CHAPTER 5
RATIONAL CHOICE

The previous two chapters have taken a detailed look at the various foreign policy options available to China over the Senkaku/Diaoyu Islands, dividing them into military (Chapter 3) and non-military (Chapter 4) options. The examination in these chapters focused on the feasibility and effective utility (benefit/cost/risk ratio) of the various options. The final phase of the rational choice decision-making process is to compare and contrast the various options to identify which offers the best utility for Beijing, thus which is expected to be pursued by a rational agent (from a normative standpoint).

After analysing the rational choice facing China the chapter proceeds to analyse the implications of this choice for three main actors: China, Japan and the United States. Beijing’s choice will not occur in a vacuum, and the Senkaku/Diaoyu Islands dispute is a multi-stage ‘game’ even if this research focuses on a single ‘turn’ within it. The rational choice facing China will have significant implications not only for its own policy planning but those of other interested parties who will aim to influence China’s choice based on their own interests.
5.1 Rational Choice

As discussed in Chapter 1, the key analytical model employed by this research is a rational choice model. The previous two chapters examined the various foreign policy options available to China in detail focusing on their benefits, costs and risk (i.e. the probability of China being successful in their execution).

At its core, the rational choice model is based on establishing the relative attractiveness of each option based on their benefit/cost/risk ratio. The rational choice is selecting the one which offers the best utility to the agent based on said ratio. For the sake of clarity, this section will use a simple coding system to represent this ratio based on the in-depth qualitative analysis presented in the previous two chapters. Each of the three key components (benefits, costs and risk) will be coded into three potential values:

### Table 5.1: Rational Choice Coding

<table>
<thead>
<tr>
<th></th>
<th>BENEFITS</th>
<th>COSTS</th>
<th>RISK</th>
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<tbody>
<tr>
<td><strong>LOW</strong></td>
<td>The option only allows the pursuit of a few to none of the interests discussed in Chapter 2.</td>
<td>The option entails few to none negative consequences if pursued.</td>
<td>The option is likely to succeed based on the existing balance of power between the parties. Chance could exert little influence on the outcome.</td>
</tr>
<tr>
<td><strong>MODERATE</strong></td>
<td>The option allows the pursuit of some of the interests discussed in Chapter 2.</td>
<td>The option entails some negative consequences if pursued.</td>
<td>The option is a gamble as the balance of power between the parties is relatively equal. Chance exerts a significant influence on the outcome.</td>
</tr>
<tr>
<td><strong>HIGH</strong></td>
<td>The option allows the pursuit of most to all interests discussed in Chapter 2.</td>
<td>The option entails significant negative consequences if pursued.</td>
<td>The option is unlikely to succeed based on the balance of power between the parties. Favourable acts of chance would be necessary to succeed.</td>
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</table>
For illustrative purposes each of these categories is assigned a symbolic numerical value:

<table>
<thead>
<tr>
<th></th>
<th>BENEFITS</th>
<th>COSTS</th>
<th>RISK</th>
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<tbody>
<tr>
<td>LOW</td>
<td>1</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>MODERATE</td>
<td>5</td>
<td>-5</td>
<td>-5</td>
</tr>
<tr>
<td>HIGH</td>
<td>10</td>
<td>-10</td>
<td>-10</td>
</tr>
</tbody>
</table>

Benefits are coded as positive numbers as this represents that this rating increases the attractiveness of an option while costs and risk are coded as negative numbers as these are factors that decrease the attractiveness of an option.

5.1.1 Symbolic Coding

Direct Use of Force

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Costs</th>
<th>Risk</th>
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</thead>
<tbody>
<tr>
<td>High</td>
<td>High</td>
<td>Moderate</td>
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Direct use of force offers high benefits for China as it allows Beijing to establish *de facto* sovereignty over the islands. This, in turn, would allow China to pursue most to all key interests discussed in Chapter 2. From a strategic perspective, *de facto* control would allow China to expand its control over critical waters through the militarization of the disputed islands. From an economic perspective, *de facto* control would allow China to exploit nearby resources, as well as to utilize the islands in order to protect China’s SLOCs. From a political perspective, *de facto* control would please domestic audiences and would improve the nationalist credentials of the CCP.¹

¹ M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," 46: states are more prone to use force in disputes over land with high strategic, economic and political importance.
At the same time, direct use of force suffers from high costs.² Besides the immediate material costs associated with waging a limited war, Beijing would need to brace itself to deal with significant political and economic fallout from the conflict. Direct use of force would be a violation of established international norms concerning dispute settlement and it is likely to earn the ire of the international community. While China’s important role within the global economy, and its promise as a market, is expected to soften the blow, it is unlikely that the international community would simply overlook such a transgression, especially as Japan is a well-respected and fairly influential member of the community. Besides the punitive actions faced, such a course of action could further contribute to the formation of a balancing coalition against China in East Asia, which could grow to become a significant threat to Chinese political, economic and strategic interests, especially as it would likely centre around and be led by the United States and Japan.

The risk of failure for direct use of force is moderate. The current balance of power between China and Japan in the military realm is relatively equal. While the PLA suffers from disadvantages in the number of destroyers and the sophistication of ASW and AAW capabilities, it makes up for it by having a total numerical advantage (if frigates are included) in all domains (air, sea, underwater). Within a limited war context, where less than the total military might of the combatants is mobilized, China has a reasonable chance to be successful against Japan. One crucial risk factor is the potential involvement of the United States, as it would tilt the balance of power further in the favour of Japan. However, the U.S. faces strong arguments both for and against active participation, and the exact role it would play remains questionable.³

² That direct use of force is a high cost proposition is supported by Muthiah Alagappa. Interview at University Malaya, Kuala Lumpur on 24 February 2016.
³ There is a disagreement between various interview participants on the subject. Tetsuo Kotani (interview on 15/03/2015) expressed a strong belief of potential US involvement if necessary, while Michael Barr (interview on 17/11/2014) argues that US domestic politics would play a significant role in
### Indirect Use of Force

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Costs</th>
<th>Risk</th>
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<tbody>
<tr>
<td>High</td>
<td>Moderate to High</td>
<td>High</td>
</tr>
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</table>

Similarly to direct use of force, indirect use of force, i.e. diplomacy of violence or coercion, would seek to establish *de facto* control over the disputed islands. Thus, this option offers very much the same benefits as direct use of force would.

