CHAPTER 1

INTRODUCTION

The Senkaku/Diaoyu Islands are a small group of islands northeast of Taiwan and southwest of Okinawa. The islands are located 410 km from Okinawa, and 330 km from the Chinese mainland:¹

Map 1.1: Senkaku/Diaoyu Islands

Although the islands once supported roughly 200 Japanese citizens and several industries, today they are uninhabited and closed off from the public. The only utilization of some of the islands is as firing range for the United States Navy. However, despite their unassuming looks as barren rocks without economic activity or population, the Senkaku/Diaoyu Islands serve as the focal point of a major power competition between China and Japan. While the islands are under the control of Japan, they are also claimed by the People’s Republic of China (PRC or China) and the Republic of China (ROC or Taiwan). In recent years, China has become increasingly assertive in challenging Japanese sovereignty and effective control over the islands, leading to a significant escalation in tension (as discussed in Chapter 2).

The dispute between China and Japan concerning the sovereignty of the islands has received increasing attention since 2012 due to escalating tensions between China and Japan. Despite this, the dispute is still not one of the well-known territorial disputes, based on the lack of academic literature on the subject (see literature review), especially compared to the similar disputes on the South China Sea. The most worrying trend concerning the Senkaku/Diaoyu Islands has been the increased militarization of the dispute. Occasional sabre rattling and diplomatic condemnations have been a typical part of the history of the dispute since the 1970s. Thus, the traditional view, based on the reviewed academic literature, has been that the strife between China and Japan does not threaten regional security. However, since 2012, the dispute increasingly involves a military component, and thus the potential for violence, necessitating a re-examination of one’s key assumptions concerning the issue. In 2013, Chinese ships locked targeting radars on Japanese vessels. In 2014, China declared an air defence identification zone conflicting with Japan’s. Chinese and Japanese ships and aircraft have been in almost daily contact since China has significantly stepped up its presence in the disputed waters and airspace, creating a tinderbox waiting for an accident to light it. At the same time, the Japanese government has been shifting its security posture increasingly towards military deterrence, seeking opportunities to become more active on regional security issues. Yet the pre-2012 thinking of an armed confrontation being unthinkable continues to be dominant, despite obviously changing circumstances. One has to question whether such an assertion maintains academic validity. A critical examination of the dispute and the policy issues surrounding it is necessary to account for changing conditions.

The security environment of Northeast Asia has changed significantly over the years. The rise of China presents a significant challenge to traditional regional major powers such as Japan. At the same time, the rise of China also presents a challenge for
China itself: the Chinese Communist Party (CCP) has to decide how to use China’s newfound power and influence in order to best further their national interests. This presents a policy challenge China has not faced well over a century. It seems counterintuitive that much of the pressure accumulated from these changes would be focused on the remote and seemingly low-importance Senkaku/Diaoyu Islands. This research highlights that besides economic and political interests, the disputed islands possess high strategic importance. And as in the case of anything valuable, humanity’s history of wars and bloodshed highlights that one cannot simply rule out the possibility of confrontation, at least not without sufficient critical evaluation.

Thus, based on the gap identified in the literature review, this research seeks to approach the Senkaku/Diaoyu Islands from a commonly neglected approach, that of security. The possibility of an armed confrontation might look unlikely to some, but one should remember that states have fought for less, and categorical dismissal of the possibility is detrimental to effective policy formulation. While economic interdependence has acted as a constraining force on interstate conflicts in the post-Cold War order, it did not render military force obsolete, despite the hopes of its most stringent proponents. Thus, the increasingly severe security dilemma between China and Japan forces us to ponder the question of whether an armed confrontation between the two major Asian powers is unthinkable. This research seeks to examine this conundrum.
1.1 Research Objectives

In order to fully examine the conundrum the Senkaku/Diaoyu Islands dispute poses for Chinese foreign policy, this research proposes to pursue a number of objectives: First, in Chapter 2 the research examines the importance of the Senkaku/Diaoyu Islands, focusing on three key interconnected areas – territorial security, economic development and internal stability. This serves to establish the foundation of the rational choice model that is used in this research. Understanding the potential benefits gaining control over the islands would provide to China is essential in understanding the benefit side of the cost/benefit/risk ratio upon which the rational choice model depends.

Second, the research seeks to provide an in-depth critical analysis on the various foreign policy options available to Beijing to pursue sovereignty and/or effective control over the islands. These options are divided into two main categories: Military and non-military options. After an introduction to each option, including tentative execution where appropriate, two key issues are to be focused on, based on the key principles of the rational choice model used in this research. One, feasibility. This research seeks to determine whether a certain course of action can be carried out or not. Establishing feasibility is critical to the creation a feasibility set of options which will ultimately compete as part of the rational choice analysis. Two, if an option is determined to be feasible, the research seeks to examine the benefits, costs and risks associated with the foreign policy option. This allows the creation of a single cost/benefit/risk ratio, which can be used to compare and contrast options as part of the rational decision making process.

Third, this research aims to utilize the anticipatory power of the rational choice model to determine China’s likely potential course of action over the Senkaku/Diaoyu Islands dispute. The cost/benefit/risk ration allows the ranking of various feasible foreign policy
options. The rational choice would be to pursue the most optimal course of action, i.e. the one with the best cost/benefit/risk ratio. This methodological approach, combined with the theoretical foundation of offensive structural realism, allows the research to anticipate China’s expected conduct over the East China Sea. A favourable rating for a military course of action would be an indicator for a potential armed confrontation between China and Japan. At the same time, if a non-military option emerges as the optimal course of action, it would indicate that, despite increasing tensions, the risk of armed confrontation remains low.

Fourth, this research aims to explore the implications of the rational choice calculations for three key stakeholders in the dispute: China, Japan and the United States. The policy formulation of all of these actors is effected by the outcome of China’s rational decision making process. China has to adapt its broader policy to accommodate the outcome. For example, Beijing needs to increase military preparations if direct use of force emerges as a rational course of action. Similarly, the outcome effects Japan’s and the United States’ policy planning. They have to modify their policies to suit the outcome of the rational choice process, for example to increase military deterrence or to increase the attractiveness of non-military options.
1.2 Literature Review

1.2.1 The Senkaku/Diaoyu Islands Dispute

The Senkaku/Diaoyu Islands dispute has received limited academic attention in the past, especially compared to the similar disputes in the South China Sea. There are two important questions to consider. Why, or in other words what interests the parties wish to pursue. And how, or in other words what tools they might employ to achieve said interests. Yet, the academic literature on both of these issues is lacking and often follows a one-track logic.

There is a limited exploration of why China would seek to control the disputed islands, i.e. what it hopes to achieve through continuing to pursue its claims. One of the key texts used to discuss the history of the dispute is authored by Koo. Koo identifies three possible reasons why Beijing might seek control over the Senkaku/Diaoyu Islands: symbolic attachment to the territory, economic resources and strategic positioning. The crux of his argument is that China values its mutual economic ties with Japan more than it values any of these interests. Thus, it would be unwilling to escalate the dispute beyond a certain point. There are two crucial weaknesses to this argument: One, Koo spends little attention on the competing interests. They are fleshed out within the space of two paragraphs before moving on. Thus, the value of said interests is not clearly established. Or even what these three interests actually cover, especially strategic positioning. Based on Koo’s analysis it is simply not possible to credibly determine the value of these interests relative to the value of mutual economic interests. Thus, his analysis fails to provide a compelling argument on why one should expect Beijing to value its economic ties over possible security and political benefits. Two, the argument is based on the idea that the relative value of competing interests remains constant, i.e.

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the value of security interests does not increases or the value of economic interdependence decreases.

At its core, this oversight can be traced back to Koo’s chosen theoretical framework: his argument is based on the liberal peace school of thought. At its core, this school argues that mutual economic ties almost always outweigh the benefits of aggressive military action. A critical weakness of this line of inquiry is its overly economist focus. Fravel\(^3\) highlights that proponents of the ‘economic interdependence as security guarantor’ school of thought often focus exclusively on the negative economic impact of the conflict, i.e. loss of trade, relative to the economic gains from it, as well as relative to the pre-conflict economic ties, while neglecting the security and political interests fulfilled through the use of force.

Chung\(^4\), the other article utilized in Chapter 2 to reconstruct the history of the dispute, commits a similar oversight. Chung is more pessimistic than Koo in the regard that he argues that escalation might break loose of control unintentionally. But once again, Chung devotes little attention to why China desires the islands. It comes the closest to such an examination when he argues that China might attempt to use the dispute as a diversion from domestic political issues, which increases the threat of escalation.

Highlighting the economic aspects of the dispute is a common element among various researchers, such as Su\(^5\), Zhongqi\(^6\), Kim\(^7\), Liao\(^8\) and Smith\(^9\). This hypothesis

\(^7\) Suk Kyoon Kim, "China and Japan Maritime Disputes in the East China Sea: A Note on Recent Developments," *Ocean Development & International Law* 43, no. 3 (2012), 296-308.
argues that the dispute is continued to be escalated because both parties try to gain control of the economic resources around the disputed islands. There is a number of flaws with this line of argument: One, if the dispute would be a primarily economic matter, the parties would be more willing to seek a joint-development scheme to gain access to the resources. Liao highlights that this is not possible as the economic dispute is intertwined with a historical dispute between China and Japan. Yet, one would expect that if economic interests would be the key motivators, then a pragmatic China would seek some kind of compromise. Furthermore, China has similar disputes on the South China Sea, where limited negative shared historical experience exists, mostly limited to Vietnam, yet it failed to create stable joint-development schemes. Two, with the virtual collapse of global oil prices, one would expect the conflict to subside, as the development of one’s own resources becomes less pressing. Yet, the dispute continues to be a source of antagonism, despite a reduction in the economic value of the resources concerned.

