Island of Palawan,

²¹³ Ibid., 16

²¹⁴ "Stirring up the South China Sea (2): Regional Responses," (International Crisis Group, 2012)., 16

²¹⁵ James Bellacqua, "The China Factor in U.S. Vietnam Relations," (Washington D.C.: Center for Naval Analysis, 2012)., 15

²¹⁶ "Stirring up the South China Sea (2): Regional Responses.", 7

²¹⁷ Christopher C. Joyner, "The Spratly Islands Dispute in the South China Sea: Problems Policies and Prospects for Diplomatic Accommodation," *Investigating Confidence Building Measures in the Asia Pacific Region* (1999)., 66

broadcasting, "I will shoot you," before firing three shots 500 meters from the lead fishing vessel.²¹⁸

Even more pressing for Beijing than its concern for fishery access is its skyrocketing demand for energy resources. In 1990, the PRC was a petroleum exporter, exporting over 471 thousand barrels per day. By 1993 it had become a net petroleum importer, and in 2009 China imported over 4 million barrels (see Figure 4.3).²¹⁹ Chinese consumption of hydrocarbons has vastly outstripped its production in the past decade and a half.

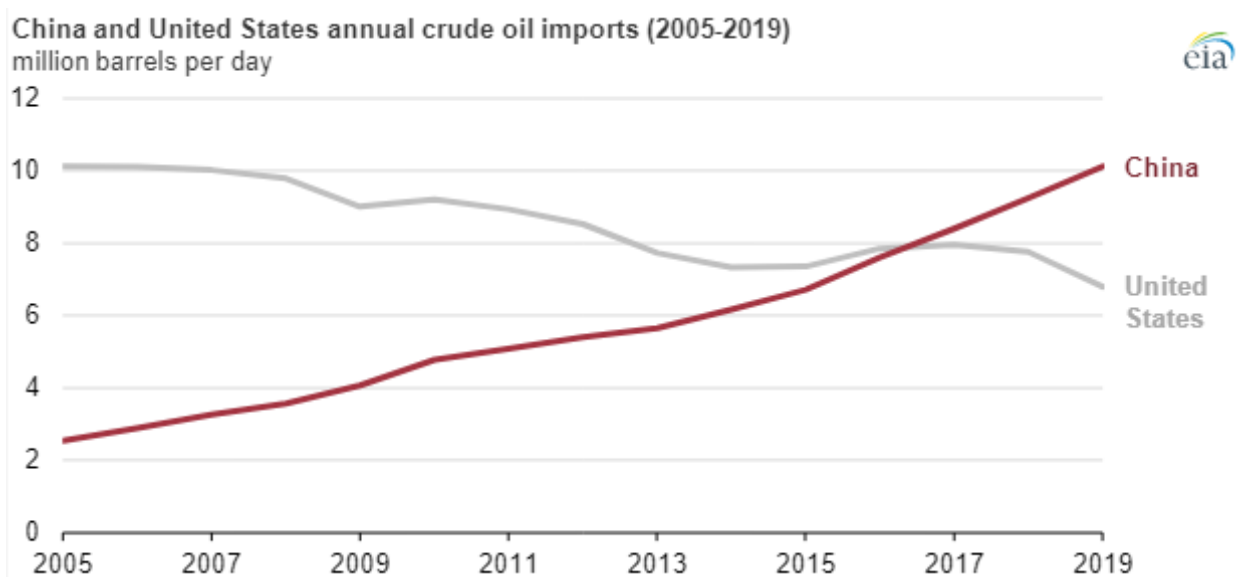


Figure 4.3: Chinese and American Crude Oil Imports

In 2000, China produced slightly more than three million barrels per day and consumed nearly five million, a gap of slightly more than one million barrels per day. By 2009, that gap

²¹⁸ Carlyle Thayer, "South China Sea Disputes: Asean and China," (2011),. 3

²¹⁹ "China," ed. U.S. Energy Information Administration, International Energy Data and Analysis (2015).

had grown to over four million barrels per day.²²⁰ Long term projections place total Chinese energy needs up nearly 80 percent by 2035 and China's natural gas needs increasing nearly 230 percent in the same time frame.²²¹ As with fishing, expansion further into the South China Sea offers potential solutions to PRC policymakers concerned with China's energy shortage. While estimates of oil and natural gas deposits in the South China Sea vary, the U.S. Energy Information Administration reports Chinese estimates of 213 billion barrels of oil and two quadrillion cubic feet of natural gas in the region. While the U.S. agency's estimates are more conservative, 28 billion barrels of oil and four to six trillion cubic feet of natural gas, even the lower figures present a tempting prize for the energy-starved PRC.²²²

A Sphere of Security

For Beijing, a further interest in the South China Sea is securing exclusive use of the area within its claimed nine-dash line for military patrols and exercises. The PRC's coastline, while productive and resource-rich, has also proven to be difficult to defend against outside intervention.²²³ This point is not lost on the PRC leadership, which has seen the American navy repeatedly intervene in its conflicts with Taiwan. In 1950 and again in 1996, the U.S. responded to cross-strait tensions by sending aircraft carriers to protect Taiwan. In 2008, as Chen Shui Bian's Democratic Progressive Party-led government was poised to oversee a referendum over Taiwanese independence, the U.S. again sent two aircraft carriers to the waters adjacent to Taiwan, implicitly indicating willingness to protect Taiwan from intervention from the

²²⁰ Ibid.

²²¹ "International Energy Outlook," ed. Department of Energy (Washington D.C.: Energy Information Agency, 2015).

²²² USEIA, "Country Analysis Briefs: South China Sea," 6

²²³ Nan Li and Christopher Weuve, "China's Aircraft Carrier Ambitions: An Update," *Naval War College Review* 63 (2010), 19

mainland.²²⁴ To an infuriated Chinese public, these were outrageous interventions in China's domestic affairs. To the PLA, they were sober reminders of its need to secure its own coastline.

To this end, the PLAN has begun to implement a forward defense strategy in the South China Sea in order to project its naval power further from its coastline and establish a military presence throughout the South China Sea. In the event of an armed conflict, an established military presence and ability to control maritime activity beyond the immediate coastline would allow the PLAN to interdict hostile vessels in open water, decreasing the risk to its key coastal cities and ports.²²⁵ While China has not made any public statements explicitly claiming exclusive rights to use the South China Sea, it has sought to develop means, both legal and military, to establish a level of control over the region that goes beyond what most states and legal scholars would recognize under UNCLOS.²²⁶ Moreover, American officials have reported that their Chinese counterparts have referred to Chinese sovereignty in the South China Sea as a core interest, on par with Tibet or Taiwan.²²⁷

CMS and the China Fishery Administration both have active and growing armed patrol fleets which, as was mentioned above, has been used to police civilian fishing and hydrocarbon exploration within the nine-dash line, but well outside of what legal experts regard as China's coastal EEZ. The PLAN recently completed a new naval base on Hainan Island and is in the process of updating and upgrading the South Sea Fleet.²²⁸ It has also conducted unprecedented

²²⁴ Reuters "U.S. Carriers Sent toward Taiwan before Election," *Reuters*, March 19 2008., 1

²²⁵ Li and Weuve, p. 17.

²²⁶ Ronald O'Rourke, "Maritime Territorial and Exclusive Economic Zone (Eez) Disputes Involving China: Issues for Congress," (Washington D.C.: Congressional Research Service, 2012)., 4

²²⁷ Edward Wong, "China Hedges over Whether South China Sea Is a 'Core Interest' Worth War," *New York Times*, March 30 2011., 1

²²⁸ Carlyle Thayer, "South China Sea Disputes: Asean and China" (paper presented at the East Asia Forum, July 14 2011)., 2

military exercises in the region, including its largest ever military exercise in August 2010, which included “half of the vessels from all three Fleets, as well as bombers and anti-ship missiles.”²²⁹ This was followed in November by a live-fire exercise in which amphibious assault ships and tanks simulated an assault while countering electromagnetic interference.²³⁰

The commissioning in 2012 of the PLAN’s first aircraft carrier, the *Liaoning*, further evidences China’s intent to strengthen its foothold in its maritime periphery.²³¹ Daniel Kostecka, a Senior China Analyst for the U.S. Department of the Navy, argues that in the short-run, the primary mission of a Chinese aircraft carrier will be to secure its maritime claims in the South China Sea. Capable of launching conventional fixed-wing aircraft, such as the Su-33 and J-15, which perform both air superiority and air-to-ground operations, the *Liaoning* is perfectly suited for enforcing Chinese maritime claims throughout the South China Sea.²³² In fact, the development of the *Liaoning*, along with the overall modernization and expansion of the South Sea Fleet, has made forward defense a viable strategy for the PLAN.²³³

Some describe China’s increasing assertiveness in the South China Sea as a response to the United States’ 2012 “pivot” to Asia.²³⁴ However, former Australian Prime Minister Kevin Rudd points out a key flaw in this argument. “Some have criticized Washington’s renewed vigor as the cause of recent increased tensions across East Asia. But this does not stand up to scrutiny, given that the proliferation of significant regional security incidents began more than half a

²²⁹ Stacy Pedrozo, "China's Active Defense Strategy and Its Regional Impact," (Washington, D.C.: Concil on Foreign Relations, 2011)., 3

²³⁰ Ibid.

²³¹ Kathrin Hille, "China's First Aircraft Carrier Takes to the Sea," *Financial Times*, August 10, 2011., 2

²³² Daniel Kostecka, "From the Sea: Pla Doctrine and the Employment of Sea-Based Airpower," *Naval War College Review* 64 (2011)., 14-15

²³³ Nan Li and Christopher Weuve, "China's Aircraft Carrier Ambitions: An Update," *ibid.* 63 (2010): 17.

²³⁴ Dolven, Kan, and Manyin, "Maritime Territorial Disputes in East Asia: Issues for Congress.", 23

decade ago.”²³⁵ A better explanation for the change in China’s South China Sea policies is rooted in its increased capacity. This increased capacity serves to bolster Beijing’s assertiveness in two ways. First, an increased capacity allows China to pursue goals that were previously desirable but not feasible. Such goals include securing its coastline from outside military interference and securing access to profitable resources in and under China’s adjacent seas.²³⁶ Second, as China’s capabilities have increased, its attempts to revise the regional status quo have grown correspondingly ambitious. China’s enormous growth in economic clout has enabled it to close the gap in military capabilities with astonishing speed, as described above. Figure 4.4 shows the change over time in GDP PPP for the United States and China. As shown in the figure, China’s growth in economic power is followed by its increasingly assertive behavior in the SCS, with its island-building campaign culminating as China’s purchasing power outstrips Washington’s.

²³⁵ Kevin Rudd, "Beyond the Pivot: A New Road Map for U.S.-Chinese Relations," *Foreign Affairs* 92, no. 2 (2013), 12

²³⁶ O'Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities 2012.*, 23

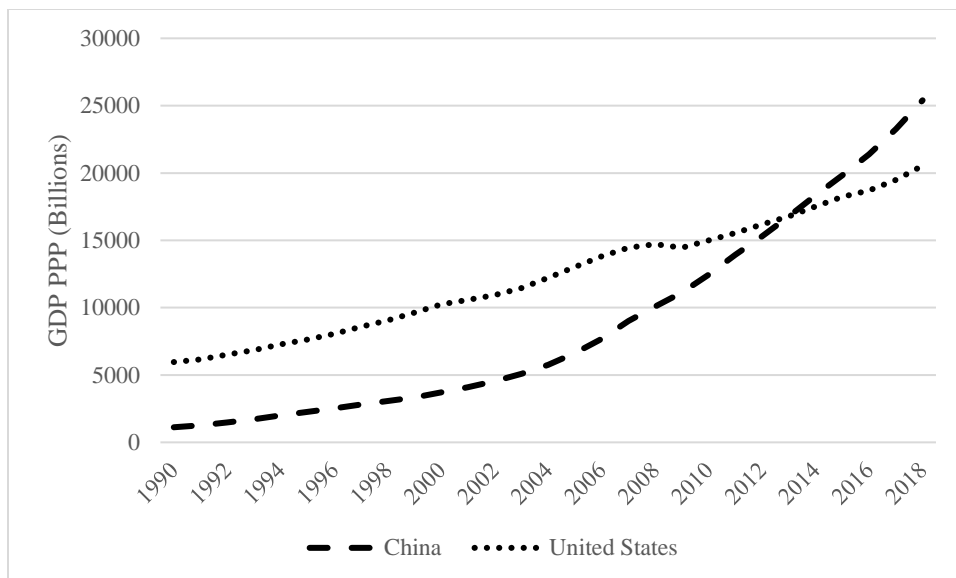


Figure 4.4: U.S. and China Change in GDP (PPP) Over Time

Source: World Bank

With Xi Jinping's continued consolidation of power within the CCP, this trend is unlikely to abate. Xi served as vice chair of the CMC, which oversees the nation's armed forces, from 2010 to 2012, when its assertive policies were beginning to escalate rapidly. In that position Xi played a key role in the commission's "leading groups" on ECS and South China Sea policy and presided over PLAN policy during its incidents with Vietnam and the Philippines in the South China Sea over the course of those two years. This is key to understanding current Vietnamese and Filipino policies because it was these incidents which gave weight to a perception of China not only as a strong, proximate power, but a threatening one as well. Furthermore, Xi's role in presiding over these policies as chair of the CMC has caused some analysts to conclude that he is an unapologetic hard-liner on national security policy."²³⁷ With his position strengthened in the 19th Chinese Communist Party Congress in October 2017 and

²³⁷ Rudd, "Beyond the Pivot: A New Road Map for U.S.-Chinese Relations."Rudd, 12

term of office extended to an indefinite period in 2018, he is unlikely to face any domestic constraints to continued revisions in the South China Sea.

CHAPTER 5

DECIDING NOT TO SEIZE—CHINA’S TERRITORIAL DISPUTES IN THE EAST CHINA
SEA**INTRODUCTION**

China’s behavior in the East China Sea stands in stark contrast to its behavior in the South China Sea, despite a number of striking similarities between the two regions. The first half of this chapter examines the geography, history, and development of the Sino-Japanese territorial dispute in the East China Sea. The remainder of the chapter then turns to a comparative analysis of the geopolitical trends between the U.S.-Japanese alliance and the PRC in the East China Sea. As I argue in more detail in Chapter 6 that the root of the divergent outcomes between the East China Sea and South China Sea cases lies in the difference of China’s ability to project power into the two regions and the costs of attempting to impose *faits accomplis* in the two regions.

Before exploring the particulars of the ECS and its distinctives it may be worthwhile to emphasize the similarities between the South and East China Seas. Most obviously, both regions have large swaths of territory claimed by the People’s Republic of China. This is methodologically helpful since it allows for analysis of one state’s behavior across different regions. Second, in both regions, China’s disputes are over maritime claims; at issue is control over the seas, islands and features within the seas in question. Third, both regions are resource-rich. Like the South China Sea, the East China Sea is rich in both petroleum and natural gas, with estimated deposits of up to 200 million barrels of oil and up to 2 trillion cubic feet of natural gas underneath the ocean floor.²³⁸ Finally, both regions contain critical Sea Lanes of Communication (SLOCs), which serve as avenues of transit for both commercial and military access to China’s

²³⁸ U.S. Energy Information Administration, "East China Sea," U.S. Energy Information Administration, https://www.eia.gov/international/analysis/regions-of-interest/East_China_Sea.

near waters.²³⁹ Despite these similarities, China's handling of its territorial dispute with Japan in the East China Sea has differed dramatically from its approach to its disputes with the Philippines and Vietnam in the South China Sea. The following chapter examines the development of China's dispute with Japan and traces the divergence in outcomes to differences in the costs of imposing *faits accomplis* and China's relative power in the two regions.