The key advantage of indirect use of force, i.e. attacking the opponent’s will, over direct use of force, attacking the objective, is its potentially lower costs. Indirect use of force relies on threats of violence, and is successful if the threat does not have to be carried out and the opponent is persuaded to comply through limited demonstrative action. As only a smaller scale of military action would be necessary to pursue this strategy, it would only trigger a relatively smaller fallout, proportional to the significance of China’s transgression against international norms. To put it simply, a potentially reluctant international community would impose smaller penalties for essentially bullying Japan into compliance through threats and limited demonstrative action than it would for a direct limited campaign.

The key disadvantage of indirect use of force is its high-risk factor. Despite prevailing anti-militarist attitudes in Japan, which would open it up to coercion, Tokyo under the Abe administration has demonstrated a significant will to resist China. It is unlikely that threats or demonstrative actions short of the actual capture of the islands, which would increase the costs of this action to the level of direct use of force, could persuade the hard-line conservative political elite in Japan to surrender control over the disputed islands. At the moment China simply cannot pose a credible and rational threat that would reach the magnitude necessary to persuade Tokyo to give up the determining the level of US involvement.
Senkaku/Diaoyu Islands, and if Beijing would pursue such a course of action it would either fail or escalate the dispute into a major war as Japan could overestimate the extent of which China is willing to inflict destruction on Japan, triggering a strong survival response.

<table>
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<tr>
<th>Non-Binding Peaceful Resolution Options</th>
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</thead>
<tbody>
<tr>
<td><strong>Benefits</strong></td>
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<tr>
<td>Low</td>
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</tbody>
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As discussed in Chapter 4, NBPROs have been determined not to be a feasible option when seeking to settle the sovereignty aspects of the Senkaku/Diaoyu Islands dispute. Thus, NBPROs are only available to pursue a few of China’s key interests (the joint development of natural resources) or to serve as confidence building measures for a social constructivist strategy. As such, from a rational choice ranking perspective NBPROs only offer low benefits for China.

One key reason why NBPROs could be attractive is their low costs, especially relative to other options. There are no immediate material costs or negative international political consequences, as the option remains within the bounds of established international norms. Any potential costs arise from the fact that the successful pursuit of NBPROs would require China and Japan to reach a compromise, which could impose domestic political costs on Beijing due to the appearance of going soft on Japan and not pursuing China’s supposed historical rights to the fullest. However, considering Beijing’s grip on domestic politics, and the fact that NBPROs would be restricted to the lower economic or crisis management realms, it is unlikely that the CCP would suffer a significant domestic blowback from pursuing NBPROs.
Besides low benefits, a crucial problem with NBPROs is their high associated risk. China and Japan have attempted to pursue joint development through bilateral negotiations in 2008, but the process has been unsuccessful due to disagreements on the actual execution of such an agreement. Since 2008 Sino-Japanese relations only became cooler and it is unlikely that the current political environment would be conducive to reaching a mutually acceptable compromise, especially as Japan continues to formally refuse to acknowledge the existence of a dispute. This results in NBPRO options being classified as high risk due to low chance of success.\(^4\)

### Binding Peaceful Resolution Options

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Costs</th>
<th>Risk</th>
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<tbody>
<tr>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

In contrast to NBPROs, BPROs would offer much higher benefits. Pursuing arbitration or adjudication could potentially result in China establishing *de jure* sovereignty over the Senkaku/Diaoyu Islands. As this would mean a legally recognized transfer of sovereignty, China would be allowed to pursue all of its interests associated with the disputed islands (as discussed in Chapter 2). *De jure* sovereignty would be preferable to *de facto* sovereignty as it would be recognized by the international community, and thus, it would not require the constant maintenance of control through military force, as it would be in the case of *de facto* sovereignty.

At the same time, BPROs offer would only entail low costs. There are no material costs or negative consequences from the international community. On the contrary, selecting such an option could earn China praise for acting as a mature member of the international community. Costs are even potentially lower compared to NBPROs as adjudication or arbitration does not require a compromise, but rather

\(^4\) The low feasibility/high risks of NBPRO options is further affected by the entrenchment of the Senkaku/Diaoyu Islands dispute, which further removes the possibility of a compromise. See: Ron E Hassner, "The Path to Intractability: Time and the Entrenchment of Territorial Disputes," *International Security* 31, no. 3 (2007), 107-138.
decides in the favour of one party or another, eliminating the domestic costs of an unpopular compromise.

While so far BPROs appear to be ideal, their attractiveness is hindered by a high-risk rating. While China can make a sufficient case for discovery, it has difficulty proving continued exercise of effective control over the islands. This means that China’s case is critically weaker than Japan’s as Tokyo can demonstrate a century-long history of effective control and economic utilization of the islands. This means that it is unlikely that a court or similar body would rule in favour of China, especially as Beijing acts as the revisionist party seeking to disturb the established order. Furthermore, the high-risk rating is further compounded by the fact that would China lose its court case, it would also lose all potential legal rights to the islands as the international community would consider the dispute to be settled. This would significantly affect any further Chinese attempts to pursue control over the islands: On the one hand, it would close any and all potential diplomatic avenues as Japan would have no reason to further negotiate. On the other hand, it would undermine China’s ability to manipulate the political perceptions surrounding a potential use of force, as China would clearly be in the wrong to act upon an already settled dispute.

<table>
<thead>
<tr>
<th>Delaying</th>
<th>Benefits</th>
<th>Costs</th>
<th>Risk</th>
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<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Low</td>
<td>Low to Moderate</td>
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</table>

Finally, delaying would have a low benefits rating. Pursuing delaying would not directly benefit China, as it would not contribute to the pursuit of any of Beijing’s key interests. It is possible for Beijing to pursue its key interests through alternate means (as discussed in Chapter 4). However, that would be separate of delaying as a course of action, and thus is not considered to affect its benefit ratings within the current rational choice analysis.
Similarly, delaying would only suffer from low costs as by definition this option is based on not doing anything. China would need to continue to pursue limited political and demonstrative actions to keep its claims alive, but the cost of these activities is negligible, especially relative to the other options discussed within this research. Again, as discussed in Chapter 4, alternate options allowed by delaying could have substantial costs, but that does not affect the immediate rational choice analysis.

