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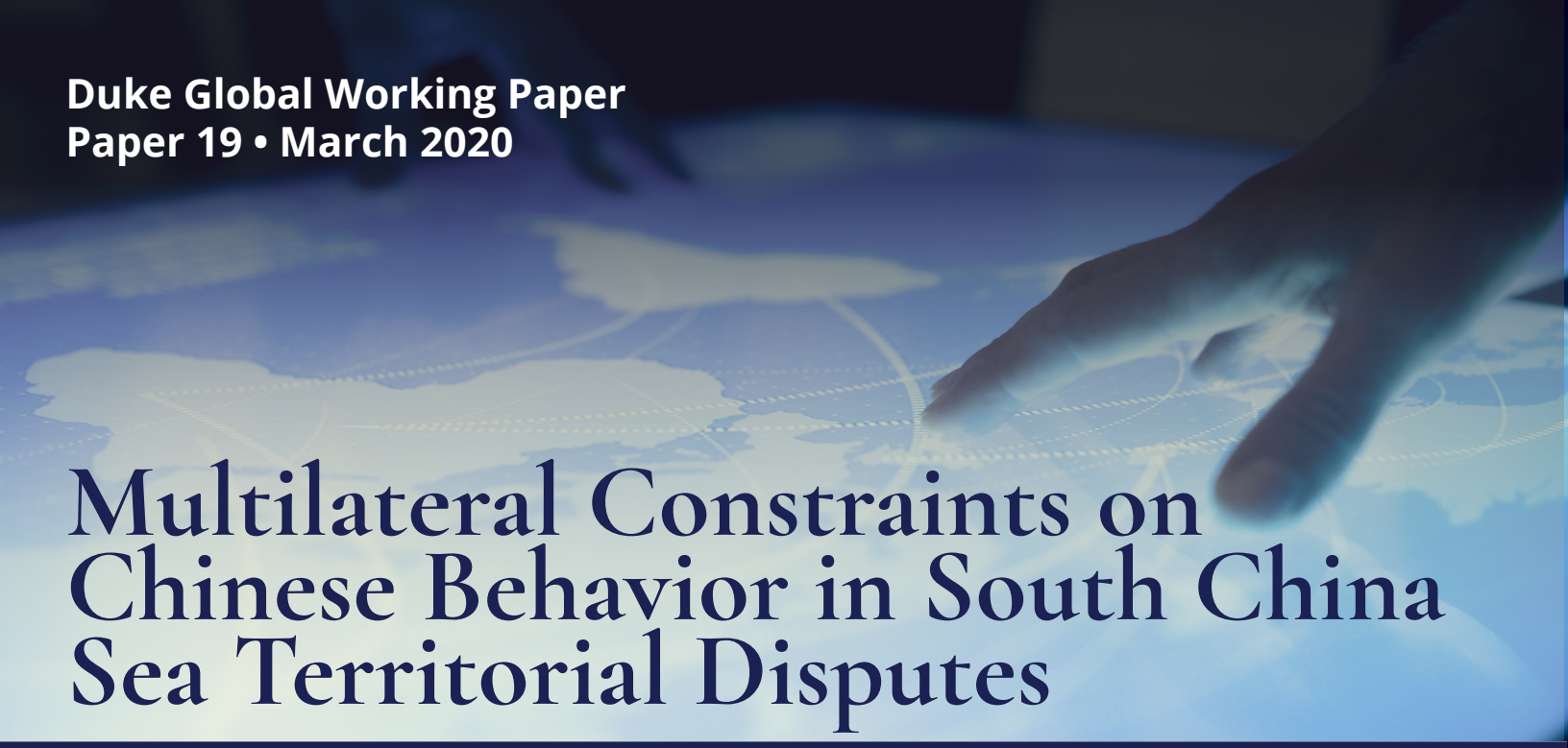

Multilateral Constraints on Chinese Behavior in South China Sea Territorial Disputes

Timothy R. McDade

Abstract:
Why have the bargaining strategies of the interested states in South China Sea (SCS) territorial disputes changed over time? To date, scholarship has analyzed states' overall strategies towards the SCS, domestic determinants of bargaining strategies, and China's remarkable growth and unique position in the world system. But what about international constraints on crisis bargaining? This paper will argue that China's willingness to engage in restrained negotiating behavior during the bargaining process is constrained by the degree to which it is accountable to the international institutional status quo and the financial system that supports it. China's decision to exercise restraint in bargaining passes through two analytical dimensions: an assessment of its power relative to neighbors and an analysis of the costs and benefits of defying multilateral institutions. My theory predicts unrestrained, more aggressive bargaining when relative power is high and the state in question is decreasingly accountable to international multilateral institutions. Using case studies and historical sources, this paper finds that restraint in bargaining behavior in the South China Sea from the 1970s to the present is directly related to relative power and the extent to which China's behavior is constrained by its accountability to international multilateral institutions. These findings are applicable to academics and policymakers considering the engagement between countries and the world order.

Keywords: China, South China Sea, bargaining, multilateral, institution, international, order, territorial, disputes, claimant, UNCLOS, power, accountability

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Contents

1. Introduction

1.1 Motivation

China has forcibly gained territory in the South China Sea on four main occasions over the last 50 years. It seized control of the Crescent Group of the Paracel Islands in 1974 from Vietnam, Johnson South Reef in the Spratly Islands from Vietnam in 1988, Mischief Reef in the Spratly Islands from the Philippines in late 1994 and early 1995, and Scarborough Shoal from the Philippines in 2012. These incidents were spread across time and all provoked sharp reactions from China's fellow South China Sea claimants. Why did China act aggressively in some cases and in the intervening time periods adopt a more restrained manner?

Recent Trump administration policies towards China seem to operate under the assumption that global politics is a zero-sum game. Among the current trade war's premises is that coercive bilateral economic sanctions will result in an outcome in which China cedes its national interests to those of the U.S. Although the U.S. is still the world's preeminent economy and holds a lot of bargaining power, the lack of international support for President Trump's approach to China throws into sharp relief the trade war's abandonment of the strength of multilateral institutions. Robert Zoellick's December 2019 remarks before the U.S.-China Business Council identified the dangers of active confrontation of China in the international arena: the Trump administration's rejection of China playing a constructive role in a U.S.-led international order could possibly push "China into championing a parallel, separate system, with very different rules."[1] As China has developed and become a more important player in the global political arena over the last fifty years, how have multilateral institutions constrained its behavior in pursuit of its national interests?

This paper will argue that China's willingness to engage in risky negotiating behavior during the bargaining process is determined by its power relative to its bargaining opponents and by the degree to which it is accountable to the international multilateral order.

[1] Robert Zoellick, as quoted in James Politi, Former World Bank president faults Trump's China policy, *Financial Times*, 4 December 2019.

Political science literature offers various explanations for foreign policy behavior. Domestic politics constrains and motivates key actors, as do the sources of government funding and real limits on military strength and range.[2] These constraints are especially salient in foreign policy relating to territorial claims. However, these explanations of behavior all operate within a larger framework. International multilateral institutions bind a country to certain patterns of behavior that constrict its available options to assert sovereignty by providing incentives to follow agreed-upon behavioral patterns and assigning punishments for infringements.[3] While domestic factors such as internal jockeying, polity appetite, and funding constraints may dictate what precise outcome comes to pass, the larger international institutional framework constructs guard rails within which domestic actors can choose their preferred lane.

1.2 Argument Overview

In today's interconnected economy, people, companies, and governments depend heavily on goods, services, and investments beyond their borders.[4] The gains made possible by such a system increase the potential cost of exiting that system or of disregarding its behavioral expectations.[5] Before there was a robust system of international organizations enforcing nonviolent resolution of questions of territorial sovereignty, force was a valid and often-used mechanism to resolve such disputes. However, since the adoption of the UN Charter, the "threat or use of force against the territorial integrity of political independence of any state" has been prohibited for all UN members.[6] Today, economic interdependence is a carrot that restricts states' willingness to pursue forcible territorial acquisitions for which they could be sanctioned. This paper will examine the applicability of interdependence constraints to China's territorial pursuits in the South China Sea.

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[2] De Mesquita, B. B., & Smith, A. (2010). Leader survival, revolutions, and the nature of government finance. *American Journal of Political Science*, *54*(4), 936-950.

[3] Chiba, D., & Fang, S. (2014). Institutional Opposition, Regime Accountability, and International Conflict. *The Journal of Politics*, *76*(3), 798-813; Chapman, T. L., & Wolford, S. (2010). International organizations, strategy, and crisis bargaining. *The Journal of Politics*, *72*(1), 227-242.

[4] For an overview, see Our World In Data: Trade and Globalization.

[5] Crescenzi, M. J. (2005). *Economic interdependence and conflict in world politics*. Lexington Books.

[6] U.N. Charter art. 2, para. 4.

China's willingness to engage in restrained or aggressive negotiating behavior during the bargaining process is restricted by the degree to which it is integrated with the international institutional status quo and the financial system that supports it. Its decision to exercise restraint in bargaining passes through two analytical dimensions: an assessment of its power relative to neighbors and an analysis of the costs and benefits of defying multilateral institutions. My theory predicts unrestrained, more aggressive bargaining when relative power is high and China is decreasingly (or not at all) accountable to international multilateral institutions (via permissiveness, silence, or non-membership). The operative mechanism is a version of the negative relationship between capital liquidity and bargaining position.

The determinants of China's accountability are outside the scope of this paper; I will consider accountability to be an exogeneous predictor of China's South China Sea behavior. For example, China has recently been accused of "decoupling" from the international order.[7] However, this decoupling has not been completely checked by other countries such as the U.S., who has withdrawn from multilateral institutions such as the Paris Agreement under the United Nations Framework Convention on Climate Change and has failed to join multilateral institutions China founded such as the Asia Infrastructure Investment Bank. China's increased aggression in the South China Sea is an effect of decreased accountability, which is an effect of this decoupling. Decoupling is a cause of decreased accountability, not a symptom it failed to predict.

1.3 Variable Definitions

I will use the term international order to refer to Ikenberry's definition of a set of "governing arrangements between states, including its fundamental rules, principles, and institutions."[8] However, it's important to pause here and recognize that each issue-specific topic of governance that together constitute the international order is internally contested by state and nonstate

[7] Rudd, K. (November 4, 2019). *To Decouple or Not to Decouple?* University of California – San Diego: Robert F. Ellsworth Memorial Lecture, Asia Society Policy Institute.
[8] Ikenberry, G. John. *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars, New Edition-New Edition*. Vol. 161. Princeton University Press, 2019, p. 23.

actors, consists of formal rules and informal norms, and coexists with other issue-specific topics of governance.[9] Johnston (2019) argues that the international order is made up of sub-orders, and proposes constitutive (sovereign), military, political development, social development, trade, financial, environmental, and information orders. This paper will consider the international order consisting of multilateral organizations in some of these orders, specifically the constitutive, military, trade, and financial orders.

The independent variables are relative power and degree of accountability into international institutions. Fravel defines bargaining power as "the amount of contested land that a state holds and its ability to project military power against its adversary over the disputed area."[10] This paper will build on Fravel's definition by adding one additional dimension: in the case of a territory as crucial to economic livelihoods as the South China Sea, economic power is also important to bargaining dynamics. This paper will conceive of power jointly as available naval resources (ship counts, incorporating the presence of allied militaries) and the share of national import-exports coming from that country. [11] In other words, if China's ships outnumbered the Philippines' and its allies' ships in the region 300 to 100, and Chinese goods made up a rising and significant percentage of the Philippine imports and China bought a rising and significant percentage of Philippine exports, then China would have a relative power advantage. Incorporation of allied military capabilities into this measure is important because evidence indicates that some Chinese military considerations about territorial expansion considered the status and positioning of United States military assets in its capacity as an ally to China's opponent claimants.

[9] Johnston, A. I. (2019). China in a World of Orders: Rethinking Compliance and Challenge in Beijing's International Relations. *International Security*, *44*(2), 9-60.

[10] Fravel, M. T. (2008). *Strong borders, secure nation: cooperation and conflict in China's territorial disputes* (Vol. 111). Princeton University Press; Jones, in Fels & Vu (Eds.) 2016.

[11] John Maynard Keynes famously said, "Owe your banker £1,000 and you are at his mercy; owe him £1 million and the position is reversed." (The Collected Writings of John Maynard Keynes: Volume 24: Activities 1944-1946: The Transition to Peace (1979), Moggridge, D. (Ed.). Macmillan and Cambridge University Press, p. 258.)

A relative power advantage is a minimum requirement for aggressive behavior. China's strategy rests on the concept of "escalation control", which requires that any risk of escalation can be actively managed.[12] This active management requires sufficient power.

The second independent variable in this paper is a country's accountability to multilateral organizations, or the constraints that multilateral organizations place on member countries. For example, China's membership in the United Nations and signatory status on the UN Convention for the Law of the Sea (UNCLOS) were not sufficient incentive for it to abide by the findings of the 2016 verdict of the Permanent Court of Arbitration in the case *Philippines v. China*. This episode highlights the difference between *membership* in a multilateral organization and *accountability* to that organization. Accountability to an international order will be defined as the degree to which a country's policy is determined by the order in question. This definition distinguishes between membership and accountability by separating the agency of the government from the influence of the international order. The government can additionally rely on influences outside the institutions in question, leaving space for an exit mechanism. Accountability will be measured by the degree of sway that the order has over the country in times of dispute, in other words, the outcome of dispute resolutions under bilateral and multilateral frameworks. If the resolution process for the episode resulted in a change in behavior, there was some accountability to the multilateral or bilateral organization involved.

The dependent variable is bargaining behavior of security, economic, and diplomatic measures taken to achieve strategic goals in the South China Sea, measured on a spectrum from restraint to aggression. Aggression or restraint will be measured by the form of action undertaken in the claimed territory and way relevant negotiation is carried out. Aggressive behavior will include the unilateral use of physical force to assert control of a disputed territory, a unilateral assertion of sovereignty over disputed territory, instrumentation of economic incentives as a quid pro quo for territorial concessions, or diplomatic arguments for territorial claims in direct contravention of agreed-upon international law.

[12] This concept will be explored in detail in the next section.

1.4 Paper Structure

This paper will test my theory by an examination of the historical record. If my theory is correct, I expect to see increased Chinese aggression in South China Sea territorial disputes during periods of high-power relative to its bargaining opponents and low or decreasing accountability to international multilateral organizations. The second section of the paper will discuss the argument in detail. The third section will discuss China's national preferences and strategies regarding the South China Sea and multilateral institutions. The fourth section will provide empirical support for the theorized relationship through case study analysis. Within each case, I will examine one (or several) typical case(s) in the independent variables, any cases extreme in the independent variables, and any deviant cases that seemingly contradict theory. The typical cases will establish the theorized relationship between the independent and dependent variables, the extreme cases will test if theory still applies at scope limits, and the deviant cases will explore the existence of any unexplainable cases.[13] The final section will conclude.