GEOGRAPHY

Moving into the twenty-first century, two interrelated security concerns confront China—strategic security and resource security—and expansion into the ECS offers tempting solutions to both challenges. Like the SCS, the ECS is a semi-enclosed sea, with only a few narrow SCLOCs through which to enter and exit the region by sea. The ECS is bounded by China to the west, South Korea and the Yellow Sea to the North, the Southern Japanese islands of Kyushu, Okinawa and the Ryuku islands to the East, and Taiwan and the Senkaku/Diaoyu Islands to the South. The SLOCs through the ECS connect Japan, South Korea, and Eastern China to crucial freight lines through the Straits of Malacca in the SCS while also providing an outlet to the Western Pacific from Eastern China. Unlike the SCS, however, the ECS is quite small, with little room to maneuver without drawing attention from the watchful eyes of international observers. While in the SCS, there is room for Chinese fishing trawlers and paramilitary ships to move and establish positions, even dredging up artificial islands without being noticed until progress is well underway, such is not the case in the ECS. Additionally, the SCS is, on average, more shallow than the ECS, with the Spratly and Paracel islands providing plentiful shallow islets and rocky features on which to build artificial islands, while the ECS is has deep troughs and fewer

²³⁹ "Japan Protests China's Gas Development in East China Sea," *The Asahi Shimbun*, September 15 2015; Alan Dupont and Christopher G Baker, "East Asia's Maritime Disputes: Fishing in Troubled Waters," *The Washington Quarterly* 37, no. 1 (2014); Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia* (New York: Routledge, 2010); Andy Yee, "Maritime Territorial Disputes in East Asia: A Comparative Analysis of the South China Sea and the East China Sea," *Journal of Current Chinese Affairs* 40, no. 2 (2011).

island features which, with the exception of the continental shelves extending from China and the relatively narrow shelves extending from the Ryukyus and Senkaku, makes the construction of artificial islands more difficult. This geographic distinction further limits China's ability to enact *faits accomplis* through island building in the ECS as there are simply fewer viable areas in which to construct artificial islands.

In addition to the commercial and strategic SLOCs, the ECS is also home to abundant natural resources, including energy deposits in the form of natural gas and oil, as well as plentiful stocks of fish. As shown in Figure 1, the ECS is also the site of a territorial dispute between Japan and China.²⁴⁰ At issue are two related disputes. First, both states claim ownership of the Senkaku Islands, though they are currently administered by Japan. Second, both states claim the right to extend their Exclusive Economic Zones (EEZs) well into the ECS, resulting in overlapping claims in some of the most resource-rich portions of the sea.

Strategic Security

China's long coastline, while productive and resource-rich, is also relatively difficult to defend.²⁴¹ This point is not lost on the PRC leadership, which has seen the American navy repeatedly intervene in its conflicts with Taiwan. As related in Chapter 4, American intervention in the 1996 Taiwan Straits Crisis was a stark revelation of Beijing's inability to prevent the United States from interfering in what China considered to be its domestic affairs. This, along with growing domestic support for an active defense posture, has led Chinese maritime strategists to seek the ability to deny access to waters within the first island chain—the islands

²⁴⁰ Image used with permission. © 2018 The East Asia Peace and Security Initiative (EAPASI). All rights reserved. Originally published at <http://www.eapasi.com>

²⁴¹ Li and Weuve, "China's Aircraft Carrier Ambitions: An Update," 19.

extending South from the Ryukyu Islands in Japan to the Filipino archipelago, and curving West to Indonesia—by foreign powers in the event of conflict.

Today, Japanese control over the Senkaku Islands and their surrounding seas poses a strategic challenge to the PLA Navy as it seeks to establish its anti-access area denial (A2/AD) over the SLOCs leading from the ECS to the South China Sea and Western Pacific. As summarized in a report for the Hudson Institute, “Two of China’s three PLAN fleet bases are located on the East China Sea. To reach the South China Sea and the Pacific, ships or aircraft from these bases must transit through the choke points of the Taiwan or Miyako Straits, the latter passage through the Ryukyus...[which poses] a significant strategic and operational challenge for China.”²⁴²

Establishing effective control over land features in the ECS and SCS such as Senkaku and Paracel islands and their adjoining waters and developing an established naval presence in these waters could ameliorate Beijing’s costal security concerns in at least two respects. First, it would aid in securing access to Taiwan in the event of a future crisis on the island. Second effective control over the Sea Lanes of Communication (SLOCs) in the ECS and SCS would enable Beijing to project power beyond its immediate coastline into the Western Pacific and Indian Oceans. Finally, in the event of conflict with another state, control over the waters within the first island chain—the chain of islands running from the southern tip of Japan down through the Philippines to Indonesia—would allow for an effective forward defense posture, allowing the PRC to manage the conflict in the waters offshore from the mainland rather than in the waters

²⁴² Seth Cropsey; Jun Isomura; James Conway, "U.S.-Japan Cooperation on Strategic Island Defense," (Hudson Institute, 2018), 5.

just along the coastline.²⁴³ In other words, in the event of an armed conflict, an established forward defense presence beyond the immediate coastline—in the ECS and SCS for example—would allow the PLAN to interdict hostile vessels in open water, decreasing the risk to its key coastal cities and ports.²⁴⁴ Viewed in this light, increased Chinese assertiveness in both the ECS and the SCS make sense. If the PRC is pursuing a forward (or “active”) defense strategy, an established offshore naval presence, regular patrols, and military drills in blue-water regions are all key elements of that strategy.²⁴⁵

Resource Security

Similar to the SCS, the ECS is resource-rich, with large hydrocarbon deposits and plentiful fisheries that provide strong incentives to stake and reinforce claims to maritime territory. Indeed, as with in the case of the SCS, the ECS has seen competition over claims to key gas fields and fisheries in the region. This section provides a brief overview of the resources at stake in the ECS, beginning with energy resources and then turning to fisheries. This is followed in the next section by a review of the historical development of Sino-Japanese tensions over the region and United States involvement in the dispute.

Figure 2 shows the location of the key gas fields in the ECS, along with the disputed Senkaku/Diayou islands and Chinese and Japanese claimed EEZs.²⁴⁶ Estimates of energy reserves in the ECS are lower than those in the SCS, but two factors continue to drive the

²⁴³ Fravel, *Active Defense: China's Military Strategy since 1949*; Yoshihara and Holmes, *Red Star over the Pacific, Revised Edition: China's Rise and the Challenge to US Maritime Strategy*.

²⁴⁴ Li and Weuve, "China's Aircraft Carrier Ambitions: An Update," 17.

²⁴⁵ Stacy Pedrozo, "China's Active Defense Strategy and Its Regional Impact" (paper presented at the Testimony before the U.S.-China Economic & Security Review Commission, United States House of Representatives, Washington, D.C., 2011). For more on PLAN forward defense strategy and doctrine, see: Kostecka, "From the Sea: PLA Doctrine and the Employment of Sea-Based Airpower."

²⁴⁶ *Natural Gas Exploration in the Disputed East China Sea from <https://worldview.stratfor.com/article/east-china-sea-china-crosses-line>* is republished with the permission of Stratfor, a leading global geopolitical intelligence and advisory firm.

salience of ECS energy to Beijing. First, while the hydrocarbon deposits in the SCS are more plentiful than those in the ECS, the ECS deposits are still large and relatively underexplored. United States estimates of undiscovered, technically recoverable resources in the ECS show more undiscovered natural gas and crude oil than in all of Europe.²⁴⁷ As Chapter 4 examined in detail, the PRC has an immense need for energy resources. It is the world's largest energy consumer and the second largest importer of petroleum.²⁴⁸ Meanwhile, its demand for natural gas doubled between 2010 and 2020 and is projected to double again between 2020 and 2035.²⁴⁹ Thus, while the SCS may contain greater deposits of both crude oil and natural gas, the ECS still holds energy resources vital to China. At the same time, while the SCS's oil and natural gas fields are more plentiful, the gas fields off China's East coast are cheaper to access because of their proximity to China's coastline.²⁵⁰ The natural gas in the ECS Chunxiao and Shirakaba fields is near enough to the Chinese mainland to allow it to be piped, rather than shipped in, significantly reducing transportation costs and raising the fields' value to resource-hungry China.²⁵¹

²⁴⁷ U.S. Energy Information Administration, "Territorial Disputes Hamper Exploration and Production of Resources in the East China Sea," U.S. Energy Information Administration, <https://www.eia.gov/todayinenergy/detail.php?id=8270>.

²⁴⁸ Ibid.

²⁴⁹ "East China Sea".

²⁵⁰ Richard C Bush, *The Perils of Proximity: China-Japan Security Relations* (Brookings Institution Press, 2013), 81.

²⁵¹ Daojiong Zha, "Calming Troubled Waters," *Beijing Review* 51, no. 28 (2008).

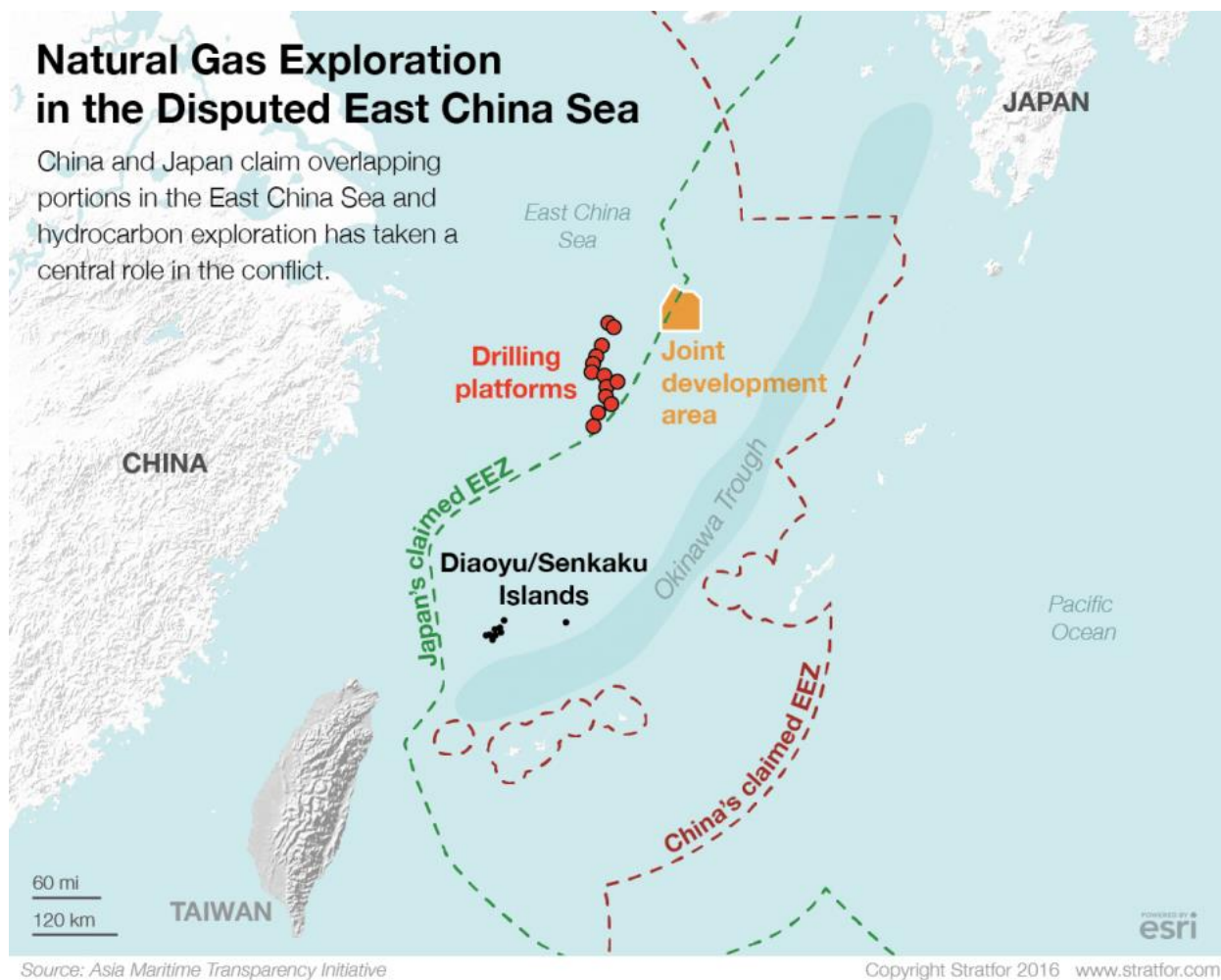


Figure 5.1 Natural Gas Exploration in the East China Sea

In addition to energy, the ECS is also home to rich fisheries which are source of economic growth and nutrition to China. Of the four contiguous maritime regions along China's coast—the Bohai Sea, the Yellow Sea, the South China Sea and the East China Sea—the ECS is China's most productive region in terms of annual fishing catch. In 2007 the annual catch in the ECS was 4.18 million tons out of a total 11.36 million tons for all regions, while SCS fisheries yielded just over 3 million tons. By 2016 the ECS catch had increased to 5.17 million tons while SCS catch increased to 3.76 million tons and total national yield had increased to 13.28 million

tons.²⁵² In other words, fisheries in the ECS represent over a third of China's total fishery production. This may explain the frequency of collisions and near collisions in ECS fisheries between Chinese and Japanese vessels, as competition over fisheries is widely regarded to be the primary source of resource competition in the ECS.²⁵³

HISTORY

One notable distinction between the Sino-Japanese rivalry in the ECS and China's disputes with its maritime neighbors in the SCS is the extent to which Japan has confronted China in its attempts to access contested waters. Tokyo has done this both directly, through the use of the Japanese Coast Guard (JCG) and indirectly, through appeals to popular nationalism at home to signal resolve and boost domestic support for its stance on the issue of the disputed Senkaku/Diaoyu islands and their surrounding waters. The past thirty years of Sino-Japanese relations have been marked by close economic ties, which have occasionally been disrupted over tensions in the ECS and over nationalist provocations from both sides over nationalist symbols and maritime territorial disputes on both sides.

Early in the 1990s, China's relations with Japan were relatively positive,²⁵⁴ reflecting the mutual 'economics first' approach taken in by previous administrations in both Japan and China. However, following the brief 1993 electoral overthrow of Japan's Liberal Democratic Party (LDP), Beijing grew more concerned with Tokyo's position vis-à-vis China policy.²⁵⁵ In

²⁵² Koichi Sato, "The Senkaku Islands Dispute: Four Reasons of the Chinese Offensive-a Japanese View," *Journal of Contemporary East Asia Studies* 8, no. 1 (2019): 58.

²⁵³ "Smooth Sailing for East China Sea Fishing," Center for Strategic and International Studies, <https://amti.csis.org/smooth-sailing-east-china-sea/>; Dupont and Baker, "East Asia's Maritime Disputes: Fishing in Troubled Waters."; Sato, "The Senkaku Islands Dispute: Four Reasons of the Chinese Offensive-a Japanese View."

²⁵⁴ Yinan He, *The Search for Reconciliation: Sino-Japanese and German-Polish Relations since World War II* (Cambridge University Press, 2009), 234.

