# 1    China's foreign policy crises after the Cold War

The rise of China is one of the most dynamic political phenomena in world politics in the twenty-first century. As a prominent China scholar points out, "the rise of China is *the big story* of our era."[1] Although US–China relations have been relatively stable since the end of the Cold War, the two countries are far from establishing a high level of strategic trust and mutual confidence.[2] The United States and China have experienced several major foreign policy crises in the past thirty years, such as the 1999 bombing of the Chinese embassy in Belgrade and the 2001 EP-3 aircraft collision off the coast of China. Some scholars even suggest that the United States faces an inevitable conflict with a rising China.[3] Due to the mutual deterrence effects of nuclear weapons, large-scale military conflicts might be avoided between China and the United States. However, because of diverse strategic interests and different ideologies, diplomatic and military crises still seem unavoidable in future US–China relations. If the two countries cannot manage foreign policy crises effectively and peacefully, escalating conflicts − even war − may occur unexpectedly between the two nations.

Besides the United States, China has also been involved in some notable interstate crises with other countries, such as with Japan over the Diaoyu/Senkaku islands and with the Philippines in the South China Sea. In addition,

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[1]  David Shambaugh, *China Goes Global: The Partial Power* (Oxford: Oxford University Press, 2013), ix, the emphasis is original.

[2]  For the lack of mutual trust between the United States and China, see Kenneth Lieberthal and Wang Jisi, "Addressing US–China Strategic Distrust," *John L. Thornton China Center Monograph Series* (Washington DC: Brookings Institution, March 2012).

[3]  For example, Richard Bernstein and Ross H. Munro, *The Coming Conflict with China* (New York: Alfred A. Knopf: Distributed by Random House, 1997); John J. Mearsheimer, "The Gathering Storm: China's Challenge to US Power in Asia," *The Chinese Journal of International Politics* 3, no. 4 (2010), 381–96; and Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W.W. Norton, 2011); Denny Roy, *Return of the Dragon: Rising China and Regional Security* (New York: Columbia University Press, 2013). For counterarguments, see David Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2007); Steve Chan, *China, the US, and the Power-Transition Theory* (London and New York: Routledge, 2008); and Andrew Nathan and Andrew Scobell, *China's Search for Security* (New York: Columbia University Press, 2012).

the oil rig crisis between China and Vietnam and the P-8 incident between China and the United States over the South China Sea in 2014 also deepened the strategic suspicions regarding the implications of China's rise for regional security.[4] In May 2015, another P-8A incident between China and the United States happened in the South China Sea.[5] Although it is still too early to predict "the-ripe-for-rivalry" scenario in Asia,[6] it is reasonable to believe that China will get involved into more foreign policy crises, intentionally or not, with the United States − the existing hegemon in the region − and with its neighbors, such as Japan and the Philippines.

With China's continuing increase in military and economic might, it is imperative for policymakers in the world to understand the dynamics of China's behavior in foreign policy crises so that the rise of China can be managed in a peaceful manner. In the past three decades China's behavioral patterns in crises have varied from case to case. In some instances, China escalated crises while in others China retreated or de-escalated crises. This variation in China's crisis behavior needs to be systematically studied by scholars and policy analysts. The major purpose of this book is to explore patterns of China's behavior in foreign policy crises after the Cold War − *when* and *under what conditions* Chinese leaders take risks to escalate a foreign policy crisis and *when* Chinese leaders avoid risks and de-escalate a crisis. The findings will help scholars and policymakers better understand and predict China's crisis behavior in the future.

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[4] The oil rig crisis between China and Vietnam refers to the diplomatic row in May, 2014 between the two nations over China's establishment of a drilling rig in the Paracel area in the South China Sea where Vietnam also claimed sovereignty. China withdrew the oil rig in July. The P-8 incident refers to the midair interception of a Chinese fighter jet in an incident on August 19, 2014 when a Chinese J-11 fighter dangerously intercepted a US Navy P-8A maritime surveillance aircraft over the South China Sea. While the United States insisted that its surveillance activities were conducted in international airspace, the Chinese accused US reconnaissance activities as being the root cause of the incidents. These two cases are revisited in Chapter 7.