The economist approach is further questioned by Nagy. He argues that recent escalation in tension caused significant damage to mutual economic ties due to the vandalism of Japanese businesses, the shutdown of operations in Japanese factories and reduction in both the number of tourists and the value of FDI (foreign direct investment) from Japan to China. Nagy argues that previously one could observe a separation of politics and economics, in favour of economics, which has been the presumed modus operandi of Beijing. This gave way to a new approach where China’s economic clout is used to achieve its political objectives, regardless of whether it damages the Chinese economy or not. Such behaviour undermines arguments both supporting the economist

explanation of the dispute and presented by proponents of economic interdependence as sufficient deterrent.

Another approach to explaining why the dispute continues to be a sore point in Sino-Japanese relations is to attribute escalation to factors outside the dispute itself. Koo argues that escalation occurs when leaders in Japan or China experience a “legitimacy deficit”, to which they respond by instigating a conflict to boost their nationalist credentials. At the same time, when leaders experience surplus political capital, they can afford to act in a more conciliatory matter. In essence, Koo argues that continued periodical escalation over the Senkaku/Diaoyu Islands is motivated by domestic politics while the Senkaku/Diaoyu islands dispute itself merely provides an outlet for politicians to boost their own domestic standing by taking a hard stance against the other state. That said, Koo insists that if forced to choose, economic interests will supersede political motivations. Kristof expresses a similar sentiment albeit his take on the dispute is more pessimistic. He argues that “insecure regimes may try to boost their legitimacy by picking a fight, distracting disconnected citizens with military adventures”. In essence he turns around the argument presented by Koo: According to Kristof, a regime suffering from a legitimacy deficit might pursue a military campaign to maintain its grip on power, i.e. he expects the political considerations to supersede the economic interests. Chung also argues that “the timing, method and intensity of the claims, when it was periodically reasserted, were dictated not only by the positions of the three countries on the sovereignty question, but more importantly, by domestic factors not fully within the control of the governments”. Once again, the argument is very similar to that of Koo’s, but Chung is more pessimistic of the implications of this

12 Nicholas D. Kristof, "The Problem of Memory. (Cover Story)," Foreign Affairs 77, no. 6 (1998), pg. 37-49.
13 Ibid., 38.
trend, albeit not as much as Kristof. Chung argues that if China decides to use the issue to distract from domestic problems, it could create an environment fertile for escalation that could defy attempts to control it.

A critical weakness of this approach is that this avenue of explanation essentially considers the actual islands to be of limited importance. They are important as a symbolic issue that can act as an outlet for politicians seeking to demonstrate nationalist credentials, not as actual territory worth to be controlled. Such an approach also means that it is not in the interests of either side to seek a meaningful solution to the situation as it would eliminate said outlet.

One perspective curiously missing from the above sources is security. The islands are not usually explored for their possible strategic significance. This fact is highlighted by Zhongqi as he argues that the security dimension of the dispute is neglected by the greater academic literature. While he acknowledges the economic and political significance of the dispute, he also argues that the islands are particularly important for China’s national defence. Control over the islands would grant a significant military advantage to China as it would create an enlarged frontier, as well as a wider maritime buffer zone around the mainland. Smith is also critical of the economist argument and argues for a wider security perspective. He recognizes that the strategic significance of the islands goes beyond the islands themselves: The islands could act as a focal point for China’s attempts to confront the U.S.-led regional security system. Gaining control of them would signal a clear shift in the balance of power and would be a tangible milestone for China’s rise as a great power.

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15 Zhongqi, "Sino-Japanese Dispute over the Diaoyu/Senkaku Islands: The Pending Controversy from the Chinese Perspective."
16 Smith, "A Crisis Postponed."
While both Zhongqi and Smith raises important points, the exploration of the strategic significance of the islands remains woefully incomplete in the literature dealing with the Senkaku/Diaoyu Islands. Overall, most sources explore the origins and continued existence of the dispute from an overly economic focused approach or attribute it to external factors. Both approaches have their caveats. On the one hand, if one examines the dispute from an overly economist perspective it is easy to conclude that escalation beyond a certain point is unlikely as in the balance book mutual economic ties offer better returns than confrontation. However, this approach fails to account for how the islands could contribute to China’s security and the overall grand strategic context. From a realist perspective, a state’s primary motivation is security, all other interests are dependent on the existence of satisfactory security. Thus, if the islands could meaningfully improve China’s security or its relative power position vis a vis Japan, then pursuing control over them would be rational even in the face of significant economic costs. Without accounting for the security perspective, the economist approach is incomplete and offers the risk of biased conclusions. On the other hand, the external factor focused approach, which attribute limited actual importance to the islands themselves, fails to explain the overall downward trajectory of the dispute – discussed in Chapter 2 – and the lengths both China and Japan seems to be willing to go to secure their interests. In either case, a comprehensive inclusion of the strategic perspective is sorely lacking from the available literature.

When discussing the ‘how’ element of the issue, i.e. what tools are available for China to pursue its interests over the islands or to Japan to deal with increasing Chinese assertiveness over the issue, the academic literature offers even fewer answers. Despite this research’s best efforts to locate materials on the subject, no academic paper reviewed offered any examination of this issue in detail. The lack of attention to how parties can and should act within the confines of the dispute is puzzling.
Koo considers the dispute to be an outlet for other forces, thus, the focus of his examination is on what restrains escalation. As he argues from an economist perspective the solution is simple: economic interdependence dis-incentivizes escalation above a certain level. However, no attention is given to whether the parties achieve anything with the continuous cycles of escalation/de-escalation. Koo not only does not analyse whether the parties progress closer to their supposed interests over the disputed islands, which he neglects to discuss in detail to begin with, but violates its own internal logic by not discussing whether purposeful escalation is successful in diverting domestic criticism. As cycles of escalations seemingly coincide with periods of domestic criticism a conclusion is made that such cycles are motivated by said periods of criticism. However, no evaluation is made whether the initiating government is successful in diverting criticism or such a tactic fails to achieve its objective.

A similar charge can be raised against much of the existing literature. The articles that even make a passing remark on the possible tools available to the competing countries to secure their interests are few and far between. Chung argues that “with historical grievances and indivisible sovereignty, it seems that the limits of diplomacy have truly been reached, at least within this dispute”\(^\text{17}\). In essence, he expresses pessimism regarding the possibility of a negotiated solution to the dispute. Yet, he makes no attempt to further interpret this. The implications of the view ‘the limits of diplomacy have been exhausted’ remain unclear. It is not explored whether this means that one should expect the parties to resort to the use of force or whether the dispute simply continue to exist perpetually unresolved. Smith is similarly pessimistic when arguing that “in general, because of changes in the geopolitical environment, including the relative power position of Japan vis-à-vis China, opportunities for

peaceful resolution seem to be fading rapidly\textsuperscript{18}, but similarly to Chung the thought is not carried further.

Many of the sources are in agreement that an armed confrontation between China and Japan over the issue is unlikely. The key argument for this is economic interdependence as discussed above. However, no justification is provided for this beyond the dogmatic insistence on the unattractiveness of the use of force. No analysis is conducted to determine whether the use of force could be a valid foreign policy tool within the context of the dispute. Furthermore, whether alternate courses of actions exists and what does might be is similarly unexplored. Finally, there is no analysis on how the various potential courses of action compare to each other. To put it simply, the academic literature largely neglects to evaluate what China, and to a lesser extent Japan, might do within the context of the dispute. It is satisfied to either reassure the reader of continued stability based on ideological, rather than analytical, reasoning or to remain ambiguous in its conclusions. Not investigating the options available to China is a critical oversight if one wishes to formulate a policy capable of effectively dealing with the dispute. Such an analysis is desperately needed to provide a critical foundation to conduct a more productive discussion on the Senkaku/Diaoyu Islands dispute.

One study that analyses the possibility of China using force in the context of its territorial disputes is presented by Buszynski.\textsuperscript{19} It does not study the full spectrum of options available to China, but it provides a detailed analysis on the possibility of use of force. Buszynski provides a number of arguments which fall either into the pro or contra columns. There are a number of reasons against the use of force: Strong economic interdependence which would raise the cost of the conflict. The risk that hostile action

\textsuperscript{18} Smith, "A Crisis Postponed," 37.
would give rise to an anti-China coalition which would threaten Beijing’s long-term strategic goals. Previous unfavourable historical precedents. At the same time, there are reasons for the use of force: Strong nationalist sentiments, the strategic importance of protecting China’s economically important coast, the ideological importance of national unification and the possibility to diverting domestic pressure into outward aggression.

While the article is not strictly related to the Senkaku/Diaoyu Islands, it raises important lines of inquiry for further research. The factors highlighted by Buszynski are all part of evaluating the attractiveness of military action by establishing their relative value to each other, which serves as the basis for further rational choice evaluation in the context of other potential courses of action. While Buszynski presents a good starting point, further research is warranted to fully understand the options available to China to pursue its interests and how potential use of force fits into this framework.

The lack of focus on the strategic aspects of the dispute and the casual dismissal of the use of force as a possibility is interconnected and can be traced back to the lack of realist theoretical framework within the literature. Few works identify a specific school of thought as their perspective, but most articles seem to adopt the liberal framework of economics over hard power. Smith is the only one who is markedly realist through his attention to geopolitical factors and grand strategic competition as key characteristics of the dispute. Introducing a realist perspective would considerably improve the literature as such an approach would focus primarily on the neglected aspects, such as the strategic dimension and the possible roles of hard power.
1.2.2 Sino-Japanese Relations

Elevating the inquiry from the micro level of the actual Senkaku/Diaoyu Islands, it is important to contextualize the dispute on the macro level within the context of Sino-Japanese relations in general. At this level two dominant forces are identified to affect the relationship: On the one hand, economic interdependence is considered to be a vital part of the relationship, for better or worse. On the other hand, competing nationalist ideologies are identified as key factors shaping Sino-Japanese affairs.