²⁵⁵ H Lyman Miller and Liu Xiaohong, "The Foreign Policy Outlook of China's 'Third Generation' Elite," in *The Making of Chinese Foreign and Security Policy in the Era of Reform*, ed. David Lampton (Stanford University Press, 2001), 141.

following years, Miller and Xiaohong note, China utilized “tactics of public confrontation” against Japan over several issues. The first major issue Beijing protested was Japan’s reworking of the U.S.-Japan Alliance Treaty in April of 1996, wherein the United States and Japan reaffirmed the United States’ security guarantee for the Japanese archipelago and, more significantly, jointly declared that the alliance be the basis for “a more peaceful and stable security environment in the Asia-Pacific region.”²⁵⁶ Beijing felt its interests, particularly reunification with Taiwan, were threatened by the 1996 Joint Declaration – which came only a month after the conclusion of the Third Taiwan Strait Crisis – and the subsequent September 1997 guidelines on defense cooperation.²⁵⁷

Bilateral relations plummeted even further in 1996 when Japanese right-wing elements rebuilt a lighthouse on one of the disputed Senkaku Islands, drawing attention to public sentiment concerning the Islands on both sides and causing confrontations in the ECS between the JCG and Chinese right-wing groups.²⁵⁸ In the mid to late 2000s, eleven rounds of negotiations over the ECS dispute concerning the controversial gas exploration along the Japanese-claimed EEZ midline by China repeatedly faltered.²⁵⁹ In 2008, a tentative agreement on a Joint Development Zone was reached, but the details failed to materialize in subsequent years as Beijing remained reluctant to risk domestic unrest over the dispute.²⁶⁰

²⁵⁶ Japan Ministry of Foreign Affairs, "Japan-US Joint Declaration on Security–Alliance for the 21st Century-: 17 April 1996," (1996).

²⁵⁷ Bush, *The Perils of Proximity: China-Japan Security Relations*, 17; Miller and Xiaohong, "The Foreign Policy Outlook of China’s ‘Third Generation’ Elite," 142..

²⁵⁸ He, *The Search for Reconciliation: Sino-Japanese and German-Polish Relations since World War II*, 271.

²⁵⁹ Yee, "Maritime Territorial Disputes in East Asia: A Comparative Analysis of the South China Sea and the East China Sea."; Yun Yu and Ji Young Kim, "The Stability of Proximity: The Resilience of Sino-Japanese Relations over the Senkaku/Diaoyu Dispute," *International Relations of the Asia-Pacific* 19, no. 2 (2019).

²⁶⁰ He, *The Search for Reconciliation: Sino-Japanese and German-Polish Relations since World War II*, 271.

Relations between Japan and China deteriorated further in September of 2010 with the Senkaku Islands vessel collision incident, where a Chinese fishing trawler captain attempted to ram JCG vessels in the disputed territory around the Senkaku islands.²⁶¹ The incident sparked intense diplomatic pressures from Beijing, with both sides claiming jurisdiction over the area where the vessel collision and arrest of the fishing captain occurred. China completely froze bilateral relations at all levels, including all top level meetings and the ongoing working level discussions of the ECS Joint Development Zone, and threatened to halt rare earth mineral shipments to Japan.²⁶² Japan subsequently garnered a statement from the United States that the Senkaku islands are subject to the U.S.-Japan alliance treaty.²⁶³ This statement was later reaffirmed in a statement by President Barack Obama in 2014, in which he stated, “The policy of the United States is clear—the Senkaku Islands are administered by Japan and therefore fall within the scope of Article 5 of the U.S.-Japan Treaty of Mutual Cooperation and Security. And we oppose any unilateral attempts to undermine Japan’s administration of these islands.”²⁶⁴ These statements, while in keeping with longstanding American policy towards Japan, were significant in that they were public commitments to Japan, and signals to China, that the United States was committed to preserving the status quo in the East China Sea. This public commitment served not only to reassure Japan of U.S. commitments, but to raise the reputational costs to China of attempting to revise the status quo in the ECS. In 2012, Tokyo aired suspicion that China was expanding its drilling operations in the ECS, disregarding the Joint Development

²⁶¹ Glenn D Hook et al., *Japan's International Relations: Politics, Economics and Security* (Routledge, 2011).

²⁶² Chris Acheson, "Disputed Claims in the East China Sea. An Interview with James Manicom" (paper presented at the Japan-US Discussion Forum, 2011); James Manicom, *Bridging Troubled Waters: China, Japan, and Maritime Order in the East China Sea* (Georgetown University Press, 2014).; Also see Yee, p. 167 and Hook et al, p. 183.

²⁶³ Hook et al., *Japan's International Relations: Politics, Economics and Security*.

²⁶⁴ Ankit Panda, "Obama: Senkakus Covered under US-Japan Security Treaty," *The Diplomat*, April 24, 2014.

Zone talks.²⁶⁵ A month later, a diplomatic row began over the disputed Senkaku Islands, as Japan named four previously nameless islets, and China responded by naming each island on the Senkaku chain as a symbol of their territorial claim.

In addition to diplomatic turmoil, since the end of the Cold War, China has roiled tensions between the two nations by exerting increasing pressure on Japanese waters in the ECS and around the Japanese archipelago with elevated maritime force deployments in the ECS²⁶⁶ and several high profile incursions into Japanese territorial waters.²⁶⁷ Bush notes that China's Marine Surveillance Force (MSF) began operations in the ECS in 2006 and has since steadily increased its presence through the present, shifting from "irregular" patrols to "regular."²⁶⁸ Following the 2010 collision incident, Chinese deployments in the ECS began a steady rise to their highest historical levels in 2016. Incidents over the last two decades include: Chinese submarine incursion into Japanese territorial waters (2004), PLAN vessels operated near disputed gas fields in the ECS (2005), PLAN vessels sailed through the Tsugaru Strait (2008), Chinese State Oceanic Administration (SOA) vessels engaged in prohibited activities in Japanese territorial waters near the Senkaku Islands (2008), and SOA helicopters repeatedly buzzed Japanese Marine Self-Defense Force (MSDF) and JCG vessels in the ECS (2011). Additionally, a report by Japan's Defense Ministry states that Japan has scrambled aircraft in response to

²⁶⁵ "Japan Protests Beijing's Possible Gas Drilling in East China Sea," *Kyodo News Service*, February 1, 2012; Gries, Steiger, and Wang, "Popular Nationalism and China's Japan Policy: The Diaoyu Islands Protests, 2012–2013."

²⁶⁶ Japan Ministry of Defense. *Defense White Paper, 2011*, Tokyo: Government Printing Office. <http://www.mod.go.jp/e/publ/w_paper/2011.html> (Accessed 03/22/2012), p. 81.

²⁶⁷ Territorial waters extend 12 nautical miles from sovereign territory, and Exclusive Economic Zones (EEZ) extend 200 nautical miles from the same. While the Senkaku islands are disputed by China, Japan effectively controls the islands and, by my estimation, has the stronger position under the UN Convention on the Law of the Sea (UNCLOS) regarding sovereignty over the islands. The EEZ "midline" drawn by Japan reflects the UNCLOS, but is not recognized by China.

²⁶⁸ Bush, *The Perils of Proximity: China-Japan Security Relations*, 55.

Chinese incursions into Japanese air space three times as often in the first half of 2011 than in 2010 (a total of 83 times), before the Senkaku collision incident.²⁶⁹ In 2012, China increased its deployments even further, sending newer and larger MSF vessels to patrol the ECS, resulting in the MSF vessels “chasing” JCG vessels in the area.²⁷⁰ Incidents at sea reached an all time high in 2016, when China declared an Air Defense Identification Zone (ADIZ) over the Senkaku Islands and increased its air patrols, resulting in a record 851 incidents in which Japanese aircraft scrambled to intercept Chinese ships or aircraft operating in the vicinity of the Senkaku islands.²⁷¹ In the maritime domain, China has adopted similar probing tactics to assert sovereignty in disputed waters and along the coast of the Senkaku islands.²⁷²

Despite the increased tensions in the ECS, Beijing has adopted a more restrained policy in the region than in the SCS, carefully avoiding overt challenges to the status quo. For one, Beijing has been careful not to engage in an outright military conflict with Japan. Additionally, China has not seized any land features in the ECS and has been content to rely on surveillance voyages to back up its claims to the region. Even Chinese drilling for gas in the ECS has somewhat reflected the Japanese midline EEZ. As I will argue in more detail in Chapter 6, China’s restraint in the ECS has been due in part to the increased reputational costs of revisions in the ECS as compared to the SCS. It is also due, as the next section shows, to the differing geopolitical trends in the ECS region as compared to the SCS region. While Chinese power has certainly grown in the ECS, Japan has been better able to grow its own capacity to maintain its

²⁶⁹ "Japan Jet Scrambles Related to China Planes Tripled," *Wall Street Journal*, October 14, 2011.

²⁷⁰ Kenji Minemura, "China Making Presence Felt in Disputed East China Sea," *Asahi Shimbun*, March 19, 2012.

²⁷¹ Michael Pilger, *Adiz Update: Enforcement in the East China Sea, Prospects for the South China Sea, and Implications for the United States* (US-China Economic and Security Review Commission, 2016); Taro; Iwaya Kono, Takeshi, "Defense of Japan 2019," ed. Japanese Ministry of Defense (2019), 71.

²⁷² Edmund J Burke et al., *China's Military Activities in the East China Sea: Implications for Japan's Air Self-Defense Force* (RAND Corporation, 2018), 9.

position in light of China's growth in power. This has not been sufficient to induce purely cooperative behavior from the PRC, however. Beijing is also clearly not cooperating with Japan in the region, as illustrated by the continually defunct Joint Development Zone talks, leaving the two sides to continue to view the other with distrust.

GEOPOLITICAL TRENDS

US/Japanese Capabilities and Commitment

Another significant difference between the SCS and ECS cases is the depth and breadth of the United States' partnership with local states. In the SCS, the U.S. has borne the lion's share of the burden of seeking to enforce the status quo in the face of the PRC's *faits accomplis*. In the ECS, however, Japan has taken on a more active role in defending its claims and consolidating its position. It has done this both through a mix of internal and external balancing measures, developing its own capabilities and strengthening its relationship with the United States. The combined efforts of the U.S.-Japanese partnership have resulted in superior material capabilities and a more unified, resolute opposition to PRC assertiveness than has been observed in the SCS case. This partnership has included material components—American bases on Japanese soil, Japanese military investments, and joint exercises—as well as nonmaterial demonstrations of resolve—joint public statements on disputed territory and reaffirmations of America's security commitment to Japan.

Material Capabilities

While the overall capabilities of the U.S. military discussed in Chapter 4 remain true in the ECS case, two key distinctions stand out: the presence of U.S. bases in the immediate vicinity of Japan's territorial dispute with China and the stronger bargaining position of Japan vis-à-vis China as compared to the positions of the Philippines and Vietnam. Figure 5.3 shows

the locations of all major United States bases in Japan, of which the most significant are American bases on Okinawa and the Yokosuka Naval Base just south of Tokyo.²⁷³



Figure 5.2: U.S. Bases in Japan

²⁷³ Figure 5.3 licensed under Creative Commons for noncommercial reuse.

At approximately fifty thousand military personnel, approximately half of US forces in Japan are stationed on three American military installations on Okinawa, which is fewer than 200 nautical miles from the Senkaku Islands.²⁷⁴ Kadena Air Base hosts the Air Force 18th Air Wing, which includes a number of F-22 Raptors, the most advanced fighter aircraft in the U.S. arsenal, as well as fifty four F-15 Eagle fighters, special operations elements, logistical, and intelligence-gathering aircraft. These platforms, along with Marine Corps aircraft from Futenma Air Base, conduct regular patrols of the ECS including over the Senkaku Islands and share intelligence information gathered with their Japanese counterparts.²⁷⁵ In addition to the air assets based on Okinawa, Chinese analysts are particularly concerned about the role of Yokosuka Naval Base in eroding China's ability to use its missile platforms to deter U.S. intervention in the ECS and Western Pacific.²⁷⁶ Yokosuka Naval Base hosts a number of advanced U.S. naval vessels including the carrier USS Ronald Reagan, cruisers Antietam, Shiloh, and Chancellorsville, and a number of destroyers. These ships' proximity to the disputed territory in the ECS permit rapid response to possible standoffs or other crises, but even more importantly, their AEGIS capabilities undermine the threat posed by PLA missile batteries to Japanese and American assets in the event of a conflict.²⁷⁷

In response to Chinese assertiveness, Japan has also sought to bolster its own maritime and air capabilities. Among its new initiatives, the Ministry of Defense (MOD) has formed a new amphibious unit within the Ground Self Defense Force (GSDF). Additionally, the Maritime Self

²⁷⁴ Conway, "U.S.-Japan Cooperation on Strategic Island Defense," 18; Kono, "Defense of Japan 2019."

²⁷⁵ Conway, "U.S.-Japan Cooperation on Strategic Island Defense," 18.

²⁷⁶ Toshi Yoshihara, "Japanese Bases and Chinese Missiles," in *Rebalancing U.S. Forces: Basing and Forward Presence in the Asia-Pacific*, ed. Carnes Lord and Andrew Erickson (Annapolis: Naval Institute Press, 2014), 47.

²⁷⁷ Kono, "Defense of Japan 2019."; Yoshihara, "Japanese Bases and Chinese Missiles."

Defense Force (MSDF) has commissioned the construction of eight new destroyers, including four new AEGIS destroyers, which will increase its destroyer fleet to 54 ships, of which eight will have AEGIS capabilities. Additionally, the MSDF has commissioned the construction of several new submarines with advanced intelligence-gathering capabilities to monitor the straits around the Ryukyu and Senkaku Islands, with plans to increase the submarine fleet to 22 ships.²⁷⁸ In addition to bolstering the GSDF and MSDF, the Japanese MOD has committed additional resources to the JCG, including the creation in 2016 of a 12 ship unit dedicated specifically to patrolling the waters around Senkaku, a budget increase to \$1.87 billion in 2017, and the deployment of persistent intelligence, surveillance, and reconnaissance assets with real-time video feeds of disputed waters in 2018 and 2019.²⁷⁹

Factors of Resolution

Japan's strengthening of its forces, combined with the presence of augmented American military forces in the immediate vicinity, together create significant costs to attempted *faits accomplis* in the ECS because American and Japanese ships are actively patrolling the waters around Senkaku. Of course, the presence of American warships in the region, combined with Japan's superior naval strength as compared to Filipino or Vietnamese strength also decreases China's probability of victory in the region. This is an instance where both key variables are influenced by the same material changes. While China continues to probe the periphery of American and Japanese surveillance cordons, the material and reputational costs of unilaterally seizing territory that is actively occupied and patrolled are far greater than the costs of similar

²⁷⁸ Burke et al., *China's Military Activities in the East China Sea: Implications for Japan's Air Self-Defense Force*, 10; Kono, "Defense of Japan 2019," 220.

²⁷⁹ "Defense of Japan 2019," 220-22; Burke et al., *China's Military Activities in the East China Sea: Implications for Japan's Air Self-Defense Force*, 10-11.

actions in the relatively uncontested SCS. These material obstacles to revision have been mirrored by diplomatic signals of resolve as well.

In a recent conflict simulation exercise, the Center for a New American Security found that the “lack of daylight” between U.S. and Japanese forces in coordinating responses to incursions of Chinese forces into Japanese waters created a strong disincentive to further action by CMS forces.²⁸⁰ This coordination includes intelligence sharing and coordination of forces, but also includes diplomatic collaboration as well. The past two American presidents, President Obama and President Trump, have both taken clearly pro-Japanese positions on the Senkaku Island issue, declaring that the United States’ commitment to Japanese territorial integrity extends to defending Japanese claims to the islands, a move never explicitly taken in the SCS territorial disputes involving China.²⁸¹ Aside from the increased material commitment to the region, these public pronouncements raise the costs of potential PRC unilateral revisions by tying Washington’s hands to enforce the status quo in the event of possible revisions in the future.²⁸²

Chinese Capabilities and Commitment

China’s material capabilities in the ECS are quite similar to those in the SCS. At the same time, its nonmaterial factors of resolution in the ECS are also comparable to those in the SCS. In both cases, material capabilities have grown as the Chinese military has seen over ten percent budget growth over the past two decades.²⁸³ Similarly, both the ECS and the SCS have been the subject of vigorous public pronouncements of sovereignty by Beijing, and both regions are

²⁸⁰ Patrick Cronin, Daniel Kliman, and Harry Krejsa, "No Safe Harbor; Countering Aggression in the East China Sea," *Center for New American Security* 29 (2018).