[5] The 2015 P-8A incident happened on May 20, 2015, when the Chinese Navy repeatedly warned a US P8-A surveillance plane to leave the airspace over the artificial islands China was creating in the disputed South China Sea. A CNN reporter was invited onboard the P8-A plane and the video footage of the incident later was broadcasted on CNN. The Chinese Foreign Ministry warned that other countries should "abandon actions that may intensify controversies" in the South China Sea while the United States vowed to keep up air and sea patrols in international waters. For more details, see Christopher Bodeen, "China, US Assert Rights after Exchange over South China Sea," *Navy Times*, May 21 (2015), www.navytimes.com/story/military/2015/05/21/china-says-its-entitled-to-keep-watch-over-island-claims/27701839/; David Brunnstrom, "US Vows to Continue Patrols after China Warns Spy Plane," Reuters, May 21, 2015, www.reuters.com/article/2015/05/21/us-southchinasea-usa-china-idUSKBN0O60AY20150521; and "Chinese Foreign Ministry Spokesperson Hong Lei's Regular Press Conference on May 22, 2015," www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1266162.shtml.

[6] Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia, "*International Security* 18, no. 3 (1993), 5–33.

This remainder of this chapter provides a roadmap of this research. First, I introduce puzzling aspects of China's behavior in foreign policy crises after the Cold War. Second, I discuss empirical and theoretical deficiencies in the study of China's crisis behavior. Third, I lay out my argument based on insights from prospect theory and neoclassical realism. Last, I outline the organizational structure of this book as well as the theoretical and policy implications of this study for the current debate over China's rise.

## The puzzle

Compared to its frequent uses of force during the Cold War, China has not experienced any overt military conflicts with other states since the end of the Cold War. Economic development has replaced class struggle and ideological antagonism as the national priority since Deng Xiaoping's economic reform and opening up in 1979. This strategic shift in national priority might partly explain the lack of military conflicts between China and the outside world. However, the road for China's rise has been full of bumps and challenges as we can see from foreign policy crises between China and other nations, such as the 1995–6 Taiwan Strait crisis, the 2001 EP-3 midair collision between China and the United States, and the 2010 boat collision between China and Japan in the East China Sea.

The book's research focus is the variation of China's policy behavior during crises since the end of the Cold War. In some crises, China chose to accommodate and even compromise with the other party. In other cases, China adopted a coercive approach through either diplomatic or military means. For example, In the *Yinhe* ship-inspection incident China accommodated the US demand to fully inspect the *Yinhe* – a Chinese container ship that was accused of carrying materials for chemical weapons to Iran – even though China believed that the United States did not have any legal right to conduct such an inspection.[7] In the 2001 EP-3 midair incident China adopted a conditional accommodation policy to defuse the crisis after China demanded an "official apology" from the US government. After receiving only a vague "apology letter" from the US ambassador to Beijing, China released the twenty-four EP-3 crew members.

In the 1995–6 Taiwan Strait crisis China's policy was militarily coercive in nature through a series of military and missile tests across the Taiwan Strait in retaliation for the United States granting permission of then Taiwanese President Lee Ting-hui to visit the United States in 1995. In the 1999 embassy

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[7] See Sha Zukang, China's chief negotiator during the *Yinhe* incident, interview at the Hong Kong Phoenix TV, September 27, 2009, http://vip.v.ifeng.com/fangtan/fengyunduihua/200909/2435a 925-97ce-4dd2-96c4-b7585a053213detail.shtml.

bombing incident China's policy was also coercive, but only diplomatically through cutting off diplomatic and military contacts with the United States. The puzzle is why Chinese leaders chose different strategies in different crises. Under what conditions and when will Chinese leaders adopt accommodative policies and under what conditions will they pick coercive approaches during crises? This book aims to shed some light on this question by examining the patterns of Chinese crisis behavior.

Before examining the existing answers and presenting my theoretical argument, one concept should be clarified. In the International Relations (IR) literature a "foreign policy crisis" is normally defined by three factors: (1) a threat to one or more basic values; (2) an awareness of a finite time for response to the value threat; and (3) a heightened probability of involvement in military hostilities.[8] Some scholars introduce the concept of "near crisis" by relaxing the requirement for the possibility of involvement in military hostilities.[9] A "near crisis" refers to a diplomatic conflict or tensions between two nations, which approaches the intensity of a military crisis, but the possibility of military hostility is relatively low.[10]

In my research I define foreign policy crisis by including both full-fledged, military-involved cases and "near crisis" cases. However, as just mentioned, the military-oriented crisis was rare in the Chinese cases after the Cold War. Even the 1995–6 Taiwan Strait crisis is debatable as to whether it should be treated as a real foreign policy crisis that had a high possibility of military conflict.[11] Therefore, this research mainly focuses on the so-called "near crisis" cases, which normally occur in the diplomatic arena. It is worth noting that scholars may not reach a consensus on how to define a crisis in the study of Chinese foreign policy behavior. However, as Andrew Scobell and Larry Worthzel point out, "the study of China's behavior in conditions of tension and stress . . . is of considerable importance to policymakers and analysts

[8] Michael Brecher and Jonathan Wilkenfeld, *A Study of Crisis* (Ann Arbor: University of Michigan Press, 2000), 3.