The risk rating of delaying is low to moderate. Delaying would require China to maintain a tense environment over the Senkaku/Diaoyu Islands. Continued Chinese physical presence in disputed waters, especially at the current level, poses the risk of accidental or otherwise unintended engagement between Chinese and Japanese forces. Such an incident could pose a difficult challenge as both Beijing and Tokyo would find it difficult to back away without suffering domestic political costs. That said, the risk rating remains low to moderate as various non-violent avenues are likely to be available to the opposing parties to deal with such an incident (if sufficient political will exists to avoid bloodshed), and thus an armed clash is not a forgone conclusion even if such an incident would occur. The low to moderate risk rating is further supported by the expectation that over time China and Japan would settle into the new normal of more active Chinese presence in disputed waters, further reducing the risk of accidental or unintended engagement between opposing naval or air forces.
5.1.2 Rational Choice Ranking

The findings of this research concerning the various options available to Beijing over the Senkaku/Diaoyu Islands have been coded according to a three categories ranking system discussed at the beginning of the section above. The coded data can be represented on a chart as such:

![Figure 5.1 Benefits v. Costs & Risks](image)

The columns represent costs and benefits while the area under each option represents the option’s risk rating. From a rational choice perspective, an ideal option would have a tall column expanding upward (benefits) while a short column extending downward (costs) and a small corresponding area (risk). As the above graph shows, no such option exists.

Based on a pure cost/benefit analysis BPROs would be the top contenders, due to high benefits and low costs. However, a pure utility analysis would be a reductionist approach as it ignores the crucial dimension of risk, in other words the chance of failure.
An option can offer great utility, but if it is not likely to succeed its attractiveness will be severely affected.

If the risk factor is considered strongly, as rational actors are expected to be reasonably risk averse (not totally risk averse, but aiming to minimize risks relative to costs and benefits), one can come to the conclusion that only delaying and direct use of force have somewhat favourable risk ratings, while all other options are unlikely to succeed, even if they meet the fundamental feasibility criterion. This means that based on the basic principles of this research, direct use of force and delaying emerge as the top contenders for rational choice.  

5.1.3 Direct Use of Force v. Delaying

The final remaining issue is to compare and contrast the two emerging top contenders (direct use of force and delaying) to determine which would benefit China more under the current circumstances. The option emerging as the ‘victor’ would be the rational choice for Beijing.

The key argument for direct use of force is its high benefit rating, while the key argument against delaying is its low benefit rating. Seizing and holding the disputed islands would allow China to pursue a number of key interests, including security ones, while delaying would not. At first look, this would clearly favour direct use of force. However, one has to remember that the interests discussed in Chapter 2 are not subject to an immediate urgency. There are no tangible existing threats to the territorial or SLOC security of China. Pursuing security interests through the islands is important to improve China’s resilience against threats that could materialize in the future, as part of realist security-seeking behaviour. To illustrate this simply, the key issue is not that one

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5 The potential for NBPRO options is further reduced by the fact that politicians have an incentive to maintain a hard-line stance as domestic audiences generally possess more hawkish preferences due to domestic nationalism and the entrenchment of the dispute. See Allee and Huth, "Legitimizing Dispute Settlement," 222.
is getting strangled, but that one could potentially be strangled. If the opponent’s hands are already on one’s neck, it is usually too late to meaningfully improve the situation. Similarly, while access to resources would benefit China, at the moment Beijing can secure critical resources through the international markets at reasonable prices. Natural gas continues to be relatively cheap, while oil prices continue to fall, especially as alternate sources in the form of shale oil gains prominence. China has been investing significantly into domestic production, improving the PRC’s energy security. In the political realm, the situation is similar. The CCP enjoys a fairly stable legitimacy at the moment and has been able to handle most domestic criticism. Seeking an immediate boost to legitimacy is not a strongly pressing concern.

At the same time, while the costs of military action might not be sufficient to deter China from pursuing direct use of force\(^6\), it is significant enough to disincentivize China from rushing into it. Direct use of force would cost China a lot both economically and politically, especially as the political environment right now is questionably conducive to such a course of action (for example no major international distraction, such as the Iraq and Afghanistan wars, exists).

Finally, the balance of power does not clearly favour China, making direct use of force a gamble\(^7\), more so than delaying. While China possesses the military might to potentially persevere, chance and friction could exert a significant influence and snatch victory from China. While delaying has its associated risks, those are much more manageable than they are in the case of direct use of force.

Thus, it is this research’s view that under the current conditions the rational course of action for China would be to pursue a delaying strategy over the

\(^6\) Interview with Michael Barr (via email) on 17 November 2014.
\(^7\) Muthiah Alagappa states that the balance of power is unfavourable for China against Japan, making the likelihood of success negligible. Interview at the University of Malaya, Kuala Lumpur on 24 February 2016.
Senkaku/Diaoyu Islands\(^8\), as seeking the potential benefits of control is not an immediate priority and delaying offers more favourable costs and risk rating that direct use of force. As Cheng argues “patience and self-restraint are [...] essential.”\(^9\)

### 5.2 Implications for China

So far this research has focused on deciphering China’s potential course of action through a rational choice analysis. The remainder of this paper will explore what that rational choice means for the key players within the dispute, starting with China. This is essential as reaching a rational choice decision is hardly the end of the political process: the rational choice has to be translated into policy that can be executed by the state. These implication sections will focus on two major areas: On the one hand, how the findings of the rational choice decision process affect policy formulation. And on the other hand, how various policy options could influence the rational choice process in favour of other courses of action.

There is one critical implication of the rational choice discussed above(which underlines all other implications discussed below): although delaying emerged as the rational course of action for Beijing, delaying cannot be maintained indefinitely.\(^10\) Delaying is not a solution to the Senkaku/Diaoyu Islands dispute as it does not resolve anything between China and Japan. Rather it is an opportunity for China to delay seeking a solution to a time when the environment more favours China.

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\(^8\) The view that delaying is the rational choice, and thus the likely course of action for China is supported by the following interviews: Bhubhindar Singh (via email) on 3 February 2016; Li Mingjian (via email) on 11 February 2016; Ian Chong (via Skype) on 1 February 2016 and; Lowell Dittmer on 10 March 2015.


\(^10\) Lowell Dittmer, "Asia in 2012: The Best of a Bad Year?," *Asian Survey* 53, no. 1 (2013). He argues that one of the key risk factors is that escalatory dynamics in Northeast and Southeast Asia (in the absence of resolution) might culminate in a lethal clash that could lead to a confrontation as parties would find hard to back away.
Thus, first if China is to adopt a delaying strategy, it would need to utilize the time bought smartly to prepare for an eventual resolution of the Senkaku/Diaoyu Islands dispute based on the same rational choice principles discussed above. Within this context, a smart use of time would be to seek to address potential weaknesses in various courses of action, whether it relates to feasibility, costs or risks, in order to improve their potential execution when the time comes to abandon delaying.