2. Theory

2.1 Actors

The actors in the South China Sea are the countries with a territorial claim and those with an interest in the territory for other reasons. China, for example, seeks international recognition of sovereignty over its claimed territory there and the rights that accompany it. The United States has an interest in free navigation through the South China Sea for commerce and military

[13] This framework is drawn from social science literature on case selection: King, G., Keohane, R. O., & Verba, S. (1994). *Designing social inquiry: Scientific inference in qualitative research*. Princeton university press.; Van Evera, S. (1997). *Guide to methods for students of political science*. Cornell University Press.; Seawright, J., & Gerring, J. (2008). Case selection techniques in case study research: A menu of qualitative and quantitative options. *Political research quarterly*, *61*(2), 294-308.; Collier, D., Brady, H. E., & Seawright, J. (2010). Outdated views of qualitative methods: time to move on. *Political Analysis*, *18*(4), 506-513.; Seawright, J. (2016). *Multi-method social science: Combining qualitative and quantitative tools*. Cambridge University Press; Seawright, J. (2016). Better multimethod design: The promise of integrative multimethod research. *Security Studies*, *25*(1), 42-49. It deliberately avoids selecting on the dependent variable, a key error noted by Johnston in recent analyses of Chinese assertiveness. Johnston, A. I. (2013). How new and assertive is China's new assertiveness?. *International Security*, *37*(4), 7-48.

purposes. As the claimant with the largest economy, largest military, and most vociferous diplomatic presence, China's behavior is particularly important to understand.

Each actor has a preference over its own interests. Claimant countries' preference is control over the territory it claims and the territory's accompanying resources under the UN Convention for the Law of the Sea (UNCLOS), including the Exclusive Economic Zone (EEZ), continental shelf, and territorial seas. Preferences of non-claimant countries such as the United States lie over the domains in which it has interests (e.g. rights of commerce and free navigation).

Each actor chooses a strategy to maximize the likelihood of achieving its preferences. It then chooses a pattern of bargaining behavior to carry out this strategy (i.e. tactics) that maximizes the adherence of the situation on the ground to their own preferences.[14] This behavior is constrained by two factors. The first factor is the actor's power relative to the other interested parties. The second factor is the actor's cost/benefit analysis of behaving in a manner that defies multilateral institutions. Theory predicts that the outcome on which domestic political actors will settle will be less restrained when the state's relative power is high and is decreasingly (or not at all) accountable to international multilateral institutions.

2.2 Escalation Control

The mechanism connecting accountability to bargaining behavior is a version of the negative relationship between capital liquidity and bargaining position. Immobile capital investment leads to a disadvantageous bargaining position relative to institutions in power.[15] In other words, an actor has an advantage in bargaining when it can walk away from the transaction; if its assets are mobile, this is possible, otherwise, it has no credible exit threat.

[14] This paper will refer to Silove's "grand principle" version of grand strategy. Silove, N. (2018). Beyond the Buzzword: The Three Meanings of "Grand Strategy". *Security Studies*, *27*(1), 27-57.

[15] Bates, Robert H., and Da-Hsiang Donald Lien. "A note on taxation, development, and representative government." *Politics & Society* 14.1 (1985): 53-70.; and Levi, M. (1989). *Of rule and revenue*. Univ of California Press.

China believes economic development is one of its core national interests and has made considerable immobile investments in the liberal international order over the last several decades to enable its development. Withdrawal from the system would incur massive negative consequences for its economic welfare. Consequently, unless China can come up with other institutions that provide it the same economic development benefits, its exit threat from traditional multilateral institutions is not credible. Therefore, China must work within the rules and norms of the international system in political, economic, and military arenas, including in South China Sea territorial disputes.[16] This mechanism is clearly spelled out in Chinese military thought as a concept called "escalation control", where China seeks to control (not avoid) any conflict that could erupt to minimize damage to its overall national interests.

Escalation control is an instrument in service of China's larger strategic goals of economic development and governance stability. Although international law and norms can reduce the volatility of crises, national interest trumps international law in situations involving core interests such as territorial integrity. [17] Enact In an extreme version of Clausewitzian subordination of military to political goals, Chinese leaders are not wary of engaging in all conflicts; they instead focus on controlling what conflict does erupt in order to maintain their broader national interests.[18]

In fact, according to Erickson and Chase (2011), "Chinese texts also indicate that decisionmakers at the General Staff department (GSD) or CMC level may directly exercise command over lower-echelon units under emergency circumstances."[19] Chinese military strategists now "believe that crises and wars need to be controlled… primarily out of a concern that an uncontrolled local war

[16] Via Hirschmanian "voice": Hirschman, A. O. (1970). *Exit, voice, and loyalty: Responses to decline in firms, organizations, and states* (Vol. 25). Harvard university press.
[17] Heath et al 2016; Kaufman & Hartnett 2016.
[18] Von Clausewitz, C. (1976). On War, trans. Peter Paret and Michael Howard. *Princeton: Princeton University Press*, *88*, 1966-67, Ch. 8; Heath et al 2016.; Cunningham, F. S., & Fravel, M. T. (2019). Dangerous Confidence? Chinese Views on Nuclear Escalation. *International Security*, *44*(2), 61-109.
[19] Erickson & Chase 2011. This is also evident in Civil-Military Integration under Xi Jinping: see DoD 2019 for more details.

could derail China's economy and in the process foster widespread domestic discontent and instability that would threaten the legitimacy of the Chinese Communist Party (CCP)."[20]

China's emphasis on political interests and escalation control manifests in a strategy that will not provoke a force response from any adversarial actors with greater power than China, including the United States or any multilateral organizations that can inflict significant pain upon China. This strategy is also designed to not have any deleterious effects on China's domestic political stability or economic development. China's integration into the liberal international order here functions as an upper bound on the degree of assertiveness that China would consider employing to achieve its strategic goals.[21]

2.3 Literature

This paper builds on several bodies of literature. The first is the economic interdependence literature, which Crescenzi (2005) usefully separates into three camps.[22] Crescenzi's first camp encompasses thinkers such as Kant, Angell, and Schumpeter, who argue that as economic exchange grows, security interests are replaced by economic interests and the likelihood for conflict decreases. The second camp, including scholars such as Hoffman, Barbieri, and Gilpin, has found that alongside increased economic exchange comes increased opportunity for conflict that stems from unequal relative distribution of gains and power.[23] The third camp, which includes scholars such as Waltz and Gartzke, argues that increased interdependence is not as

[20] Laird, B. (2017). *War Control: Chinese Writings on the Control of Escalation in Crisis and Conflict*. Center for a New American Security.

[21] Ikenberry, G. J. (2011). *Liberal Leviathan: The origins, crisis, and transformation of the American world order* (Vol. 128). Princeton University Press, pp. 348-357. A similar argument has also been made that China will likely not shift resources "away from economic growth and toward military capabilities relevant to disputes in the South China Sea." Wu, S. S., & De Mesquita, B. B. (1994). Assessing the dispute in the South China Sea: A model of China's security decision making. *International Studies Quarterly*, *38*(3), 379-403.

[22] Angell, N. (2010). *The great illusion*. Cosimo, Inc.; Kant, I. (2015). *On Perpetual Peace*. Broadview Press; Schumpeter, J. A. (2010). *Capitalism, socialism and democracy*. routledge.

[23] Hoffmann, S. (1965). *The state of war: essays on the theory and practice of international politics*. New York: Praeger; Barbieri, K. (1996). Economic interdependence: A path to peace or a source of interstate conflict?. *Journal of Peace Research*, *33*(1), 29-49.; Gilpin, R. (2016). *The political economy of international relations*. Princeton University Press.

important as the structure of power or the anticipation and avoidance of upcoming conflict by rational actors.[24]

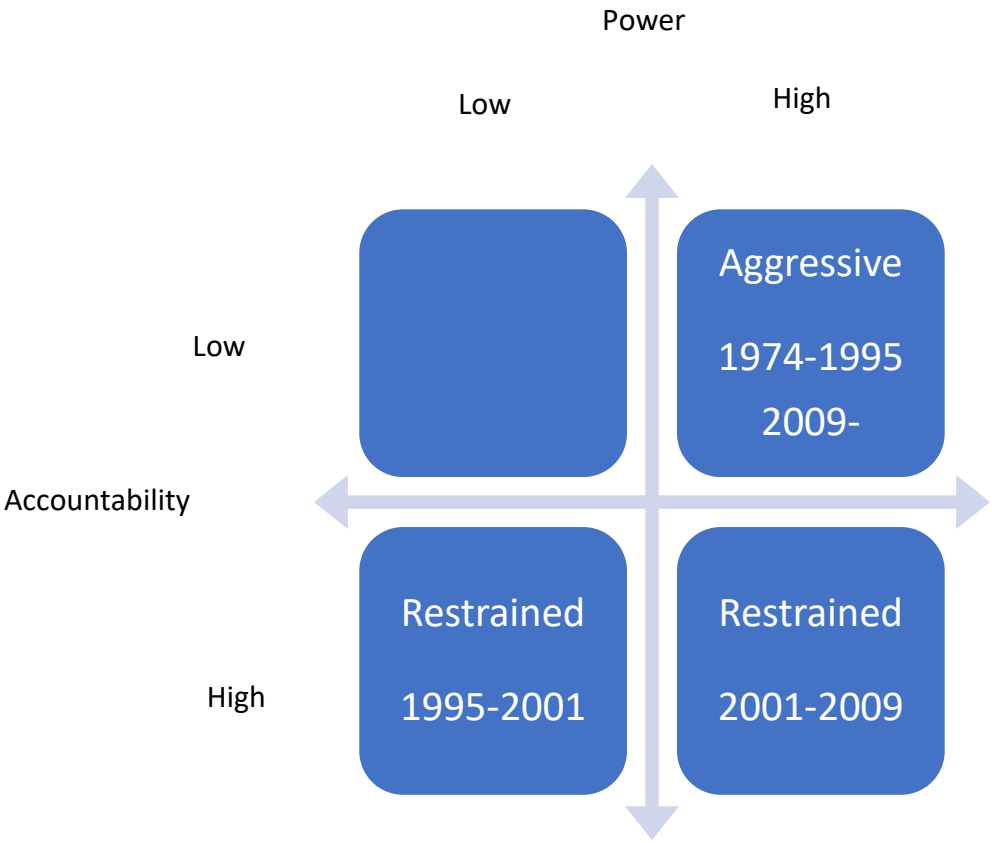
The second strand of literature discusses the history of inter-state disputes in the South China Sea. A subsection of this literature considers national strategies in the South China Sea, most of which analyzes Chinese military and political strategy. The third strand of literature documents and analyzes Chinese national participation in international organizations. The fourth body of literature upon which this paper will draw is bargaining literature, which describes the conditions under which bargaining strategy can be aggressive or restrained. Ceteris paribus, an actor with fewer acceptable outcomes will have a stronger bargaining position.[25] However, territorial disputes can be different: increases in relative bargaining power over territorial disputes does not always spiral into violence because capital investments incentivize powerful parties to preserve their stature by adopting risk-averse policies: "the effect the international system has in determining a state's freedom to craft foreign policies can eliminate the possibility of using force." [26]

2.4 Predictions

This paper's argument can be thought of in a two-by-two matrix. The cells are the combinations of high/low power and high/low accountability to international institutions. The content of each cell is the resulting aggressive or restrained bargaining behavior. From 1974 to 1995, China had high power relative to its neighbors and low accountability to the international multilateral order, and therefore should exhibit aggressive bargaining behavior. During negotiations to enter the WTO in the late 1990s, China had low power relative to its neighbors because of their increased security ties with the U.S. but had higher accountability to the multilateral order, and therefore

[24] Waltz, K. (1970). The Myth of National Interdependence In CP Kindleberger (Ed.), The International Corporation.; Gartzke, E. (2003). The classical liberals were just lucky: A few thoughts about interdependence and peace. *Economic interdependence and international conflict: new perspectives on an enduring debate*, 96-110.
[25] Chung, C. P. (2004). *Domestic politics, international bargaining and China's territorial disputes*. Routledge.
[26] Jones, E. (2016), Steel Hulls and High-Stakes: Prospect Theory and China's Use of Military Force in the South China Sea (197-224). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer.

should exhibit more restrained bargaining behavior during this time period. From 2001-2009, military advances made China a high power, high accountability state, and therefore should exhibit restrained bargaining behavior. Since 2009, it has moved closer to the high power, low accountability cell, and should therefore exhibit more aggressive bargaining behavior.



This paper is not intended to predict China's achievement of territorial sovereignty over its claimed areas under different accountability regimes. The dependent variable is not China's achievement of its desired preference, but whether it used aggressive or restrained bargaining behavior to achieve its desired outcome. As an aside, China has essentially achieved its goals in

the South China Sea: it has three airstrips in the South China Sea that can host any plane in its military. More interesting is the variation over time in China's pursuit of this goal.

My theory predicts that an increase in aggressive bargaining behavior will occur when a country's accountability to international institutions decreases (the actor is withdrawing from the international system or multilaterals are permissive or silent) and will decrease when a country's accountability to international institutions increases (the country is increasingly enmeshed in the international system or multilateral disapproval of underlying behavior has been promulgated).

2.5 Counterarguments

One possible counterargument to this paper has two variations. The first is that any of China's restrained bargaining behavior does not respond to accountability to multilateral institutions, but instead is self-control designed to bide time while building power. In other words, this argument asserts that aggressive behavior would result under any high-power scenario, regardless of accountability. However, the empirical record shows that in situations where China has high relative power, its behavior varies with accountability: it is more restrained when accountability is high and more aggressive when accountability is low. Therefore, behavior is indeed a function of accountability.

The second version of this argument is that because China's strategy incorporates a significant measure of delay, restrained behavior as an intentional delay of achieving its goals cannot be called accountability. However, because the outcome variable is bargaining behavior, not achievement of territorial goals, a cessation of aggression in response to objections from other parties is the definition of accountability set forth earlier, and its outcome can only be categorized as restrained behavior. In both cases, delay in any aggressive behavior is a function of accountability to multilateral institutions and results in restrained bargaining behavior.

Does this mean, however, that China's recent behavior in the international arena has not been hawkish? No, for two reasons. First, since 2009, China *has* been more hawkish in the South China

Sea, and this hawkishness results from lower accountability to multilateral institutions. Second, this paper only makes claims about the constraints multilateral institutions can place on claims of territorial sovereignty in the South China Sea. Claims about human rights, economic practices, military issues, or intervention in disputes across the world each require their own investigation.

3. Preferences and Strategies

3.1 China's Preferences

According to Dai Bingguo, former State Councilor of the PRC, the main goals of the Chinese Communist Party (CCP) are, in order, stable CCP leadership, economic development, and territorial sovereignty, also known as the "Chinese Dream."[27] The United States Department of Defense (DoD) assigns China the further strategic objective to "secure China's status as a great power and, ultimately, emerge as the preeminent power in the Indo-Pacific Region."[28] The literature on Chinese strategy largely agrees that these goals have not changed over time.[29]

3.1.1 South China Sea Preferences

Each of Dai's stated three goals affects Chinese South China Sea preferences. Because of the stability of overall national goals, Chinese interests specific to the South China Sea have also been consistent over time.[30] The above three national interests correspond to China's South China Sea

[27] Dai, B. (13 December 2010). Stick to the path of peaceful development. China Daily. Quoted in Turcsanyi, R. Q. (2016), Contradiction of Strategic Goals as Major Constrain of Chinese Power in the South China Sea (173-196). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer; United States Department of Defense (DoD) (2019). Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2019. Office of the Secretary of Defense; Heath, T. R., Gunness, K., & Cooper, C. A. (2016). *The PLA and Chinas rejuvenation: National security and military strategies, deterrence concepts, and combat capabilities* (No. RR-1402-OSD). RAND Corporation-National Defense Research Institute Santa Monica United States; Kaufman, A. A., & Hartnett, D. M. (2016). *Managing conflict: Examining recent PLA writings on escalation control*. Center for Naval Analyses Arlington United States.