[9] Patrick James suggests the "near crisis" term, cited by Jonathan Wilkenfeld, "Concepts and Methods in the Study of International Crisis Management," in Michael Swaine and Zhang Tuosheng, eds. *Managing Sino-American Crises: Case Studies and Analysis* (Washington DC: Carnegie Endowment for International Peace, 2006), 111.

[10] It is worth noting that there are different typologies for international and foreign policy crisis. For example, based on different degrees of threat, duration, and surprise, Charles Hermann categorizes eight types of international crisis. See Charles Hermann, "Indicators of International Political Crises," in Edward E. Azar and Joseph D. Ben-Dak, eds. *Theory and Practice of Events Research: Studies in International Actions and Interactions* (New York: Gordon and Breach, 1974), 233–43; also see Stephen Walker and George Watson, "The Cognitive Maps of British Leaders, 1938–1939: The Case of Chamberlain-in-Cabinet," in Valerie Hudson and Eric Singer, eds. *Political Psychology and Foreign Policy* (Boulder: Westview Press, 1992), 31–58.

[11] See Michael Swaine, "Understanding the Historical Record," in Swaine and Zhang, eds. *Managing Sino-American Crises*, 2–3.

around the world."[12] This research intends to shed some light on patterns of Chinese behavior in "near crises" or crisis-like situations.

There are two reasons to examine China's behavioral patterns in the "near crisis" cases. First, "near crisis" is by definition also an important form of foreign policy crisis. The only difference between a "near crisis" and a foreign policy crisis lies in the possibility of military conflict. Although the likelihood of military conflict from these "near crises" is low, they can easily escalate to real military conflicts – especially if policymakers do not manage them well. The unexpected danger in these near crises is actually higher than in other types of crises. For example, the direct trigger of World War I was the assassination of Archduke Franz Ferdinand and his wife Sophie of the Austro-Hungarian Empire by Gavrilo Princip, an ethnic Serb and Yugoslav nationalist group.

Although there were deep-rooted structural, historical, and political domestic reasons for the outbreak of the War, no one can deny that the catastrophic outcome stemmed from a seemingly minor "near crisis."[13] By the same token, Thomas Christensen convincingly argues that the "near crisis" between China and the United States in the late 1940s and early 1950s – US hostility toward the newly established People's Republic, actually led to the later costly and unintended outcome of the Korean War. In particular, Christensen suggests that "Sino-American combat in Korea could have been avoided if the United States had recognized Beijing and had honored Truman's January pledge to stay out of the Chinese Civil War."[14]

Second, these "near crises" can cause a spiral of distrust and tension among nations and diplomatic rows can strain both bilateral relations and regional security. As David Dreyer suggests, "war is often likely the result of an issue spiral – a dynamic process in which tension increases as multiple issues accumulate." In his analysis the 1979 Sino-Vietnamese War was a result of an "issue spiral," in which one issue led to another and the accumulation of hostility eventually caused a military conflict between the two nations.[15] Another example is the current South China Sea disputes between China and its neighbors. The maritime disputes in the South China Sea can be seen as "near crisis" cases, which may not lead to immediate military conflicts in the

[12] Andrew Scobell and Larry Wortzel, eds. *Chinese National Security Decisionmaking Under Stress* (Carlisle Barracks: US Army War College Strategic Studies Institute, 2005), 1.

[13] On the debate over the causes of war and counterfactual analysis, see Jack Levy and Gary Goertz, eds. *Explaining War and Peace: Case studies and Necessary Condition Counterfactuals* (London and New York: Routledge, 2007); also see Richard Rosecrance and Steven Miller, eds. *The Next Great War? The Roots of World War I and the Risk of US–China Conflict* (Cambridge: MIT Press, 2014).

[14] Thomas J. Christensen, *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino-American Conflict, 1947–1958* (Princeton: Princeton University Press, 1996), 138.