Hagstrom\textsuperscript{20} highlights the duality of Sino-Japanese relations: On the one hand, China and Japan share significant mutual economic ties, both in terms of bilateral trade and a large influx of FDI in China by Japanese firms. On the other, competing nationalist ideologies resulted in the significant cooling of the relationship, exemplified by antagonistic actions on both sides. On the Japanese side, nationalist Prime Minister Koizumi’s yearly visits to the controversial Yasukuni Shrine not only antagonized both Beijing and Seoul but raised regional fears over the resurgence of Japanese nationalism. On the Chinese side, Beijing undertook a number of assertive actions against Japan, such as its campaign to prevent Japan’s permanent membership in the UN Security Council. Based on these Hagstrom interprets that, despite a high level of economic interdependence, Sino-Japanese relations entered into an era of “\textit{cold war}”.

Chung\textsuperscript{21} provides continuity to Hagstrom, analysing the post-Koizumi era and whether Sino-Japanese relations managed to weather this taxing period of mutual antagonism. While Sino-Japanese relations did improve with the departure of Prime Minister Koizumi, significant issues remain that continue to hinder smooth relationships between the two countries. Chung argues that at the core of Sino-Japanese relations is a


need/fear complex, i.e. both China and Japan need each other economically, but at the same time harbour a strong fear of the other. According to Chung, the most fundamental problem within this complex relationship is the basic incompatibility of Chinese and Japanese nationalism, which will continue to prevent a harmonic relationship between the two major Asian powers.

Both Chung and Hagstrom highlight that Sino-Japanese relations are caught between two powerful forces: On the one hand, economic factors force China and Japan to cooperate. On the other hand, the basic identities of the two powers force them to compete at the same time. Smith uses an excellent analogy when arguing that “China and Japan, like two partners in an estranged but lucrative marriage, are inextricably tied to one another”\textsuperscript{22}.

The issue of Chinese nationalism has received significant attention in the academic literature. The overall literature identifies two key characteristics, often referred to as Middle Kingdom Syndrome and the Century of Humiliation experience. On the one hand, the first concept refers to the idea that China has been historically a uniquely prominent civilization and thus it should aspire to regain a position of leadership in world affairs. Scott argues that “China is not rising, rather than she is re-emerging”\textsuperscript{23} while quoting Newman that “China today is inferred with a profound sense of destiny, a steady determination to regain primacy in world affairs”.\textsuperscript{24} Kissinger concurs with the view that today’s Chinese leaders are infused with a great sense of a historical mission:\textsuperscript{25}

China’s splendid isolation nurtured a particular Chinese self-perception. Chinese elites grew accustomed to the notion that China was unique – not just “great civilization” among others, but civilization itself.

\textsuperscript{22} Smith, "A Crisis Postponed," 40.
\textsuperscript{24} Ibid.
As the Chinese saw it, a host of lesser states that imbibed Chinese culture and paid tribute to China’s greatness constituted the natural order of the universe.

The conflict between this sense of great civilization and the 19th and 20th Century history continues to be a major scar on the Chinese national psyche. The subjugation of the Chinese state, first at the hand of Western imperial powers then at the hand of Imperial Japan, nurtures distrust and hostility towards the outside world and creates a deep-rooted hostility towards Japan. Callahan26 discusses how deeply a sense of humiliation, at the hands of foreign invaders, is ingrained in Chinese culture and how it is reinforced and reproduced every day. He argues that a unique brand of ‘pessoptimism’ is the result: pride over past achievements and fears over continued security.

A crucial question to consider is why nationalism is so important in a Chinese political context. Every nation has nationalist elements and uses nationalism in some form to provide cohesion to the mass of people it recognizes as its citizens. The consensus in the literature seems to be that Chinese nationalism is especially important as the Chinese Communist Party is increasingly dependent on it as a source of legitimacy as its traditional communist ideology loses relevance.27 In turn, Chinese nationalism meaningfully shapes Beijing’s foreign policy. Callahan argues that “the PRC’s national security is closely tied to its nationalist insecurities, domestic politics and foreign policy overlap, soft and hard power produces each other, and elite and man are intertwined.”28 Shirk offers a similar, albeit more technical view: She argues that an

28 Callahan, China: The Pessoptimist Nation, 13.
echo chamber has been created within China. The news media feels compelled to
reports issues with a nationalist slant, both to appeal to a population subjected to the
patriotic education system and to avoid the scorn of censors. In turn, politicians who
monitor to media to get a sense of the people feel a strong pressure to act in a nationalist
manner.\(^{29}\) In effect, this creates a self-reinforcing cycle of nationalism which ensures
that nationalist ideas meaningfully shape the responses of the Communist Party to both
domestic and international events.

Chinese nationalism is volatile, suspicious of foreigners and beyond the control of
anyone in general.\(^ {30}\) However, it becomes most explosive when it interacts with Japan.
Anti-Japanese sentiments run strong in contemporary Chinese society, the roots of
which can be traced back to the wars of the 20\(^{th}\) Century. Traditionally China
considered Japan to be a lesser state, one that was allowed to enjoy the rewards of
Chinese culture, but was ungrateful towards China. Japanese piracy has been a nuisance
throughout China’s imperial period. However, the strongest roots of anti-Japanese
sentiments can be traced back to the early 20\(^{th}\) Century: China was humiliated not only
by Western but Japanese Imperialists. The emergence of Japan as a major power when
China declined, and Japan’s, a perceived lesser state’s, treatment of China, such as
during the 1\(^{st}\) Sino-Japanese War and the issuing of the 21 Demands, as well as the
unspeakable brutality of the invading Japanese troops during the Second World War, all
significantly contribute to prevailing anti-Japanese sentiments, which is reinforced
through the national humiliation discourse. Jian argues that anti-Japanese nationalism
has become both more organized and more aggressive in recent years, moving from a
reactive stance to becoming increasingly pro-active.\(^ {31}\)

\(^{30}\) Callahan, \textit{China: The Pessoptimist Nation}.
\(^{31}\) Heazle and Knight, \textit{China-Japan Relations in the Twenty-First Century: Creating a Future Past}. 

The situation is further exasperated by Chinese nationalism’s interactions with a mutually incompatible Japanese nationalism:\(^\text{32}\)

For Japan, asserting nationalist pride is about leaving the past behind in a way that the post-war generations are comfortable with. In China, however, it is the injustices of the past – particularly those of Japan’s making – that underpin China’s contemporary national identity as a once great power reasserting its traditional status and prestige.

On the one hand, while Chinese nationalism emphasizes a remembrance of shared history, Japanese nationalism emphasizes a departure from the past, moving beyond the scars left on the national consciousness by Japanese Imperialism and its defeat during the Pacific War. On the other hand, post-War Japan traditionally views itself as the leading nation of East Asia, as expressed in concepts such as the Flying Geese Paradigm, which sees other Asian nations lining up behind Japan, following its lead. One does not have to look too closely to discover the vestiges of the same thinking that lead to Japanese imperialism in the past. However, this idea of exceptionalism is challenged by the emergence of China and Beijing’s demands for a leadership role\(^\text{33}\), as well as China’s own ideas of exceptionalism.\(^\text{34}\)

Thus, a dynamic emerges in which Chinese identity can only be understood in the context of historical factors Japan tries to leave behind. This creates strong mutual hostility, where Beijing accuses Japan of failing to atone for past injustices, and Tokyo increasingly growing wary of China’s insistence of ‘digging up the past’, so to speak. Emmers insightfully illustrate this paradox within the context of the Senkaku/Diaoyu Islands when arguing that “in China’s view, Japan’s failure to compromise on the

\(^{32}\) Ibid., 3.


question of territorial sovereignty over the Senkaku/Diaoyu islands is […] viewed largely as a lack of remorse for its violent past”\(^{35}\).

Based on the section above, one can see that there is a strong driving force for competition and hostility within Sino-Japanese relations. The key question is then whether economic interdependence can successfully mitigate such competition. While, as discussed above, some economics focused sources continue to propagate the stopping power of economic interdependence, a number of sources question such assumptions. Masako Ikegami argues that it is “too naïve to assume that China can be engaged solely by economic interactions and interdependence through economic globalization”\(^{36}\). Similarly, Heazle and Knight argue that despite expectations, growing economic interdependence failed to bring closer Sino-Japanese ties in the 21\(^{st}\) Century.\(^{37}\) Buszynski argues that economic interdependence on its own is insufficient to prevent conflict. Instead one should focus on how nations mitigate their independent relations within the political framework of ideological and nationalist predisposition.\(^{38}\) On a theoretical level, Drifte argues that the deterrence value of interdependence diminishes as equality within the relationship increases\(^{39}\), the exact trend one can observe in Sino-Japanese relations

In the end, one can observe that Sino-Japanese relations are meaningfully less stable than proponents of economic interdependence would suggest and that it is open to deep-rooted issues along historical and ideological lines. In light of this, it becomes, even more puzzling why the security aspects of Sino-Japanese disputes are so neglected. There is nothing to suggest in the greater context of Sino-Japanese relations that


\(^{36}\) Tsunekawa, The Rise of China: Responses from Southeast Asia and Japan, 41.

\(^{37}\) Heazle and Knight, China-Japan Relations in the Twenty-First Century: Creating a Future Past.


\(^{39}\) Drifte, Japan's Security Relations with China since 1989: From Balancing to Bandwagoning.
sufficient forces are in place to prevent catastrophic escalation within the Senkaku/Diaoyu Islands dispute. On the contrary, the opposing national identities and ideologies of the two powers further increase the risk of the dispute culminating in an armed clash.