[28] DoD 2019; United States Defense Intelligence Agency (DIA) (2019). China Military Power: Modernizing a Force to Fight and Win. Defense Intelligence Agency.

[29] Fravel, M. T. (2012), Maritime Security in the South China Sea and the Competition over Maritime Rights (31-50). In Cronin, P. M. (Ed.), *Cooperation from Strength: The United States, China, and the South China Sea.* Center for New American Security; Swaine, M. D. (2016). Chinese Views on the South China Sea Arbitration Case between the People's Republic of China and the Philippines. *China Leadership Monitor*, *51*.

[30] Luo, Y., Li, J. M.,Zhang, W.Z., Liu, S. H. (2019), Fanying nanhai U-xing haijiangxian de "nanhaiqundao xin ditu" [A historical Map of East Indies representing the U-boundary in the South China Sea as an international boundary].

goals of controlling scope of conflict, ensuring Chinese access to resources and commerce, and protecting Chinese territorial sovereignty, respectively. China hopes to control the waters within the first island chain, securing access to economic resources, clear Sea Lines of Communication (SLOC), and sovereignty over a significant portion of the land features and accompanying waters. [31]

Territorial sovereignty concerns relate to the purposes for which China will use the South China Sea: security, commerce, and resources.[32] China has historically conceived of its geography as limited by the island chains surrounding it. Recently, it has sought to master the waters within those island chains in order to preserve strategic and tactical flexibility. China claims sovereignty over nearly the entirety of the South China Sea, including the Spratly and Paracel Islands, and currently occupies eight outposts in the Spratly Islands, 20 outposts in the Paracel Islands, and controls Scarborough Shoal.[33]

China views questions of territorial sovereignty as non-negotiable, but has declined to officially denote the South China Sea territorial disputes as "core interests", a particularly salient term used to describe those places over which China asserts unilateral sovereignty and refuses to negotiate such as Taiwan and Tibet.[34] These claims are complicated by significant Chinese

Kexue tongbao; Wang, M. L., Chang, T. (2014), Lun youxiao kongzhi lilun zai nanhai daoyu zhuquan zhengduan zhong de yunyong – jiyu guoji fayuan caipan anli de fenxi [On the application of effective control theory in the sovereignty disputes of the South China Sea Islands]. *Taipingyang xuebao.*

[31] For more on China's thought on island chains, see Holmes & Yoshihara 2010 and Erickson, A. S., & Wuthnow, J. (2016). Barriers, springboards and benchmarks: China conceptualizes the pacific "island chains". *The China Quarterly*, *225*, 1-22. For a view on this topic more centered on China's great power relations, see Garver, J. W., & Wang, F. L. (2010). China's anti-encirclement struggle. *Asian Security*, *6*(3), 238-261.

[32] Holmes, J., & Yoshihara, T. (2010). Red Star over the Pacific: China's Rise and the Challenge to US. Naval Institute Press; Turcsanyi, in Fels & Vu (Eds.) 2016.

[33] DIA 2019, p. 74; Asia Maritime Transparency Initiative (AMTI) (2019), Island Tracker. Center for Strategic and International Studies.

[34] Swaine, M. D. (2011). China's Assertive Behavior: Part One: On 'Core Interests,'. *China Leadership Monitor*, *34*(22), 1-25. Chinese domestic conceptions of territorial sovereignty are perhaps unique in their definition according to historical bases and internal governance structures rather than from external recognition of boundaries; Ming, G. (2016), Assembling a City in the Ocean: Sansha Island in the South China Sea and the New Politics of Chinese Territorialization (225-246). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer. For a detailed discussion of Chinese conceptions of sovereignty in a historical context, see Bell, D. A. (2017). Realizing Tianxia: Traditional Values and China's Foreign Policy (129-148). In B. Wang (Ed.), *Chinese Visions of World Order: Tianxia, Culture, and World Politics.* Duke University Press.; Johnston, A. I. (1998). China's Militarized Interstate Dispute Behaviour 1949–1992: A First Cut at the Data. *The China Quarterly*, *153*, 1-30, p. 29.

interests in stable relations with other nations involved in the South China Sea dispute, including claimants and non-claimants.[35]

3.1.2 Multilateral Institutions Preferences

Each of Dai's three national goals are also particularly relevant to China's multilateral institutional preferences. China's increasing economic strength has increased its interest in ensuring stable economic growth. China has likewise sought a voice in international institutions commensurate with its economic and political power.[36] This preference takes varied forms, including access to trustworthy markets for government debt, a stable currency regime, or increased trade facilitated by Most Favored Nation (MFN) status or membership in the World Trade Organization (WTO). Political interests manifest in regional security forums, stable relations with its neighbors in Asia, and stable and healthy relations with the United States.

China is aware that these interests also act as constraints. While the conditions attached to its WTO accession highlighted what the rest of the world viewed as the weaknesses of its system, its relatively good performance during the Asian Financial Crisis illuminated the benefits of its system and its potential for regional leadership. China has taken measures to counter-act the constraints of traditional multilaterals by founding regional institutions that provide it stronger input.

3.2 China's Strategy

This paper will consider strategy to be the link between political means and ends.[37] China's overall grand strategy can be characterized as "achieving great power status through market-led

[35] Zou, K. (2000), Chinese Approaches to International Law. In Hu, W., Chan, G., & Zha, D. (Eds.). *China's international relations in the 21st century: dynamics of paradigm shifts*. University Press of America.

[36] Paradise, James F. "The role of "parallel institutions" in China's growing participation in global economic governance." *Journal of Chinese Political Science* 21.2 (2016): 149-175; Wu, G. & Landsdowne, H. (2009). International multilateralism with Chinese characteristics: attitude changes, policy imperatives, and regional impacts (3-18). In Wu, G. & Landsdowne, H. (Eds.), *China Turns to Multilateralism: Foreign policy and regional security*. Routledge; Johnston 2019.

[37] Betts, R. K. (2000). Is strategy an illusion?. *International security*, *25*(2), 5-50.

economic growth."[38] This section will first consider how China's three main national goals affect Chinese strategy in the South China Sea and then its strategy with respect to engagement with international institutions.

3.2.1 South China Sea Strategy

China's strategy towards the South China Sea has remained steady over time. However, the way China has *pursued* this strategy has changed. Its goal there has not also changed: to gain recognition for its claims of sovereignty.[39] Its strategy in the South China Sea has been to pursue a "'small step' approach to legitimizing and clarifying its claims on the SCS, using non-military and incremental policies to avoid provoking the use of force from other claimants as well as preventing an overt balance of power scenario which would see a hardening of strategic policies among all the actors in the SCS region and possibly even an arms build-up as a result of the contested nature of the waterway."[40] China has continued to claim that the South China Sea is an internal issue and therefore is not subject to international arbitration.[41] This is different from Taiwan, whose government is not internationally recognized and therefore has no standing to challenge China inside multilateral institutions. There are several interpretations of Chinese strategy in the South China Sea: the *cabbage island strategy*, the *patient consolidation strategy*, and the *gray zone strategy.* This paper will not characterize the aggression of each conception of Chinese strategy; instead, the empirics section will focus on characterizing the aggression or restraint of China's behavior in pursuit of that strategy.

Each of these three conceptions of China's strategy emphasizes different aspects of Chinese engagement with the South China Sea, has empirical support going back decades, and points

[38] Morgan, F. E., Mueller, K. P., Medeiros, E. S., Pollpeter, K. L., & Cliff, R. (2008). *Dangerous Thresholds: Managing Escalation in the 21st Century*. Rand Corporation.
[39] Fravel, in Cronin (Ed.) 2012; Swaine 2016. Dutton characterizes it as follows: "*The aim of China's regional maritime strategy is to expand China's interior to cover the maritime domain under an umbrella of continental control*… China will reap economic and political benefits from its capacity to control events throughout the region without the costs associated with competition from either a regional or outside power." Peter A. Dutton, *Testimony before the House Foreign Affairs Committee Hearing on China's Maritime Disputes in the East and South China Seas.* 14 January 2014.
[40] Lanteigne, M. (2016), The South China Sea in China's Developing Maritime Strategy (97-116). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer.
[41] Lanteigne, in Fels & Vu (Eds.) 2016.

towards one coherent, multifaceted strategy that has not changed over time. Each of the three rests upon the concept of escalation control (often written in Chinese as “war control,” 战争控制, or “containment of war,” 遏制战争).[42] Escalation control is implemented in service of the ultimate Chinese goal of stability and is intended to prevent the escalation of tensions while claims are consolidated.[43] Chinese military thinkers have grown more explicit about the role of escalation control in Chinese military doctrine over the past few decades.[44]

The first interpretation can be called the *cabbage island strategy*, which wraps the South China Sea up like the leaves of a cabbage and entails "accelerat[ing] its maritime policies in the SCS to tacitly deter other claimants.”[45]

The second conception of Chinese strategy in the South China Sea, which we can call the *patient consolidation* strategy, asserts that China exploits claimants’ reluctance to escalate by occasionally being assertive and frequently issuing diplomatic reassurances that China is a friendly power.[46] China has “pursued a strategy of delaying the resolution of the dispute”, intending to consolidate claims and deter other countries from strengthening their claims at

[42] Morgan et al 2008. For an overview of Chinese military subordination to national economic development, see Yang, Y. (2011). Modernization of China’s National Defense. In Y. Wang (Ed.), *Transformation of Foreign Affairs and International Relations in China, 1978-2008* (pp. 239-282). Brill Publications.

[43] Fravel, M. T. (2011). China's strategy in the South China Sea. *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, *33*(3), 292-319.

[44] Morgan et al 2008. Chinese scholars have adopted Michael Brecher and Jonathan Wilkenfeld’s definition of a crisis: a “political-military conflict where decision makers perceive there to be a thread to important interests, where stakes are high, where there is a growing probability of armed conflict, and where there is perceived pressure to resolve a dispute before it escalates to war.” Johnston, A. I. (2016). The evolution of interstate security crisis-management theory and practice in China. *Naval War College Review*, *69*(1), 28-71. Johnston further notes that Chinese crisis management thinking reflects that of the west to a great extent but nonetheless lacks fully developed crisis decision-making institutions.

[45] Lanteigne, in Fels & Vu (Eds.) 2016.

[46] Fravel, in Cronin (Ed.) 2012; Le Thu, H. (2019). China's dual strategy of coercion and inducement towards ASEAN. *The Pacific Review*, *32*(1), 20-36 and Ramadhani, E. (2014). China's Crisis Bargaining in the South China Sea Dispute (2010-2013). *Journal of ASEAN Studies*, *2*(2), 103-120.

China's expense.[47] These claims are deliberately couched in non-aggressive language and carried out via the least possible amount of aggression that will accomplish the goal.[48]

The importance of escalation control is clear in Holmes and Yohshihara's description of Chinese strategy in the South China Sea as a "*gray zone*" strategy, a characterization common among those in the U.S. military establishment.[49] A gray zone strategy stops short of a *casus belli* by presenting the desired outcome as a fait accompli, thereby forcing the opponent to act first. "China's way of gray-zone strategy appears founded on creating the semblance of sovereignty over disputed islands, seas, and skies."[50] Gray zone thinking is clear in the writings of Chinese thinkers who stress "the importance, initially at least, of a *lack* of clarity and transparency, on the ground that uncertainty induces caution in an adversary."[51] Importantly, a gray zone strategy must be backed up by considerable conventional military power, but is effective because it relies on the least possible amount of force effective in accomplishing the goal, leaving bargaining opponents no reason to interfere against low-level aggressions.

The *cabbage island*, *patient consolidation*, and *gray zone* characterizations emphasize different dimensions of the same strategy: one designed to achieve national goals through strategic patience, the desire to avoid outright conflict, accumulation of unused military power, the imposition of de facto sovereignty over disputed territory with minimal force, and the issuance of corresponding reassuring diplomatic statements.[52] While the *cabbage island* characterization stresses a gradual acceleration of military policy as a deterrent against challenges of sovereignty,

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[47] Fravel 2011.

[48] Fravel, M. T. (2016). Threading the needle: the South China Sea disputes and US-China relations. *Available at SSRN 2807181*; DoD 2019.

[49] Holmes, J. R., & Yoshihara, T. (2017). Deterring China in the "Gray Zone": Lessons of the South China Sea for US Alliances. *Orbis*, *61*(3), 322-339; United States Congressional Research Service (CRS 2019a), *U.S.-China Strategic Competition in South and East China Seas: Background and Issues for Congress.* Updated 24 September 2019. for an extended discussion of this strategy see Erickson, A. S. & Martinson, R. D. (Eds.) (2019). *China's Maritime Gray Zone Operations.* China Maritime Studies Institute and the Naval Institute Press.

[50] Holmes & Yoshihara 2017, p. 323.

[51] Johnston 2016, p. 21. Emphasis in original.

[52] For a detailed historical Chinese example of governance strategies to manage the relationship between space and resource extraction, see Mostern (2011), "*Dividing the Realm in Order to Govern: The Spatial Organization of the Song State (960-1276 CE)."* Harvard University Asia Center.

the *patient consolidation* characterization stresses how pushing dispute resolution further down the road permits passive incremental gains. The *gray zone* strategy emphasizes the opportunities afforded by low intensity of any conflict that may exist, giving China the ability to assert sovereignty without being contested by a bargaining opponent who has been denied a *casus belli.* We will soon see that the pursuit of China's South China Sea strategy permits varyingly restrained and aggressive behavior.

3.2.2 Multilateral Strategy

China's accountability to international institutions has varied since the Maoist era. Up until the Reform and Opening Up (改革开放) in 1978, China was explicitly skeptical of multilateral organizations. Its policy of rejecting nominal multilateralism (两个正英, 反对迪休范) was in place until the 1970s.[53] The Three Worlds Theory (三个世界) of the mid-1970s subsequently allowed selective involvement in multilateral institutions but stayed well short of permissible involvement in qualitative multilateralism.[54] In the 1980s, after some reforms had been implemented, the peace and development (和平与发展) policy began to legitimate multilateralism.[55]

Since the 1990s, multipolarity has become a tool of Chinese scholars of international relations. However, the Chinese definition of qualitative multilateralism differs from western definition in that it also stresses the independence of Chinese foreign policy and sovereignty, as well as informal consultation and consensus-building.[56] Chinese thinking on the proper role of multilateral institutions continued to evolve and deepen in the mid-2000s. In some cases, China has pushed back against western conceptions of security: it continues to abstain from the

[53] Kondapalli, S. (2017). Multilateralism with Chinese Characteristics (3-28). In Kondapalli & Pandit (Eds.), *China and the BRICS: Setting up a Different Kitchen.* New Delhi: Pentagon Press.
[54] Wang, H. (2000), Multilateralism in Chinese Foreign Policy: The Limits of Socialization? (71-92). In Hu, W., Chan, G., & Zha, D. (Eds.). *China's international relations in the 21st century: dynamics of paradigm shifts*. University Press of America.
[55] Pang, S. (2011). A New Stage in the Development of China-UN Relations (149-184). In Y. Wang (Ed.), *Transformation of Foreign Affairs and International Relations in China, 1978-2008*. Brill Publications.
[56] Wang, in Hu et al (Eds.) 2000.