[15] David Dreyer, "One Issue Leads to Another: Issue Spirals and the Sino-Vietnamese War," *Foreign Policy Analysis* 6, no. 4 (2010), 297–315.

region. However, as the International Crisis Group reports, "all of the trends (sovereignty disputes) are in the wrong direction, and prospects of resolution are diminishing."[16] In other words, the worsened crisis management patterns in the South China Sea have not only strained the bilateral relations between China and other Asian countries, but also put regional security and stability at stake.

It should be noted that a foreign policy crisis is different from a militarized interstate dispute (MID). As a sub-project of the Correlates of War (COW) – a seminal quantitative IR collection – the MID data focus on the sub-war inter-state disputes in the world between 1816 and 2010. By definition, a MID refers to a conflict in which "the threat, display or use of military force short of war by one member state is explicitly directed towards the government, official repre-sentatives, official forces, property, or territory of another state. Disputes are composed of incidents that range in intensity from threats to use force to actual combat short of war."[17] Comparing the definitions between a MID and a foreign policy crisis, we can see one major difference, the concept of MID is much broader than foreign policy crisis. The definition of MID can be stretched from a border shooting incident to a high-level military confrontation. For example, according to the MID data set (v4.0), the first MID case on China after the Cold War is a shooting incident in which a North Korean patrol boat fired at a Chinese fishing boat (case no. 4019). The most severe MID cases for China after the Cold War, which are coded as "clash" for the highest action in a dispute, are also the border clashes between China and North Korea in 1993 and 1997 (cases 4018 and 4089).[18]

However, these incidental exchanges of gunfire or border clashes included in the MID dataset cannot be seen as foreign policy crises. As mentioned before, the first factor of foreign policy crisis is "a threat to one or more basic values" for the top political leaders and decision-makers. Although an incidental shooting with North Korea can be disturbing, it can hardly pose a threat to the basic values for Chinese decision-makers. In addition, the incident might be triggered by low-level soldiers on both sides and thereby be hardly moved to a diplomatic level that deserves political attention from the Central government. It can explain why the International Crisis Behavior (ICB) project – the most authoritative and reliable crisis dataset, led by Michael Brecher and Jonathan Wilkenfeld – did not include the border clashes between China and North Korea as either "foreign policy crises" or "international crises."[19]

[16]  International Crisis Group, "Stirring up the South China Sea (II): Regional Responses," *Asia Report*, 229, July 24 (2012).
[17]  Daniel Jones, Stuart Bremer, and J. David Singer, "Militarized Interstate Disputes, 1816−1992: Rationale, Coding Rules, and Empirical Patterns," *Conflict Management and Peace Science* 15, no. 2 (1996), 163.
[18]  For the MID project, see www.correlatesofwar.org/COW2%20Data/MIDs/MID40.html.
[19]  For the ICB project, see www.cidcm.umd.edu/icb/info/project_information.aspx.

Therefore, this book does not explain China's MID policies in general because many MID cases do not meet all three conditions of the crisis definition or both conditions of the near crisis definition. The focus of this book is to explore China's behavioral patterns only in foreign policy crises in which the top leaders face challenges and have to make decisions at the Central government level in a conflict under the constraints of surprise and a short response time that may also include the probability of using military force. Unfortunately, there is no available quantitative foreign policy crisis dataset that distinguishes between crises and "near crises." Even in the ICB data, only the 1995–6 Taiwan Strait crisis was coded as an international crisis. The 1999 embassy bombing and 2001 EP-3 midair incident were not categorized as international crises.

It seems that the intensity of the crisis might be the reason for the ICB data to exclude some notable but mid-level foreign policy near-crises from the dataset. However, as mentioned before, these mid-level, military-oriented, diplomatically intensified "near crises" deserve more academic attention because they have formed the major events between China and the outside world after the Cold War and may remain so in the future. This is the main potential contribution of this book to the study of China's crisis decision-making and conflict behavior in the twenty-first century.