1.2.3 The South China Sea

China faces disputes similar to the Senkaku/Diaoyu Islands on the South China Sea: territorial disputes concerning the sovereignty of remote islands. The key difference is that on the South China Sea China faces a group of minor powers, as opposed to a major power such as Japan. The conflicts on the South China Sea received broader and deeper attention in the academic literature than that of the East China Sea.

Odgaard\textsuperscript{40} argues in the context of the South China Sea disputes that they represent a key strategic concern for China, as they are considered crucial to creating a maritime security zone deemed essential for the long-term security of China. She argues that, while the economic costs of a potential use of force would be high, one cannot rule out the option because of past precedents of Chinese use of force and the immense security value associated with the region. Furthermore, she argues that a potential use of force would be a test case for other disputes involving China: If the use of force is successful, then it would incentivize the utilization of this tactic within the context of other disputes.

One can definitely observe that China is attempting to use the tactics it used on the South China Sea within other contexts, primarily the East China Sea. China has attempted a policy of shelving the territorial issue in favour of joint-development, which gave a foundation for optimism. But Odgaard argues that China’s commitment to this

\textsuperscript{40}Liselotte Odgaard, \textit{Maritime Security between China and Southeast Asia: Conflict and Cooperation in the Making of Regional Order} (Burlington: Ashgate Publishing, 2002).
route was quickly abandoned in light of growing power disparity with the ASEAN states and the fact that it has been unsuitable to serve China’s security interests. The focus on joint-development was followed by the adoption of a more assertive stance: Increasing Chinese naval presence in the region, enforcing Chinese claims in disputed waters and interfering with other states’, such as Vietnam and the Philippines, naval activities, in an attempt to intimidate the other parties into a conciliatory behaviour. The tactic offered reasonable results, especially against the Philippines. It is no surprise that Beijing attempts to translate the same tactic onto the East China Sea: Adopting a more assertive stance and focusing on coercion and intimidation over consensus building. And similarly to the South China Sea, the East China Sea has the potential to become a test case. If Beijing manages to achieve its objectives over the Senkaku/Diaoyu Islands through coercion and assertive foreign policy, it is reasonable to expect that it would negatively impact all of its other disputes.

The dispute on the South China Sea has received deeper attention on the aspect of security policy. Goh argues that the ASEAN states follow a successful security path based on balancing and omni-enmeshment. On the one hand, while the ASEAN states prefer the continued primacy of the U.S. as a distant security guarantor, they will periodically seek to improve their relations with China to avoid to be too closely tied to the U.S. On the other hand, they seek to involve as many great powers as possible in the region, in an attempt to create a situation where the opposing interests of great powers cancel each other out, neither of them allowing the other to extend its influence over the region too much. This view is shared by Ciorciari. Ciorciari presents the same argument

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that others do concerning the East China Sea, namely that economic interdependence will continue to effectively dictate state behaviour.

Yee\textsuperscript{44} conducts a comparative analysis on both the South and East China Sea disputes. He finds that the East China Sea offers a much higher risk of uncontrollable escalation due to the lack of established institutions while the risk is lower on the South China Sea due to the myriad of IGOs established by ASEAN and various partner states that offer a better framework to mitigate escalating tensions.

But even on the South China Sea, there are critics of supposed arguments for stability. Prabhakar\textsuperscript{45} argues that the recovery of the disputed South China Sea territories, just as in the case of the Senkaku/Diaoyu Islands, is part of China’s nationalist project and that the century of humiliation cannot be rectified until their recovery is completed. Prabhakar argues that growing Chinese assertiveness, and the fear it promotes among the ASEAN states, results in a growing arms competition in Asia, but according to him the ASEAN states have little chance to match the military potential of China. Stryker\textsuperscript{46} argues that the South China Sea disputes should be understood as part of a greater grand strategic competition between the U.S. and China, i.e. China needs to confront the status quo if it wishes to continue to grow as a great power. Stryker’s point is similarly true for the Senkaku/Diaoyu Islands dispute: to achieve regional hegemony, China needs to push against the established security order, led by the U.S., and especially against the most prominent U.S. ally in the region, Japan.

One can see that the discussion on the South China Sea is significantly more diverse, and has a more prominent focus on security, than the one currently on the East China Sea.


\textsuperscript{46} Ibid.
China Sea, despite the strong similarities between the two disputes. Observing China’s assertive foreign policy on the South China Sea, and its relative perceived effectiveness, promotes the reasonable expectation that a similar approach will be used on the East China Sea. However, as over the Senkaku/Diaoyu Islands China confronts an equal military competitor, the security competition resulting has the potential to be significantly more severe.

1.3 Significance of Study

Based on the literature review in the section above, this research has identified a key gap within the existing literature: The discussion on the Senkaku/Diaoyu Islands dispute lacks a thorough examination of the security dimensions of the dispute, especially examining the dispute’s potential to escalate to the point of a military confrontation between China and Japan. This can be partially explained by the theoretical homogeneity of the current literature. Most of the comprehensive studies examining the dispute, such as Chung’s or Koo’s, adopt a distinctively economic interdependence focused approach. This theoretical framework provides little space for exploring the security implications of the dispute, as economic interdependence presupposes that war is the result of irrational state behaviour, which by its irrational nature is resistant to analysis. While this approach provided a convenient explanation for the cyclical nature of the dispute in the past, a critical re-examination of the dispute is required to account for the escalation that occurred in 2012 and the increasingly competitive military postures Beijing and Tokyo adopts.

To address this gap in the literature, this research adopts a rational choice framework to explore the various policy options available to China. The rational choice decision making model is at the core of both an offensive structural realist approach, which is utilized by this research, and the various economic-minded theories competing
with it, for example economic interdependence theory. Thus, it provides a suitable avenue to critically examine the current state of the dispute and its potential progression, without being overbearingly beholden to a singular theoretical approach.

A re-evaluation of the dispute is necessitated by recent events. Tensions escalated significantly in 2012 following the nationalization of three of the disputed islands by Japan. The current Abe Administration in Tokyo has used China’s assertive response to justify its own military expansion, creating an increasingly competitive military dynamic that has not been typical for Japan, which traditionally adopts an anti-militarist posture. Within this shifting policy landscape, understanding the core of China’s policy behaviour is essential as it provides a solid foundation for further policy discussion. Assuming without confirmation that economic interdependence will act as an effective deterrent despite significant shifts in the security environment could potentially contribute to risk-taking policies that could further degrade regional security.

1.4 Theoretical Framework

As indicated through the literature review and the research objectives, this research is highly interested in the strategic implications of the Senkaku/Diaoyu Islands dispute. As this research deals with the security aspects of a territorial dispute, military power and the question of expansion have pre-eminent importance in seeking to address the research gap identified above. Examining the key ontological assumptions of this research will not only provide a solid framework, but also highlight where this research can be positioned in relation to the major theories explaining international relations.
1.4.1 The Nature of the International System

First and foremost it would prudent to appertain the theoretical leanings of this research within the context of larger considerations concerning the international system. In the broadest sense, this research subscribes to the political realist school of thought (the particular variant of realism this research uses will be narrowed down below). Hans Morgenthau argues that the modern (contemporary) history of political thought is defined by the struggle of two conflicting perspectives: One asserts that humans are inherently good and that a rational and moral political order can be achieved here and now. Any failure to measure up to these standards is the result of ignorance, obsolete institutions and individual depravity, all of which can be corrected. Morgenthau positions political realism in opposition to this political idealism, arguing that realism focuses on the idea that the imperfections of the system are the inherent result of human nature. Political realism argues that these traits cannot be corrected, but need to be accommodated. In a world dominated by interests and the conflicts they generate, moral principles can be never be fully realized, and thus one should aim for seeking the lesser evil of options, rather than absolute moral goodness.47 In essence, realism recognizes that competition and conflict is not a deviation from the norms of the international system, and thus needs to be corrected, but rather the essence of it.

One key division between the various schools of realism is whether they belong to the classical or the structural camp of the theory.48 Waltz highlights the important distinction between the two in his *Theory of International Politics*. He argues that classical realism identifies the unit-level interactions of states as its key focus. For example, when discussing balance of power, he asserts that classical theorists analyse

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48 In distinguishing between classical and structural realism this research uses the model proposed by Taliaferro, which recognizes offensive and defensive variants of both schools of thought. Jeffrey W. Taliaferro, "Security Seeking under Anarchy: Defensive Realism Revisited," *International Security* 25, no. 3 (2000), pg. 128-161. Passim
states’ conscious efforts to create such a balance.⁴⁹ In contrast, Waltz highlights the importance of structural elements, i.e. how the very structure of the international system affects and constrains states’ interactions.⁵⁰ In this sense, the system is not merely a product of the interactions between its parts but has an effect of its own on how the units interact amongst each other. By shifting the focus of analysis to the structure of the international system, one is allowed to eliminate a number of variables from the equitation (namely culture or other idiosyncrasies) as the focus shifts from how the units interact to how they stand in relation to each other within the system.⁵¹ A structuralist approach focuses on what behaviour the system enforces by virtue of its own characteristics rather than through the conscious actions of its parts. This approach presents a number of advantages for this research. By removing factors such as culture or leader personalities form the equitation this research can reduce the potential negative effects of cultural distance and the inherent unknowability of leaders minds, especially in a highly non-transparent state such as China. Through adopting a structural realist approach this research can render the state itself into largely a ‘black box’, while focusing on how China can mitigate structural forces within its interactions with Japan over the Senkaku/Diaoyu Islands. Similar sentiments are expressed by Mearsheimer when he argues that state behaviour is primarily influenced by external structural forces: there are no good or bad states as all act according to the same structural logic regardless of culture and system of government.⁵²

There are a number of assumptions both the defensive and offensive variants of structural realism have in common. It would be beneficial to highlight the ontological assumptions shared by these differing schools before highlighting their differences.