During the previous chapters, this research has concluded that current Japanese policy is a key obstacle to various non-military options (i.e. the lack of recognition for the existence of a dispute). Beijing has very little power to change this, especially through any pragmatic and reliable ways (China could theoretically instigate a military confrontation with the aim of shocking Japan into abandoning this policy, but the feasibility and costs of such a strategy are dubious, and it could easily achieve just the opposite). This leaves Beijing with the various military options discussed above if it wishes to pursue a resolution to the dispute at a later date.\footnote{This is based on the contemporary known circumstances. Would said circumstances change dramatically (e.g. a new Japanese government would alter the course set by the Abe administration) then the conclusions outlined here would need to be re-evaluated based on new information.} For the various military options, the key component to consider has been China’s military might relative to Japan, as this informs both direct and indirect use of force. Thus, a smart utilization of the time bought through delaying would be to concentrate on the acquisition of military might to alter the existing balance of power in China’s favour.

On the one hand, this is supported by the underlying ontological assumptions of this research. As this research pointed out within the previous chapters, offensive realism is not equivalent to mindless aggression. While offensive realism, as envisioned by Mearsheimer, focuses on expansion, it recognizes that circumstances might not be conducive for such an endeavour. During such periods, states should aim to build up
relative strength through improving their own military power, e.g. through the acquisition of critical weapon systems.

On the other hand, this need to improve the existing balance of power is recognized by and reflected in contemporary PLA doctrine. The latest defence whitepaper published by the Ministry of National Defence continues to recognize the development of the Chinese armed forces as an important priority. As the whitepaper states:  

China's armed forces must closely center around the CPC's goal of building a strong military, [...] aim at building an informationized military and winning informationized wars, deepen the reform of national defense and the armed forces in an all-round way, build a modern system of military forces with Chinese characteristics, and constantly enhance their capabilities for addressing various security threats and accomplishing diversified military tasks.

The military development pursued by the PRC attributes a priority to the development of China’s naval forces as:  

The seas and oceans bear on the enduring peace, lasting stability and sustainable development of China. The traditional mentality that land outweighs sea must be abandoned, and great importance has to be attached to managing the seas and oceans and protecting maritime rights and interests.

As discussed in Chapter 3, one of the key disadvantages suffered by China in the military realm is the relatively lower number of major surface combatants, i.e. destroyers. The time bought through pursuing a delaying strategy could be wisely utilized to acquire more of these warships to address the 3 to 1 numerical advantage.

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13 Ibid.
enjoyed by Japan in this class of ships. In the past, the PLA-N’s acquisition speed has been fairly slow, as each class was considered experimental. Ships were produced in low numbers and engineers went back to the drawing board frequently.\textsuperscript{14} Naturally such an approach cannot be continued if China wants to narrow or close the naval gap with Japan, especially as Tokyo has approved the construction of one new destroyer each year since 2013.\textsuperscript{15} China needs to design a standard destroyer class, similar to the U.S.’ \textit{Arleigh Burke-class}, which can be entered into serial production. The reality is that China simply has to significantly ramp up destroyer production if it ever wishes to catch up to its regional rivals or exert meaningful influence over the maritime realm. Between 2005 and 2014 China on average acquired one destroyer a year\textsuperscript{16}, a rate that is the equivalent of Japan’s current destroyer acquisition, essentially preserving the unfavourable status quo.

There are two promising projects ongoing in China. One is the new \textit{Luyang III-class} (Type 052D) destroyer. The class incorporates all the experiences China has gained through the previous classes to create a modern and capable destroyer, making it a promising candidate for serial production. While only one entered service so far, twelve of the class is under construction or on order, with China potentially adding six new destroyers to the fleet by 2017. The other one is the \textit{Type 055-class} cruiser under the early stages of development.\textsuperscript{17} With an estimated 10 000+ tonnage the cruiser would be equivalent to the U.S. \textit{Arleigh Burke-class} or close to the size of the Japanese \textit{Hyuga-class} helicopter carrier. If entered into production the \textit{Type 055-class} would not only

\textsuperscript{14} Cole, \textit{The Great Wall at Sea}.

\textsuperscript{15} Based on the yearly published Japanese Defence Budget by the Ministry of Defence of Japan. See: Ministry of Defence of Japan, “Defense Programs and Budget of Japan 2012-2016”.


\textsuperscript{17} No units have been constructed and only pictures of mock up parts of the ship (built for testing) have been released online.
represent a significant evolution in Chinese warship building, but it would also be significantly larger than any Japanese destroyers.

It is of the utmost importance that during the delaying period Beijing and the PLA maintain focus. For example, while the production of a Chinese aircraft carrier has been a dream of Beijing for a long time, it is not a short to medium term strategic necessity beyond its symbolic value, and resources could be better spent on the production of surface combatants. A standard destroyer for the PLA-N has to be designated as soon as possible and then entered into mass production. Furthermore, it is important that China follows through with the serial production. To have any effect at the balance at all, China needs to produce two to three destroyers a year, and Beijing has to ensure that the necessary resources are available for such a production schedule.

Besides hardware acquisition, the delaying period should also be used to address other problems plaguing the PLA, such as training, lack of initiative or corruption. Modern weaponry will do China little good if the PLA cannot operate as a well-trained, professional military force within the demanding and complex operational environments characterizing contemporary warfare. For example, the PLA-N continues to suffer from weak ASW capabilities. The production of new and expensive warships would be of little benefit if they are vulnerable to Japan’s small but highly capable and growing submarine force. The sinking of the Belgrano by the HMS Conqueror during the 1982 Falkland Islands war showcased the destructive potential of submarines in the type of conflicts China is expected to fight in the foreseeable future. Similarly, corruption undermines the professionalism and operational readiness of the armed forces. China has first-hand experience in this as the Chinese navy prior to 1949 has been notoriously

18 Chase et al., "China’s Incomplete Military Transformation: Assessing the Weaknesses of the People’s Liberation Army (PLA).”
19 Tokyo has approved the construction of one new Soryu-class submarine since 2013 according to the official defence budget, as well as the life extension of older submarines.
corrupt, going as far as to purchase ammunition that could not be fired as it lacked gunpowder. Corruption not only prevents the rise of capable officers through the ranks but demoralizes the forces, affecting their combat performance. Xi Jinping’s anti-corruption campaign is promising, however, it is important that it does not turn into a political purge aimed at rooting out opponents. The senior communist leadership not only has to resist the temptation to use the campaign to remove opponents, but to make the hard decision to purge supporters, if deemed corrupt, if any substantial change is to be expected.