## Existing studies and theories

The existing studies of China's crisis behavior mainly focus on military-involved conflicts, especially during the Cold War era. The major empirical deficit in the study of Chinese crisis behavior is a lack of attention focused on China's behavioral patterns in non-military-oriented crises, such as the "near crisis" cases after the Cold War. Systematic research on China's post-Cold War crisis behavior appears to be limited partly because these crises are not full-fledged, military-involved events and partly because data access to more current events is relatively difficult. Most of the existing literature on China's post-Cold-War crisis behavior focuses on tracing a narrative connecting these crisis events, identifying crisis management deficiencies between the United States and China, and presenting the implications of these crises to regional security.[20] A related theoretical problem is that the theories derived from

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[20] For examples, see Xinbo Wu, "Understanding Chinese and US Crisis Behavior," *The Washington Quarterly* 31, no. 1 (2008), 61–76; Peter Gries, "Tears of Rage: Chinese Nationalist Reactions to the Belgrade Embassy Bombing," *China Journal* 46 (2001), 25–44; Edward Slingerland, Eric Blanchard, and Lyn Boyd-Judson, "Collision with China: Conceptual Metaphor Analysis, Somatic Marking, and the EP-3 Incident," *International Studies Quarterly* 51 (2007), 53–77; and several chapters in Swaine and Zhang, eds. *Managing Sino-American Crises*.

China's military conflict cases during the Cold War cannot fully explain China's behavioral variations in the "near crisis" cases after the Cold War.

### The deficiencies of case studies

Since the Korean War, China's behavior during military conflicts has drawn great attention in both academic and policy arenas. Scholars and policymakers are interested in examining the patterns of China's use of force during crises.[21] The Korean War, the 1954 and 1958 Taiwan crises, the China–India border dispute in 1962, the China–Soviet Union border conflict in 1969, and the China–Vietnam clashes in the late 1970s and the early 1980s are the major historical events for scholarly investigations. This is understandable, because China was indeed involved in numerous military conflicts with other nations during the Cold War period. In addition, scholars have relatively easy access to historical records from this era for their research projects.

For example, Allen Whiting wrote a classic book on Mao Zedong's decision to enter the Korean War in 1960 in which he argued that Mao's intention was to protect China's security in responding to US actions.[22] However, in the 1990s, based on new Chinese documents and interviews, both Chen Jian and Shuguang Zhang suggest that Mao's revolutionary nationalism and romanticism should be seen as having been more responsible for China's entry into the Korean War.[23] Similarly, through linking domestic politics and foreign policy, Thomas Christensen argues that a short-term conflict was useful in gaining popular support for both Mao in China and Harry Truman in the United States in the early period of the Cold War.[24] The debate over China's decisions in the Korean War seems to be still ongoing with the newly released diplomatic archives in the former Soviet Union and China. For instance, Shen Zhihua's research sheds some new light on the role of Kim Il-sung and his relations with both Mao and Joseph Stalin at the outbreak of the Korean War.[25] Despite

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[21] For excellent examples, see Allen Whiting, *China Crosses the Yalu: The Decision to Enter the Korean War* (New York: MacMillan, 1960); Shuguang Zhang, *Deterrence and Strategic Culture: Chinese–American Confrontations: 1949–1958* (Ithaca: Cornell University Press, 1993); Mark Burles and Abram Shulsky, *Patterns in China's Use of Force: Evidence from History and Doctrinal Writing* (Santa Monica: RAND, 2000); Allen Whiting, *The Chinese Calculus of Deterrence: India and Indochina* (Ann Arbor: University of Michigan Press, 2001); and Andrew Scobell, *China's Use of Military Force: Beyond the Great Wall and the Long March* (Cambridge: Cambridge University Press, 2003).
[22] See Whiting, *China Crosses the Yalu.*
[23] See Chen Jian, *China's Road to the Korean War* (New York: Columbia University Press, 1994); Shuguang Zhang, *Mao's Military Romanticism: China and the Korean War, 1950–1953* (Kansas City: University Press of Kansas, 1995).
[24] Christensen, *Useful Adversaries.*
[25] Shen Zhihua, *Mao, Stalin and the Korean War: Trilateral Communist Relations in the 1950s* (New York and London: Routledge, 2013).

different accounts of the Korean War, it seems that leadership ideology and personality, especially related to Mao, are the focal points in the study of China's crisis behavior during the Cold War era.

As mentioned earlier, since the end of the Cold War China has not experienced any overt military conflicts with other states. Instead, China was involved in some military-oriented, "near crises," such as the 1999 Chinese embassy bombing and the 2001 EP-3 midair incident. The "strong leader" model of Chinese crisis behavior developed by scholars from the Cold War experience has lost some relevance in explaining China's behavioral patterns in the post-Cold War era. First, there was no leader like Mao in China after the Cold War. Although Deng enjoyed his paramount status in China after Mao, he started to retire from political life in China after the Tiananmen Square incident, especially in the domain of foreign policy decision-making. Both Jiang Zemin and Hu Jintao did not have Mao's or Deng's authority in both party politics and the military domain. Therefore, the "strong leader" model cannot explain the variations in Chinese behavior in managing different crises after the Cold War.