²⁸¹ Panda, "Obama: Senkakus Covered under US-Japan Security Treaty."; Fumiaki Kubo, "Reading the Trump Administration’s China Policy," *Asia-Pacific Review* 26, no. 1 (2019).

²⁸² Conway, "U.S.-Japan Cooperation on Strategic Island Defense," 16; Steven W Mosher, *Bully of Asia: Why China's Dream Is the New Threat to World Order* (Simon and Schuster, 2017), 223.

²⁸³ Aaron L Friedberg, *Beyond Air-Sea Battle: The Debate over Us Military Strategy in Asia* (Routledge, 2014), 26-27.

resource rich and strategically important. Therefore, this section recaps some of the more salient elements of China's material capabilities and nonmaterial factors influencing its resolve in the ECS territorial disputes, highlighting details that are particularly important in the ECS.

Material Capabilities

As in the SCS, the PLAN is China's primary tool for projecting power into the ECS. The aircraft carrier *Liaoning*, discussed in Chapter 4, is based on the ECS and regularly patrols the region, most recently traversing the Miyako Strait in April 2020.²⁸⁴ Additionally, the PLAN's first indigenously produced aircraft carrier, the *Shandong*, equipped with a more advanced "ski jump" flight deck was launched in April 2017, began conducting sea trials in 2018, and is expected to join the *Liaoning* as part of the East Sea Fleet in late 2020.²⁸⁵ The *Liaoning* and *Shandong* are joined by an increasingly capable submarine force including state-of-the-art nuclear-powered submarines and a growing fleet of surface vessels with advanced reconnaissance and missile platforms.²⁸⁶ Additionally, the PLAN's power projection capabilities are complemented by an impressive array of anti-ship missile platforms, bolstering the PLA's regional A2/AD capabilities. These capabilities are detailed in Chapter 4, but include short-range cruise missiles that threaten surface ships on the horizontal axis and long range ASBMs that threaten them on a vertical axis. The ability to saturate and overwhelm U.S. ships' missile defense systems is a critical element of the PLA's A2/AD strategy.

The PLAN has also spent considerable effort expanding and modernizing its amphibious combat capabilities, including expanding its fleet of LHDs, which carry armored units, ground

²⁸⁴ Liu Zhen, "Taiwan Scrambles Warships as Pla Navy Aircraft Carrier Strike Group Heads for the Pacific," *South China Morning Post*, April 12, 2020.

²⁸⁵ Kono, "Defense of Japan 2019," 67.

²⁸⁶ "Military and Security Developments Involving the People's Republic of China 2018.", 29

troops and helicopters, and cutting-edge amphibious assault craft.²⁸⁷ These complement an PLA Marine Corps (PLAMC) that has expanded from twenty thousand marines to one hundred thousand over the course of the past few years. Finally, as discussed in Chapter 4, the PLA has expanded its use of “grey zone” tactics, which seek to probe defenses and potentially challenge the status quo while remaining under the threshold for outright conflict. As Cropsey, Isomura, and Conway describe them, these actions “include Chinese fishing boats dual purposed as maritime militias that are under the operational control of Chinese government authorities and aim to exploit their ambiguous characterization. Their intended purpose is to force U.S., Taiwanese, Japanese, or any other nation’s security forces to hesitate until it is too late to act effectively.”²⁸⁸ Thus far, China’s gray zone activities in the ECS have been limited to probing the status quo rather than attempting to unilaterally revise it, but civilian, paramilitary, and military ships have been consistent in their challenges to Japanese administration of the Senkaku islands and their surrounding waters.

Factors of Resolution

The geography section above laid out two important factors that shape China’s resolve with regards to the ECS. As with the SCS case, concerns over strategic security and resource security are critical. The geographic constraints of the first island chain on access to critical SLOCs and the open Western Pacific impose a strategic desire to break a perceived ring of encirclement around Beijing, while the energy and food resources in the ECS are tempting solutions to growing domestic demand in both sectors. In both respects—resource security and

²⁸⁷ Conway, “U.S.-Japan Cooperation on Strategic Island Defense,” 14.

²⁸⁸ Céline Pajon, “Japan’s Coast Guard and Maritime Self-Defense Force in the East China Sea: Can a Black-and-White System Adapt to a Gray-Zone Reality?,” *Asia Policy*, no. 23 (2017); Conway, “U.S.-Japan Cooperation on Strategic Island Defense,” 15.

strategic security—the geographical considerations of the ECS and SCS offer comparable advantages to strategists in the PRC.

Likewise, nationalism plays a key role in shaping and constraining state behavior in the ECS as in the SCS.²⁸⁹ As mentioned in the previous chapter, nationalist fervor is one of the twin pillars of support for the CCP.²⁹⁰ However, the Sino-Japanese dispute over the Senkaku Islands and their surrounding waters carries with it a more strident fervor than does the naval nationalism in the SCS.²⁹¹ This is likely in part because of the comparative strength Japan has shown in resisting Beijing's assertiveness, but much of the animus is laden with historical baggage: memories of the Second World War, the atrocities committed by Japanese forces, and the humiliation of China at the hands of the one-time peripheral and secluded Japan.²⁹² In other words, historical antipathy between China and Japan has tangled the Senkaku Island issue with other symbols of nationalism and resentment, inflaming tensions and leading to more overt hostility than between antagonists in the SCS. Certainly tensions over the islands themselves and the resources in the seas around them are important drivers of Sino-Japanese disputes, but so too are popular demonstrations against Japan in China, visits to controversial war memorials by Japanese leaders, and unresolved rivalries from the past century. All of these sources of conflict

²⁸⁹ Chang, *Return of the Dragon: China's Wounded Nationalism*; Robert S Ross, "Chinese Nationalism and Its Discontents," *The National Interest*, no. 116 (2011); Suisheng Zhao, "Foreign Policy Implications of Chinese Nationalism Revisited: The Strident Turn," *Journal of Contemporary China* 22, no. 82 (2013).

²⁹⁰ Heberer and Schubert, "Political Reform and Regime Legitimacy in Contemporary China."; Zhao, "The Ideological Campaign in Xi's China: Rebuilding Regime Legitimacy."

²⁹¹ Gries, Steiger, and Wang, "Popular Nationalism and China's Japan Policy: The Diaoyu Islands Protests, 2012–2013."

²⁹² He, *The Search for Reconciliation: Sino-Japanese and German-Polish Relations since World War II*; Jin Qiu, "The Politics of History and Historical Memory in China-Japan Relations," *Journal of Chinese Political Science* 11, no. 1 (2006); Andrew Erickson, *China Goes to Sea: Maritime Transformation in Comparative Historical Perspective* (Naval Institute Press, 2012).

intermingle and make compromise exceedingly difficult for Beijing, while making unilateral revisions to the status quo all the more appealing.

CHAPTER 6

FAITS ACCOMPLIS, COSTS OF REVISION, AND THE SOUTH AND EAST CHINA SEAS**INTRODUCTION**

The two case studies explored in chapters four and five throw the central question of this dissertation into stark relief. Why do states engaged in territorial disputes adopt *faits accomplis* some of the time but use restraint in other times? In many ways, China's position vis-à-vis its territorial disputes in the SCS and ECS is remarkably similar. Both the SCS and ECS are part of a broader strategic goal of extending China's A2/AD and power projection capabilities throughout the first island chain. In both cases, there is concern over the possibility of future American intervention and the need to secure China's coastline against such interventions. Large stores of natural resources in the form of energy deposits and plentiful fisheries are at stake in both regions. Likewise, in both cases, the United States has committed itself to playing some role in the maintenance of the status quo while China, with its ascendant capacity to project power into its maritime periphery, has positioned itself as the primary challenger to the status quo. Last but not least, in both cases popular nationalism can be seen playing a role in stoking the conflicts over territory, making escalation and potential attempts to revise the status quo more likely.

In fact, in some of the two cases' differences, we see greater incentives for Chinese assertiveness in the ECS than in the SCS. As discussed in Chapter 5, nationalist sentiment is even stronger in the ECS dispute with Japan than it is in China's disputes with its maritime neighbors to the South. The islands and SLOCs in question in the ECS are also closer to the Chinese mainland than are the islets, land features, and SLOCs in the SCS. And, finally, the historical antipathy between China and Japan is far deeper than that of China and any of its neighbors in the SCS. For all of these reasons, one could be forgiven for expecting to see similar, if not more aggressive, attempts to revise the territorial status quo in the ECS as opposed to the

SCS. Yet the observed behavior detailed over the past two chapters tells a different story. Instead of greater or equal revisionism in the SCS, we have seen less: no island-building, no unilateral seizures of territory, no seizures of Japanese fishing vessels or survey ships, and limited probing of Japan's defensive positions in the region.

Table 6.1 visualizes the puzzling outcome of observed *faits accomplis* in the SCS but not in the ECS. It lays out each of the candidate explanations discussed above and throughout Chapters 4 and 5—security concerns, resources, geographic proximity, nationalism, and historical antipathy—and shows that each variable is present in both contexts. In fact, the ECS conflict between Japan and China has a higher degree of historical antipathy than does the SCS conflict due to the long-standing animosity between Japan and China. Yet we observe *faits accomplis* in the SCS case but not in the ECS.

Table 6.1: Outcomes in the SCS and ECS

Variable	South China Sea	East China Sea
Security	Yes	Yes
Resources	Yes	Yes
Proximity	Yes	Yes
Nationalism	Yes	Yes
Historical Antipathy	Low	High
Observed <i>Faits Accomplis</i>	Yes	No

What explains this divergence in behavior despite the similarities in conditions, and what explains China's choice of the SCS over the ECS for its more aggressive behavior? This chapter argues that two fundamental structural differences—both accounted for in the model presented in Chapter 3—between the two cases drive the divergent behavior we have observed. First, China's growth in power has been more pronounced relative to its counterparts in the SCS than it has relative to the disputants in the ECS. The fact that China faces a diffuse set of relatively weak opponents with the United States attempting to enforce the status quo without robust security partnerships with any regional state has magnified China's power in the region when compared to the tighter security relationship between the United States and Japan. Second, China's costs of imposing *faits accomplis* are higher in the ECS than they are in the SCS. Despite the many diplomatic protests and reactive policies adopted by the Philippines and Vietnam, the fact is that Japan has been more effective in enacting policies which raised the diplomatic and material costs of imposing *faits accomplis* in the ECS as compared to the relatively low costs China has faced in doing so in the SCS.

The remainder of this chapter proceeds in three parts, each of which draws on the theoretical conclusions of the formal model presented in Chapter 3 as applied to the two cases examined in Chapters 4 and 5. First, I review the predictions of the model that larger shifts in power are more likely to lead to revisions to the status quo and test that hypothesis against the evidence presented in the case study chapters. Second, I examine the suggestion of Corollaries 3 and 4 from the model that higher costs of imposing *faits accomplis* are important determinants of whether or not we should expect to observe unilateral revisions to the status quo and test that hypothesis against the two cases. Finally, I test the suggestion that rising states can use *faits accomplis* to signal their resolve in territorial disputes and suggest that China's use of *faits accomplis* in the SCS can be read as either a costly signal of its resolve to revise and consolidate its gains in the SCS whereas it is less resolute in the ECS or a highly revisionist China that has not yet begun making revisions in the ECS, but may well choose to do so as it continues to gain power. I evaluate the merits of these two arguments, and make several brief policy recommendations for the major states involved in these disputes.

SHIFT IN POWER (*P*)

The formal model of power shifts and *faits accomplis* analyzed in Chapter 3 suggests that shifts in the relative distribution of power are necessary to observe unilateral military revisions of a territorial status quo. Further, it predicts that, absent bluffing, larger shifts in power will result in larger seizures than smaller shifts. The logic is that rising states become dissatisfied with the status quo distribution of territory and, given the opportunity to revise the status quo unilaterally, will seize at the chance. We will return to the possibility of bluffing shortly, but first, let us assess the evidence presented in the two cases with regards to the fundamental intuitions of the model.

Because both the SCS and ECS cases involve China, both are impacted by the growth of Chinese military power in its maritime periphery. Chinese government spending on its military has grown at over ten percent per annum for the past twenty years, with significant payoffs in the form of, among other things, two functional aircraft carriers—the *Liaoning* and the *Shandong*—an expanded and modernized fleet of destroyers, guided missile cruisers, LHDs, and submarines, improved airframes for establishing air superiority, and an impressive missile force that is second to none in the world. While this *absolute* growth in capabilities is applicable in both the ECS and the SCS, it is the limitations of the would-be enforcers of the status quo in the SCS and the comparative strengths of those enforcers in the ECS that reveals a stark difference in the *relative* growth in power in the two theaters.

In the SCS, three players have been at the forefront of attempts to oppose China's *faits accomplis*. This opposition has varied in intensity from diplomatic protests by Vietnam and the Philippines, to occasional confrontations between Filipino coast guard ships and Chinese frigates, to Freedom of Navigation Operations (FONOPs) conducted by the United States. However, efforts to stem the progress of the PRC's island-building campaign have been stymied by a growing disparity between the Philippines and Vietnam on the one hand and China on the other, as well as American reluctance to commit to challenging Chinese forces directly as they revise the status quo. While the Philippines and Vietnam have made some efforts to modernize and expand their naval capabilities, these efforts have been halting and incomplete at best. The Philippines remains an archipelagic state with a third-rate navy and not even a single jet aircraft in its air force to conduct long-range patrols of its coastline. It has additionally spent much of the past two decades paralyzed by internal political strife, dividing its attention from focusing on the external threat posed by the PRC. For its part, Vietnam has invested in new submarines and anti-

ship cruise missiles for defense of its mainland, but remains without the power projection capabilities necessary to enforce its claims further afield into the SCS itself. In essence, both states are limited to green water navies with little in the way of air power to challenge China's revisions. This leaves the United States as the primary actor interested in enforcing the status quo in the region.²⁹³ As discussed in Chapter 4, Washington's ability to project power into the SCS, absent significant advances in the form of permanent bases to bolster its forward presence in the region, has become increasingly limited by China's A2/AD capabilities. The ability to threaten carriers and their battlegroups from well outside the operating range of carrier sorties weakens their ability to establish air superiority in the event of a conflict, and diminishes the likelihood of American operations beyond simple FONOP passes by disputed islands.

This limited bargaining position contrasts starkly with the position of the U.S.-Japanese alliance in the ECS, where American bases in the immediate vicinity of the disputed territories and Japanese expansions of its MSDF and ASDF capabilities have allowed them to keep pace—or at least fall less behind—as Chinese power has expanded. Japan regularly hosts two American aircraft carriers, along with their accompanying battle groups, which are prepared to respond quickly to incidents in the region. Although carrier groups face the same missile threat in the ECS as in the SCS, two facts change the extent of this vulnerability. First, the presence of American *and* Japanese AEGIS cruisers around the Japanese islands increases the probability of stopping incoming missiles before they reach their targets. As the Philippines and Vietnam possess no AEGIS cruisers, this is an added asset present in the ECS but not in the SCS. Second,

²⁹³ Indonesia also has outstanding territorial disputes with China, but until recently it has not seen its claims directly challenged by China and has remained largely aloof apart from supporting an ASEAN code of conduct resolution intended to institute a voluntary set of regulations governing the resolution of territorial grievances in the SCS. This may change, as in mid-April 2020 Sino-Indonesian tensions escalated in the SCS, but the outcome of this turn is still developing as of the writing of this dissertation. For more on recent Sino-Indonesian tensions, see: Rajeswari Pillai Rajagopalan, "The Danger of China's Maritime Aggression Amid Covid-19," *The Diplomat*, April 10, 2020.

American carriers based in Okinawa and Yokosuka are *already* within range of the Senkaku islands and would be able to respond without having to cross hundreds of nautical miles before being ready to launch sorties in response.