Second, if China would adopt a delaying strategy, it would be wise to adopt policies that reduce the risks associated with this course of action. As discussed in Chapter 4, the key risk factor associated with this approach is the potential for accidental or unapproved engagement between opposing forces, which is exacerbated by the rapid increase of Chinese physical presence in disputed waters.

Figure 5.2: Chinese Intrusion into Disputed Waters

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As the graph shows there has been a massive spike in the presence of Chinese vessels around the islands since tensions escalated over Japan’s nationalisation of some of the disputed islands. According to the official Japanese statistics, while between January 2009 and July 2012 there was little to no Chinese activity in Japanese waters – a total of seven vessels entered Japan’s territorial waters and 79 Japan’s contiguous zone – there has been a marked increase between 2012 July and 2015 July – 377 in territorial waters and 2379 in contiguous waters. This represents a 54 times increase in the case of territorial water intrusions and a 30 times increase in the case of presence in contiguous zones. The situation in the air is similar.

In 2013, Japan recorded over 400 scrambles against Chinese aircraft, more than double than the number of scrambles in 2011. The number of scrambles shows a generally escalating trend. In 2012 December, a Chinese Y-12 aircraft even violated

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21 Ibid.
Japan’s territorial airspace over the Senkaku/Diaoyu Islands, a first in Sino-Japanese relations.23

Such high presence in disputed waters would be problematic on its own. However, the fact that the escalation took place within a compressed time frame, giving the opposing parties little time to get accustomed to the new reality, further increases the risk of unintended outcomes. One can understand why Beijing did it: diplomatic efforts have been a dead end due to Japan’s rejection of recognizing the dispute, forcing China to step up its conduct to put pressure on Japan.24 By being present in disputed waters, China also challenges the idea of effective Japanese control in an attempt to improve the validity of its claims. That said, while the motives behind this are clear if China wants to pursue a delaying strategy, it has to stabilize the situation. Although the situation is not as critical as it has been in 2013, it is nevertheless bleak.25 If China wants to avoid an accidental or unapproved engagement, it is essential that it allows Japan some breathing ground to adjust to new realities when it comes to the conduct of its coast guard and air units. At first look keeping the pressure up on Japan seems like a good tactic. But that would only be true if China would be pursuing a resolution in the short term, where keeping up momentum would be essential. But in delaying the goal is to preserve the status quo, which cannot be done if Japan is pushed into a crisis where an armed confrontation would be difficult to avoid. China has to settle into a pattern of patrolling that is visible enough to continue to challenge Japanese control over the islands, but predictable enough for Japan to handle it. As China would be pursuing delaying, rather than coercion, patrolling is a display much more for the international community in general, than Japan in particular. While keeping up pressure on Japan is

23 Ibid.
24 Krista E Wiegand, "Militarized Territorial Disputes States’ Attempts to Transfer Reputation for Resolve," *Journal of Peace Research* 48, no. 1 (2011), 103. states that “signalling credibility and resolve to other states is believed to be a critical part of interstate disputes and bargaining”
25 Interview with Ryoko Nakano (email) on 14/10/2015.
necessary, too much pressure could push the conflict to a breaking point, defeating the whole point of pursuing a delaying strategy.

In the long term, once delaying is exhausted or new factors influencing the rational choice emerge (for example domestic conditions necessitate a diversion or the U.S. declines as a security guarantor) unless Japan changes policy direction, China will have no alternative than to take the islands through military force. The various trends explored within this research prescribe this trajectory. China’s security needs are simply not met by the existing status quo, putting the PRC on a revisionist path, anticipating a potentially violent future for Northeast Asia.

5.3 Implications for Japan

While this research so far has focused on the strategic realities facing China, the PRC’s rational choice does not occur in a vacuum: what conduct Beijing will adopt within the context of the Senkaku/Diaoyu Islands dispute will have profound implications for Japan. While China seeks to overturn the status quo, Japan’s key interest is to maintain it, i.e. to remain in control of the Senkaku/Diaoyu Islands. The implications of China’s rational choice will mainly concern how to do that.

Japan has two primary choices on how to deal with China: On the one hand, it can directly counter China’s rational course of action. On the other hand, it can try to affect the rational choice process itself in an attempt to try to guide China towards a more favourable path. The expectation for China to follow a delaying strategy offers

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26 Potential negative shifts in the strength of a state’s claim or if there is a general weakening of its position increase the likelihood of armed confrontation as the state tries to redress the situation. See M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," 47.

27 Sun and Huang state that a potential Taiwan contingency or China’s maritime disputes are the most likely scenarios to lead to Chinese use of force. See: Xuefeng Sun and Yuxing Huang, "Revisiting China's Use of Force in Asia: Dynamic, Level and Beyond," Pacific Focus 27, no. 3 (2012), 412. Similarly Smith argues for the potential for violence on the East China Sea. See: "China-Japan Relations and the Future Geopolitics of East Asia," Asian Affairs 35, no. 4 (2009), 215.
Japan time to pursue either course, but Tokyo has to be sure what it wants to do to be able to pursue it effectively.

One of the avenues open to Japan is to try to directly counter Chinese military power through defence reforms of its own. Japan has displayed fairly strong anti-militarist tendencies in the past, and the Japanese Self-Defence Forces have faced strict restrictions when it comes to how and when they are deployed or what equipment they can maintain based on Article 9 of the Japanese Constitution. However, with the appropriate reforms Japan could pursue a strategy of military deterrence, which would aim to directly match Chinese military power in order to reduce the chance of success for Chinese use of force, thus affecting the rational choice calculation. Within the context of the existing balance of power, in which Japan enjoys somewhat of an advantage, the key goal of this approach would be to counter any Chinese actions to tilt the balance of power during the delaying period by matching such attempts with Japan’s own acquisition of military power.

As discussed above, China is on track to pursue a fairly ambitious naval modernization program with the introduction of the Type 052D and Type 055 classes. However, the conservative Abe administration is on track to pursue a determined military modernization program of its own in order to preserve the existing status quo. The efforts of the Abe administration can be divided into two key avenues: hardware acquisition and legal changes to the laws governing the JSDF.