⁵⁰ Ibid, 99.
⁵¹ Ibid., 80.
Both schools of structural realism, as well as most other major theories concerning the topic, recognize that the international system is in a state of anarchy. Realism attributes central importance to this fact. Waltz illustrates the significance of this by comparing a domestic hierarchical order to an anarchic international one. In a hierarchical domestic system there is a central authority that ensures compliance with the established rules and the security of the various units in the system. The government makes and enforces laws and maintains a standing army and a police force to protect against enemies domestic and foreign. Citizens subscribe to the prevailing social contract through which they transfer a portion of their power to the state (such as renouncing part of their sovereignty) in exchange for security. In a functioning system they have the reasonable expectation that the state will protect their physical safety and key interests. This is obviously not true for the international system, where anarchy prevails. In the contemporary international system, despite the existence of international governmental organizations (IGOs) such as the United Nations (UN), there is no higher authority over states. States do not subscribe to any social contract to transfer part of their sovereignty to a higher authority. On the contrary, absolute state sovereignty continues to be one of the highest ideals of the international systems. However, this also means that states are left to their own devices to ensure their own safety, as there is no formal international police force to protect one state from another. While hegemonic powers occasionally impose their will on other states to secure stability in the system, or the UN occasionally creates peacekeeping forces, this is hardly the equivalent of the extensive protections a citizen enjoys in a domestic context. Within a domestic environment it is unlikely that someone allied to the person mugging you could veto the dispatch of police.

53 Waltz, Theory of International Politics.
Anarchy has profound implications for state behaviour. Such a system inherently promotes the idea of self-help, namely the pursuit of building up capabilities that enables one to ensure its own security. In a domestic concept citizens do not need to do so as the police is expected to exercise force. However, would social order collapse, it would be reasonable to seek out a weapon to defend against one’s neighbours. Waltz argues that “self-help is necessarily the principle of action in an anarchic order”.\(^\text{54}\) In the absence of a higher authority states are expected to protect their existence and promote their key interests through whatever means necessary, including the use of force if necessary. In essence, the international system is in the ‘primitive’ conditions of the statue of nature, as opposed to a more ‘evolved’ (formalized) domestic environment. Each unit is independent (sovereign) and its freedom of action is only constrained by its ability the best others. Looking back to the previously discussed distinction between political realism and political idealism, realism tend to have a pessimistic outlook on what this means for the system. Realism is a theory rooted in Hobbesian view that the state of nature would be dominated by conflict. As Waltz argues, “among the state of nature is a state of war”.\(^\text{55}\) This notion is echoed by Gray in Maxim 29 where he rejects the idealist notion that society will eventually overcome war. Humans are programmed by nature to fight for “fear, honour and interest”,\(^\text{56}\) and anarchy allows such pursuits through the prevalence of self-help.

The question of self-help and anarchy leads to some of the central concepts of realism: balance of power and the security dilemma. Under the condition of anarchy it is rational for states to seek to improve their own security in order to survive. This is achieved through improving their own power. Morgenthau argues that the acquisition of

\(^{54}\) Ibid., 111.
\(^{55}\) Ibid., 102.
power is the ultimate aim of international politics. Mearsheimer similarly argues that “what money is to economics, power is to international relations”. However, the international system operates under the condition of imperfect information: it is impossible to tell with certainty what the motives of others are and there is no police force to protect from the consequences of miscalculation. This gives a high importance to perceptions of the balance of power between states, i.e. the relative distribution of power between states. To use a simple example, would social order collapse, it would be prudent to know whether one’s neighbour possesses weapons which could be used against oneself or not. If so, it would be also prudent to acquire weapons in order to ensure one’s safety. If not, even then it might be prudent to do so in order to exercise power above them. The relative distribution of power directly affects the security of states, as well as to promote their own interests in a competitive system.

The idea of the balance of power is central to the realist political thought, albeit it is advocated differently by competing schools of thought. States are continuously preoccupied by measuring their own power relative to others, keenly looking out for any negative imbalance. In structural realist theories such a central mechanic is the result of structural forces, primarily anarchy. However, defensive and offensive structural realism disagree on what are the implications of balance of power politics on state behaviour, which will be discussed in the next section dedicated to state behaviour.

The balance of power, combined with unresolvable uncertainty within the international system, creates the security dilemma dynamic. It is rational for states to aim to improve their own power in order to better ensure their own security and protection of interests. However, this will affect the balance of power. Morgenthau uses

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If one state accumulates power, it gains an advantage over the other reordering the balance of power (one end of the scale goes down, while the other rises). However, imperfect information means that states cannot know whether the state accumulating power does so purely for defensive purposes, or whether it harbours offensive intentions. The rational behaviour for them to begin acquisition of power of their own to reverse the movement of the scale and re-establish an equilibrium. At the same time, this forces a competitive dynamic of armament and hostility on the system as insecure states might pursue expansion to restore balance. This can overall result in a reduction of overall security on the systemic level as a consequence of unit level security seeking behaviour. Jervis highlights how under the condition of imperfect information and in the absence of guarantees individual rationality might leave the whole system worse off.

The inherent unknowability that contributes to the security dilemma arises partially from the nature of military power itself. Defensive realists often discuss the idea of offensive and defensive armaments, which in theory could signal one’s intentions. Acquiring defensive weaponry would suggest status quo intentions, while the acquisition of offensive armaments would suggest revisionist ones. However, Mearsheimer highlights that every state inherently possesses offensive capabilities, and that such a distinction is hardly possible in practice. A main battle tank can just as easily be used to attack as to defend against enemy tanks, and is necessary for both offensive and defensive postures. Even seemingly defensive acts, such as building border fortifications, have offensive connotations: improving border defences could mean that less troops are needed to defend them, freeing up resources for offensive operations. Armaments can be used both offensively and defensively (whether directly

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or indirectly) and thus it is simply impossible to signal intentions through acquisition alone. At the same time, any other signalling is equally worthless. All know since Sun Tzu that deception is key to victory. Thus, under anarchy one cannot really trust their neighbours’ assurances that their power acquisition is purely for defensive purposes. And even if one could, there is no guarantee that these intentions do not change as time progresses.

This lends a certain zero-sum quality to realist political theory. Any gain by a unit within the system will be at the expense of other units. Security is inherently expressed in relation to one another in the international system. Although relative wealth has implications (in terms of latent power), it is possible for two states to be wealthy at the same time, i.e. to possess the resources to cover all their expenditure. It is not possible for two states to be secure at the same time, unless they are separated by impassable obstacles. As long as one state possesses more power than the other, the disadvantaged one will always be somewhat insecure. And its attempts to improve security will decrease the security of all others.

1.4.2 The Nature of States

While structural realist theories are primarily concerned with the effects of structural forces, it is important to examine how these forces affect state behaviour. For political realism the state is the primary unit of analysis. And for the purposes of analysis structural realist theories, beginning with Waltz as discussed above, tend to treat the state as a unitary actor, rendering it a ‘black box’. A unitary actor is characterized by the pursuit of a single key direction, all of its actions, regardless of how diverse they might appear, contribute to this singular purpose. For realists this singular purpose is survival

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63 Ibid., 18.
64 Ibid, 55.
under the condition of anarchy. This is shared by both defensive\(^{65}\) and offensive\(^{66}\) realists. Furthermore, realism assumes states to be rational actors, which is one of the five key bedrock assumptions of offensive realism according to Mearsheimer.\(^{67}\) From a pragmatic perspective rationality means that states adopt a rational choice model, analysing costs versus benefits, when selecting a course of action. State rationality has significant importance for this research, as it utilizes an extended rational choice model (cost, benefit, risk) to anticipate Chinese foreign policy, further proving the suitability of a realist approach to tackle the questions at hand.

The key difference between offensive and defensive structural realists is their conflicting views on how anarchy and balance of power politics affect state behaviour. Defensive realists suggest that the rational behaviour for states is to pursue the maintenance of the status quo. Respond to any change within the balance of power, but ultimately not to seek to overturn it. Expansion is only rational under narrow circumstances and states should aim to pursue moderate policies.\(^{68}\) Waltz argues that “states balance power rather than maximize it. States can seldom afford to make maximizing power their goal. International politics is too serious a business for that.”\(^{69}\)

In contrast, offensive realists argue that the rational behaviour for states is to pursue power maximization.\(^{70}\) Mearsheimer takes umbrage to Waltz’s notion that states should be satisfied with the ‘appropriate amount of power’ and that any further acquisition would have diminishing returns. While in defensive realism all states are inherently status quo balancers, in offensive realism they are inherently revisionist.\(^{71}\) In Mearsheimer’s offensive realist world “the system is populated by great powers that

\(^{66}\) Mearsheimer, *The Tragedy of Great Power Politics*.
\(^{67}\) Ibid, 31.
\(^{68}\) Taliaferro, "Security Seeking under Anarchy: Defensive Realism Revisited," 129.
\(^{69}\) Waltz, *Theory of International Politics*, 127.
have revisionist intentions at their core". There is no diminishing return as any widening of the gap between a state and its adversaries improves said state’s security.

This key difference can be traced back to the inherent uncertainty of the international system. Mearsheimer is closer to Morgenthau on the matter. Although the two disagree on what motivates state behaviour, Morgenthau shares Mearsheimer’s notion of power maximization. Morgenthau argues that states should not aim for equality but superiority, as the balance of power is fluid and in constant fluctuation. Under the condition of imperfect information states can never be sure whether their calculations are correct, or will continue to be correct.

Since no nation can be sure that its calculations of the distribution of power at any particular moment in history is correct, it must at least make sure that its errors, whatever they may be, will not put the nation at disadvantage in the contest for power. [...] And since no nation can foresee how large its miscalculations will turn out to be, all nations must ultimately seek the maximum of power obtainable under the circumstances.