Most importantly, the key argument here is not that American and Japanese forces are invulnerable in the ECS, or that American, Filipino, and Vietnamese forces in the SCS are completely prostrate. Rather, the argument flowing from Chapters 4 and 5 is that China's growth in its ability to project power relative to local opposition has been greater in the SCS than in the ECS. In terms of the model the per-turn change in p could well be positive in the ECS and in the SCS, but it is greater in the SCS than in the ECS. It is also the case that p was higher in the SCS than in the ECS in the first place, making the final relative position after a shift even more disproportionate in the SCS than in the ECS.

In the model presented in Chapter 3, the size of the shift is known to both states. In other words, declining states know exactly what the relative distribution of power is and how much they can expect it to shift. In reality, fog and friction prevent a completely accurate account of relative power, though intelligence gathering can provide an approximation. This window of doubt opens an opportunity for rising states to bluff not only their resolve in terms of costs of imposing *faits accomplis*, but also their relative distribution of power. If China is bluffing with regards to its relative distribution of power in the SCS, it is either bluffing as a more resolute type than it really is, or it is bluffing as a less resolute type than it really is. In the former case, the seizures represent a reach for gains that it could not enforce if called on its bluff. Given the state of Filipino and Vietnamese capabilities discussed above and the challenges the United States has faced in building reliable security partnerships in the region, this option seems unlikely. Still, if true then the lack of similar bluffing in the ECS suggests an estimation by the

PRC that such a bluff could prove too costly to attempt. In the latter case—that of a more resolute China bluffing “down” to masquerade as a less resolute type, then strategic planners in Washington and Tokyo have reason to worry of future attempts to revise the status quo in the ECS once the shift has progressed further. In this case, the logic would be that a more resolute China believes that the *faits accomplis* it has imposed on the SCS are acceptable losses to the U.S. and other SCS enforcers of the status quo, but that moving on the ECS too early would likely provoke costly retributions, leading to restraint until power has shifted further in its favor. All of this, however, is based solely on the overall shift in power, not the costs of imposing *faits accomplis* in particular. The next section brings in an analysis of the model’s predictions regarding the costs of imposing *faits accomplis* in light of the cases at hand.

COSTS OF IMPOSING *FAITS ACCOMPLIS* (A)

The model predicts that, at least absent bluffing, we are more likely to observe *faits accomplis* as the costs of imposing them decreases. We will return to bluffing momentarily, but first let us review the logic of the prediction. The α variable represents the material and reputational costs of imposing a military *fait accompli* in order to revise the distribution of territory in a dispute. The material costs include all costs associated with the physical mobilization of forces, capture of the disputed territory, and consolidation of gains. The nonmaterial costs include the reputational effects of the revision on both domestic and international audiences. Thus, in the case of states with nationalistic domestic audiences, it may be that the domestic reputational effect of a successful *fait accompli* might be positive—that is, that they may *subtract from* α rather than adding to it. For China, this could well mean that the nationalism the CCP has cultivated over the years has had the effect of suppressing its costs of imposing *faits accomplis*. Still, this does not explain why we observe *faits accomplis* in the SCS but not the ECS. For this, we need to return to the key structural distinctions between the two

regions: Japan's superior positioning as compared to the Philippines and Vietnam, and the strength of the Japan-U.S. alliance. Put in terms of the predictions of the model, we observe higher material costs of imposing *faits accomplis* in the ECS than we do in the SCS.

The first element of these increased costs is Japan's effective control over the Senkaku islands, and their surrounding waters as contrasted with the lack of similar control exercised by the Philippines and Vietnam over the Spratly and Paracel islands. Whereas in the latter case, the Philippines and Vietnam did not occupy the disputed land features or patrol the disputed waters effectively enough to prevent Chinese seizure of (some or all of) them, Japan has maintained a physical presence on Senkaku since the mid-1990s, with regular patrols by the JCG and MSDF. In the SCS, Chinese fishing vessels, CMS ships, and survey ships were able to take advantage of light patrols and frequently operated without being challenged. In the ECS, the JCG regularly challenges Chinese ships crossing into Japan's claimed territory, occasionally going so far as to arrest Chinese fishing captains for violating its EEZ claims. Japan's regular patrols, combined with its physical presence on the disputed islands means that a successful Chinese *fait accompli* in the region would have to expel existing military and paramilitary forces at a minimum, and would risk escalation to an outright war at a maximum. This contrasts starkly with the comparatively low cost of seizing unoccupied swaths of SCS waters and converting islets into defensible artificial islands.

The second factor increasing costs in the ECS is the U.S. commitment to Japanese security generally, and Japan's claims to Senkaku in particular. As detailed in Chapter 5 and above, U.S. Navy, Air Force, and Marine forces in Japan—especially those in Okinawa and on Yokosuka base—not only increase the costs of war with Japan, but raise the risks of even attempting the sorts of grey zone strategies that China has so successfully employed in the SCS.

American forces also directly aid Japanese patrolling efforts by sharing intelligence and assisting the monitoring of Chinese forces in the region, further increasing the costs of potential *faits accomplis*.

Finally, there are higher material costs of the actual construction of artificial islands in the ECS as compared to the SCS. The underwater topography in the ECS is such that much of the water is much deeper in the ECS, with the exception of the shelves off the coasts of the Ryukyu and Senkaku Islands. This geographical reality would force a decision between highly visible and controversial island-building very near the coasts of Japanese-administered islands and extremely expensive (if at all feasible) island constructions in deep water. While the latter may not even be technologically possible, there is precedent for the former in the case of the SCS. Several of China's artificial islands in the SCS are quite near to the Philippines' coastline. Still, the reputational effects of building so near to Japanese-controlled islands in waters that the United States has declared fall under the U.S.-Japan defense agreement cannot be ignored. Because of the deeper water and more limited space in the ECS, the construction process of artificial islands would be both more expensive and more visible to international observers, raising both the material and nonmaterial costs of *faits accomplis* in the ECS.

In terms of nonmaterial costs too, the situation in the ECS differs from that of the SCS. While the United States has security agreements with both Japan and the Philippines, the two countries have not been equally successful in procuring public commitments from the United States to extend those agreements to cover disputed maritime territories. The Philippines has not secured such commitments from any of the three most recent American presidential administrations. Instead, the United States' official position has been that disputes should be

resolved peacefully and through diplomatic means in accordance with UNCLOS guidelines.²⁹⁴ In the ECS, on the other hand, Japan was able to convince both the Obama and Trump administrations to publicly commit American forces to come to Japan's aid in the event of a violation of its claims to sovereignty over the Senkaku islands or their surrounding waters. This diplomatic stance dramatically increases China's costs of imposing *faits accomplis* in the ECS by raising the specter of American sanctions or, worse, direct military support of Japan in the event of a unilateral seizure of Senkaku by China.

The model introduced in Chapter 3 predicts that larger shifts in power and lower costs of imposing *faits accomplis* increase the likelihood of observing unilateral military revisions to the status quo. These two variables help explain the puzzle visualized in Table 6.1. Table 6.2 adds the two key variables from the model to the variables discussed in the introduction. While the two cases are similar in terms of security importance, resources, and nationalism, we have seen that the shift in power has been more pronounced in the SCS than in the ECS, while the costs of imposing *faits accomplis* is lower in the SCS than in the ECS. This has important ramifications for how we interpret China's behavior in both regions. The next section explores these implications in terms of the model, while the final section draws out several interpretations of China's behavior given the insights of the model and the evidence explored in the two case studies.

²⁹⁴ This is particularly interesting given the fact that the United States has yet to ratify UNCLOS.

Table 6.2: Outcomes with Model Variables Included

Variable	South China Sea	East China Sea
Security	Yes	Yes
Resources	Yes	Yes
Proximity	Yes	Yes
Nationalism	Yes	Yes
Historical Antipathy	No	Yes
Shift in Power in China's Favor	High	Low
Costs of Imposing <i>Faits Accomplis</i>	Low	High
Observed <i>Faits Accomplis</i>	Yes	No

SIGNALING RESOLVE

The third broad set of implications from the model for our case studies concerns the role of *faits accomplis* as a signaling mechanism. As explained in the “Implications of the Model” section of Chapter 3, once we observe *faits accomplis* from a rising state, we can interpret those revisions as a signal of future intentions. This is closely related to the concept of updating assumptions in incomplete information settings. In separating equilibria, different types of rising states play honestly and in so doing signal their type to the declining state. In pooling equilibria, they play strategically, sending signals that mask their true type in order to avoid preventive war—for highly resolute types—or extract greater concessions—for less resolute types. This impacts how we should read the *faits accomplis*: not only as completed action, but also as potential signals of future intent. When we consider *faits accomplis* as a signaling measure, at least three possible interpretations emerge that explain China’s behavior in the two regions as part of a cohesive overall strategy.

The first option is that the *faits accomplis* in the SCS represent a set of bluffs by China in which the PRC is seeking to convince the United States and other states involved in the SCS disputes that China is more resolute than it actually is. We might call this the “paper dragon” scenario. In this case, Beijing would be absorbing high costs of imposing these revisions now in the hopes of receiving concessions in the future. If this were the case, we would expect to see some evidence of these costs taking a toll, yet in fact we see the opposite. The Xi administration has received widespread support from nationalist domestic audiences for its assertiveness in defending what is perceived at home as legitimate territorial claims against foreign powers. Meanwhile the material costs of the *faits accomplis* themselves have been slight, amounting only to a military buildup that was already underway, increased patrols, and the costs of construction of the new artificial islands in the SCS.

A second option is that Beijing is masquerading as a less resolute type than it really is, biding its time until power has sufficiently shifted in its favor that it can move more aggressively and seize larger swaths of territory, possibly including the disputed regions of the ECS. This would be the “hidden danger” scenario. In that case, we should expect the rising state to act as a less resolute type while possibly preparing to seize territory when the time is right. There is some evidence from the case studies to support these predictions. For instance, the buildup of PLAN assets in the ECS including two aircraft carriers and many new support ships, the expansion of the PLAMC, and positioning of missile corps assets along China’s East coast may be read as material preparations for a *fait accompli* in the ECS or its environs. Meanwhile, the economic sanctions placed on Japan in response to the arrest of a Chinese fisherman who rammed a JCG vessel could be interpreted as a costly signal of resolve in the territorial dispute, and intention of realizing physical revisions to the status quo at a later date.

Yet there are also reasons to doubt that we are in this “hidden danger” scenario. One objection is deductive: if China were seeking to mask its intentions and bide its time until it could make massive revisions to the status quo, why alert Japan to its revisionist intentions before being ready to move? Why risk setting Japan on a course of increased militarization, which we have observed since China began seizing SCS territory in 2009, which would make further *faits accomplis* in the ECS more difficult? It may seem counterintuitive, but this argument suggests that China’s show of strength in the SCS may provide a credible signal that we are not observing a masked resolute type seeking to bide its time. Empirically, we see in the two preceding sections, evidence that the cost of imposing *faits accomplis* is significantly higher in the ECS than in the SCS. Additionally, the shift in power has not been as sharp in the ECS as in the SCS. These two facts should lead us to consider a third, more straightforward explanation than the “hidden danger” scenario.

Based on the two tests of the model’s predictions, China appears to be acting as a more resolute type in SCS than in ECS. The third explanation suggests that this is simply because the costs of imposing *faits accomplis* and the associated risks of armed conflict are sufficiently higher in the ECS than the SCS to prohibit revisions to date, even though the PRC has made clear its preference for revisions in the region. This is what we might consider the “honest play” option. In this option, we interpret Chinese behavior in the ECS and SCS as honest signals of future intent; the goal (at least at present) is to revise the status quo distribution of territory in the SCS but *not* in the ECS. This interpretation seems reasonable given the preceding analysis. China’s growth in power has been more pronounced relative to the disputants in the SCS than it has relative to Japan and the United States in the ECS, and Japan has so far been successful in raising both material and nonmaterial obstacles to preempt possible revisions in the ECS.

It is worth noting, though, that the “honest play” scenario does not preclude the possibility of observing *faits accomplis* in the ECS in the future. It does, however, predict that in order for us to observe *faits accomplis*, at least one of two developments will need to take place. First, power will need to continue to shift in China’s favor relative to Japan and the United States. This matches up with parameters in the model in which a rising state with moderate or high costs of imposing *faits accomplis* is still able to make significant revisions due to a large shift in power in its favor. Second, some significant change in the costs of imposing revisions in the ECS would need to take place. This might look like the United States publicly backing away from its commitment to include the Senkaku Islands in its defense agreement with Japan or the abandonment of the Senkaku facility by the JCG and reduction of patrols by some future Japanese administration. Alternatively, it might look like geopolitical shifts that result in diminishing power of U.S. economic sanctions as a coercive tool, making them less feared by China or less credible. In either case—a reduction of α , or a further increase of p —the model would predict an increased likelihood of *faits accomplis* in the ECS.

One problem with using *faits accomplis* as a signaling mechanism is that, at least based on the model in Chapter 3, we are faced with observational equivalence between the “hidden danger” and “honest play” scenarios at this point in the process. We have seen significant revisions that do not appear to have been costly to the rising power, eliminating the “paper tiger” option. But while we may have reason to doubt the “hidden danger” scenario in favor of the “honest play” scenario, there is not yet enough evidence to be sure which type of China the United States and Japan face in the ECS. In either case, the key concern is similar: action will occur when China’s benefits from taking action exceed the costs, and (most likely) when China believes it can enact the *fait accompli* without triggering war. What then, should we conclude

about the implication of the model for the various states playing this high-stakes game in the SCS and ECS?

CONCLUSIONS

The implications of the model have serious ramifications for each of the disputants in both the SCS and the ECS. For China, it is important to recall the third hypothesis from the “Empirical Implications” section of Chapter 3: that sharp increases in power are, once revealed, likely to spark preventative war by declining states. This means that if China is in fact a highly resolute type engaged in a “hidden danger” scenario, it should be careful to push for increased revisions slowly and steadily, not necessarily foregoing *faits accomplis* entirely, but tailoring them so as not to reveal its true, highly revisionist, type before it is ready to force its final round of concessions later in its shift in power. If, on the other hand, China is playing honestly, then it should seek to send signals that may separate it from the more revisionist type and reassure Japan, the United States, and its Southeast Asian neighbors that its aims are not so expansive as to trigger major balancing against it. In either case, the upshot implication is to move steadily and carefully in the SCS before moving on to the ECS only after it has consolidated gains in the SCS and shored up enough bargaining power to seize territory in the ECS without fear of enforcement from the Japanese-U.S. alliance.

For states in the SCS—the Philippines, Vietnam, and Indonesia primarily—the road ahead is difficult. China’s gains from its *faits accomplis* are already established and consolidated, and absent major changes to the geopolitical dynamics of the region, there is little hope of rolling back these losses. In order to prevent further losses, however, Southeast Asian disputants will need to find a way to either increase α , stem the shift in power in favor of China, or accept that their losses may continue to accumulate in the future. Plans to increase α may include diplomatic efforts to increase American commitments to include the territorial integrity of maritime claims

in the SCS or some sort of joint security arrangement among Southeast Asian states in which each state commits to assist the others in the event of further territorial encroachments by Chinese forces in the SCS and beyond. Even with a joint agreement, however, increased patrolling and physical presence in disputed territories will be critical to raising the costs of revisions to Beijing, and such efforts are risky in their own right. The possibility of escalation should serve as a cautionary warning to the smaller states of Southeast Asia that seek to oppose further *faits accomplis* in the region.

For Japan, the implications are clear. It needs to continue to build domestic capacity, continue to develop its alliance with the United States, continue patrolling the waters in the ECS, and consolidate its position on Senkaku. These steps would ideally include seeking to bring the United States into regional treaties including the TPP, acquiring further reassurances that the U.S. security commitment to Tokyo includes the Senkaku Islands and their surrounding waters, bringing additional AEIGIS-equipped ships into service for the MSDF, and increasing the size and capacity of the JCG facility on Senkaku.