On the hardware acquisition front the Abe administration seems determined to reverse the previous trend of declining defence spending, at the very least when measured in the total amount spent on defence:
Elected at the end of 2012, the Abe administration immediately reversed Japan’s defence spending trajectory, increasing the defence budget for each subsequent year since as shown on the graph above. On the surface this would suggest a decision to remilitarize Japan, and the media both in Japan and abroad has framed it as such. However, in real terms Abe’s policy only represents a slight adjustment necessitated by strategic realities. While most have been preoccupied with the headlines that Prime Minister Abe is approving record high defence budgets, most neglects to mention that the difference between the high and low points of Japanese defence spending is roughly 6 percent. This still pales in comparison to China’s defence spending growth.

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29 "Sipri Military Expenditure Database".
While the Abe administration’s commitment to reverse declining defence spending is undeniable, in total amount spent it is not as significant as it is often made out to be. But from the perspective of this research, it is more significant of what the money is spent on, i.e. what capabilities Tokyo is purchasing with it increased defence budgets. The most relevant items in the defence budget can be divided into three main categories: naval, airpower, and amphibious forces.

The naval realm would be the most important within the context of a potential Senkaku/Diaoyu Islands contingency, and this is a realm where Japan continues to enjoy an edge. Since 2013 the Abe administration has been committed to preserve this edge. Tokyo has approved the construction of one new destroyer and one new submarine each year, as well as the modernization and life extension of both the existing surface and subsurface fleet. Such a rate of acquisition, combined with step to ensure that older vessels are not required to be decommissioned, allows Japan to slow any Chinese efforts to catch up in the naval realm.

In the air Tokyo pursues two key avenues. On the one hand, Japan has been purchasing F-35A fighter jets to complement its older fighter aircraft, and to improve its fighting capabilities where China enjoys a massive numerical advantage. On the other hand, Japan has been investing heavily in airborne surveillance which accounted for 33
percent of Japanese defence spending between 2013 and 2016. This has been the largest expense category, overtaking naval (31 percent) and fighter aircraft (14 percent) acquisitions. This is a direct response to Japan’s changing security environment. Patrolling vast areas of open oceans to monitor Chinese activities in disputed waters is a daunting challenge and puts a heavy demand on surveillance hardware.

**Figure 5.6: Total Defence Spending (2013-2016) by Type**

Finally, Japan has traditionally lacked amphibious equipment, as it was deemed unnecessary in the context of Japan’s defensive military posture. However, the possibility of an armed confrontation over remote territories has given rise to a high demand for such equipment as Tokyo has come to realize that it will have to get troops to these territories in case of a conflict. Since 2013 the JSDF has been steadily acquiring amphibious vehicles and investing into the training of amphibious forces. In conjunction with this, the JSDF has also been acquiring other transport equipment, such as V-22 Ospreys and transport helicopters, all in an attempt to make Japanese forces more mobile and thus to be able to quickly respond to potential contingencies in remote areas.

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Based on the annually published Defence Budgets and the 2016 Defence Budget Request.
On the legal front, the Abe administration has been rather ambitious, pushing through a number of new security legislations. In 2013 the Abe administration presented its new National Security Strategy which outlined the blueprint of a new proactive Japanese defence posture, seeking a more significant voice in regional and global security matters. And since the unveiling of the NSS, Tokyo has been on course to create the necessary legislations that would allow its execution. As part of this, Tokyo has relaxed rules concerning arms exports, seeks to rewrite the relevant sections of the Japanese constitution to do away with the current restrictive Article 9 and replace it with a more comprehensive set of articles governing Japan’s military power, relax restrictions concerning potential JSDF support for U.S. forces, and recognize Japan’s right for collective self-defence.

Overall, Japan under the Abe administration has been responding appropriately to what one can discern to be the key implications of the rational choice discussed above: Tokyo has backed Beijing into somewhat of a corner by not recognizing the dispute and thus removing non-military options from China. Recognizing this, Tokyo has been increasing its own military power in order to either deter China directly by affecting the likelihood of success in case of a military engagement, or, at the very least, to improve its own chances to win such an engagement.

However, there has been one critical area where Tokyo has not been successful: building public support for this course of action. The Japanese public continues to display strongly anti-militaristic sentiments and the legal changes proposed by Abe have

31 The Office of the Prime Minister of Japan, "National Security Strategy (Provisional Translation),” (2013).
been hugely controversial at home. Protests have rocked Tokyo over the potential recognition of collective self-defence\textsuperscript{35} and the move has made other regional states, such as South Korea, fairly uneasy.\textsuperscript{36} While the path followed by Tokyo is a rational response to the implications of the current rational choice situation, without public support its execution remains dubious. If Japan lacks the will to fight, it becomes questionable whether it could sustain military operations over the Senkaku/Diaoyu Islands, especially as casualties begin to mount. This is especially troubling as China does not suffer from the same psychological weakness, and is expected to have a higher casualty tolerance than Japan, which could allow it to persevere even under unfavourable conditions. A lack of public support could turn the Senkaku/Diaoyu Islands into Japan’s Vietnam.

In an interview with Ryoko Nakano, she argued that, while the Japanese domestic audience recognizes that something needs to be done over the challenge presented by China, anti-militarist sentiments continue to be strong\textsuperscript{37}, which explains the strong opposition to Abe’s course of action. While Prime Minister Abe pursues a distinctively realist strategy, based on keen considerations for the balance of power and an appreciation for military power, Nakano argues that realist thought continues to be weak in Japan in general. Under the current conditions it would be hard to predict how the Japanese public would handle a military confrontation. As the strategic significance of the islands is poorly understood in general, it is questionable just how much blood and treasure the public would be willing to sacrifice for the defence of seemingly worthless rocks far out at sea.


\textsuperscript{37} Interview with Ryoko Nakano.
Thus, one key implication is that, if Japan wants to follow the path of military deterrence, then Tokyo has to pursue a more aggressive strategy to persuade the public to support such efforts and to gradually shift Japan away from strong anti-militarist sentiments that constrain Japan’s application of military power. An unpopular war cannot be sustained within a democratic society for long, especially in one where military power has been a taboo for decades. The LDP government needs a better public relations campaign to explain the current legislations, their importance and the general security situation facing Japan in order to break down domestic opposition that could undermine Japanese warfighting potential.