Proliferation Security Initiative but has been constrained by membership in international organizations (namely in nuclear test bans).[57]

But some degree of socialization appears to have occurred: China now is an active participant in the global multilateral order.[58] This evolution could be partly due to having been socialized to a western conception of sovereignty and partly due to proactive qualifying multilateral policy positions to suit its own preferences.[59] Modern Chinese power possibly even "rests almost entirely on integration into the global economy, even though the rules of that economy were established largely by the United States and its allies."[60]

One gap in Chinese socialization is dispute resolution. With the exception of the WTO dispute resolution mechanism, China has historically preferred bilateral to multilateral engagement because of a perception that other countries perceive it as insincere in multilateral settings, bilateral engagement's lack of effective constraint mechanisms, power asymmetries in its favor, and hardening positions by other major players in multilateral institutions.[61]

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[57] Johnston, A. I. & Evans, P. (1999). *China's engagement with multilateral security institutions* (235-273). In Johnston, A. I. & Ross, R. S. (Eds.), *Engaging China.* Routledge.

[58] Cai, T. (2011). Transmission of Globalization Ideas in China and Their Influences. In Y. Wang (Ed.), *Transformation of Foreign Affairs and International Relations Land in China, 1978-2008* (pp. 367-428). Brill Publications; Su, C. (2013), China's Approach to Multilateralism in East Asia (70-89). In Prantl, J. (Ed.), *Effective Multilateralism: Through the Looking Glass at East Asia.* Palgrave Macmillan; Pearson, M. (2001). The Case of China's Accession to GATT/WTO (337-371). In Lampton, D. M. (2001). *The making of Chinese foreign and security policy in the era of reform, 1978-2000*. Stanford University Press.

[59] Prantl, J. & Nakano, R. (2013), Global Promulgation – Regional Implementation?: The Responsibility to Protect in East Asia (272-292). In Prantl, J. (Ed.), *Effective Multilateralism: Through the Looking Glass at East Asia.* Palgrave Macmillan.

[60] O'Hanlon, M. E. (2009), Defense Issues and Asia's Future Security Architecture (279-306). In Green, M. J. & Gill, B. (Eds.). *Cooperation, Competition, and the Search for Community: Asia's New Multilateralism.* Columbia University Press.

[61] Storey, I. J. (1999). Creeping Assertiveness: China, the Philippines and the South China Sea Dispute. *Contemporary Southeast Asia*, 95-118; Zou, in Hu et al (Eds.); Storey, I. J. (2012), China's Bilateral and Multilateral Diplomacy in the South China Sea (51-66). In Cronin, P. M. (Ed.), *Cooperation from Strength: The United States, China, and the South China Sea.* Center for New American Security; Hong 2013; Wu, X. (2009), Chinese Perspectives on Building an East Asian Community in the Twenty-first Century (55-77). In Green, M. J. & Gill, B. (Eds.). *Cooperation, Competition, and the Search for Community: Asia's New Multilateralism.* Columbia University Press; Searight, A. (2009), Emerging Economic Architecture in Asia: Opening or Insulating the Region? (193-243). In Green, M. J. & Gill, B. (Eds.). *Cooperation, Competition, and the Search for Community: Asia's New Multilateralism.* Columbia University Press.; O'Hanlon, in Gill & Green (Eds.) 2009; Wu & Landsdowne, in Wu & Landsdowne (Eds) 2008; Zou, K. (2008), Maritime Security and multilateral interactions between China and its neighbours (147-172). In Wu, G. & Landsdowne, H. (Eds.),

Clearly, China is not fundamentally averse to joining or starting multilateral organizations. However, its strategy has changed over time. Perhaps due to a sense that its input into multilateral organizations was not commensurate with its increasing political and economic power, China founded several new multilateral institutions throughout the 2000s covering topics ranging from currency swap agreements to infrastructure to diplomacy.[62] Institutions such as the Asian Infrastructure Investment Bank (AIIB), Belt and Road Initiative (BRI), and the Bo'ao Forum for Asia (BFA) all play an important role in China's image as a global stakeholder. Chinese thinkers assign these institutions an important place in China's effort to reform global governance.[63]

China's multilateral strategy is to instrumentalize organizations to achieve its national interests of political stability, economic development, and territorial sovereignty.[64] Chinese support for the international constitutive order is largely focused on its insistence on high support for political stability and territorial sovereignty. Its support of the trade and financial orders is focused on

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China Turns to Multilateralism: Foreign policy and regional security. Routledge; Lam, W. W. (2008), China's petroleum diplomacy: Hu Jintao's biggest challenge in foreign and security policy (222-240). In Wu, G. & Landsdowne, H. (Eds.), *China Turns to Multilateralism: Foreign policy and regional security*. Routledge; Acharya, A. (1999). *Containment, engagement, or counter-dominance? Malaysia's response to the rise of China* (129-151). In Johnston, A. I. & Ross, R. S. (Eds.), *Engaging China.* Routledge; Horhager, E. (2016), China-ASEAN Relations and the South China Sea: Beyond Balancing and Bandwagoning? In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer; Holmes & Yoshihara 2017; Storey, I. J. (2018), ASEAN's Failing Grade in the South China Sea (111-124). In Rozman, G. & Liow, J. C. (Eds.), *International Relations and Asia's Southern Tier: ASEAN, Australia, and India.* Springer; Johnston 2019.

[62] Paradise 2016; Council on Foreign Relations, 'Is the BRICS Contingent Reserve Arrangement a Substitute for the IMF?' 6 Aug 2014; Financial Times, 'Brics bank seeks move away from dollar funding.' Financial Times, 5 Aug 2019.

[63] Kondapalli, in Kondapalli & Pandit (Eds.) 2017.

[64] This is sufficiently clear that The United States DoD lists as the first takeaway of Chinese foreign policy in 2019 that "China seeks to enhance its profile in existing regional and global institutions while selectively pursuing the establishment of new multilateral mechanisms and institutions to further its interests" (DoD 2019). For more analysis on this topic, see Wang, in Hu et al (Eds.) 2000; Moore, T. G. (2008), Racing to integrate, or cooperating to compete? Liberal and realist interpretations of China's new multilateralism (35-50). In Wu, G. & Landsdowne, H. (Eds.), *China Turns to Multilateralism: Foreign policy and regional security*. Routledge; Yahuda, M. (2008), China's multilateralism and regional order (75-89). In Wu, G. & Landsdowne, H. (Eds.), *China Turns to Multilateralism: Foreign policy and regional security*. Routledge; Wang, in Hu et al (Eds.) 2000; Goh, E. (2013), Hierarchy and Great Power Cooperation in the East Asian Security Order (177-195). In Prantl, J. (Ed.), *Effective Multilateralism: Through the Looking Glass at East Asia.* Palgrave Macmillan; Acharya, A. (2009), The Strong in the World of the Weak: Southeast Asia in Asia's Regional Architecture (172-192). In Green, M. J. & Gill, B. (Eds.). *Cooperation, Competition, and the Search for Community: Asia's New Multilateralism.* Columbia University Press; Wu & Landsdowne, in Wu & Landsdowne (Eds.) 2008; Heath et al 2016.

achieving economic development. Political stability again shows up in China's reluctance to diminish its insistence on sovereignty and fully adopt the rules and norms of the political development and social development orders.[65]

Chinese accountability to multilateral institutions derives from its strategy towards them. During the Maoist era, China mostly did not participate in multilateral institutions; therefore, it was very difficult for these institutions to affect its behavior. However, as time progressed and China has become more open to the international order, it has gained more from interacting with multilateral institutions, and therefore has opened itself to greater influence by those institutions.

4. Empirics

As discussed above, the Chinese strategy towards the South China Sea has remained steady over time. However, the way China has *pursued* this strategy has changed several times since the 1970s. The first change occurred in the mid-1990s, when China ratified the UNCLOS. From 1995 to 2001, when China decreased its aggression in the South China Sea but nonetheless continued to fortify territories and address disputes bilaterally. From 2001 to 2009, Chinese behavior in the South China Sea was quite restrained; not a single forceful incident occurred. The second change occurred in 2009, since which time China has engaged in more aggressive bargaining behavior in the South China Sea, including harassment of other claimants, militarization of occupied territories, and assertion of unilateral authority over contested territories.

4.1 High Power, Low Accountability: 1974 – 95

4.1.1 Paracel Islands, 1974

Power and Accountability

[65] In reference to Johnston's (2019) framework.

An extreme case of low accountability is China in the late Maoist. At this time during the late Maoist era, China's accountability to international institutions was low.[66] Up until 1971, Taiwan (the Republic of China, ROC) was considered the official international government of all of China and represented it in the United Nations. Nixon's trip to China in 1972 played a large role in legitimizing international views of the CCP's governance over China, but any international recognition of China's political power was due to its potential, not its capability, particularly its ability to counter-balance the Soviet Union in any great power conflict.[67] Chinese membership in international institutions did not reach beyond the United Nations and the World Bank until 1986. The degree to which China was held accountable by these multilateral organizations was low; the organizations held little leverage except potential future membership in other organizations. The international order did not constrain Chairman Mao's behavior during this time.

During this time period, China may have been less powerful than the United States, but it was still competitive with war-torn Vietnam. The People's Liberation Army (PLA) was a predominantly infantry-based ground force built for defensive warfare and designed in a manner that made up for being poorly supplied in weaponry.[68] The PLA nonetheless had weaknesses during this time: despite its large size, it was "incapable of dealing a decisive blow to a smaller but better equipped army because it was hamstrung by obsolete equipment and antiquated procedures."[69] China's economy during this time was closed and centrally controlled. The Great Leap Forward (1950s) and Cultural Revolution (1960s), both intended to revolutionize the way the agricultural economy was organized and performed, had the opposite effect. China during this time period was a low-power, low-accountability state, and should exhibit aggressive bargaining behavior in the South China Sea.

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[66] Kim, S. (2006). Chinese Foreign Policy Faces Globalization Challenges (276-308). In Johnston, A. I. & Ross, R. S., *New Directions in the Study of China's Foreign Policy.* Stanford University Press, pp. 279-80.

[67] Brands, H. (2014). *What good is grand strategy?: Power and purpose in American statecraft from Harry S. Truman to George W. Bush*. Cornell University Press, Ch. 2.

[68] Blasko, D. J. (2002), Always Faithful: The PLA from 1949 to 1989 (249-266). In Graff, D. A. & Higham, R. (Eds.), *A Military History of China.* Westview Press.

[69] Joffe, E. (1988). The Chinese Army: A Decade of Reforms (251-266). In Royal United Services Institute for Defence Studies London, Rusi and Brassey's *Defence Yearbook 1988.* Brassey's Defence Publishers.

Bargaining Behavior

Chinese behavior in the South China Sea during this period was indeed aggressive: in January 1974, China seized control of the Crescent Group of the Paracel Islands from South Vietnam.[70] China's naval range was limited severely by its outdated equipment to such an extent that it was even "weak and unprepared… [for] facing off against a better-armed local opponent" in North Vietnam.[71] However, several mitigating factors made China a more compelling fighting force. China benefited from the 1973 withdrawal of U.S. combat troops from South Vietnam. Chinese militia and fishing trawlers "contributed directly to operational success" by providing a "low-profile means to back up its territorial claims" that constrained the Vietnamese Navy's possible responses.[72] China's naval tactics "effectively nullified the superior range and lethality of the enemy's firepower. The PLAN commanders chose a knife fight against an adversary expecting a gunfight."

A PLA history describes the order for the operation as coming directly from Mao Zedong.[73] Newly-released Chinese language sources show Chinese political leaders deliberately retaining "a firm grip on all aspects of the campaign" and the complexity of the Chinese plan, with tactics tailored "to coerce, deter, and defeat a rival claimant in the South China Sea."[74] Thus, we can characterize the Chinese bargaining behavior during this period as aggressive.

Resolution

There was no resolution to China's 1974 seizure of the Crescent Group. Vietnam was a weak state undergoing its own internal war and China's relations with it were in the process of degrading.[75] No multilateral institutions stepped in. Although Mao was an aggressive leader, he nonetheless

[70] For a detailed account of the encounter, see Fravel 2008, Ch. 6 and Hayton, B. (2014). *The South China Sea: the struggle for power in Asia*. Yale University Press.
[71] Yoshihara, T. (2016). The 1974 Paracels sea battle: a campaign appraisal. *Naval War College Review*, *69*(2), 41-65, p. 60.
[72] Yoshihara 2016, p. 56, 57.
[73] Pham, V. (2016), The Use of Threat of Force in the South China Sea Disputes Since 1945: A Timeline (523-540). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer; Fravel 2008, p. 284; Hayton 2014, p. 73; Yoshihara 2016, p. 52.
[74] Yoshihara 2016.
[75] Petriello, D. R. (2018). *A Military History of China.* Westholme Publishing. Ch. 14.

was concerned about the potential United States response to the aggression because the U.S. was still Saigon's ally. Indeed, for this exact reason, the decision to evict "Vietnamese forces from Robert, Pattle, and Money Islands" was left to Deng Xiaoping himself.[76] "Basking in the afterglow of rapprochement in 1972," China had sufficient goodwill with the United States that its only tactical restriction was to not fire the first shot.[77] The seizure of the Crescent Group was designed to take advantage of weaknesses in the geopolitical environment and China's high strategic value to the U.S.

This aggression would not lead to continued aggression, however. This battle would reveal China's susceptibility to attacks from its south. Other countries claimed islands in the Spratly Islands while China focused on naval build-up and development of commerce in service of its other national interest, economic development.[78] This development would result in improved capability, extending the range within which China would be able to assert its sovereignty. China did not engage in any meaningful act in the South China Sea until 1988. This case supports the theoretical prediction that low power and low accountability should yield an aggressive bargaining strategy.