Finally, the United States should expect to see continued *faits accomplis* in the SCS as China remains largely uncontested in its revisionist behavior in the region. United States FONOPs are geared toward ensuring continued freedom of navigation in the region, but have thus far done nothing to slow the progress of Beijing's island-building campaign. Washington would do well to keep in mind the current pooling of potential types of China—the “honest play” scenario and the “hidden danger” scenario—and take steps to continue the pivot to the Pacific across diplomatic and material axes. This would mean continuing to shore up relations with Japan and seeking to build inroads with SCS partners, both current and new. Singapore may be a good starting point for coalition-building, as might Indonesia, given the recently heightened

tensions between Indonesia and China over territorial disputes. In any event, to limit *fait accompli*, the U.S. would need to reassure regional partners in the same way that it has reassured Japan in recent years, providing both material aid and diplomatic cover for states interested in resisting further attempts at revision by China.

Another possibility is that the observed *faits accomplis* in the SCS have already begun to show a separating equilibrium, in which a more revisionist, more resolute, China has begun to impose large *faits accomplis* on its neighbors in the SCS, sending credible and important signals about its type that the U.S. and Japan would do well to heed. Unfortunately for the U.S. and Japan, this line of interpretation offers little in the way of additional policy prescriptions, except to prepare for continued expansion of Beijing's revisions or to send costly, credible signals that future revisions will not be tolerated. Still, there is some ambiguity to China's type. We may yet reach the point that the two remaining types of China separate into easily identifiable paths, but for now reading the implications of the model for the United States and its partners means preparing for the worst while leaving room at the bargaining table for negotiation and peaceful resolution.

CHAPTER 7

CONCLUSIONS AND IMPLICATIONS

This dissertation has explored the use of *faits accomplis* in the context of territorial disputes and shifts in the distribution of power. The goal of this study is twofold. First, it explored the place of *faits accomplis* within the general framework of state power and contentious politics at the systemic level. This allows for insights into the role of *faits accomplis* as a gray zone strategy of conflict that does not rise to the level of war, but does make use of a state's military power and the logic of deterrence to seize disputed territory. Second, it provides an analytical lens through which to study two contentious territorial disputes along China's maritime periphery: the dispute over the Spratly and Paracel Islands in the South China Sea and their surrounding waters, and the dispute over the Senkaku Islands and their surrounding waters in the East China Sea. These two cases allow for empirical testing of the theoretical predictions that arise from the formal model analyzed in Chapter 3, but they also provide insight into China's motivations for employing *faits accomplis* in the SCS and raise important implications for the United States and the various claimants to maritime territories in the SCS and ECS.

As such, this dissertation contributes to at least three literatures at varying levels of generality. It engages with a growing literature on *faits accomplis* and grey zone conflict,²⁹⁵ an established literature on security dynamics in the shadow of power shifts,²⁹⁶ and a large and contentious literature on a rising China's place in the world order.²⁹⁷ To the literatures on *faits*

²⁹⁵ Holmes and Yoshihara, "Deterring China in the "Gray Zone": Lessons of the South China Sea for US Alliances."; Mazarr, "Mastering the Gray Zone: Understanding a Changing Era of Conflict."; Spitzack, "Gray Is the New Black: Great Power Competition in the Gray Zone."

²⁹⁶ Debs and Monteiro, "Known Unknowns: Power Shifts, Uncertainty, and War."; Fravel, "Power Shifts and Escalation: Explaining China's Use of Force in Territorial Disputes."; Layne, "The US–Chinese Power Shift and the End of the Pax Americana."

²⁹⁷ Allison, *Destined for War: Can America and China Escape Thucydides's Trap*; Salvatore Babones, "The Middling Kingdom: The Hype and the Reality of China's Rise," *Foreign Affairs* 9, no. 5 (2011); C. Fred Bergsten et

accomplis and power shifts, it contributes an original formal model of *faits accomplis* in the shadow of a shift in power between two states. This model integrates the possibility of unilateral military revisions to the status quo in a territorial dispute to a leading model of bargaining over territory in the midst of power shifts. The result is a model that predicts a higher likelihood of war during power shifts than previous models have predicted, as well as a model that explains the use of unilateral military revisions to the status quo in territorial disputes. To the literature on China's rise, it offers a cohesive explanation of China's behaviors in the SCS and ECS with respect to its growing ability to project power into those regions and its ability to unilaterally revise the status quo distribution of territory in those regions. It further addresses debates within the literature as to whether a rising China will remain content with the status quo regional order or attempt to remake that order in its image. Finally, it offers a structural explanation that complements domestic explanations of nationalism and regime security by incorporating nonmaterial costs and benefits of *faits accomplis* to domestic audiences as well as international audiences.

Ultimately, the dissertation concludes that we can expect *faits accomplis* to arise when shifts in the relative distribution of power are present *and* when the costs of imposing *faits accomplis* are relatively low. It finds that such is certainly the case in the SCS, where China's relative growth in power has outstripped that of defenders of the status quo. In the ECS, where China's relative growth in power has been more muted due to concurrent growth in American and Japanese power, and where costs of imposing *faits accomplis* are higher, we have not

al., "China's Rise: Challenges and Opportunities," (Washington, D.C.: Peterson Institute for International Economics, 2009); Chen and Wang, "Lying Low No More? China's New Thinking on the Tao Guang Yang Hui Strategy.."; Christensen, "The Advantages of an Assertive China: Responding to China's Abrasive Diplomacy."; Yoshihara and Holmes, *Red Star over the Pacific, Revised Edition: China's Rise and the Challenge to US Maritime Strategy*; Michael Beckley, *Unrivaled: Why America Will Remain the World's Sole Superpower* (Cornell University Press, 2018).

observed similar unilateral revisions. As Chapter 6 concludes, however, this does not mean we can be certain we will not observe *faits accomplis* in the ECS in coming years.

This conclusion chapter reviews the contours of the dissertation and its findings, beginning with a summary of the primary findings of the formal model and case studies analyzed in Chapters 3-5 and a review of the application of the theoretical implications of the model to the case studies. Next, the chapter turns to assess several areas of further research opened up by this dissertation. While some of these areas for further work represent limitations, either of the model or of the case selection, others represent new avenues of exploration into the study of international conflict and cooperation that could build on the insights of this project. Next, the chapter reviews the theoretical contributions of the project at each level of generality outlined above and considers how these contributions might impact a broader understanding of international security. Finally, the chapter concludes with a brief analysis of the implications of the model and case studies for American policymakers seeking to refine Washington's approach to China.

THE MODEL

As of the writing of this dissertation, only one published formal model has addressed *faits accomplis* as its primary subject of inquiry, and no studies have attempted to study *faits accomplis* in the context of power shifts and incomplete information.²⁹⁸ The original formal model advanced in Chapter 3 captured the interaction of *faits accomplis* by a rising state in the context of an infinite horizon bargaining game between a rising power and a declining power. In the model, both states begin play with some portion of territory split between them and the declining state has the option either to launch a preventative attack or make an offer of a new

²⁹⁸ Tarar, "A Strategic Logic of the Military Fait Accompli."

split of territory between itself and the rising state. The offer can range from the status quo (in effect, an offer to keep things the same) to an offer of the entire territory. The rising state then has the choice to accept the offer, attack the declining state, or impose a *fait accompli* over some portion of the disputed territory. If it accepts, the status quo continues and play moves to the next round, but if it imposes a *fait accompli*, the declining state is forced to choose between accepting the loss of territory or going to war to enforce its claims.

Like all models, this model is a simplification of real world events, but the intent is to simulate the incentives at play when a rising state remains unappeased over time. Power continues to shift in its favor over time, eventually leaving it dissatisfied with its portion of a disputed good and possessing the means to alter the status quo. The declining state's leverage in the game comes from its ability to attack both preventatively and in response to an unacceptable *fait accompli*, while the rising state's leverage comes from its knowledge of the declining state's costs of war and its ability to chip away at the disputed territory as time passes in the game. Eventually, in the last turn of the shift, we see a rising state that has reached its full potential make a final seizure of territory (or at least threaten to if it hasn't been attacked already), leading to one last major gain at the end of the shift in power.

The model's analysis suggested that the conditions for war are strictly weaker than those of a leading model of power shifts and war because of the increased pressure the outside bargaining option of the *fait accompli* places on the declining power to prevent losses by unilateral revision. On the other hand, it suggests that, absent shifts in the balance of power, we are unlikely to see *faits accomplis* emerge in territorial disputes. The model also reveals a number of circumstances under which rising powers can seek to mask their types—either pretending to be more resolute or less resolute than they really are gain additional concessions or

avoid preventative war, respectively—and confound attempts by the declining state to learn more about the rising state’s ambitions. Finally, the model’s analysis suggests that in large shifts when the rising state has low costs of imposing *faits accomplis*, we are likely to see one of three possible outcomes: first, a long series of smaller *faits accomplis* by the rising state followed by a major seizure at the end of the shift; second, a long series of concessions by the declining state in order to stave off *faits accomplis* and lose less to unilateral revisions; or third, a preventive war by the declining state once it realizes how resolute its rising adversary is. In each case, the addition of the *fait accompli* into the rising state’s set of tools diminishes the expected utility for the declining state.

These observations complement the theoretical intuitions of the literature on windows and war, which suggest that facing opening windows of vulnerability may lead declining states to act preventatively, initiating conflict when faced with a worsening bargaining position over time.²⁹⁹ Through the model we see a set of mechanisms that induce preventive war when rising states are sufficiently resolute. We also see rising states taking advantage of windows of opportunity in the form of the rising player seizing new territory as its relative power increases. What the model adds to the windows literature is a mechanism for revisionist behavior that falls short of war itself, allowing states to adopt more modulated responses to windows of opportunity and vulnerability.

This model contributes to at least two portions of the formal modeling literature. First, it enters directly into the small literature on *faits accomplis* by providing a second formal study primarily focused on the role of *faits accomplis* in shaping state bargaining over disputed territory. Second, it builds on a robust literature of power shifts and interstate bargaining in the

²⁹⁹ Christensen, "Windows and War: Trend Analysis and Beijing’s Use of Force."; Van Evera, *Causes of War: Power and the Roots of Conflict*.

shadow of power.³⁰⁰ It finds, contrary to the Power Transition and Hegemonic War literatures,³⁰¹ that there is nothing special about the point at which one state reaches parity with another that triggers war or *faits accomplis*. Rather, war may occur at any point along the shift as the declining state updates its information about the rising state's type. The model also builds on existing work by Powell and Krainin to identify a mechanism not previously identified that weakens the conditions for war in power shifts—the military *fait accompli*—and assessing the conditions under which power shifts and *faits accomplis* lead to peaceful shifts and when they do not. Finally, the model sets up a succinct set of predictions amenable to empirical testing: 1. That shifts in the balance of power between disputants may lead to *faits accomplis*; 2. That lower costs of military revisions to the status quo make such revisions more likely; 3. That, if not appeased with concessions from declining states, rising states engaged in *faits accomplis* will tend to make revisions in succession while power continues to shift; and 4. That rising states will tailor their *faits accomplis* to send signals—honest or strategic—about their types. These predictions are borne out by the case studies presented in Chapters 4 and 5 and evaluated in Chapter 6.

CASES

While the model analyzed in this dissertation provides a theoretical framework for understanding *faits accomplis*, the two case studies fill in the picture with two detailed accounts: one of *faits accomplis* realized and another of restraint. In the SCS, we observe an escalating set

³⁰⁰ Krainin, "Preventive War as a Result of Long-Term Shifts in Power."; Chadeaux, "Bargaining over Power: When Do Shifts in Power Lead to War?."; Powell, *In the Shadow of Power*; "The Inefficient Use of Power: Costly Conflict with Complete Information."

³⁰¹ Mark Beeson, "Hegemonic Transition in East Asia? The Dynamics of Chinese and American Power," *Review of International Studies* 35, no. 01 (2009); Avery Goldstein, "Power Transitions, Institutions, and China's Rise in East Asia: Theoretical Expectations and Evidence," *Journal of Strategic Studies* 30, no. 4-5 (2007); Gilpin, "The Theory of Hegemonic War."; Organski and Kugler, *The War Ledger*; Allison, *Destined for War: Can America and China Escape Thucydides's Trap?*

of behaviors intended to revise the status quo in China's favor, beginning with the harassing of fishing and survey vessels and culminating in the construction and arming of a series of artificial islands scattered around the SCS. In the ECS, we see a relatively constant set of probing behaviors that test the limits of Japanese resolve, but make no attempt to revise the actual status quo. This divergence in behavior is despite a number of striking similarities between the two cases. Both regions fall within a broad strategic theater over which China seeks to develop an active defense strategy.³⁰² Both regions are resource rich, offering potential amelioration of China's growing demand for energy and foodstuffs. Both regions are also geographically proximate to the Chinese mainland, and both are the subject of broad nationalistic fervor which simultaneously helps consolidate support for the CCP and rallies popular support for the regime's maritime claims.

With all these similarities, is it possible that the two cases are not separate, but rather are two parts of a broader strategic goal? To be sure, the cases are at least tangential. As Yoshihara and Holmes, Fravel, Erickson, and a number of other China experts argue, the first island chain is seen in the eyes of PLA strategists as a single unit with separate theaters.³⁰³ Control over the first island chain, or at a minimum the ability to deny outside powers power projection capabilities within it, is a central strategic goal of the PLA. Yet the conditions in the two regions are sufficiently different that some degree of distinction is warranted. One difference lies in the historical enmity between China and Japan. As discussed in Chapter 5, the historical rivalry between Japan and China, along with the history of abuses perpetrated by Japan against China

³⁰² Fravel, *Active Defense: China's Military Strategy since 1949*; Pedrozo, "China's Active Defense Strategy and Its Regional Impact."

³⁰³ M Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton University Press, 2008); Yoshihara and Holmes, *Red Star over the Pacific, Revised Edition: China's Rise and the Challenge to US Maritime Strategy*; Fravel, *Active Defense: China's Military Strategy since 1949*; Erickson and Wuthnow, "Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific 'Island Chains'."

during the Second World War, create an antipathy not seen between disputants in the SCS.³⁰⁴

Second, the disputes are different in that the ECS dispute is between developed states, while the SCS disputes are between a strong state, China, and several divided developing states. This has resulted in organizational challenges discussed in Chapter 4, but has also contributed to the power imbalance discussed in Chapters 4 and 6.

For the purposes of this study however, the most obvious difference is the divergence in the dependent variable: the unilateral status quo revisions via the military *fait accompli*. We have not yet observed *faits accomplis* in the ECS while we have seen a series of them in the SCS. The analysis presented in Chapter 6 identified two key independent variables that contributed to this divergence, but we will summarize them here. First, the shift in the relative distribution of power has been more pronounced in the SCS than in the ECS. When compared to the smaller states of Southeast Asia, China's growth in power projection capabilities has been tremendous. Its naval capabilities outstripped those of the Philippines and Vietnam even before the modernization and expansion efforts beginning in the mid 2000s, and the gap has grown wider ever since. Similarly, China's capacities in its missile corps, PLAMC, and PLAAF have made tremendous strides while the Philippines capabilities have remained stagnant and Vietnam has made only modest gains. Contrast these developments with those in the ECS, where the Chinese PLAN and Japanese MSDF began on much more even footing, Japanese forces have made significant strides to avoid falling behind in the maritime and air domains, and a much more robust American presence helps even the score. While there are certainly signs of relative gains in

³⁰⁴ He, *The Search for Reconciliation: Sino-Japanese and German-Polish Relations since World War II*; Qiu, "The Politics of History and Historical Memory in China-Japan Relations."

power projection capabilities by Beijing in the ECS, they are more modest than its gains in the SCS.