Mearsheimer’s strategy for states to achieve security prescribes a continuously expansionist behaviour, aiming to maximize actual and latent power, as the only route to actual security with an anarchic system. To be secure, one must become the strongest. As Snyder states:

Mearsheimer suggests that the difference between them [Waltz and him on power maximization vs. status quo balancing] arises partly from the difficulty of estimating levels of security and security requirements. He challenges Waltz's claim that a great power might feel secure with only an "appropriate" amount of power, short of dominating the system. This is "not persuasive," says Mearsheimer, because of the difficulty of estimating a level of "appropriateness" and because what is a satisfactory security level today might not be sufficient in the future. Great powers recognize that the best way to ensure security is to "achieve hegemony now," thereby eliminating any possibility of a future deficit (pp. 34-35). Thus Mearsheimer's great powers re-quire a surplus of power over

74 Mearsheimer, The Tragedy of Great Power Politics.
"appropriateness" to cover uncertainties, possible miscalculation, and future surprises.

From an analytical perspective power maximization is more attractive for two reasons. One, the ‘appropriate amount of power’, proposed by Waltz as a condition for security, is an unclear concept. There is no reliable indicator on just how much power might be ‘appropriate’. It also raises the risk of reintroducing various factors (e.g. culture and leader calculations) into the equitation that structural realism aimed to eliminate for the sake of clarity of analysis. One could easily argue that Washington, Beijing or Tokyo could interpret differently what ‘appropriate’ power means. In contrast, offensive realism offers an analytically more reliable concept in power maximization, which is not contingent on potentially unclear or subjective definitions. Two, power maximizing behaviour conforms to the cautious state behaviour promoted by realism, within certain rational limits. States are constantly anticipating changes to the balance of power. In a fluid environment that offers no second chances, it seems irrational to cease the accumulation of power based on the belief that other states will do the same. Not anticipating a potential change in the balance of power could put a state at a disadvantage, and threaten its survival. Offensive realism offers a better margin of error for states, and thus offers a potentially more realistic depiction of state behaviour, as long as it remains constrained by the rationality of states.

1.4.3 The Nature of Military Power

Military power plays a central role in most realist theories, but it does especially so in offensive realism, which emphasizes expansion and seeking to alter the balance of power. Morgenthau argued that the most important components of national power are national character, national morale, and quality of government. However, even he recognizes that these concepts have little analytical value as they cannot be measured in
any satisfactory way.\textsuperscript{76} Mearsheimer emphasizes that military might is the central component of national power which determines the balance of power. He recognizes two key elements to this: actual military power (derived from the number and quality of troops) and latent power (economic might, size of the population, and the like) that enables states to acquire and maintain actual military power.\textsuperscript{77}

The key problem with military power is how to apply it. Both defensive realists\textsuperscript{78} and economic interdependence theorists argue that use of force is essentially self-defeating. The former argues that use of force will lead to balancing behaviour as states will band together against a rising threat, leading to the aggressor’s defeat.\textsuperscript{79} The latter follows in the footsteps of Angell when arguing that any potential benefits of use of force would be outweighed by the costs of war. The difficulties of use of force are especially pronounced in the nuclear age, where war can lead to the immediate annihilation of great powers. Yet, despite strong hopes following the conclusion of the Cold War, one cannot reasonably argue that we live in a post-military age. Wars continue to occur, regardless of their costs. The question of use of force is particularly pressing within the context of this research. One has to consider whether the use of force can be considered a rational course of action, thus part of the feasibility set (as discussed under Research Methodology below) or whether it is always irrational. And if it can be a valid tool of foreign policy, the main question is how it can be applied under the shadow of China’s and the United States’ nuclear capabilities.\textsuperscript{80}

In Maxim 4 Colin Gray argues that some issues in international politics can only be resolved with the purposeful application of force, even if war has relatively high

\textsuperscript{76} Morgenthau, \textit{Politics among Nations}, 215.
\textsuperscript{77} Mearsheimer, \textit{The Tragedy of Great Power Politics}.
\textsuperscript{78} Taliaferro, "Security Seeking under Anarchy: Defensive Realism Revisited," 153.
\textsuperscript{79} Waltz, \textit{Theory of International Politics}.
\textsuperscript{80} One opposition to the idea of war over the Senkaku/Diaoyu Islands is the argument that it would lead to nuclear war between China and the US (as Japan’s security guarantor).
costs.\textsuperscript{81} Similarly, Handel argues that “under certain circumstances, war provides the most effective or even the only way to protect or enhance the interests of the state or group”.\textsuperscript{82} These notions run counter to the liberal argument that war is always an irrational course of action. Cooperation is not always the best or even most efficient way to secure one’s interests. Offensive application of force might be necessary to secure key interests, such as critical territory. To issue a blanket statement that war is simply irrational ignores the strategic realities of certain situations. Kaplan argues that Russian expansionism has been motivated by the lack of geographical boundaries that would create defensive borders.\textsuperscript{83} Under these circumstances expansion might be rational even at the expense of high economic costs as the survival of the nation might be at stake. Concerning power politics Morgenthau stated that “if the desire for power cannot be abolished everywhere in the world, those who might be cured would simply fall victim to the power of others”.\textsuperscript{84} Similarly, countries that would forgo use of force as a legitimate means of policy will always be at a disadvantage to those who won’t, unless it is abandoned universally.

The key for use of force to be a legitimate policy tool (abandoning moral objections) is that it should be applied rationally, like any other tool within the state’s foreign policy arsenal. While use of force is adept at solving some issues, it is not a tool for all instances. And as it entails high costs it should only be employed if it offers the optimal course of action. This reaches back to the rational character of states promoted by realism. While offensive realism argues that expansion (primarily through military means) is beneficial for states, Mearsheimer emphasizes that use of force should be

\textsuperscript{81} Gray, \textit{Fighting Talk}, 16.
\textsuperscript{82} Michael I. Handel, \textit{Masters of War: Classical Strategic Thought} (London: Frank Cass, 2001), XVIII.
\textsuperscript{83} Robert D. Kaplan, \textit{The Revenge of Geography: What the Map Tells Us About Coming Conflicts and the Battle against Fate} (New York: Random House, 2012).
\textsuperscript{84} Morgenthau, \textit{Politics among Nations}, 36.
preceded by rational calculations on its cost, benefits and likely consequences.\textsuperscript{85} Mindless aggression would likely lead to the quick downfall of any major power. This notion conforms to the structure of this research: military power is only one of the potential routes examined based on a rational choice model. At no point is the argument made that war should be China’s automatic choice, only that it might be China’s only rational course of action under certain circumstances.

The last remaining issue is to examine how military force could be potentially applied within this context. A major war between China and Japan is unlikely, as both combatants have access to nuclear weapons (directly or indirectly). An all-out war between the two would have catastrophic consequences. However, states have the capacity to use force short of an all-out war to settle political disputes. The concept of a limited war, i.e. a short, contained conflict to determine a political outcome, is not a new one. Godwin argues that the purpose of military force during limited war is not to annihilate the enemy, but to impose one’s will on a dispute through military might.\textsuperscript{86} Limited wars are highly political conflicts where the actual use of force remains restrained and usually runs parallel to other diplomatic processes.\textsuperscript{87}

Naturally, limited wars can be difficult to execute as conflicts are prone to escalation. The concept is problematic on land as any gain could contribute to the enemy building up a critical momentum, which would allow it to steamroll and annihilate any opposition. However, in the maritime realm the execution of limited war is significantly more feasible. Any armed confrontation over the Senkaku/Diaoyu Islands would primarily be such a maritime conflict as the land area of the islands is ill suited to combat. One of the key difficulties of limited war is the problem of safe disengagement

\begin{itemize}
\item \textsuperscript{85} Mearsheimer, \textit{The Tragedy of Great Power Politics}.
\item \textsuperscript{87} Nan Li, “The PLA’s Evolving Warfighting Doctrine, Strategy and Tactics, 1985-95: A Chinese Perspective,”: 447.
\end{itemize}
once the cost of war exceeds the value of political objectives on land. Corbett argues that disengagement is less of a problem at sea, which forms a natural barrier. Thus the maritime realm is more conducive to limited war, as the outcome of the conflict does not threaten either party’s home territory.\textsuperscript{88} To illustrate this with an example, even if one of the combatants would win the confrontation over the remote islands, it would not necessarily have the amphibious capability to attack the other’s homeland afterwards. A naval defeat is much less of a threat to one’s home territory than one on land. This allows opposing powers to engage in naval combat more freely than on land for objectives short of national survival.

Overall, within the context of the Senkaku/Diaoyu Islands dispute it is possible for China to rationally pursue the use of force as a foreign policy option (whether Beijing ix expected do so will be discussed later on). The naval realm is especially conducive to politically motivated limited tests of mettle, where the goal is to resolve a dispute rather than to eliminate an opposing power. And despite moral objections, discounting the potential rationality of use of force would be artificially limiting and unrealistic.

\textbf{Table 1.1: Underlying Theoretical Assumptions}

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<thead>
<tr>
<th>Nature of the International System</th>
<th>Nature of States</th>
<th>Nature of Military Power</th>
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<tbody>
<tr>
<td>- Anarchic</td>
<td>- Key unit of analysis</td>
<td>- Use of force a valid foreign policy tool</td>
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<td>- Self-help system</td>
<td>- Rational</td>
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<td>- Structurally motivated</td>
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1.5 Research Methodology

The section above so far has discussed the ‘what’ and ‘why’ of this research, namely what are the key issues this research seeks to address and why it is important that these issues are addressed. Moving away from the ‘what’ and the ‘why’, this section focuses on the ‘how’, i.e. how the research seeks to address the aforementioned issues. This covers data collection, the central mechanics of how said data is interpreted, methods employed to ensure that the results presented are not mere conjecture, and the acknowledgment of unavoidable limitations faced by this research.