4.1.2 Mischief Reef, 1994-95

Power and Accountability

The events at Mischief Reef in 1995 occurred amidst a more typical example of Chinese power and accountability during this time period. From the end of the Maoist era through 1996, China had low power in comparison to other great powers but had increasingly greater power than its neighbors. The PLAN had made significant upgrades through the 1980s, including modernization of air and sea craft, albeit with room to grow into becoming a true ocean-going navy.[79] Chinese "defense budgets remained tight through the end of the 1980s" and began to increase in 1989

[76] Yoshihara 2016, p. 53.
[77] Yoshihara 2016, p. 52.
[78] Hayton 2014, pp. 73, 79-81.
[79] Joffe 1988.

at double-digit rates.[80] While the Chinese Navy in 1996 comprised 265,000 personnel and 893 craft, the Philippine Navy, Coast Guard, and Marine Corps at that time together only made up 24,400 personnel and had a fleet of 162 vessels.[81] The Philippine Navy had low capability in area denial, especially after the U.S. closed its Philippine naval base in Subic Bay in 1992. Naval scholar Eric Grove characterizes the Philippine Navy during this time as just barely capable of territorial defense up to 200 miles offshore and the Chinese Navy as capable of medium regional force projection.[82]

Chinese foreign policy after Mao's death was increasingly driven more so by economic interests than security interests.[83] Throughout the 1980s and early 1990s, China's economy was developing but had not yet reached superpower status; its share of world GDP (in PPP terms) increased from 2.38% in 1980 to 5.86% in 1995, well below the U.S. 1995 world GDP share of 19.91%.[84] Its political recognition was still due to its potential, not necessarily its capability. It began talks to accede to the General Agreement on Tariffs and Trade (GATT) in 1986.[85]

Before the Reform and Opening Up of 1978, the non-market Chinese economy would have found it tough to integrate with multinational systems. After 1978, transnational issues became more important than bilateral issues, prompting qualified interdependence with multinational institutions.[86] China joined several major multinational institutions during this time, namely the World Bank in 1980 and the Asian Development Bank (ADB) in 1986. Chinese membership in international institutions remained sparse until the mid-1990s, when China built on years of nominal membership in the above multilateral institutions by becoming more involved in a broader variety of international institutions, including the Asia-Pacific Economic Cooperation

[80] Blasko, in Graff & Higham (Eds.) 2002, p. 264.
[81] Sharpe, R. (Ed.). (1995). *Jane's fighting ships: 1995-96*. Jane's Information Group.
[82] Grove, E. (1990). *The future of sea power*. Naval Institute Press, pp. 238-9.
[83] Sutter, R. G. (2012). *Chinese foreign relations: Power and policy since the Cold War*. Rowman & Littlefield. Ch. 3.
[84] IMF DataMapper, 2019.
[85] Pearson, in Lampton (Ed.) 2001.
[86] Su, in Prantl (Ed.) 2013.

(APEC) in 1991, the ASEAN Regional Forum (ARF) in 1994, the UN Convention for the Law of the Sea (UNCLOS) in 1995, and the ASEAN Plus Three (APT).

The end of the Cold War was an automatic upgrade in geopolitical station for China: it could now engage with the international order not as a counterweight to the now-defunct Soviet Union but on its own terms. As a result of this, China had the opportunity to solidify the gains it had made in the 1980s under an opening economic system. This also opened China up to criticism from the international order, however.

Some of China's actions in the 1980s had strained its relations with multilateral institution member states, including the 1988 seizure of Johnson South Reef[87] and the June 1989 Tiananmen Square massacre of thousands of students, to which U.S. Congress reacted by threatening to not renew China's Most Favored Nation status over the objections of President George H. W. Bush.[88] Although China expressed limited support for the US-led invasion of Iraq in 1991, the limitations it attached to this support were intended to prevent U.S. interference in Chinese affairs after the

[87] In 1988, a short Chinese-Vietnamese naval battle erupted over the Johnson South Reef in the Spratly Islands resulting from Chinese efforts to put a permanent installation on Fiery Cross Reef (Pham, in Fels & Vu (Eds.) 2016; Acharya, in Ross & Johnston (Eds.) 1999; Fravel 2008, pp. 294-96; Hayton 2014, pp. 81-84; Holmes & Yoshihara 2017; Lanteigne, in Fels & Vu (Eds.) 2016). See here for a Chinese propaganda video with first-hand footage of the battle shot from a Chinese naval ship. The Johnson South Reef Skirmish in 1988 occurred against a Vietnam as the sole opponent, with whom the U.S. would not broach normalizing defense relations until 1995 (Albert, E. (2019). The Evolution of U.S.-Vietnam Ties. *Council on Foreign Relations*; Jordan, W., Stern, L. M., & Lohman, W. (July 18, 2012). US–Vietnam Defense Relations: Investing in Strategic Alignment. *The Heritage Foundation*).[87] At the time of the skirmish, China enjoyed a military advantage against Vietnam. Afterwards, Indonesia perceived China as a revisionist and historically expansionist power who would take over competing claims in the SCS if possible (Leifer, M. (1999). *Indonesia's encounters with China and the dilemmas of engagement* (87-108). In Johnston, A. I. & Ross, R. S. (Eds.), *Engaging China.* Routledge), to military conflict with Vietnam in 1992, with Chinese marines landing on Da Ba Dau and Da Lac reefs, to Chinese seizure of 20 Vietnamese cargo ships (Pham, in Fels & Vu (Eds.) 2016) and to China using its island claims as a basis for codification of its territorial claims in domestic law (Holmes & Yoshihara 2017), ASEAN countries began to seek diplomatic and legal remedies to South China Sea territorial disputes. The reaction included the 1992 ASEAN Declaration on the South China Sea, which called for peaceful resolution of "contending claims to jurisdiction" (Leifer, in Johnston & Ross (Eds.) 1999, p. 95).

[88] Pearson, in Lampton (Ed.) 2001, p. 341; Hufbauer, G. C., & Woollacott, J. C. (2010). Trade Disputes Between China and the United States: Growing Pains so Far, Worse Ahead?. *Peterson Institute for International Economics Working Paper*, (10-17).

Tiananmen Square massacre.[89] However, the fractured gestures of accountability of the early 1990s did not extend into the South China Sea, where China remained aggressive through its 1995 seizure of Mischief Reef from the Philippines. The international order did not provide China substantial guard rails during this time.

While China was indeed investing in multilateral institutions during the 1980s and early 1990s, the degree to which they held China accountable was still low; they held little leverage except potential future membership. China during this time period remained a high-power, low-accountability state, and should exhibit aggressive bargaining behavior in the South China Sea.

Bargaining Behavior

In late 1994, China seized "control of Mischief Reef, an islet located deep within Manila's 200-nautical mile exclusive economic zone" immediately following the U.S. military withdrawal from the Philippines.[90] The Chinese claim of Mischief Reef served two strategic purposes: it extended the Chinese claim further east and prevented the formation of an alliance between Vietnam and the Philippines.[91] This seizure occurred in the midst of a three-way oil exploration effort between the three countries claiming this area, China, the Philippines, and Vietnam, the latter two of which occupied most of the features at the time China moved in. The Philippines found it difficult to effectively respond to the Chinese occupation, reportedly ordering its entire operational air force of five aircraft to increase surveillance in the area.[92]

[89] China approved UN SC 660 and abstained from UN SC 678, 687, 688. See Carlson, A. (2006). *More Than Just Saying No: China's Evolving Approach to Sovereignty and Intervention Since Tiananmen* (217-241). In Johnston, A. I. & Ross, R. S., *New Directions in the Study of China's Foreign Policy.* Stanford University Press, p. 223.

[90] Hayton 2014, pp. 81-89; Fravel 2008, pp. 296-99.

[91] Fravel 2008, p. 297. Storey 1999 suggests that Chinese domestic politics may also have driven the decision to occupy Mischief Reef.

[92] Till, G. (2004). *Seapower: A guide for the twenty-first century*. Frank Cass, p. 329; Roberts, J. (1995). *Warship 1995*. Conway Maritime Press, p. 214.

Tensions were further exacerbated when the Philippines discovered the Chinese-built structures on Mischief Reef in early 1995, around the same time as Chinese troops detained a Philippine fishing captain there.[93]

Resolution

ASEAN countries reacted to the Chinese seizure by holding substantial joint military exercises and by asserting their claims at the 1995 ASEAN-China Forum in Hangzhou, but China refused to discuss the disputes in a multilateral arena.[94] It instead insisted on bilateral resolution of disputes and continued to build facilities on the disputed territories. As a result of these overtures, China and the Philippines signed a code of conduct for behavior in the South China Sea.[95] However, this bilateral resolution did not have the Philippines' desired effect: while Jiang Zemin and Fidel Ramos sang a duet of *Love Me Tender* on a cruise around the Manila Bay after the 1996 APEC forum, China was continuing construction on Mischief Reef.[96]

China's insistence during this period on bilateral dispute resolution with other claimant countries allowed it to consolidate the gains it had gotten with force.[97] China at this time still a far larger economy and a more robust military than its fellow South China Sea claimants.[98] It therefore considered bilateral bargaining to be its best bet of achieving its goal of establishing sovereignty over its claimed territories. This was a relatively successful strategy: bilateral dispute resolution

[93] Storey 1999; Hayton 2014.

[94] Hayton 2014, p. 88-89. Indonesia asked for clarification from the Chinese Embassy in 1994 and Beijing in 1995 over the apparent Chinese claim of maritime jurisdiction within Indonesia's EEZ accompanying sovereignty claims over the Natuna Islands (Leifer, in Johnston & Ross (Eds.) 1999). Before 1994, sovereignty claims over the Kalayaan island chain in the Spratly Islands was only a "minor irritant" in Sino-Philippine relations (Storey 1999). To this day, China refuses to discuss these claims in a multilateral arena. See Beeson, M., & Li, F. (2014). *China's regional relations: Evolving foreign policy dynamics*. Lynne Rienner Publishers, Inc., pp. 103.105.

[95] Storey 1999.

[96] Hayton 2014, p. 89.

[97] Beijing's policy in the South China Sea during this period could be considered the exception to its preference for stability, which it pursued elsewhere. See Miller, H. L., Liu, X. (2001). The Foreign Policy Outlook of China's "Third Generation" Elite (123-150). In Lampton, D. M. (2001). *The making of Chinese foreign and security policy in the era of reform, 1978-2000*. Stanford University Press, p. 141.

[98] See Hayton's (2014, p. 83) characterization of Vietnamese ships at the Battle of Johnson Reef as "rust-buckets," two of which were US-built WWII-era ships.

with Vietnam over the Paracel Islands and the Philippines over the Spratly Islands delayed rather than resolved the conflict.

Chinese bargaining behavior before 1995 was constrained by technical capability and the short range over which power exertion was effective, but not by international institutions. This case also supports the theoretical prediction that low power and low accountability should yield an aggressive bargaining behavior. However, this time, China's aggressive actions precipitated a coordinated multilateral response from opposing claimant states.

4.2 Low Power, High Accountability: 1995 – 2001

Power and Accountability

In 1996, Chinese power was like in 1994. However, the U.S. had returned to the western Pacific after closing the Subic Bay Naval Base in 1992 and a twenty-year pause in diplomatic ties with Vietnam. The U.S.-Philippines Visiting Forces Agreement went into effect in 1998, leading to the implementation of bilateral military exercises.[99] In the 1990s and early 2000s, Vietnam-U.S. diplomatic, economic, and security ties normalized.[100] The U.S. had begun putting South China Sea claimant countries on Freedom of Navigation watch lists.[101] While the PLAN still held bilateral advantages over its rival claimants, U.S. power was present during this time period to an extent not seen during the early 1990s.

Chinese economic power was also increasing during this time period, having been granted Most Favored Nation (MFN) status by the United States annually since 1980. China was in negotiations with the Clinton Administration to join the WTO from 1995.[102] The seeds of a market economy

[99] Albert, E. (2016), The U.S.-Philippines Defense Alliance. *Council on Foreign Relations.*

[100] United States Congressional Research Service (CRS 2006a), *U.S.-Vietnam Relations: Background and Issues for Congress.* Updated 30 June 2006; Qiang, X. (2014). US-Vietnam Security Cooperation Development and Prospects. *China Int'l Stud.*, *49*, 109.

[101] See, for example, United States Department of Defense (1995), Annual Repot to the President and the Congress on Freedom of Navigation.

[102] WTO Press Release (17 Sept 2001), *WTO Successfully concludes negotiations on China's entry.*; Pearson, in Lampton (Ed.), 2001.

were in place by 1996, but the Jiang regime was still closely managing the economy and Chinese economic integration with the rest of the world was not yet high. Its GDP increased from 5.86% of world GDP in 1995 (in PPP terms) to 7.8% in 2001, still below the U.S. 2001 world GDP share of 20.16%.[103]

During the 1990s, China built on years of nominal membership in the above multilateral institutions by becoming more involved. During ratification discussions for UNCLOS, it expressed a willingness to recognize international law, including UNCLOS, as a basis for settling the Spratly Islands dispute. However, China expressed such novel interpretations of the law of the sea that other countries grew concerned that it was setting precedent for future claims.[104] China nonetheless ratified UNCLOS in 1996 but made no choice of arbitration mechanism under Article 287.[105] The treaty then defaulted to resolution under Article 298, paragraph 1 (a), (b), and (c), which state that any dispute shall be referred to compulsory conciliation under Annex V, section 2.[106]

China's acceptance of the strictures imposed by international organizations justifies coding its accountability during this period as high rather than low. In fact, this case is extreme on the accountability spectrum: because China had just joined these international organizations and was still angling for inclusion in the WTO, its required concessions for accession into multilateral organizations were higher than ever before.[107] China had very little bargaining leverage at this time; the combination of high accountability and low relative power lead should lead to restrained bargaining behavior in the South China Sea during this time period.

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[103] IMF DataMapper, 2019.

[104] "China employed the terms of the archipelagic principle in the case of the more northerly Paracel Islands, disputed with Vietnam", which is usually not held to be valid in the case of archipelagos not in mid-ocean locations and was taken by Indonesia to be a precedent foreshadowing a similar Chinese claim to the Spratly Islands (Leifer, in Johnston & Ross (Eds.) 1999, p. 96.).

[105] UNCLOS, Settlement of Disputes Mechanism. 30 Aug 2019.

[106] United Nations General Assembly, *United Nations Convention on the Law of the Sea;* Storey, in Cronin (Ed.) 2012. According to Welch (2019, p. 5n2), China signed and ratified UNCLOS because they thought it would be in their national interest since the Americans were against it (Welch, D. A. (2019). *Explaining Foreign Policy Change in the South China Sea.* Unpublished manuscript presented at Duke University on 25 March 2019.).

[107] Sutter 2012, pp. 74-77.

Bargaining Behavior

From its ratification of UNCLOS in 1996 until its accession into the WTO in 2001, China exhibited different bargaining behavior than it had before.[108] The multilateral pressure during the 1995 ASEAN-China Forum, alongside Chinese tensions with the U.S. and Japan due to the Third Taiwan Straits Crisis, subsequently prompted China to draw down military assertiveness.[109] Its bargaining behavior in the South China Sea was significantly less aggressive after 1996 than before.

All the disputes that did occur during this time period were minor and similar. In 1996, a minor naval skirmish occurred between China and the Philippines and reports emerged that Chinese structures had been upgraded on Mischief Reef.[110] In 1997, another structure was spotted on an island near Mischief Reef, Chinese naval vessels were seen nearby, and the Philippine Navy intercepted Chinese vessels near Scarborough Shoal.[111] In 1998, the government of the Philippines released photos of Chinese unloading construction materials at Mischief Reef and constructing another building. The Philippines soon arrested a Chinese fisherman near Mischief Reef; China responded by constructing permanent military facilities on Mischief Reef.[112] Despite the consolidation of existing control, China made no new or forcible claims during this time period. Chinese bargaining behavior during this period was indeed restrained.

Resolution

Chinese behavior from 1996-2001 is a perfect example of the *cabbage island strategy*. China consolidated its existing position and did not aggressively pursue additional gains or use major force. This draw-down in aggression immediately followed increased integration into and accountability to international multilateral organizations. In fact, scholars agree that Chinese behavior at this time was governed by an unwillingness to be perceived as an aggressive

[108] Upon taking China's seat at the UN in 1971, the first treaty China negotiated multilaterally was UNCLOS. Zheng Wang, China and UNCLOS: An Inconvenient History. The Diplomat, 11 July 2016.
[109] Leifer, in Johnston & Ross (Eds.) 1999, p. 98; Storey 1999.
[110] Storey 1999; Hayton 2014, p. 89.
[111] Storey 1999.
[112] Storey 1999; Holmes & Yoshihara 2017; Lanteigne, in Fels & Vu (Eds.) 2016.

expansionary power.[113] The theoretical prediction was indeed validated during this time period: multilateral organizations put a ceiling on acceptable bargaining behavior and China was not willing to go beyond consolidating control of territories it already occupied.