The other avenue available for Japan, if it wishes not to commit to military deterrence, is to change its policy on the dispute. Lack of recognition for the existence of a dispute is a key obstacle to a potential diplomatic resolution. As Ngeow states, until Japan takes the first step and recognizes that the Senkaku/Diaoyu Islands are in dispute, diplomatic options will not be possible. This would naturally be a costly political proposition for Japan as the Abe administration has invested political capital and credibility into not recognizing the existence of a dispute. However, without it there is no basis for negotiations. Shutting every political door but China unconditionally accepting Japanese sovereignty is unlikely to lead to a peaceful outcome, as such an option would be unacceptable for Beijing. In essence, with its hard-line stance Tokyo is restricting its own manoeuvrability within the context of the dispute. This is recognized by Ngeow who argues that Abe is purposefully restricting Japanese foreign policy options to remove backing down as an option, and thus reduces any incentives for a compromise. Similarly, Nakano argues that, while there is some support within Japan

38 Li Mingjian (interview in 2016) stated that a potential normative route would be for Japan and China to maintain the post-2012 status quo and to seek cooperation on issues such as management of fishery resources while refraining from further escalation.
39 Interview with Ngeow Chow Bing.
40 Ibid.
to recognize the dispute as it is recognized that such a step would be necessary to open diplomatic channels for a resolution, the conservative block in Japanese politics, from which Prime Minister Abe is from, is strongly opposed to such an idea.\textsuperscript{41}

Although likely delaying offers Japan some breathing space, one thing remains unavoidable: Japan either has to prepare to militarily deter China, in which case it needs to build stronger public support for such a plan, or it has to give an alternate way out for China, in which case it needs to recognize the existence of a dispute and change its rhetoric. Each avenue has its costs and benefits, and both are mutually incompatible. The one thing that Japan should not expect is to be able to back China into a corner politically where Beijing simply acquiesces to the existing status quo. Japan either has to offer China a way out without Beijing losing face, or prepare the nation to fight.

\textbf{5.4 Implications for the United States}

While the United States is not directly involved in the Senkaku/Diaoyu Islands dispute (i.e. does not possesses any claims of its own), it nevertheless has stakes in how it turns out, and thus the implications of the rational choice analysis discussed above affect U.S. policy making. From a U.S. perspective there are two key consideration: mitigating the effects of China’s rise on the existing status quo that favours the United States and to avoid an armed confrontation that would drag the U.S. into a potential war with Chia, the two of which is somewhat interconnected.

The U.S. plays an important role within the context of the Senkaku/Diaoyu Islands dispute through two main avenues: On the one hand, the Japanese-American alliance involves Washington in the dispute through the guarantees extended towards Tokyo. On the other hand, one of President Obama’s key foreign policy initiative has been the ‘pivot to East Asia’, a plan to refocus U.S. attention to the region in order to

\textsuperscript{41} Interview with Ryoko Nakano.
deal with the rise of China and preserve the status quo. This also involves the U.S. in the dispute, as the Senkaku/Diaoyu dispute continues to be a critical point where the rise of China threatens the established regional order, besides the various disputes on the South China Sea.

The Japanese-American alliance has been discussed in Chapter 3 in detail as it affects the risk factor associated with various military options. The U.S. has extended strong guarantees towards Japan and not honouring them would impose a severe loss of credibility on Washington as a security guarantor. At the same time, both Beijing and Washington have been eager to avoid a confrontation, as it would be costly for both parties (not to mention such a confrontation being a potential ignition point for a global confrontation with nuclear connotations).

The ‘pivot’ is a more general foreign policy direction. After the neglect shown by the previous Bush administration towards Asia, as it got increasingly preoccupied with the Middle East and the Afghanistan and Iraq wars, President Obama aims to restore U.S. presence and influence in the region. The pivot contains both a diplomatic and a military component: On the foreign policy front it emphasizes engagement with regional states and IGOs for closer cooperation to counter China’s growing influence. The pivot also aims to promote U.S. norms and values in the region through the Trans-Pacific Partnership Agreement (TPPA) which aims to establish common rules concerning trade and intellectual property rights based on U.S. norms (e.g. strict enforcement of laws concerning IPs and trademarks). The TPPA aims to counter Chinese efforts to build regional institutions based on Chinese norms, such as the Asia Infrastructure Investment Bank (AIIB). Beijing has used infrastructure projects to gain significant influence among the less developed Asian countries, such as Cambodia or Laos. It is notable that China has been excluded from TPPA negotiations. The assumption seems to be that once TPPA has been established as a regional norm, China
will have no choice but to fall in line to a system it had no say in. The same assumption
has been proven difficult to bring to fruition in the case of existing international law,
which China continues to ignore or interpret differently.42

On the military front, the pivot entails the reorientation of U.S. military power to
East Asia. On the one hand, this entails the U.S. seeking more active cooperation with
regional states. In 2015 the U.S. signed an Enhanced Defence Cooperation Agreement
with Singapore, which will allow the U.S. to increase the number of littoral combat
ships deployed to Singapore, as well as to deploy N-8 Poseidon surveillance aircrafts.43
Washington has been also pushing for an EDCA with the Philippines.44 These
agreements all seek to improve the U.S.’s access to the East Asian theatre through
creating new or expanding existing forward basing options for U.S. forces. On the other
hand, the pivot entails the rebalance of U.S. forces from their previous 50-50 percent
distribution between the Atlantic and Pacific theatres to a 40-60 percent distribution in
favour of the Pacific.45

Washington’s ‘pivot’ is accompanied by the development of the Air-Sea Battle
(ASB) concept by the U.S. military which aims to ensure that U.S. forces are ready to
break through and dismantle A2/AD defences. While there is limited open access
information concerning the ASB concept, it seems to aim to systematically dismantle
A2/AD defence through strikes against its critical components, such as radar stations,

42 See China’s continued interpretation of the 200 nm EEZ as a zone where it is entitled to legal
jurisdiction, as seen in the 2009 USNS Impeccable case and other instances.
43 U.S. Department of Defense, 7 December 2015, ”Carter, Singapore Defense Minister Sign Enhanced
Defense Cooperation Agreement.” Washington: U.S. Department of Defence,
<http://www.defense.gov/News-Article-View/Article/633243/carter-singapore-defense-minister-sign-
enhanced-defense-cooperation-agreement>, (accessed on 11 April 2016).
44 Carl Thayer, ”Analyzing the Us-Philippines Enhanced Defense Cooperation Agreement,” The
Diplomat, May 2014, <http://thediplomat.com/2014/05/analyzing-the-us-philippines-enhanced-
defense-cooperation-agreement/> (accessed on 08/01/2016) See also Lance M. Bacon, ”U.S.
Negotiating to Rotate Troops to 8 Philippine Bases,” Navy Times, 28 April 2015,
<http://www.navytimes.com/story/military/pentagon/2015/04/28/us-negotiating-troop-rotation-
philippines-catapang-china-base-troops/26512301/> (accessed on 08/01/2016).
45 Douglas Stuart, ”San Francisco 2.0: Military Aspects of the U.S. Pivot toward Asia,” (Taylor & Francis
Ltd, 2012), 211.
C4ISR capabilities and missile launchers on the opponent’s home territory.\textsuperscript{46} One of the key priorities of the U.S. military at the moment is to develop the necessary hardware and doctrine to execute such a campaign.