1.5.1 Data Collection

The data upon which this research is based has been collected through two primary avenues: processing the available documentary sources and conducting interviews on the subject. Due to the nature of the topic and the difficulties that dealing with security issues entail (as discussed under limitations of study), documentary sources are the dominant source of the data while interviews are largely used to collaborate said documentary sources. Documentary data is collected from a number of different sources, namely:

- Government documents represent the most vital source type as they provide the best and most reliable insight into their respective governments’ thinking and intentions. These sources include official press releases or documents prepared by various departments, such as the Ministry of Defence of Japan. Government documents are primarily utilized for their factual content, deriving the raw data upon which the research’s arguments rest.

- Besides government documents, another valuable source of data is documents made available by independent think tanks, such as the Japan Institute for
International Affairs. Similarly to government documents, their primary value for this research rests in providing insights into the views of their respective societies (such as providing an insight into how Japan views the Senkaku/Diaoyu Islands dispute) and factual data concerning the issues at hand (for example, the changes in PLA strength).

- Naturally the availability of data from both sources listed above is limited for a number of reasons, including governmental secrecy. This necessitates the use of academic sources such as books and journal articles. Academic sources are used in two key ways: On one hand, these sources can act as further sources of raw factual data upon which base this research’s arguments. On the other hand, they can provide insights into the actual meaning of the data at hand by offering peer-reviewed interpretations of the issues examined, which can help the deliberations within this research.

- Finally, this research utilizes various online sources from news articles to technical data. In most cases, these sources are considered to have the lowest credibility due to the unreliable and often unsourced nature of data online. The use of online sources is limited to either reputable sources (such as the Xinhua News Agency, that as the official mouthpiece of the Communist Party offers reliable insight into the CCP’s though process) or when there is no alternative (such as technical details for military equipment).

Documentary data is complemented by data derived from interviews. The interviews follow two primary structures, depending on the preferences of the subject: on the one hand, some interviews have been conducted in writing through semi-structured questionnaires. On the other, the rest of the interviews have been conducted in person or through Skype, adopting a largely unstructured format. In both cases, an effort has been made to cover similar areas: the dispute’s implications for China and Japan, the role of
the U.S., and the potential for resolution. These interviews are primarily used as part of verification due to the low response rate of potential participants (as discussed under limitations), in support of documentary data, rather than the key driving force behind this research. Interview participants have been selected from primarily academics, focusing on seeking input from Japanese and Chinese academics. Government sources have been reluctant to offer any input (as discussed under limitations). All interviews have been conducted by the researcher, and the full list of interviews is provided within the bibliography section.

1.5.2 Analysis Model

After discussing from where the research acquired its data from, it is important to examine the central mechanics of the research, i.e. how the research reaches its conclusions from said data. This research follows a qualitative approach. The nature of the topic and the data available would not lend itself to a quantitative approach, as the research focuses on complex underlying issues affecting a narrow scope and as most of the data is not numerical nor is it suitable for quantification.

While the research follows a qualitative approach, it adopts a model that is often carried out in a quantitative way: a rational choice model. The key difference between the quantitative and qualitative execution of the model is that probability and utility are not translated into numerical form, but rather supported by a qualitative argument. The adoption of a rational choice model is supported by the basic ontological assumptions of this research: As stated above, offensive realism argues that states are rational actors. This means that their decision-making process is guided by the rational measurement of potential positive and negative attributes of available foreign policy directions and that the direction which offers the most optimal course of action (such as best positive/negative balance) is pursued. This research utilizes this model to analyse the challenge the Senkaku/Diaoyu Islands dispute poses for Chinese foreign policy, based
on the assumption that the senior leadership of the PRC would act in a rational manner when selecting the direction which to pursue. The central mechanism of the research can be represented as:

**Figure 1.1: Rational Choice Model**

The above-displayed model consists from a number of stages. The first stage is feasibility testing. The analysis begins with establishing the pool of conceivable foreign policy options available to China to pursue within the context of the Senkaku/Diaoyu Islands dispute. For pragmatic purposes, the pool within this research will focus on established foreign policy options which are conceivably feasible. More exotic or outright absurd options will not be considered. Theoretically, the only limit to the initial pool would be one’s imagination. And it is also very likely that unorthodox methods could benefit the resolution of the dispute. However such an analysis would be beyond the scope of this research, which will focus on the main established avenues of direct use of force, coercion, non-binding peaceful resolution options, binding peaceful resolution options and delaying. Each potential course of action is examined in detail within this research providing historical background, the context within Chinese strategic thinking and tentative execution for them.
Once the initial pool of options is established, each option is subjected to feasibility testing. The key issue at this stage is to determine whether China meets a minimum threshold for each option to have the potential for Beijing to successfully carry out said option. To illustrate this with a purposefully absurd example: In the case of a disagreement between Haiti and the United States Haiti has the option of attempting to directly invade the United States as part of the initial pool. However, the balance of military power favours the United States to such a degree that such an enterprise would have no chance of success. This means that while the option is available to Haiti, it would be irrational for it to pursue said option due to lack of feasibility, thus violating the underlying ontological assumption of rational state behaviour. Feasibility testing establishes whether China could conceivably be successful in the examined course of action, proceeding to cost/benefit/risk analysis to determine its attractiveness, or whether it requires no further analysis as success is not possible.

The second stage is the cost/benefit/risk analysis. This stage is based on two key concepts of rational choice theory: utility and effective utility. Utility focuses on the costs and benefits of successful execution of an option. As rational choice analysis grew out of economist efforts to understand consumer behaviour, a consumer based example would be fitting to illustrate the inner workings of the model through a simple example.89

- A consumer wants to purchase a coffee machine.
- There are three types of coffee machines available on the market: Model A which is cheap but offers low functionality. Model B which is expensive and offers low functionality. Model C which is moderately pricey and offers high functionality.

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89 Other examples to illustrate these concepts would be an agricultural one, as seen in the case of John Elster, ed. *Rational Choice* (Oxford: Basil Blackwell, 1986).
The consumer is expected to measure the merits and demerits of each machine (i.e. costs vs benefits of functionality) to determine which one to buy. In this case, the rational choice would be Model C as it offers the best functionality relative to its costs while Model A would be the runner up.

A similar examination is made when selecting which foreign policy option is to be pursued: the government in question is expected to consider the potential benefits of an option relative to its costs and select the one that offers the best ratio. The ideal option would be one of low costs and high benefits. If the decision needs to be made between options with high costs and high benefits, and options with low costs and low benefits, then there is a higher margin for interpretation.

As this is a qualitative research it can prove difficult to establish a strong cost/benefit ratio as abstract benefits need to be weighed against abstract costs. It is inherently difficult to establish the relative value or cost of something in a rational choice context: how much is an espresso function worth relative to the increased cost of the machine? Does an espresso function offset doubling the price of a coffee machine? To make such a determination one would need to have perfect knowledge of the agent’s preferences to make a solid cost/benefit ratio. The basic ontological assumptions of the research can provide guidance in this matter: Offensive realism argues that security is the primary concern of each state, due to systemic anarchy. Thus, an option that is more beneficial for China’s security has inherently higher utility than another option. Most of the key costs and benefits can be related to security: For example, economic benefits relate to security as offensive realism argues that a prosperous country possesses higher latent military power than an impoverished one. Possession of the islands can be related to geostrategic considerations, such as the creation of a more defensible border that would improve security. Political benefits can similarly be related to either increasing domestic stability that is connected to the security of the nation as domestic strife
decreases security, or international political benefits can be related to increased ability for deterrence or coercion. Thus, the benefits of each option can be described in terms of their effects on China’s security, thus allowing the relative ranking of benefits.

Costs can similarly be related to security, and thus to base ontological assumptions. An expensive military campaign could weaken the economy, thus decrease latent military power (as seen in the case of the Afghanistan and Iraq wars). Losses during a campaign could directly decrease military power, thus decreasing security. Economic sanctions could again decrease latent military power through harming the economy. A displeased national audience could increase dissent, thus decreasing domestic stability, forcing resources to be devoted to maintaining order, thus decreasing security.

In the end, both costs and benefits can be expressed in the context of security. Using such a context allows this research to provide a better comparison and thus to establish a more solid ratio. Naturally as this is a qualitative research, determining the cost-benefit ratio is subject to interpretation, which is discussed under limitations. But based on the evidence available one could provide a reasoned ratio for analytical purposes. And one must remember that China would need to make such a determination under similar conditions of imperfect information, weighing abstract, non-quantifiable factors, and thus this research presents a realistic scenario.

Besides utility analysis, to get a realistic picture one needs to adopt a further qualifier in the form of effective utility. For the purposes of this research effective utility essentially represents risks. To return to the coffee machine example:

- Based on utility Model C is the optimal course of action.
- However, as it is a sought after model there is only 20 percentage chance that the shop will carry the model. At the same time, Model A has a 70 percentage chance of being sold in its own store.
Based on this there is a much higher chance of going to the store but not being able to buy a coffee maker in case of Model C, with its own set of associated additional costs, such as fuel and time to go to the shop.

This naturally affects the attractiveness of each option: the higher the chance of failure, the more it decreases overall attractiveness.

The same can be said about foreign policy. It is not guaranteed that any of the options will be successful, even if they are deemed feasible. Gray argues that strategy is a realm of chance, where factors beyond the control of the agents can meaningfully affect the outcome.\textsuperscript{90} Even if a country possesses the strength to be successful in a military campaign, the outcome is not preordained. Strategic history is full with armies that took their victory granted and lost to a supposedly inferior enemy. This is even more so if the balance of power between two armies does not clearly favour one or the other, as victory then comes down to unmeasurable (especially morale) or unforeseeable (like weather) factors. But the rule of chance is not limited to the strategic realm. Despite the best intentions, bilateral negotiation can fail. And despite a strong legal argument, the ultimate decision during arbitration rests with the subjective interpretation of judges. To account for this one has to consider the risks associated with each option.