4.3 High Power, High Accountability: 2001 – 2009

Power and Accountability

Not until after 2001 can we consider China to have high power. The Chinese defense budget grew during the Fifth National People's Congress (NPC) by double digits, and again during the 10th NPC.[114] The Chinese Navy in 2001 consisted of 268,000 personnel and 664 active increasingly modern craft. In comparison, the Philippine Navy consisted of 20,900 active personnel and 180 active craft, most of which were outdated and suffering from low defense spending.[115] The Vietnamese Navy consisted of approximately 34,000 personnel and at least 109 ships.[116]

While both Philippine and Vietnamese governments had increasingly close security ties with the U.S. at this point, Chinese naval modernization had become quite capable of area denial against the U.S. Navy.[117] Between 2001 and 2009, China unveiled foreign-made and indigenously-produced cruise missiles capable of operating across local warzones, specifically anti-ship cruise missiles (ASCMs) and land-attack cruise missiles (LACM) as well as "numerous new, modernized ships, submarines, and aircraft capable of launching cruise missiles."[118] "PLA planners have focused on U.S. aircraft carriers as the main threat to success of such PLA missions [to the Taiwan

[113] Paradise 2016; Hong, Z. (2013). The South China sea dispute and China-ASEAN relations. *Asian Affairs*, *44*(1), 27-43; Leifer, in Johnston & Ross (Eds.) 1999; Acharya, in Johnston & Ross (Eds.) 1999; Deng, Y. (2006). *Reputation and the Security Dilemma: China Reacts to the China Threat Theory* (186-216). In Johnston, A. I. & Ross, R. S., *New Directions in the Study of China's Foreign Policy.* Stanford University Press, p. 192; Wu, in Gill & Green (Eds.) 2009; Storey, in Cronin (Ed.) 2012.

[114] In fact, the PLA's budget grew by an average "of 10 percent per year from 2000 to 2016." DIA 2019, p. 20.

[115] Cole, B. (2013). *Asian maritime strategies: Navigating troubled waters*. Naval Institute Press, p. 125-6.

[116] Not including river patrol boats. Saunders, S. (Ed.). (2001). *Jane's Fighting Ships, 2001-2002*. Jane's Information Group.

[117] Gormley, D. M., Erickson, A. S., & Yuan, J. (2014). *A potent vector: Assessing Chinese cruise missile developments*. NATIONAL DEFENSE UNIV FORT MCNAIR DC.

[118] Ibid.

Strait and other proximate disputed areas]. Chinese strategists have thus sought ways to target U.S. carrier strike groups."[119]

The main reason China is a high-power country during this time period is its economic growth, which skyrocketed upon its 2001 accession into the WTO. China's GDP increased markedly during the following years and China became one of the world's largest destinations of Foreign Direct Investment (FDI).[120] Chinese GDP grew much faster after admission into the WTO (223% from 1991-2001 and 459% from 2001 to 2011).[121] China's share of world GDP (in PPP terms) increased from 7.8% in 2001 to 13.19% in 2009, slightly below the U.S. 2009 world GDP share of 17.19%. Philippine and Malaysian export dependence on China has steadily increased over this time period, from 1.74% to 7.63% and 3.08% to 12.15%, respectively.[122]

Since 2001, China has become a key member of the international world order (or, of many world orders, in Johnston's conception).[123] After the Asian Financial Crisis, China joined the Chiang Mai Initiative (CMI) in 2000, the Asian Bond Market Initiative (AMBI), the WTO in 2001, and the Asian Bond Fund (ABF) in 2003. In addition to joining those already-existing organizations, China established the ASEAN-China Free Trade Agreement (ACFTA) and the Shanghai Cooperation Organization (SCO) in 2001. Eventually, in the mid-2000s, Chinese thinking on the proper role of multilateral institutions evolved to the point where it did not veto UN Security Council (UNSC) statements cautiously supporting military protection of civilians from large-scale violence, engaged in multilateral counter-terrorism strategies (in the SCO, ASEAN, APEC, EU, and UN peace operations), and eventually endorsed key aspects of the Responsibility to Protect (R2P) at the 2005 World Summit, in UNSC Resolution 1674 in 2006, and at the 2009 UN General Assembly

[119] Ibid.
[120] Sutter 2012, p. 71.
[121] IMF World Economic Outlook 2019: Malaysia, Philippines.
[122] IMF DataMapper, 2019.
[123] For contemporary analyses of China's engagement with multilateral organizations for instrumental purposes, see Weiss, J. C. (2019). A World Safe for Autocracy: China's Rise and the Future of Global Politics. *Foreign Aff.*, *98*, 92; and Kristine Lee & Alexander Sullivan (May 2019), *People's Republic of the United Nations: China's Emerging Revisionism in International Organizations.* Center for New American Security.

(UNGA).[124] Pearson characterizes Chinese WTO membership (through 2006) as cooperative, not revisionist.[125] Many Chinese observers and policymakers view globalization and its accompanying multilateral institutions as instruments for the empowerment of the Chinese state.[126] From 2001-2009, China had invested heavily in the international multilateral order and was highly accountable to international institutions for the accrual of economic development and political clout. As a result, China was a high-power, high-accountability state during this time period and should exhibit restrained bargaining behavior.

Bargaining Behavior

The period between 2001 and 2009 was largely uneventful in the South China Sea.[127] During these years, 'China's relationship with its Southeast Asian neighbors was quite strong… [it] actively engaged its neighbors economically and politically, but did not make any moves that challenged their securities or their ability to maintain their island and resource claims."[128] The events that stand out the most during this time period are the "18 diplomatic objections to foreign oil companies" that China issued between 2006 and 2007 challenging the legality of development and exploration projects.[129] However, these objections did not involve the use of physical force and paled in aggression compared to the tactics used in the following years. Confrontations between China and other South China Sea claimants go through a lull during this time period.

Two physical events could have raised tensions between the United States and China, but they did not: the April 2001 collision of a U.S. EP-3 surveillance plane and a PLA Air Force J8II jet near

[124] Carlson, in Johnston & Ross (Eds.) 2006; Johnston 2019. For an overview of Chinese relations with international organizations in 2006, see Department of Policy Planning, Ministry of Foreign Affairs, People's Republic of China (DPP MFA) (2006). *China's Foreign Affairs 2006.* World Affairs Press, pp. 372-430.
[125] Pearson, M. (2006). *China in Geneva: Lessons from China's Early Years in the World Trade Organization* (242-275). In Johnston, A. I. & Ross, R. S., *New Directions in the Study of China's Foreign Policy.* Stanford University Press, pp. 264-67.
[126] Kim, in Johnston & Ross (Eds.) 2006, p. 283.
[127] For an overview of Chinese relations with those countries in 2006, see DPP MFA (2006), pp. 454-49.
[128] Dutton, Peter (2016) "A Maritime or Continental Order for Southeast Asia and the South China Sea?" *Naval War College Review*: Vol. 69, No. 3, Article 2, p. 9.
[129] Fravel 2011; Fravel, in Cronin (Ed.) 2012.

Hainan Island and Chinese complaints over the perceived September 2002 intrusion of the USNS Bowditch.[130] A CRS report suggests the possibility that the EP-3 incident was an outlier in a broader pattern of Chinese intercepts of U.S. surveillance flights over Chinese waters.[131] Rather than escalating, China focused on a strategy of "smile diplomacy," using famed Ming Dynasty Admiral Zheng He as a symbol of the peaceful intent of Chinese military development.[132] Smile diplomacy focused on soft power at sea to procure resources, thereby precipitating a muted response to military development, a kind of precursor to the *gray zone strategy*.[133] In 2002, China signed the Joint Declaration of Conduct in the Field of Non-traditional Security Issues (DoC). The DoC was a result of smile diplomacy and sought to "promote 'good neighbourliness and mutual trust' so as to create a peaceful, friendly and harmonious environment in the South China Sea.'"[134] The avoidance of physical force and the subdued nature of the diplomatic objections characterize Chinese bargaining behavior during this period as restrained.

Resolution

During this time period, China continued to fulfill its two main national goals: economic development and stable consolidation of power by the Communist Party, the combination of which resulted in the hosting of the 2008 Summer Olympics in Beijing. China's commitment to securing WTO membership at nearly any cost demonstrated the importance it placed on the contribution multilateral institutions could make to its national goal of economic development.[135] Despite its strong and ever-strengthening military, there were no noteworthy territorial conflicts

[130] Lanteigne, in Fels & Vu (Eds.) 2016.

[131] Kan, S. A., Best, R., Bolkcom, C., Chapman, R., Cronin, R., Dumbaugh, K., ... & Ackerman, D. (2001, October). China-US aircraft collision incident of April 2001: Assessments and policy implications. In *CRS report for Congress* (pp. 1-33).

[132] Holmes & Yoshihara 2017. This is a misleading metaphor; for more detail on Admiral Zheng He's interactions with Southeast Asia, see Suryadinata, L. (Ed.) (2005). *Admiral Zheng He & Southeast Asia.* Institute of Southeast Asian Studies. China signed the *Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area in the South China Sea* with the Philippines and Vietnam in 2006. For an overview of Chinese relations with those countries in that year, see DPP MFA (2006), pp. 273, 358-60.

[133] Holmes & Yoshihara 2017.

[134] Storey, in Rozman & Liow (Eds.) 2018; for more context, see Holmes & Yoshihara 2017; Chung 2004; Horhager, in Fels & Vu (Eds.) 2016; Storey, in Cronin (Ed.) 2012; Storey, I. (2016). Assessing Responses to the Arbitral Tribunal's Ruling on the South China Sea. *Perspective*, (43).

[135] Pearson, in Johnston & Ross (Eds.) 2006; Kim, in Johnston & Ross (Eds.) 2006.

in the South China Sea between 2001 and 2009. Multilateral accountability resulted in a world order that benefited China immensely during this time period; as a result, its territorial ambitions were subordinated to other national interests. Chinese bargaining towards South China Sea territories from 2001-2009 was indeed restrained, as theory predicted.

4.4 High Power, Low Accountability: 2009 – present

4.4.1 UNCLOS: Philippines v. China

China's bargaining behavior in the South China Sea underwent a change in 2009, perhaps in response to the May 2009 deadline for submissions of extended continental shelf to the Commission on the Limits of the Continental Shelf (as set out in Article 4 of Annex II to UNCLOS).[136] In fact, China's maritime assertiveness in the South China Sea around 2010 was perhaps the only element of Chinese foreign policy at that time that was both new and assertive.[137]

Power and Accountability

Modern China is undoubtedly a high-power state. Since 2009, China's military has only grown stronger. As of 2019, it has "the world's largest standing ground force, with approximately 915,000 active-duty personnel in combat units."[138] China has had "more than 20 years of annual defense spending increases, sustaining China's position as the second-largest military spender in the world," with investments designed to sustain and improve domestic technological capabilities.[139] China aims to "complete military modernization by 2035 and become a 'world-

[136] Harris, S. (2014). *China's foreign policy*. John Wiley & Sons, p. 77. For details on the legal underpinnings of this deadline, see Lathrop, C. G. (2011). Continental shelf delimitation beyond 200 nautical miles: Approaches taken by coastal states before the commission on the limits of the continental shelf; Suarez, S. V. (2010). Commission on the Limits of the Continental Shelf. Alternatively, Johnston (2019, p. 10) points out 2012-13 as the point at which Chinese assertiveness in the South China Sea "did indeed pick up." This paper will use 2009 as the turning point; see note 137 for evidence of bargaining aggression before 2012.

[137] Johnston 2013.

[138] DIA 2019, p. 55.

[139] Despite omitting several categories of spending from this figure, including R&D and foreign weapons procurement. DoD 2019, p. 93-95.

class' military" perhaps on par with the United States military by 2049.[140] PLA whitepapers have increasingly emphasized the importance of the maritime domain.[141] The PLAN is now the largest navy in Asia, with a technologically advanced, flexible fleet of more than 300 ships.[142] As a result, China is now more capable than ever of projecting power to the first and second island chains.[143]

At the time of the 2012 Scarborough Shoal standoff with the Philippines that sparked the UNCLOS case, the Chinese PLAN numbered some 250,000 personnel and 874 ships, which had been steadily modernized over the last decades. The Philippine Navy and Coast Guard numbered 36,700 personnel and 178 craft.[144] Scholars have characterized the Philippine Navy of this time as "more a fleet in vision than in being", with antiquated ex-U.S. vessels that were nonetheless an improvement on its prior existing force.[145]

Since 2014, China has had the highest output economy in the world. In 2019, China's GDP made up 19.25% of 2019 world GDP (in PPP terms), well above the U.S. 2019 share of 15.11%.[146] China's economic leverage over its fellow South China Sea claimants is also increasing. Chinese imports

[140] DoD 2019. Xi Jinping initiated PLA force restructuring in 2015 to a structure based on the United States military, which continues through 2019 (Mulvenon, J. (2016). China's 'Goldwater-Nichols'? The long-awaited PLA reorganization has finally arrived. *China Leadership Monitor*, *49*; United States Congressional Research Service (CRS 2019b), *China Naval Modernization: Implications for U.S. Navy Capabilities – Background and Issues for Congress.* Updated 18 November 2019; DoD 2019; DIA 2019). For a discussion of China's military progress and capability in comparison to the U.S., see Brooks, S. G., & Wohlforth, W. C. (2016). *America Abroad: The United States' Global Role in the 21st Century*. Oxford University Press, Ch. 2; Brands & Feaver (2016), *Stress-Testing American Grand Strategy,* Survival, 58:6, p. 98;

[141] Erickson, A. S., & Chase, M. S. (2011). Informatization and the Chinese People's Liberation Army Navy. *Phillip Saunders, Christopher Yung, Michael Swaine, and Andrew Nien-Dzu Yang, The Chinese Navy: Expanding Capabilities, Evolving Roles, Washington, DC: Institute for National Strategic Studies*, 247-287; DoD 2019.

[142] DIA 2019, DoD 2019. This fleet includes one active aircraft carrier, a submarine fleet, a robust surface combatant fleet, and amphibious warfare ships, alongside increasingly formidable missile programs and air capabilities. During his remarks to the PLA in the 12th NPC in 2013, Xi Jinping made explicit the subordination of the PLA's modernization to China's overall national interests (Mulvenon, J. (2013). Military Themes from the 2013 National People's Congress. *China Leadership Monitor*, *41*, 1-8).

[143] The U.S. DIA assesses that "Beijing will use its growing power to shape the regional environment in the face of interconnected threats while trying to avoid conflict over core interests: sovereignty, development, and unification" (DIA 2019).

[144] Saunders, S. (2012). Jane's fighting ships 2012–2013. *UK: IHS Global Limited*.

[145] Cole 2013, p. 125-6.