Through its existing policies the United States presents a direct challenge to China’s security: Washington is supporting directly China’s greatest regional rival, it is seeking opportunities to forward base significant U.S. forces in China’s desired sphere of influence, and it is actively seeking to develop capabilities to dismantle the cornerstone of Chinese defence, A2/AD capabilities. By pursuing these policies, the U.S. contributes to China’s sense of insecurity, even if a confrontation between the two is not imminent, which in turn pushes China towards more assertive security seeking behaviour to escape its insecurities, leading to escalation in tension over the East and South China Seas. Thus, Washington has to accept that it is part of the Senkaku/Diaoyu Islands dispute, and that China’s rational choice considerations (discussed above) have significant implications for U.S. policy in East Asia. There are two key options for the United States:

On the one hand, Washington can tighten its grip on East Asia. The United States can increase its military presence in Asia in order to directly deter any Chinese attempts to alter the status quo, as well as increase its influence amongst regional states to cement its status as a regional security guarantor. This strategy would be consistent with the assertions of theoretical framework of this research: Offensive realism is highly concerned about the conflict between existing and emerging hegemons. The latter strives to achieve hegemon status by eliminating opposition in its home region, as part of its inherent security seeking behaviour. The former aims to establish a threat in the same region in order to keep the emerging hegemon insecure, thus preventing it from

projecting power beyond its home region. The same principle can be observed in East Asia. China (as the emerging hegemon) aims to increase its influence over its home region and to push out the United States. This is similar to what the United States did with the European powers in the Western Hemisphere based on the Monroe Doctrine. At the same time, the U.S. (the existing hegemon) is eager to prevent this by maintaining influence and military presence in the region, as seen in the case of President Obama’s pivot and the ASB concept.

However, this creates a highly competitive dynamic. Constraining China through military deterrence can counter its more revisionist intentions, but it also contributes significantly to the insecurities that fuel China’s revisionist intentions in the first place. Aiming to contain the rise of China is expected to lead to China pushing even stronger against the regional order. To put it simply, one can attempt to hold someone down, but one then should expect them to try to break free. China has been responding to U.S. initiatives in the region and is expected to continue to do so with its own attempts to increase Chinese military power relative to the United States, leading to a competitive security environment. Such a dynamic forces the United States to match the development of Chinese military power in order to maintain the existing gap and thus, maintain the deterrence value of its forces. However, as the PLA becomes increasingly sophisticated through an ambitious development program enabled by China’s economic might, competing with the Beijing will become increasingly costly for Washington. In this scenario the eventual outcome of competition will be determined by which party reaches first the culmination point of economic exhaustion, as seen in the case of the Soviet Union during the Cold War.

One further critical issue with such a course of action that it would require Washington’s attention. Establishing the delicate dynamic of great power deterrence

47 Mearsheimer, The Tragedy of Great Power Politics.
means that such a course of action would need to enjoy priority in U.S. politics. Yet the Middle East continues to be a significant preoccupation for the United States. The Obama Administration has fared significantly better in this regards than the previous Bush Administration, however, the United States is still involved in the fight against ISIS, negotiating with Iran, and a host of other issues in the region. While at their current level these operations are not a critical distraction, and one should not expect superpowers to pursue only one foreign policy direction, they do open up the risk of mission creep. Would U.S. airstrikes in Syria escalate to a ground offensive, or would the U.S. need to intervene in one of the many potential hotspots in the continually restive Middle East, then it could easily find itself in a situation where it needs to draw forces from the ones stationed in East Asia, lowering its own ability to deter China. This can be observed during the Bush presidency when Beijing exploited U.S. preoccupation in Iraq and Afghanistan to adopt a more assertive tone in the region. Similarly, fighting such conflicts has proven to be fairly expensive, and would likely push the U.S. towards economic exhaustion. China would be expected to exploit such signs of weaknesses to try to alter the status quo in order to escape its own insecurities. Depending on the severity of competition between the U.S. and China, such a period could present a window of opportunity for China to engage U.S. forces.

On the other hand, Washington can loosen its grip on East Asia. This naturally would not mean a complete withdrawal from East Asia, but rather offering China more strategic breathing space. Reducing U.S. military presence in the region could contribute to lowering China’s threat perceptions and sense of insecurity. For example, Washington could withdraw its forces from Okinawa (which are a source of conflict with the local population to begin with) to U.S. bases in Guam. At the same time, rather than military deterrence, the U.S. could play an active role diplomatically to use its influence to broker deals between China and various other regional powers that would
allow China to establish the maritime buffer zone essential to its security peacefully. In this strategy the U.S. would not aim to prevent China from pursuing rational choice outcomes through force, but would rather seek to alter the calculation itself by targeting Chinese interests.

From a military perspective this strategy would not be favourable as it would increase the defences of the opponent, and thus would increase the costs of potential military compellence in the future. Similarly, it would require significant political sacrifices on the part of the United States to persuade allies to go along with such a plan, and to potentially give up on claims on the East and South China Sea. It would also increase China’s power and influence, which would go against realist thinking on the balance of power. However, this is the only approach for the U.S. to reliably reduce the risk of military engagement with China. Keeping China insecure through military deterrence is likely to push China to pursue ever more desperate courses of action to escape it. At the moment China is a scared state, even if its fears are largely the products of its nationalist imagination. And Mearsheimer argues that scared states will take extraordinary measures to enhance their security.\(^{48}\) It is up to Washington whether it seeks to affect Chinese behaviour through further threats or reassurance.

The United States’ position is not an enviable one. It exerts significant influence on a dispute where it does not control the players directly. U.S. posture not only affects China’s insecurities, but also how much risks Japan is willing to take\(^{49}\). Each potential direction would be costly for Washington. The key question to decide in light of China’s rational choice calculations is what is more important for Washington, peace or the status quo. Because based on the observed trends the two will become increasingly mutually exclusive.

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\(^{48}\) Ibid.

\(^{49}\) Interview with Ngeow Chow Bing.