Once again, as a qualitative research, it is impossible to attach numerical values to indicate a precise chance of success or failure. The determination is needed to be made based on the interpretation of relative precedents. As a general rule, this research considers the risk of failure to be contingent on the balance of power (not limited to a realist sense) between the opposing parties. The more advantage one enjoys in the balance, the more likely that it can power through setbacks caused by chance and still be successful, i.e. the more resistant one becomes to friction. The more equal the balance is, the more likely that the outcome will be mostly determined by chance. And the more

\textsuperscript{90} Gray, Fighting Talk: 40 Maxims on War, Peace and Strategy.
disadvantaged one is, the more likely that the endeavour will fail, as even if chance mostly favours oneself, the opponent’s advantage allows it to power through friction. To illustrate this with an example:

- If the balance of military power meaningfully favours one party, it is likely that despite acts of chance (such as weather or an unexpected enemy manoeuvre) it will be able to be successful. While there are examples of an inferior foe defeating a superior one in battle, those are remembered precisely due to being rare and are often tales of gross incompetence. In other cases, they are clear reminders that total balance of power is not the equivalent of local balance of power.

- If the balance of power is relatively equal, then chance plays a more significant role. If opposing armies possess similar strength, then issues such as terrain, weather or unexpected manoeuvres become more influential in determining the outcome. If one has ten destroyers and faces of against two destroyers, one can commit a number of mistakes or suffer unfavourable weather and still come out on top. If one has five destroyers and faces of against five destroyers, then there is less elbow room and the effects of adverse weather become more punishing.

One can consider a similar case when it comes to adjudication. If one party’s legal claim is significantly stronger, then there is a high likelihood that the judges will side with that party (although ultimately the decision is still not preordained). If the legal claims are relatively equal than the judges have more room for interpretation and the outcome becomes more uncertain, thus the option is riskier. The effects of risk can be illustrated fairly simply:
Higher risks make an option less attractive, as the outcome is less certain and the chance of failure is higher. This affects the ranking following stage two by adding another component to the ratio. One option can offer high benefits at moderate costs, but if there is a high risk of failure, it will be a less attractive compared to an option with moderate benefits at the same costs but low risks, due to the former’s additional costs arising from risks.

Once the cost/benefit/risk ratio is established (in however abstract form), the research proceeds to stage three, which is ranking these options based on the ratio. This stage essentially involves making an actual rational choice. Elster argues that “to act rationally, then simply means to choose the highest ranked element in the feasibility set”\(^9^1\). This means that the rational choice, which China is expected to adopt based on the underlying ontological assumptions, is the option with the most favourable cost/benefit/risk ratio. Thus, the predictive power of the model rests on the ontological assumption that China will act in a rational manner.

1.5.3 Limitations of Study

Naturally every research is constrained by its own limitations with this research not being an exception. As such, when evaluating the findings of this research one should be mindful of the following reservations:

First, the research adopts a qualitative approach, during which the data is subject to interpretation, rather than statistical testing. The cost/benefit/risk ratio, which is a crucial component of the model, is based on the interpretation of collected data by the researcher in a narrative/qualitative manner. While the research maintains an internally consistent logic and provides evidence in support of the arguments enclosed, one could reasonably raise objections on theoretical grounds concerning the interpretation of the data. This is an inherent and unavoidable element of qualitative research. This research aims to provide sufficient evidence in support of all the key points enclosed, as well as sufficient justification for the theoretical and methodological practices employed.

Second, this is a normative research. Anticipating future events is inherently subject to difficulties. While the rational choice model is an accepted method of anticipating future behaviour, it is not a magic wand. The conclusions of this research are valid based on contemporary conditions, as enclosed within this research. Future changes might necessitate the re-evaluation of conclusions. While anticipating the future continues to be potentially imprecise, especially based on a qualitative approach, it is nevertheless essential for policy planning as the seeds of tomorrow have to be sowed today. The approach contained also reflects reality as China would need to make such a policy determination under similarly imprecise conditions. While predictions are essential for policy planning, it cannot be guaranteed that reality will conform to them. To quote Dwight D. Eisenhower: “In preparing for battle, I have always found that plans are useless but planning is indispensable.”
Third, data collection has been affected by a number of issues:

As the research deals with issues of national security, government agencies have been reluctant to comment on the subject. Both the Chinese and Japanese Embassies has refused any request for information or interview, despite the most accommodating attempts of this research. The lack of response has to be supplemented by a reliance on published government documents.

There is limited literature available from China and Japan (the two key participants) in general, and in English in particular. This requires a higher reliance on foreign publications (such as U.S. Congressional Reports on Chinese military developments or foreign academic journals). An effort has been made to incorporate sufficient local literature to ensure that their views are represented correctly, but the analysis relies on a significant number of foreign interpretations, which could open up the research for accusations of bias. Besides seeking out local literature, interviews prioritized Japanese and Chinese scholars to ensure the minimal introduction of biases.

The interview process saw a very low response rate, leading to a low number of successful interviews. Potentially due to the nature of the topic, attempts to contact several Chinese and Japanese universities have been answered by silence. The low number of interviews has been offset by a higher reliance on documentary sources, especially governmental and think tank sources.
1.5.4 Validity

Establishing validity is a critical component of measuring the merits of any research. Two components must be distinguished: external and internal validity. External validity focuses on the generalizability of the research. As this is a specific case study of the Senkaku/Diaoyu Islands, the conclusions of this research are valid within this specific case. One should not be hasty in translating the findings of this research to other maritime disputes, or even to China’s other remote islands disputes without accounting for potential differences between circumstances.

Internal validity focuses on the rigour observed during the conduct of the study. As such, first the validity of the study is affected by the data collected, especially when it comes to avoiding the introduction of biases or incorrect data. To ensure validity, data used within this research is triangulated either between different data types or different data sources. To achieve this, this research utilized diverse sources of data, encompassing multiple types and multiple sources within a type, to ensure reliability, as indicated by the graph below:

![Figure 1.3: Data Source by Type and Origin](image)
Data used within the research is cross-referenced among the different sources, especially between different source types. However, under circumstances when that is not possible, then it is cross-referenced between different sources within the same type. This is primarily indicated among the citations in the footnotes by attaching multiple sources to the same citations. The research has made an effort to process as wide a scope of literature as possible from all source types. The full extent of the literature review is provided under bibliography. By processing a diverse set of literature from diverse sources the risks of introducing biases from the various sources (such as government or academic sources).

Beyond the validity of the data, one has to consider the methods employed to interpret said data. As stated above, qualitative research is inherently based on interpretation, and thus, its conclusions are open to debate. However, to improve validity, this research adheres to the principles of an established research model (rational choice) that has demonstrated predictive power and is in harmony with the theoretical assumptions of this research. Naturally this study will not end the ongoing theoretical debate between various schools of thought concerning international relations, but it builds upon a theory of demonstrable influence and provides an internally consistent argument based on both theoretical and methodological assumptions, with the limitations discussed above.

1.6 Chapterization

After discussing the ‘what’, ‘why’ and ‘how’ of this research, the final issue remaining is to examine the skeletal framework of this research, i.e. how the research’s content is divided up into the various chapters. The following diagram shows how the argument is divided between the various chapters:
Chapter 2 focuses on providing background for this research, establishing the context in which the rational choice decision takes place. The chapter can be divided into two main parts: First, the chapter provides an overview of the history of the Senkaku/Diaoyu Islands. Historical context is important to explain how China and Japan got to the current point, why tension exists between the two countries over the islands, and why the correct management of the situation is thus essential. Second, the chapter examines the various interests the disputing parties hold over the Senkaku/Diaoyu Islands, i.e. why the islands are sought after. This provides an important foundation for when discussing the benefits of various options, as their utility will be primarily based on their ability to pursue the interests discussed within this chapter, measured against their expected costs.

Chapter 3 is one of two chapters dedicated to potential dispute resolution options. This chapter focuses on analysing options involving the potential use of force.
(direct use of force and coercion). Within this chapter, these two options are provided their respective historical and doctrinal context, and their tentative execution. As the next step, they are subjected to feasibility testing which is followed by establishing the cost/benefit/risk ratio.

Chapter 4 is the counterpart of Chapter 3, focusing on non-military resolution options, binding or non-binding. The chapter follows the same structure as the previous one: establishing a historical context for the options, subjecting them to feasibility testing, then conducting the cost/benefit/risk analysis on the surviving options.

Chapter 5 is the final stage of the analysis. It compares and contrasts the various resolution options based on their cost/benefit/risk ratio in order to determine the optimal course of action for China, i.e. what would be the rational course of action for seeking to resolve the dispute. From a security policy perspective, the most pressing issue to determine is whether non-military options can outperform military alternatives. One the optimal resolution option is identified there is one further issue left for this research: Compare and contrast the optimal resolution option with the option of not doing anything directly within the context of the Senkaku/Diaoyu Islands dispute (such as delaying). Delaying has been a major part of the parties conduct and thus examining whether continued delaying would be preferable to seeking a resolution at this date is necessary. Delaying is considered separately as it is not a resolution option, on the contrary, it is the exact absence of seeking a resolution. The chapter concludes with examining the implications of the previous analysis for three key stakeholders in the dispute (China, Japan and the U.S.), focusing on the rational choice’s implications for their respective security and foreign policies.

Chapter 6 is the concluding chapter, containing an overview of the key points and arguments made by this research in the previous chapters.