[146] IMF DataMapper, 2019. For a discussion of limitations on Chinese economic power, see Sutter 2012, pp. 89-99.

from Vietnam have increased markedly over this period, from 0.47% in 2009 to 2.34% in 2016.[147] The percentage of Philippine exports sent to China has steadily increased over this period, from 7.63% to 11.00%. [148] The economic power China has accrued in its region through its infrastructure investment initiatives and regionally integrated production structures assuage Chinese fears about encirclement by U.S. allies.[149]

While China has indeed been a prominent member of multinational institutions, it has also started its own multilateral political, economic, and security institutions to gain input into world affairs commensurate with its political, economic, and military power.[150] This participation is not unqualified, however. China distinguishes its participation in established international institutions from its criticism of "the liberal norms and values that buttress the international order as a Western 'political ideology.'"[151] It supports those international orders that grant it influence, while voicing discontent with the norms and values that underlie subsets of these orders in which it feels its influence to be lacking, such as international financial institutions, regional security cooperation, and military hegemony. China's redefinitions of such international law concepts as human rights in Xinjiang[152] and influence operations outside its borders do not foster optimism about its attachment to the traditional world order.[153]

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[147] IMF World Economic Outlook 2019: Vietnam.
[148] IMF World Economic Outlook 2019: Philippines.
[149] Farrell, H., & Newman, A. L. (2019). Weaponized interdependence: How global economic networks shape state coercion. *International Security*, *44*(1), 42-79; Wuthnow, J. (2019). Contested strategies: China, the United States, and the Indo-Pacific security dilemma. *China International Strategy Review*, *1*(1), 99-110; Wuthnow, J. (2019). US 'Minilateralism' in Asia and China's Responses: A New Security Dilemma?. *Journal of Contemporary China*, *28*(115), 133-150; Beeson & Li 2014, Ch. 5.
[150] See Johnston 2019, Sutter 2012, pp. 99-109; and Su, C. (2011). Internationalization and Glocal Linkage: A Study of China's Glocalization (1978-2008). In Y. Wang (Ed.), *Transformation of Foreign Affairs and International Relations in China, 1978-2008* (pp. 333-366). Brill Publications, for detailed overviews of Chinese engagement with multilateral institutions as of 2019. Chinese engagement with traditional multilateral institutions even extends to naval antipiracy duties in the Gulf of Aden: see Erickson, A. S., & Strange, A. M. (2015). China's Blue Soft Power: Antipiracy, Engagement, and Image Enhancement. *Naval War College Review*, *68*(1), 71-92.
[151] Mazarr, M. J., Heath, T. R., & Cevallos, A. S. (2018). *China and the international order*. Rand Corporation, p. 26.
[152] Myers, S. L. (2019). China Defends Crackdown on Muslims, and Criticizes Times Article. *New York Times.*
[153] Brady, A. M. (2017). *Magic Weapons: China's political influence activities under Xi Jinping* (Vol. 18). Wilson Center; Diamond, L., & Schell, O. (Eds.). (2019). *China's Influence and American Interests: Promoting Constructive Vigilance*. Hoover Press; Rudd 2019.

The multilateral organizations that China has established address its concerns about parts of the current liberal world order. The Chiang Mai Initiative currency regime, New Development Bank (NDB), AIIB, BRICS Contingency Reserve Arrangement, China International Payment System (CHIPS), Universal Credit Rating Group, and China Union Pay shift the financial order closer to China's interests. The Belt and Road Initiative (BRI), free trade agreements, investment treaties, and regional economic partnerships improve trade and investment policy between China and its partners. China has built diplomatic summits for regional political dialogue (Chinese regional forums, e.g. FOCAC, and the BFA) and for security, technology, and standards policy.[154] These organizations are open to all eligible countries for membership and participation and are not restricted to non-western or non-democratic countries. Although some western countries have viewed these new organizations as competitive and have therefore chosen not to participate, China is not using these institutions as a mechanism to overtly secede from the existing, western-led liberal world order.[155]

However, these institutions do provide China functional alternatives to the western-led liberal world order. If China becomes so dissatisfied with the IMF, World Bank, United Nations, and SWIFT, it can exit those institutions and turn to AIIB, the NDB, the BFA, and CHIPS to achieve its national goals.[156] As a result of this exit option, China has increased leverage over the traditional multilateral institutions of which it is a member and is less accountable to them.[157]

More and more, China is deciding where the institutional guard rails around its policy are placed. China's accountability to the traditional international order is beginning to decrease because traditional multilateral institutions are having less and less effect on its domestic policy. For example, although China routinely uses the WTO dispute resolution mechanism, it remains non-

[154] Mercatur Institute for China Studies Berlin, "China's Shadow Foreign Policy: Parallel Structures Challenge the Established International Order". *China Monitor.* No 18, 28 October 2014.
[155] Consider the U.S. and the AIIB.
[156] Ikenberry, G. J., & Lim, D. J. (2017). China's Emerging Institutional Statecraft: The Asian Infrastructure Investment Bank and the Prospects for Counter-Hegemony (Washington, DC: Brookings Institute); Mercatur 2014.
[157] Wang Youming, as quoted in Kondapalli, in Kondapalli & Pandit (Eds.) 2017, p. 17.

compliant with its market access obligations as a member of the WTO.[158] Although it is indeed invested in the traditional, western-founded multinational institutions, the its investment in those institutions is now diversified across non-western-founded multilateral organizations and is therefore more mobile than during previous time periods. This mobility results in a stronger bargaining position relative to those traditional institutions. China is less accountable to international institutions after 2009 than it was before 2009. Consequently, theory predicts aggressive Chinese bargaining behavior in the South China Sea after 2009.

Bargaining Behavior

Since 2009, China has increased the assertiveness with which it pursues its territorial claims.[159] This assertiveness has taken the form of fishing bans, maritime security patrols, political and diplomatic pressure, and interpretations of law that support national interests.[160] There is perhaps no clearer example of the *cabbage reclamation strategy* than the July 2012 promotion of Sansha on Woody Island, in the Paracel Islands, to prefectural-level city and its incorporation into Hainan province.[161] China declared a disputed territory to be its own sovereign land and asserted the accompanying maritime rights (EEZ, continental shelf, territorial seas). Other claimant countries were hard-pressed to balance Chinese claims during this period, even when Beijing was building on the Spratly Islands, because of the looseness of Chinese policy.[162]

[158] DoD 2019, p. 9.

[159] Sutter (2012, p.227) even argues that Chinese behavior in the South China Sea in this time period caused the "most serious setback for China's influence in Southeast Asia in the post-Cold War period." For an example of such Chinese claims, see Jin, Y.M. (2012), Zhongguo nanhai duan xu xiandi xingzhi ji xian nei shuiyu de falv diwei [Nature of the dashed line and legal status of internal water areas in the South China Sea]. *Zhongguo faxue.*

[160] Regarding patterns in Chinese aggression since 2009, see Appendix 2.

[161] Ming, In Fels & Vu (Eds.) 2016; Lanteigne, in Fels & Vu (Eds.) 2016.

[162] Holmes & Yoshihara 2017. Consider that in May 2014, China Offshore Oil Corporation (CNOOC) moved its oil rig Hai Yang Shi You 981 (HYSY 981) to disputed waters near the Paracel Islands. Vietnam responded by sending ships to the area and challenging China's ability to gain a fixed position. China and Vietnam traded diplomatic jabs, each accusing the other of starting the standoff (Ministry of Foreign Affairs of the People's Republic of China, *The Operation of the HSYS 981 Drilling Rig: Vietnam's Provocation and China's Position.* 8 June 2014; Lanteigne, in Fels & Vu (Eds.) 2016).

Chinese assertiveness in the South China Sea "did indeed pick up in 2012-13."[163] In reaction to the Chinese occupation of contested Scarborough Shoal and its promotion of Sansha to a prefectural-level city, the Philippines submitted a case to the United Nations Permanent Court of Arbitration in January 2013, to which Beijing refused to be a party, insisting that the dispute remain non-internationalized and be resolved bilaterally by claimant states.[164] In October 2015, the UNCLOS released its initial findings, determining that "while Manila had not completely made its case regarding China, there were some issues, including the legal status of disputed areas including Scarborough Shoal and Mischief Reef, which the Court was prepared to consider further."[165] Beijing again refused to participate in the proceedings and continued aggressive behavior.[166]

In July 2016, the United Nations Permanent Court of Arbitration award ruled against China in fourteen and a half of the fifteen submissions raised by the Philippines.[167] Major takeaways from this ruling included that Beijing had "no grounds to claim 'historical rights, or other sovereign rights or jurisdiction' beyond the provisions laid down in the United Nations Convention on the Law of the SEA (UNCLOS), which China ratified in 1996."[168] Despite the ruling being legally binding on China,[169] China explicitly rejected both the findings of the "ruling and the tribunal that had issued it", continuing the fundamental "Sino-Western division over the application of international agreements to sovereignty issues."[170]

[163] Johnston 2019, p. 10. For more detail on China's island-building during this period, see Erickson, A. S., & Kennedy, C. M. (2015). China's Island Builders. *Foreign Affairs*.
[164] Wall Street Journal, *China Rejects Multilateral Intervention in South China Sea Disputes,* 29 Aug 2013.
[165] Hayton 2017; Lanteigne, in Fels & Vu (Eds.) 2016. Throughout 2013, China failed to prevent its fishing vessels from fishing in disputed waters around Mischief Reef and Second Thomas Shoal (UNCLOS ruling, para. 757. As cited in AMTI 2019).
[166] See Appendix 1 for more detail.
[167] Hayton 2017.
[168] Hayton 2017.
[169] Cohen, J.A. (11 July 2016), Like it or not, the UNCLOS arbitration is legally binding on China. *East Asia Forum*.
[170] Hayton 2017; Swaine 2016.

Because of unilateral assertion of sovereignty over Woody Island, defiance of UNCLOS and ITLOS, and construction of military facilities on disputed territory, Chinese bargaining behavior from 2009 on was aggressive.

Resolution

Welch (2019) contends that the pattern of Chinese aggression in the South China Sea changed after the 2016 propagation of the UNCLOS ruling: "it stealthily complied." [171] Welch's characterization presents an incomplete picture, however. Although China seems to still be averse to being perceived as an expansionist rising power,[172] China's aggression has not stopped; it continues to this day.[173] The Center for Strategic and International Studies characterizes China as compliant with only two of the eleven parts of the ruling.[174] Appendix 2 of this paper notes no fewer than 16 incidents of aggression since 2016.

This noncompliance can perhaps be explained by China's attitude towards the tribunal itself and its failure to choose an arbitration mechanism (as discussed above). Although China had even appointed a judge to the initial 21-judge ITLOS panel, it apparently does not share the view that this lack of arbitration choice defaults to resolution under compulsory conciliation.[175] China's disavowal of ITLOS arbitration could be symptomatic of its proclivity for selective adaptation of rules and norms within the institutions it has already joined.[176] Ikenberry and Lim posit that "where China views the institutional framework as harmful to its interests, strategies of institutional statecraft at odds with the current order… [it will be more successful in] obstructing the operation of existing institutions, ignoring them, or opposing them outright. It may also mean

[171] Welch (2019, p. 8) continues, "…China quietly dropped all references to the Nine-Dash Line; it restored Philippine access to the Scarborough Shoal; it stopped trying to enforce its jurisdiction more than 12 n.m. from features that it claimed; and it stopped building artificial islands (though it did continue to complete pre-planned infrastructure). Perhaps more significantly, China reached out to engage rival claimants in discussions of joint resource development… and shelved – at least for the time being – plans for a second ADIZ on the South China Sea."

[172] Subsequent Chinese actions after declaration of an Air Defense Identification Zone (ADIZ) in the East China Sea displayed its continued aversion to being perceived as an expansionist power. Swaine, M. D. (2014). Chinese views and commentary on periphery diplomacy. *China Leadership Monitor*, *44*(1).; Beeson & Li 2014, Ch. 5; Welch 2019.

[173] See Appendix 2 for more detail.

[174] AMTI 2019.

[175] Zou, in Hu et al (Eds.) 2000.

[176] Moynihan, H. (12 June 2019). Engage China to Uphold Multilateralism – But Not at Any Cost. *Chatham House.*

the building of rival institutions."[177] Other examples include its noncompliance on market access for WTO members and its significant modification of R2P before adoption.[178] China not considering itself accountable to ITLOS could explain its defiance of the ruling. The UNCLOS episode was aggressive for two reasons: first, for direct defiance of international law to which China is a party, and second, for the continuation of aggressive behavior in the South China Sea in defiance of the ruling.

Preliminary evidence even exists that China has considered using its newly established multilateral institutions as an exit from traditional ones. The SCO, China's multilateral security organization, issued a statement shortly before the ITLOS ruling that it supported China's efforts to "promote a peaceful, friendly, and harmonious environment in the South China Sea."[179] Over the last five years, China has used the BFA as a forum for advocating its interpretation of UNCLOS and the events in the South China Sea.[180] If these organizations expressed some sort of displeasure about China's actions, this action would be akin to swapping one set of constraints for another, but that's not the case: both the SCO and BFA support China's claims.

In short, Chinese bargaining behavior in the South China Sea since 2009 has been no more constrained by the ITLOS ruling than it was by the bilateral 2002 DoC. Actively condemning the ruling, it has maintained its *gray zone* strategy, relying on escalation control to achieve its national goals incrementally without provoking a response from adversaries. Chinese accountability to international institutions decreased during this period because it refused to abide by a ruling of international law to which it was subject and began using institutions it established to promote its alternate view of international law. During a period of high relative power and decreasing accountability to international institutions, Chinese bargaining behavior in the South China Sea was indeed aggressive. This fits with the predictions of the theory.

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[177] Ikenberrry & Lim 2017, p. 17.
[178] Foot, R. (2016). The State, Development, and Humanitarianism: China's Shaping of the Trajectory of the R2P,'. *The Oxford handbook of the responsibility to protect*. For more detail, see note 56.
[179] China Daily, *SCO supports peace and stability in the South China Sea*, 25 May 2016.
[180] See Appendix 3 for more detail.

5. Conclusion

The traditional international multilateral order may have diminished in strength over the last five years. The U.S. has pulled out of several institutions and denigrated others, as have other participants. However, restoring confidence in existing institutions is more plausible than any other alternative. Proactive diplomacy, engagement, and restraint can help re-establish the existing multilateral framework as the best way to ensure prosperity across a broad variety of countries.

China has effectively achieved its goals in the South China Sea.[181] It controls the waters within the first island chain through the PLAAF, PLAN, CCG, and maritime militia. Control over these waters secures access to economic resources, clear Sea Lines of Communication (SLOC), and de facto (but not de jure) sovereignty over a significant portion of the land features and accompanying waters.

Two phenomena are notable throughout the above analysis of Chinese actions in the South China Sea. The first is the continuity of China's goals and strategy in the South China Sea. The second is the changes in China's bargaining behavior, in service of that strategy, in response to varying involvement with multilateral organizations. In all cases, theory predicted this behavior correctly.

In further study, I hope to continue this project using quantitative methods, using event data scraped from news and other online sources as input into a Machine Learning algorithm to predict micro-level bargaining dynamics in the South China Sea.

[181] "U.S. Navy Admiral Philip Davidson, in responses to advance policy questions from the Senate Armed Services Committee for an April 17, 2018 hearing… stated that 'China is now capable of controlling the South China Sea in all scenarios short of war with the United States.'" CRS 2019a, p. 10. For more details, see Appendix F of the same.