Second, the case studies and analysis revealed a marked difference in China's α , or China's costs of imposing *faits accomplis* in the SCS and ECS. As discussed in previous chapters, this is closely associated with the first independent variable since some factors—increased naval ships on patrol in a region—affect both the probability of victory (p) and the costs of *faits accomplis* (α). Yet the two are conceptually distinct. The probability of victory deals only with the likelihood that one state prevails in a war with the other, while the costs of imposing *faits accomplis* aggregates the material and reputational costs of undertaking conflictual revisions but not attacking outright. Thus, the JCG's outpost on Senkaku would likely have virtually no impact on p , but dramatically raises α . Conversely, China's upcoming commissioning of its second aircraft carrier, the *Shandong*, or its newest generation of ASBMs could dramatically impact p , but have minimal impact on α . In the cases and analysis, we see that Japan has been able to raise China's costs of imposing *faits accomplis* materially, through its regular patrols through disputed waters and garrisoning of Senkaku, and nonmaterially, through diplomatic maneuvering to extract public support of its position in the dispute from the United States. In the SCS, however, the Philippines and Vietnam have not managed to extract similar commitments from the United States. Nor have they been able to effectively patrol disputed waters to restrict PLAN and CMS activity in the region.

The two cases provide at least two benefits to the dissertation. First, they offer thick historical and strategic context for understanding China's use of *faits accomplis*. Both case studies highlight the strategic importance of the maritime territories to China's security, but they also highlight the strategic importance of the disputed territories to the other claimants in the two

regions. This helps provide real-world examples of the more abstract decisions rendered in the theoretical model. More importantly perhaps, they allow for an opportunity to test the predictions of the model. The variation on the dependent variable between the two cases, along with the many similarities between them, provides an excellent framework for the structured focused comparison provided in Chapter 6. The following section traces the process of this integration of theoretical insights with empirical observations and draws out several theoretical and empirical implications of this study.

INTEGRATING THEORY AND EMPIRICS

The basic intuition of this dissertation's approach to theoretical models and empirical observations is that: 1. Solid theoretical models should produce testable, falsifiable predictions; and 2. Useful models help us make explicit the causal mechanisms that are often assumed in our theorizing about international relations. This section of the chapter explores the theoretical and empirical implications of this study with these intuitions in mind.

Theoretical Implications

That relative decline comes with undesirable losses to the distribution of benefits is not news to scholars of international relations. What this model and the study of these case studies offer, however, is additional insight into the causal mechanisms by which a rising power might manage to slice off a series of gains at the expense of the declining state. In the model, the rising state leverages the declining state's costs of war against it along with the rising state's increasing power, imposing *faits accomplis* or extracting concessions that are calculated to make the declining power indifferent between accepting detrimental changes to the status quo or going to war. In the cases, we see this play out in the SCS, where China's increasing power relative to the defenders of the status quo and low costs of imposing *faits accomplis* allowed it to successfully

wager that the United States, the Philippines, and Vietnam would not risk war to enforce the status quo in the face of China's revisions.

The pattern of seizures and compelled concessions that emerges in the model may also help explain why rising states elect to adopt conflictual behaviors such as *faits accomplis* even when the rising state has not yet reached parity with the declining state. In the model, we see instances of threatened *faits accomplis*, both in complete information and under incomplete information, well before the rising state reaches parity with the declining state. Indeed, a power transition in which the rising state reaches parity with the declining state is not at all necessary to observe either *faits accomplis* or war between the rising and declining states. We see these predictions bear out in the evidence presented by the cases as well. In the SCS case, China began attempts to revise the territorial status quo well before reaching parity with the primary defender of the status quo, the United States.³⁰⁵ In other words, the theoretical implications of the model extend both to power shifts generally and to power transitions—specific power shifts in which two poles of a dyad invert their relative power—in particular.

The model may also explain the timing of concessions or failures to enforce the status quo by declining states faced with rising challengers. In some instances when the rising type of challenger is known, concessions mitigate the losses portended by threatened *faits accomplis*. In other cases when the rising challenger's type is not known, however, the model reveals instances

³⁰⁵ Whether China has yet reached parity with the United States remains a contentious question within the international security literature. This dissertation does not seek to provide an answer to it. All that is necessary for this point to hold is for China not to have reached parity with the U.S. by 2009, when attempts to revise the status quo in the SCS began in earnest. On this point, there is ample agreement in the literature. Holmes and Yoshihara, "Deterring China in the 'Gray Zone': Lessons of the South China Sea for US Alliances."; Michael Beckley, "China's Century? Why America's Edge Will Endure," *International Security* 36, no. 3 (2012); "The Power of Nations: Measuring What Matters."; Babones, "The Middling Kingdom: The Hype and the Reality of China's Rise."; O'Hanlon and Steinberg, *A Glass Half Full?: Rebalance, Reassurance, and Resolve in the US-China Strategic Relationship*; Pillsbury, *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower*.

in which the declining state may allow revisions to the status quo in order to accomplish two aims. First, waiting until the rising state imposes *faits accomplis* ensures that no unnecessary concessions are made before they are required to forestall additional *faits accomplis*. Second, waiting for the rising state to impose a *fait accompli* allows the declining state to learn something about the rising state's costs of revising the status quo. In other words, the declining state can learn valuable information about the rising state's type by allowing *faits accomplis* early in the shift and calibrate its decision making based on this updated information. This may help explain instances of relatively strong states accepting *faits accomplis* by relatively weak states at one point in a conflict, then moving to reinforce or consolidate claims later in the conflict.

Finally, the dissertation also speaks to a causal mechanism present in frozen conflicts. It may suggest that territorial disputes that remain frozen in time may begin to thaw as one state manages to either reduce its costs of imposing a *fait accompli* (e.g. through whipping up nationalist or international support) or effect a significant shift in relative power. This could have implications for observers of frozen conflicts as varied as Kashmir, Israel, and Japan's dispute with South Korea over the Dokdo/Takeshima islands.

Empirical Implications

One implication of the model is that declining states have opportunities to learn about rising states' types and update their beliefs about them. For the United States, as a key alliance partner to Japan and the primary defender of the status quo in the SCS, this has important ramifications. It means that the *faits accomplis* we have observed in the SCS thus far are not simply lost ground. They are also opportunities for both the United States and China to learn and update beliefs about resolve and the costs of faits. They signal an upper bound to China's costs of imposing *faits accomplis*, cutting off some number of irresolute types from the possible types of rising power China might be. Moving a bit beyond the strict implications of the model,

however, the United States' failure to enforce the status quo may have hidden costs as well as the benefits of updated information. As the most powerful defender of the status quo in the SCS, Washington's acceptance of China's revisions may also shape China's perceptions concerning the willingness of the United States to enforce costs in the face of *fait accompli*. In a scenario in which China is unsure of American costs of war, or its resolve in the face of *faits accomplis*, it could be easy to confuse waiting in order to update information with a lack of resolve to enforce the status quo. If China assumes it is facing the latter scenario while the reality is that it is facing the former, the risk of miscalculation increases, and war may become more likely.

Beyond this update to beliefs, and considering the possibility of future *faits accomplis* in the ECS, there are at least two possible scenarios, as outlined in Chapter 6. The first is that China is hiding its true resolve for now out of fear of a preventative war when defenders of the status quo (ie a U.S.-led coalition) realize the extent of the PRC's strength and revisionist ambition. In the long run, this is the more dangerous situation for those potentially harmed by China's revisions. In this scenario, the danger is that China's rise continues unabated and its resolve to revise the international system remains undiminished. This scenario would be damaging not only to China's neighbors, which would be forced into costly concessions once a future more powerful China reveals its type, but also for the United States, which would see the postwar order it created in East Asia crumble as its credibility as enforcer of the status quo similarly erodes. The second is that China is playing honestly and the restraint in the ECS is genuine reservation about the prospects of successfully seizing territory or goading a concession. In this scenario, the news is better for Japan and the United States, but it is not without its dangers as well. In this scenario there is a danger that the United States mistakes the genuine China for the more resolute type: a danger of misreading China's signaling and initiating an unnecessary

conflict against an enemy that it perceives to be more resolute than it really is. And obviously there is also the risk that if power continues to shift towards China, the relative balance that has prevented *fait accompli* in the ECS may erode.

In either of these scenarios, there are important implications for what to expect as China's rise eventually comes to an end. In the model, the largest revision was always reserved for the last turn of the shift, the point at which the rising state had no more incentives to put off its *faits accomplis* and could push the declining state right up to its indifference point between accepting revisions and going to war. This is also the point at which highly revisionist types that have been masking their revisionist intentions are most likely to reveal the extent of their resolve. While it may be counterintuitive to think of the end of China's rise as possibly the most dangerous point in the shift, the theoretical model makes clear that it is the point at which we are most likely to see ambitious revisions to the status quo.

AREAS FOR FURTHER RESEARCH

Beyond the direct contributions this dissertation offers to the international relations literature, it has also created opportunities for further research. One such area lies in the formal modeling literature. While the model advanced in Chapter 3 takes one step towards understanding *faits accomplis* in the shadow of power shifts, more work remains to be done to further explore the formalities of *faits accomplis* in interstate bargaining. For instance, it would likely be worthwhile to explore the equilibria that emerge when both the rising and declining powers' costs of war are held as private information. This would more closely approximate reality, since states have beliefs about each others' costs but rarely can they know an exact value. As discussed in Chapter 3, the reason this dissertation did not attempt to do this is twofold. First, it sought to maintain as much similarity between the model it advanced and Robert Powell's

model of bargaining in the shadow of shifting power.³⁰⁶ This was for the sake of comparing the results of my model with the results of his, which was useful as an exploratory model. Second, because the *fait accompli* was the primary variable under study in this model, I wanted to study the effects of that variable under private information and the addition of two more variables with private information would have made the mathematics involved in exploring the model's equilibria much more complex without directly advancing the fundamental goal of the project – understanding the use of *fait-accomplis* and the role of uncertainty about the willingness of an adversary to advance a *fait accompli* in a power shift. Nonetheless, future attempts to model *faits accomplis* could avoid such tractability problems by holding the costs of *faits accomplis* as public information while hiding the costs of war.

Alternatively, another productive line of inquiry for studying *faits accomplis* in the shadow of shifting power could examine the effects of cumulative gains in revisions to territorial status quo. It is sometimes the case that increasing control over some portion of a disputed territory through a *fait accompli* does more than simply increase the portion of territory a state controls. In some instances, gaining control of a new portion of territory also increases the probability of victory in an armed conflict. Consider China's construction of artificial islands in the SCS. These islands are more than simple displays of control, they are armed stations with garrisons and missile installations. These eleven artificial islands may shift the probability of China's victory in a conflict with another state in the SCS. Currently, the model does not account for such endogenous changes to the rising state's probability of victory. One opportunity for future refinements to the model may be to account for the power consequences of cumulative gains in territorial disputes derived from *fait-accomplis*. The literature on such gains does not

³⁰⁶ Powell, *In the Shadow of Power*.

currently account for *fait accompli*, but the general intuition about *fait accompli* and preventative war developed in Chapter 3 would almost surely extend to this case: the availability of *fait accompli* would make it harder for states to resolve the credible commitment problems posed by power shifts and exacerbated by endogenous changes in power. The cost of a *fait accompli* would likely emerge as a critical determinant of the potential for a peaceful power shift.

Another area for further work on *faits accomplis* would be a quantitative project that tests the predictions of the model against a dataset of territorial disputes across time and space. Dan Altman has done tremendous work in compiling a dataset of *faits accomplis* in territorial disputes since the Second World War.³⁰⁷ His work would provide an excellent starting point for such a quantitative study. Possible avenues for exploration include testing the prediction that *faits accomplis* will occur in the context of shifts in power (and particularly in the context of rapid or prolonged shifts) and testing the prediction that *faits accomplis* can trigger war when they signal a high degree of resolution on the part of the rising power. Altman's data could be combined with the Correlates of War data on state power to create a relatively simple test of two of the model's theoretical predictions.

A final area for further study on *faits accomplis* could involve the exploration of *faits accomplis* in areas unrelated to territorial disputes. While this study focuses on the military *fait accompli* as seen in territorial disputes, there is good reason to suspect that the fundamental principles may extend well beyond this context. Other areas of application may include trade disputes, acquisitions and hostile takeovers in the business world, and other non-military revisions to status quos in other contexts. The fundamental intuitions of progressive improvement of bargaining position, opportunity to unilaterally seize some portion of a divisible

³⁰⁷ Altman, "By *Fait Accompli*, Not Coercion: How States Wrest Territory from Their Adversaries."

good, and the costs of enforcement remain open to application in other fields beyond security studies.

Beyond the study of *faits accomplis*, this dissertation could be useful as a point of departure for further studies into grey zone conflicts more generally. A new and rapidly growing field of research, the literature on grey zone conflicts is important but still under-theorized. This dissertation provides a starting point for further work conceptualizing the various tools at the disposal of states exercising grey zone strategies and theorizing the mechanisms that lead to their use. It does this by exploring one tool of grey zone conflict and providing a set of analytical tools to apply to the study of others.

Apart from the theoretical avenues for further research, this dissertation also opens the door for future policy-focused work on the security dynamics of the SCS and ECS and U.S.-China relations in particular. Although much has been written on U.S.-China competition, relatively little of the existing literature addresses the role of the *fait accompli* as an explicit tool of Chinese foreign policy in revising the regional security structures to better serve its purposes in a broader strategic context. There is room for a study into the future augured by China's current revisions in light of other frozen conflicts between the United States and China. One such area not addressed at length in this dissertation is the prospect of an attempted *fait accompli* against Taiwan on the island of Formosa. Situated in the center of the first island chain, Taiwan is strategically critical to the U.S. as a strategic backstop against continued pressure from China on Washington's ability to project power into the ECS and SCS regions. Allowing a *fait accompli* on Formosa would greatly jeopardize Washington's ability to contain China's growing appetite for revisions in and beyond the first island chain, yet recent literature on U.S.-China relations has often neglected Taiwan as a crucial element of U.S. policy. Work building off of

this dissertation could integrate Taiwan into the security systems of the SCS and ECS, building a holistic study of the risks and possible outcomes of an attempted *fait accompli* against Taiwan.

POLICY IMPLICATIONS FOR UNITED STATES

Given the constrained strategic environment in which the United States must pursue its interests in the Asia Pacific, what would a strategy to attempt to both engage and restrain China look like in policy terms? Broadly speaking, such a policy calls for engagement in areas of shared interests, restraint on issues that are of peripheral interest to the United States but are core interests to Beijing, and reinforcement of American positions that are core American interests. To illustrate this approach, this paper concludes by outlining how selective engagement might play out in terms of two broad avenues for engaging with China and three areas of reinforcement of American interests in the region.

Two Avenues for Engagement

The first area for engagement is arms control measures. In particular, The United States has opportunities to productively engage China with regards to nuclear weapons, space, and rules of engagement for naval reconnaissance aircraft in a way that promotes mutual trust and minimizes risks of accidental conflict between the two states. The United States and China have already agreed to multilateral agreement banning the use of space-to-surface missiles but both sides increasing use of space-based technology to augment military capabilities suggests that there remains more room for arms controls.³⁰⁸ For instance, Washington could open negotiations with Beijing over a further treaty that prohibits the destruction of or disruption of communication to satellites belonging to the other state. While this is not a revolutionary concept, it is a first step in establishing mutual cooperation and protects both states from the urge to preemptively strike

³⁰⁸ O'Hanlon and Steinberg, *A Glass Half Full?: Rebalance, Reassurance, and Resolve in the US-China Strategic Relationship*, 168.

the other's satellite communication networks in the event of a conflict. Second, one of the more persistent sources of tension between China and the United States of late has been the issue of surveillance flights.³⁰⁹ Because no formal treaty exists between the U.S. and China outlining boundaries for acceptable surveillance runs or rules of engagement between surveillance aircraft and escorting planes, Washington has pursued a policy that emulates its standing Open Skies agreement with Russia. However China has made no such agreement with the U.S. and thus acts defensively when the U.S. follows its standard operating procedure.³¹⁰ Similarly, the near collisions of the American survey ships USNS Impeccable and USNS Victorious with Chinese coast guard vessels in 2009 illustrates a need for a joint plan to reduce the risks of incidents at sea. The risks of escalation spirals in both maritime and air surveillance could be mitigated through bilateral Sino-American treaties that seek to emulate Russo-American arrangements to build trust and minimize risks in the aftermath of the Cold War. These agreements are symmetrical, granting both states rights of observation within a given distance of the others' coastline so they provide a new level of transparency between both parties, and because both the U.S. and China have the ability to conceal secrets critical to their national security, neither gives up the keys to the kingdom through such a bilateral treaty.