Appendix 1: Chinese aggression since 2009

Regarding patterns in Chinese aggression since 2009, see Swaine, M. D. (2010). Perceptions of an assertive China. *China Leadership Monitor*, *32*(2), 1-19; Swaine, M. D., & Fravel, M. T. (2011). China's assertive behavior–Part Two: The maritime periphery; De Leon Jr, F, Del Rosario, L. Q., Quy, D. D. (Eds.). (2011). *The South China Sea Reader. Papers and Proceedings of the Manila Conference on the South China Sea: Towards a Region of Peace, Cooperation and Progress, Manila, Philippines, 5-6 July 2011.* Quezon City: National Defense College of the Philippines, Foreign Service Institute, and Diplomatic Academy of Vietnam; Fravel, in Cronin (Ed.) 2012; Swaine, M. D. (2012). China's assertive behavior part three: the role of the military in foreign policy. *China Leadership Monitor*, *36*(6), 1-17; Swaine, M. D. (2012). China's assertive behavior part four: the role of the military in foreign crises. *China Leadership Monitor*, *37*(6).; Sutter (2012) p. 207; Wuthnow, J., Li, X., & Qi, L. (2012). Diverse multilateralism: Four strategies in China's multilateral diplomacy. *Journal of Chinese Political Science*, *17*(3), 269-290; Yahuda, M. (2013). China's new assertiveness in the South China Sea. *Journal of Contemporary China*, *22*(81), 446-459; Parameswaran, P. (2016), Delicate Equilibrium: Indonesia's Approach to the South China Sea (319-336). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer; Hiep, L. H. (2016), Vietnam's Pursuit of Alliance Politics in the South China Sea (271-288). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer; Ming, in Fels & Vu (Eds.) 2016; Lim, K. S. (2016), China's Nationalist Narrative of the South China Sea: A Preliminary Analysis (159-172). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer; Abb, P. (2016), Punish the Philippines, Forgive Vietnam? The South China Sea Disputes in the Eyes of Chinese Experts (139-158). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer; Li, R. (2016), China's Sea Power Aspirations and Strategic Behavior in the South China Sea from the Theoretical Perspective of Identity Construction (117-138). In Fels, E. & Vu, T. M. (Eds.), *Power Politics in Asia's Contested Waters: Territorial Disputes in the South China Sea.* Springer; Lanteigne, in Fels & Vu (Eds.) 2016; Fravel 2016; Holmes & Yoshihara 2017; Hayton, B. (2017).

Denounce but Comply: China's Response to South China Sea Arbitration Ruling. *Geo. J. Int'l Aff.*, *18*, 104.; Welch 2019.

In March 2009, PLAN vessels intercepted the *USNS Impeccable* in the South China Sea (CNN, *Pentagon says Chinese vessel harassed U.S. ship*, 9 March 2009; Lanteigne, in Fels & Vu (Eds.) 2016). In May of that year, "Vietnam and Malaysia made submissions to the UN Commission on the Limits of the Continental Shelf, seeking to extend their respect continental shelves further into the South China Sea and beyond the normal 200 nautical mile EEZ limit." (Lanteigne, in Fels & Vu (Eds.) 2016). In response, China submitted a *note verbale* to the United Nations containing a map of its South China Sea claims based on the now-famous "nine-dash line" that encompasses "some 80-90 percent of regional waters, including enormous stretches of Southeast Asian neighbors' exclusive economic zones. Beijing soon took to proclaiming that it commanded 'indisputable sovereignty' (or sometimes 'irrefutable sovereignty') within the nine-dashed line, notwithstanding clear provisions in the law of the sea." (Fravel 2016; Holmes & Yoshihara 2017). This *note verbale* also included a "preliminary declaration of claims to an extended continental shelf" and "asked the UN Commission on the Limits of the Continental Shelf (CLCS) to disregard the Malaysian and Vietnamese claims." (Lanteigne, in Fels & Vu (Eds.) 2016; Swaine & Fravel 2011). This rhetoric was followed by conflicting reports of a 2010 conversation in which a Chinese official may or may not have referred to the South China Sea as a Chinese as core interest, putting it on a par with Taiwan, Tibet, and Xinjiang province (Lanteigne, in Fels & Vu (Eds.) 2016; Fravel, in Cronin (Ed.) 2012). China reaffirmed its sovereignty claims in another 2011 *note verbale* to the United Nations (Lanteigne, in Fels & Vu (Eds.) 2016; Swaine & Fravel 2011). In July of that year, China agreed to moderate its approach in a diplomatic agreement with ASEAN on guidelines for implementing the 2002 DoC that are of limited utility but symbolically important. After this agreement, it detained fewer Vietnamese fishing vessels (Fravel, in Cronin (Ed.) 2012). In May 2011, Vietnam accused Chinese marine surveillance ships of violating its sovereignty (Embassy of the Socialist Republic of Vietnam in the United States of America, *Chinese Marine Surveillance Ships Violate VN's Sovereignty.* 27 May 2011).

In January 2012, an editorial in the People's Daily newspaper referred to the Diaoyu (Senkaku) islands as core interests (Lanteigne, in Fels & Vu (Eds.) 2016). In April, Philippine naval vessels attempted to derail Chinese fishing (The Guardian, *Philippine warship in standoff with China vessels,* 10 April 2012; Lanteigne, in Fels & Vu (Eds.) 2016); In June, China rescinded a not-yet-executed CNOOC scheme to offer for sale nine fossil fuel blocks in waters also claimed by Vietnam (Lanteigne, in Fels & Vu (Eds.) 2016). The Japanese government nationalized the Senkaku (Diaoyu) Islands in September and intended the action to make confrontation less likely. Instead, China interpreted the move as a provocation and responded with "increased air and sea incursions." (Welch 2019; Lanteigne, in Fels & Vu (Eds.) 2016). In December, Vietnam accused China of cutting the cables of the PetroVietnam survey vessel Binh Minh 02 in disputed waters (Tuo Tre News, *Chinese boats cause cable cut to Vietnam's ship.* 4 Dec 2012; Lanteigne, in Fels & Vu (Eds.) 2016). China also issued a "2012 moratorium on fishing in the South China Sea, without exception for areas of the South China Sea falling within the exclusive economic zone of the Philippines and without limiting the moratorium to Chinese flagged vessels." (Asia Maritime Transparency Institute (AMTI) (2019), *Failing or Incomplete? Grading the South China Sea Arbitration.* Center for Strategic and International Studies; The Philippine Star, *China imposes fishing ban in South China Sea.* 14 May 2012).

By 2015, China had three military-ready airstrips in the South China Sea capable of carrying fourth-generation fighter jets: Mischief Reef, Fiery Cross Reef, and Subi Reef (CNN, *Satellite images suggest China 'building third airstrip' in South China Sea.* 15 Sept 2015; CRS 2019a). A freedom of navigation operation by the United States ship USS Lassen, which came within 12 nautical miles of a feature claimed by China, drew heavy Chinese criticism and was shadowed by two Chinese navy vessels (Reuters, *Angry China shadows U.S. warship near man-made islands.* 27 October 2015). In early 2015, China reinforced buildings on Hughes Reef, Gaven Reef, Johnson South Reef, and Fiery Cross Reef (Washington Post, *Photos: China's rapid island-bulding strategy continues.* 11 September 2015) as well as 10-14 islands in the Paracel Islands (Asia Maritime Transparency Initiative, Update: China's Continuing Reclamation in the Paracels. 9 August 2017). China has officially stated that the island construction work is for military use (Erickson, A. S.

(2016). America's Security Role in the South China Sea. *Naval War College Review*, *69*(1), p. 9) and justified this work in April 2015 as fair and reasonable reclamation work for improving civilian services and for strategic reasons (Lanteigne, in Fels & Vu (Eds.) 2016). In 2016, China also reneged on an agreement with the Philippines to withdraw ships from Scarborough Shoal standoff by sending non-military vessels to the Scarborough shoal conflagration with Philippines (Calica, A. (28 May 2016), Noy: China reneged on Scarborough deal. *The Philippine Star*; Welch 2019). China sent non-military vessels to the Scarborough shoal conflagration with Philippines, staying shy of military force by using China's maritime law-enforcement capabilities, fishing fleet and maritime militia. For more detail on Chinese maritime law-enforcement capabilities, see Erickson, A. S., Hickey, J., & Holst, H. (2019). Surging Second Sea Force: China's Maritime Law-Enforcement Forces, Capabilities, and Future in the Gray Zone and Beyond. *Naval War College Review*, *72*(2), 4. For more detail on China's maritime militia, see Erickson, A. (2017). The South China Sea's Third Force: Understanding and Countering China's Maritime Militia. *Hampton Roads International Security Quarterly*, 119.; Holmes & Yoshihara 2017.

Appendix 2: Chinese aggression after UNCLOS

In May 2018, a PLAN helicopter harassed Philippine a resupply mission to the Philippine Navy ship *BRP Sierra* Madre (AMTI 2019) and a PLA Shaanxi Y-8 military transport plane landed on the Subi Reef runway (Bloomberg, *China Sends Military Plane to Third South China Sea Airstrip*. 10 May 2018). Also in May, China dispatched a spy ship to monitor the Rim of the Pacific naval exercises taking place in the U.S. EEZ from which it was disinvited due to its South China Sea positions (Tuan N Pham (27 July 2018), *China can't just 'pick and choose' from Law of the Sea*. East Asia Forum). The PLA approached the *USS Decatur* during freedom of navigation operations through the Paracel Islands in October 2018 (USNI News, *Destroyer USS Decatur Has Close Encounter With Chinese Warship.* 1 October 2018; AMTI 2019), and in November signed a memorandum of understanding for joint oil and gas development with the Philippines at Reed Bank (to which Welch refers: The Philippine Star, *Philippines, China ink MOU on oil and gas development.* 20 November 2018; Batongbacal, J. (21 November 2018), A Closer Look at China's Proposal for Joint Exploration with the Philippines. *Asia Maritime Transparency Initiative*). December was a busier month: environmentally destructive Chinese clam fishing returned to Scarborough Shoal (Asia Maritime Transparency Initiative, *China's Most Destructive Boats Return to the South China Sea.* 20 May 2019.), China installed monitoring stations on Bombay Reef in the Paracel Islands (Asia Maritime Transparency Initiative, *China Quietly Upgrades a Remote Reef.* 20 November 2018), and Chinese PLAN, CCG, and maritime militia ships responded to Philippine runway repairs on Thitu Reef (Lu, Z. (13 April 2019), Beijing tried to block Philippine military facilities on disputed island 'over fears US could use them'. *South China Morning Post.*; Asia Maritime Transparency Institute, *Under Pressure: Philippine Construction Provokes a Paramilitary Response.* 6 February 2019). Chinese oceanographic research vessels have also been operating on a more ambitious scale to collect data on seabed resources and support blue water naval capabilities: for more detail, see Martinson, R. D., & Dutton, P. A. (2018). China Maritime Report No. 3: China's Distant-Ocean Survey Activities: Implications for US National Security.

Through 2019, China has continued to "declare a unilateral fishing ban from May to August each year covering all waters north of the 12th degree of latitude" (AMTI 2019). China continues to occupy Mischief Reef and seemingly claims maritime entitlement to it as evidenced by "its objections to US freedom of navigation operations within 12 nautical miles of the facility" (AMTI 2019). China continues to block the Philippines from exploring for oil and gas near Reed Bank, despite the 2018 MOU (Viray, P. L. (16 July 2018), China's continued blocking of Reed Bank drilling could cost Philippine development – expert. *The Philippine Star.*; Chang, F. K. (6 September 2019), Running out of Gas: Philippine Energy Security and the South China Sea. *Foreign Policy Research Institute;* AMTI 2019). In February 2019, Chinese Coast Guard intimidated Filipino fishermen at Scarborough Shoal (The Inquirer, *China still harassing Filipino fishermen in Scarborough Shoal – US Navy official.* 13 Feb 2019. As cited in AMTI 2019). In March, a Chinese vessel rammed and capsized a Vietnamese fishing boat in Paracels (Navy Times, *Hanoi: Chinese ship rams, sinks Vietnamese fishing boat.* 8 March 2019. As cited in AMTI 2019). In May, Chinese maritime militia pointed lasers at Australian helicopter during missions (CNN, *Australian helicopters targeted by lasers in South China Sea.* 29 May 2019. As cited in AMTI 2019), and Chinese fishing vessel rammed and partially sank a Filipino fishing boat at Reed Bank in June (South China Morning Post, *Chinese vessel mainly to blame for sinking of Philippine boat in South China Sea, but Filipino crew had 'deficiencies': leaked report.* 8 July 2019. See also AMTI 2019). Also in June, the Chinese Coast Guard vessel Haijing 35111 harassed oil and gas operations by Vietnam and Malaysia (Reuters, *Vietnam, China embroiled in South China Sea standoff.* 17 July 2019. See also AMTI 2019).

Appendix 3: Support for China's position in Chinese-Founded Multilateral Institutions

At the 2014 BFA Annual Conference, China advocated bilateral resolution of issues "arising from the United Nations Convention on the Law of the Sea." (Deloitte, *Boao Forum for Asia Annual Conference Report 2014.*). China launched a joint research center, the China-Southeast Asia Research Center on the South China Sea and simultaneously advocated for a negative view of the Philippine UNCLOS case at the 2016 annual conference of the BFA (The Economic Times, *China sets up joint research centre on South China Sea to assert claims.* 25 March 2016; Liu Zhenmin (25 March 2016), *China Remains Committed to Peaceful Settlement of Disputes in the South China Sea through Negotiations and Consultations.* As published in Asia Pacific Pathways to Progress Foundation, Inc.). During the BFA Annual Meeting 2017, Vice Foreign Minister Liu Zhenmin invoked UNCLOS to remind states to cooperate, without referring to China's disavowal of a dispute lodged under that very treaty. (Liu Zhenmin (27 March 2017), Speech by H.E. Vice Foreign Minister Liu Zhenmin at the session on the South China Sea of the Boao Forum for Asia Annual Meeting 2017). The Chinese Ministry of Foreign Affairs asserted that in reaction to this speech "experts and scholars present at the meeting agreed with China's judgment on the current South China Sea situation" (Ministry of Foreign Affairs of the People's Republic of China. *Now is the Right Time to Launch Cooperation among South China Sea Costal States—South China Sea Session of Boao Forum for Asia Annual Meeting 2017 Opens.* 27 March 2017). At the Sixth Asia Maritime Security Forum, National Institute for South China Sea Studies (NISCSS) President Wu Shicun accused the United States of interfering militarily in regional affairs (National Institute for South China Sea Studies. *The 6th Asia Maritime Security Forum Held in Haikou.* 15 January 2019). During the 2019 BFA conference, Director-General of the Department of Boundary and Ocean Affairs of the Foreign Ministry Yi Xianliang argued that the "South China Sea issue discussed by China and ASEAN countries is actually different from the 'South China Sea issue' advocated by the United States" (Ministry of Foreign Affairs of the People's Republic of China**.** *Director-General of the Department of Boundary and Ocean Affairs of the Foreign Ministry Yi Xianliang Attends the South China Sea Session of Boao Forum for Asia (BFA) Annual Conference 2019 and Delivers a Keynote Speech.* 1 April 2019).