Second, the United States can invite China to cooperate with it in strengthening Arctic institutions and developing that region's hydrocarbon industry. While this may seem far afield from the two states' conflicts of interest in East Asia, this would actually accomplish several goals simultaneously. It gives China a more prominent place at the table, as a cooperating partner with a recent chair of the Arctic Council, helps address China's growing energy deficit,

³⁰⁹ The crash of a United States EP-3 aircraft on a reconnaissance run in 2001 sparked a particularly intense round of saber-rattling between Beijing and Washington.

³¹⁰ *Ibid.*, 197-198

strengthens the United States' recent bid to play a stronger leadership role in Arctic affairs, and gives the United States an eager market for its natural gas deposits in the Arctic. Furthermore, because Washington is under no compulsion to bring China into further involvement in the Arctic, doing all of this would send yet another strong, unforced signal to China that Washington seeks a cooperative, not adversarial relationship moving into the 2020s. This avenue should be open to adjustment as the United States continues to observe China's behavior and learn more about the extent of its revisionist intentions. The United States and its partners in the Arctic Council could use issue linkages, even implicitly, to tie continued access to the Council to restraint in China's contested maritime disputes. After all, China's behavior in the SCS could well portend its behavior in the Arctic. This would make this avenue of engagement a tool for raising the costs of further revisions in the SCS and ECS, while opening the door for cooperation between the U.S. and China.

Three Areas for Reinforcement

The aforementioned avenues of engagement are designed to show a rising China that it need not fear containment from the United States while granting an ambitious China some of the respect it desires and a more prominent place as a responsible member of the international community. Still, there are three areas where the United States should reinforce its position rather than concede to China's attempts at revision: freedom of navigation, the application of international law to territorial disputes, and Taiwan. Reinforcing in these three areas will help the United States increase China's costs of further revisions in the region, and may help stop its salami-slicing tactics altogether.

Most obviously, the United States cannot concede its commitment to the maintenance of free navigation on the high seas. Not only is this a critical issue to the U.S. Navy's need to traverse the South and East China seas to transit from one theater to another, conceding the issue

of free navigation would give unnecessary legitimacy to China's unfounded claims to sovereignty that far exceed those mandated in the United Nations Convention on the Law of the Sea (UNCLOS). Washington's influence abroad is a factor of both its power and its legitimacy, and each impacts its ability to shape outcomes in East Asia. In terms of power, the United States has the mass, economic clout, and military capacity to enforce its commitment to freedom of navigation in the SLOCs that traverse the region's waterways. Even with China's efforts to modernize and expand its naval strength, the United States' naval power projection capabilities are not fully negated, as demonstrated by its continuing FONPOPs in the region, and its commitment to freedom of the seas raises the costs of Chinese attempt to enforce its claims of exclusive economic prerogatives and military exercises in these waters.

Ensuring freedom of navigation in the region would also have additional benefits in terms of American alliances in the region. One key dynamic in alliances where weaker allies feels threatened by a strong third party is the tension between abandonment and entrapment. The weaker member of the alliance, faced with an external threat to its security fears that the stronger power may not come to its aid, while the stronger member is concerned by the possibility of being drawn into a conflict between the weaker member and the powerful third party. Even if the allied powers prevail in such a conflict, doing so may well entail more costs than the stronger member would wish to pay. In this case, the United States can reduce its regional allies' concerns of abandonment by demonstrating its resolve to keep SLOCs open and defend its allies' territorial integrity. This, in turn, lowers the risk of a regional arms race and possible entrapment that may ensue if the Japan and the Philippines perceive a need to take matters into their own hands and build up substantial naval capabilities to counter China's assertive policies.

Beyond simply enforcing its standing commitment, however, the United States should strengthen its position by ratifying UNCLOS. This would not change Washington's physical capability to enforce free navigation, but it would enhance its legitimacy in this issue with the other claimant states, all of which have ratified the treaty. Having acceded to UNCLOS, the U.S. should formally support the use of the UNCLOS tribunal for settling all maritime territorial disputes, both in East Asia and elsewhere. Doing so strengthens the case of smaller states with contested maritime borders with China, while also strengthening America's position in negotiating Arctic maritime disputes with Canada and Russia. Furthermore, it underscores that the United States will not accept an outcome in Asia wherein China imposes its own revisions to maritime boundaries on its neighbors through force.

Finally, the United States should maintain its current policy regarding the China-Taiwan relationship. As outlined above, the island's location is strategically important and allowing it to become part of the mainland would greatly enhance Beijing's ability to project force beyond the first island chain. It is also important to maintaining American credibility to its alliance partners which, in turn, raises Beijing's costs of imposing unilateral revisions to the status quo in the region, including against Taiwan. Credibility building measures with Taiwan can and should include continuing to provide means of self defense against China's growing power projection capabilities, diplomatic efforts aimed at bolstering Taiwanese autonomy and status in the global commons, and clear statements of commitment to peaceful negotiations between Beijing and Taipei.

CONCLUSION

This dissertation has sought to open up the conversation about *faits accomplis* in two complementary ways. First, it has advanced an original formal model of *faits accomplis* in the shadow of power shifts, interacting the effects of dynamic power on a rising state's decision to use *faits accomplis* to

revise the status quo in an ongoing territorial dispute. Second, it has tested the predictions of the theoretical model against the evidence amassed in two cases of territorial disputes, China's maritime territorial disputes with its Southeast Asian neighbors in the South China Sea, and those with Japan in the East China Sea.

The dissertation has contributed to the international relations literature at three levels of generality: China's security strategies, the security dynamics of East and Southeast Asia, and the growing body of work on *faits accomplis* in security studies. It has offered and analyzed a coherent structural explanation of China's behavior in the South China while also providing insight into when and where we might expect *faits accomplis* in other contexts, and under what conditions such *faits accomplis* may give rise to war.

The results of this analysis are provocative. They question the received wisdom of Power Transition Theory that rising states will challenge declining states only once they approach parity of power. Instead, my model and analysis suggest that any shift in power, accompanied by sufficiently low costs of revision, can trigger *faits accomplis* on the part of dissatisfied rising states. They also suggest that the conditions for preventative war are weaker than previous formal models have predicted, making war a more likely outcome of power shifts than was previously thought. Finally, they open up a number of new avenues for further research into formal modeling of interstate bargaining, *faits accomplis*, and the security dynamics of U.S.-China relations, and suggest a set of practical policy implications for the United States as it moves forward into the 21st century.

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APPENDIX A

GENERALIZED PAYOFF STRUCTURE OF THE GAME

The payoffs specified below represent various single paths through the game tree in which the various options laid out in the initial description of the model take place in isolation from other actions. For example, the first payoff function specifies the payoffs for both players accepting status quo from the first turn of the game onward. These payoff structures are relevant to both players calculations, even though they are intentional simplifications of the interactions available to the players at any given turn of the game.

Payoffs for continued status quo: no offer greater than q D, no *fait accompli*, and no war

$$U_D(\text{continuing status quo}) = \sum_{t=0}^{\infty} \delta^t U_D(1 - q_t)$$

$$U_R(\text{continuing status quo}) = \sum_{t=0}^{\infty} \delta^t U_R(q_t)$$

Payoffs for voluntary concessions by D where D makes an offer of $x > q$ at time c .

$$U_D(\text{single offer at time } c) = \sum_{t=0}^{c-1} \delta^t U_D(1 - q_k) + \sum_{t=c}^{\infty} \delta^t U_D(1 - x_c)$$

$$U_R(\text{single offer at time } c) = \sum_{t=0}^{c-1} \delta^t U_R(q_k) + \sum_{t=c}^{\infty} \delta^t U_R(x_c)$$

Payoffs for an accepted *fait accompli* in any round f , where y is the new distribution of territory after R's seizure and α is R's cost of implementing a *fait accompli*.

$$U_D(\text{fait accompli at turn } f) = \sum_{t=0}^{f-1} \delta^t U_D(1 - q_t) + \sum_{t=f}^{\infty} \delta^t U_D(1 - y_t)$$

$$U_R(\text{fait accompli at turn } f) = \sum_{t=0}^{f-1} \delta^t U_R(q_t) + \sum_{k=f}^{\infty} \delta^k U_R(y_k - \alpha)$$

Payoffs for war without *fait accompli* at $t=w$

$$U_D(\text{war at time } w) = \sum_{t=0}^{w-1} \delta^t U_D(1 - q_t) + \frac{\delta^w(1 - p_w - d)}{1 - \delta}$$

$$U_R(\text{war at time } w) = \sum_{t=0}^{w-1} \delta^t U_R(q_t) + \frac{\delta^w(p_w - r)}{1 - \delta}$$

Payoffs for war after an attempted *fait accompli* at time e .

$$U_D(\text{war following a } \textit{fait accompli} \text{ at turn } e) = \sum_{t=0}^{e-1} \delta^t U_D(1 - q_t) + \frac{\delta^e(1 - p_e - d)}{1 - \delta}$$

$$U_R(\text{war following a } \textit{fait accompli} \text{ at tur } e) = \sum_{t=0}^{e-1} \delta^t U_R(q_t) + \frac{\delta^e(p_e - r - \alpha)}{1 - \delta}$$

APPENDIX B

SOLUTION FOR D'S OPTIMAL OFFER UNDER COMPLETE INFORMATION

The underlying intuition of this optimal offer calculation is the need to capture the effects of shifting power on D's optimal offer. Accordingly, the left side of the equation represents R's indifference point between accepting an offered split of the territory and imposing a *fait accompli* in any turn t . This is based on the indifference point in Equation 5, except that now we are in a generic turn $t < T$. Since we are in some turn earlier than T , power is still shifting, which means that D must consider R's continued increase in power (p) in calculating R's indifference point. The right side of the equation represents R's utility of an optimal offer in turn t (x_t^*), plus the expected power shift in its favor in the following turn (for all turns $t < T$). The δ represents the time discounting for one turn while $\frac{(p_{t+1} + d - \alpha)}{1 - \delta}$ represents R's new indifference point in the turn following t , after p has shifted in R's favor.

$$\frac{p_t + d - \alpha}{1 - \delta} = x_t^* + \frac{\delta(p_{t+1} + d - \alpha)}{1 - \delta}$$

We then solve for x_t^* as follows:

$$\begin{aligned} (1 - \delta)(x_t^*) &= p_t + d - \alpha - \delta(p_{t+1} + d - \alpha) \\ &= p_t + d - \alpha - \delta p_{t+1} - \delta d + \delta \alpha + \delta p_t - \delta p_t \\ &= p_t + d - \alpha - \delta(d - \alpha) - \delta p_t - \delta p_{t+1} + \delta p_t \\ (1 - \delta)U_R(x_t^*) &= (1 - \delta)(p_t + d - \alpha) - \delta(p_{t+1} - p_t) \\ x_t^* &= p_t + d - \alpha - \frac{\delta(p_{t+1} - p_t)}{1 - \delta} \end{aligned}$$

APPENDIX C

COMPLETE INFORMATION COMPARATIVE STATICS

Table C.1: Variance on α Under Complete Information

d	α	Δ	$\bar{p} - \underline{p}$	outcome
0.3	0.05	0.05	0.5	war
0.3	0.1	0.05	0.5	war
0.3	0.15	0.05	0.5	concessions
0.3	0.2	0.05	0.5	concessions
0.3	0.25	0.05	0.5	concessions
0.3	0.3	0.05	0.5	concessions

Table C.2: Variance on d Under Complete Information

d	α	Δ	$\bar{p} - \underline{p}$	outcome
0.15	0.1	0.05	0.5	war
0.2	0.1	0.05	0.5	war
0.25	0.1	0.05	0.5	war
0.3	0.1	0.05	0.5	war
0.35	0.1	0.05	0.5	concessions
0.4	0.1	0.05	0.5	concessions

Table C.3: Variance on Δ Under Complete Information

d	α	Δ	$\bar{p} - \underline{p}$	outcome
0.4	0.1	0.1	0.5	war
0.4	0.1	0.083	0.5	war
0.4	0.1	0.071	0.5	war
0.4	0.1	0.063	0.5	war
0.4	0.1	0.056	0.5	concessions
0.4	0.1	0.05	0.5	concessions

APPENDIX D

SOLUTION FOR SEPARATING/POOLING EQUILIBRIA UNDER INCOMPLETE

INFORMATION

$$\sum_{t=0}^{s-1} \delta^t (q_t) + \sum_{t=s}^{\infty} \delta^t \left(\max \left\{ q_t, p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right\} \right) >$$

$$\sum_{t=0}^{s-1} \delta^t (q_t) + \sum_{t=s}^{c-1} \delta^t \left(p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right) + \sum_{t=c}^{\infty} \delta^t \left(p_t + d - \underline{\alpha} - \frac{\delta \Delta}{1 - \delta} \right)$$

$$\frac{\max \left\{ q_t, p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right\}}{1 - \delta} > \frac{(\delta^s - \delta^c) \left(p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right)}{1 - \delta} + \frac{\delta^c \left(p_t + d - \underline{\alpha} - \frac{\delta \Delta}{1 - \delta} \right)}{1 - \delta}$$

$$\max \left\{ q_t, p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right\} > (\delta^s - \delta^c) \left(p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right) + \delta^c \left(p_t + d - \underline{\alpha} - \frac{\delta \Delta}{1 - \delta} \right)$$

$$\max \left\{ q_t, p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right\} > \delta^s \left(p_t + d - \bar{\alpha} - \frac{\delta \Delta}{1 - \delta} \right) + \delta^c (\bar{\alpha} - \underline{\alpha})$$

APPENDIX E

INCOMPLETE INFORMATION COMPARATIVE STATICS

Table E.1: Variance on Low α Under Incomplete Information

d	α Low	α High	Δ	Total	outcome
Shift					
0.3	0.05	0.25	0.04	0.4	Honest
0.3	0.07	0.25	0.04	0.4	Honest
0.3	0.09	0.25	0.04	0.4	Honest
0.3	0.11	0.25	0.04	0.4	Bluff
0.3	0.13	0.25	0.04	0.4	Bluff
0.3	0.15	0.25	0.04	0.4	Bluff

Table E.2: Variance on d Under Incomplete Information

d	α Low	α High	Δ	Total	outcome
Shift					
0.24	0.1	0.25	0.04	0.4	Honest
0.26	0.1	0.25	0.04	0.4	Honest
0.28	0.1	0.25	0.04	0.4	Honest
0.3	0.1	0.25	0.04	0.4	Bluff
0.32	0.1	0.25	0.04	0.4	Bluff
0.34	0.1	0.25	0.04	0.4	Bluff

Table E.3: Variance on Δ Under Incomplete Information

d	α Low	α High	Δ	Total Shift	outcome
0.3	0.1	0.25	0.05714	0.4	Honest
0.3	0.1	0.25	0.05	0.4	Honest
0.3	0.1	0.25	0.04444	0.4	Bluff
0.3	0.1	0.25	0.04	0.4	Bluff
0.3	0.1	0.25	0.03636	0.4	Bluff

VITA

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- Security cooperation and the small states' efforts to balance against great powers