It should be also noted that the loss of popularity of the "strong leader" model does not mean that leaders do not matter in China's foreign policy decision-making. Instead, leaders, especially the top leadership, still have the final say in foreign policy in the Chinese political system. However, we cannot just assume that the top Chinese leaders can make decisions based on their own experiences and ideological preferences, as we can see from Mao's decisions during the Korean War. Instead, more nuanced analyses are needed to explain how the external and internal factors can shape Chinese leaders' decisions during crises and near crises, which is the main purpose of this book.

Previous scholarly work on these "near crisis" cases after the Cold War is mainly descriptive in nature and focuses on the unique characteristics of China's crisis behavior, such as emphasizing responsibilities instead of interests, seeking guidance from China's political traditions instead of legal solutions, as well as lacking a crisis-management mechanism.[26] It is definitely interesting to know what happened during these crises. However, it is at least equally, if not more, important to understand under what conditions and why Chinese leaders choose different policies during different crises, such as to escalate some crises, but de-escalate others.

One collaborative research project on China–US crisis behavior is worth noting. The Carnegie Endowment for International Peace and the China Foundation for International and Strategic Studies conducted collaborative

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[26] Xinbo Wu, *Managing Crisis and Sustaining Peace between China and the United States* (Washington DC: United States Institute of Peace, 2008); Wang Jisi and Xu Hui, "Pattern of Sino-American Crises: A Chinese Perspective," in Swaine and Zhang, eds. *Managing Sino-American Crises*.

research on US–China crisis management in 2004.[27] Leading scholars from both the United States and China worked together to examine the onset, escalation, and management of political and military crises between the United States and China from 1949 to 2004. This study is the most comprehensive analysis of China's foreign policy crises so far. More importantly, this project explores differences as well as similarities between the Chinese and American scholars in their understanding of foreign policy crises.

However a problem in this research lies in the "comprehensiveness" of the project. On the one hand it identifies six sets of variables that influence US and Chinese crisis behavior, including elite perceptions and beliefs; domestic politics and public opinion; decision-making structure and process; information and intelligence receipt and processing; international environment; and idiosyncratic or special features.[28] On the other hand the project fails to specify which variable, or variables, plays the most important role in shaping US and Chinese foreign policy crisis behavior. It is politically reasonable for this collaborative research to list these six sets of variables, because the major purpose of this project is to provide recommendations to both US and Chinese governments on how to cope with future foreign policy crises. However, this list of variables fails to capture the dynamics of China's crisis behavior, which is under what conditions and why did China adopt more coercive military policies in some crises, but more accommodative diplomatic policies in others?

### The rationalist approach: are all decisions rational?

The more analytical and theoretical approaches to the study of China's foreign policy crisis are polarized into rationalist versus cultural schools of thought. The rationalist approach assumes that policymakers during crises are basically rational in making decisions either to escalate or de-escalate. There are three major arguments: political goals, information problems, and power discrepancies. First, scholars argue that decision-makers can use a military crisis or even a more direct use of force to pursue their domestic political goals. For example, Thomas Christensen argues that both Mao Zedong and Harry Truman used the Korean War to advance their domestic political agendas and that the outbreak of the Korean War was somehow an unexpected consequence for both leaders.[29] As for the 1958 Taiwan Strait crisis, Christensen suggests that Mao's decision to shell Quemoy and Matsu mainly served the goal of implementing his Great Leap Forward strategy

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[27] The book was published in 2006. See Swaine and Zhang, eds. *Managing Sino-American Crises*.
[28] Swaine, "Understanding the Historical Record," 10.
[29] Christensen, *Useful Adversaries*. For other examples, see M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton: Princeton University Press, 2008).

domestically, through which "Mao manufactured a carefully controlled international crisis and directly connected the danger of war with the United States and the need to liberate Taiwan with his domestic economic and social program."[30] In other words, Chinese leaders can use force or manipulate a crisis situation to fulfill their political goals, especially when they perceive a dangerous window of vulnerability or a window of opportunity in dealing with external threats.[31]

The second argument is to attribute the escalation of conflicts to an "information" problem. It suggests that because of incomplete information during crises, China and its adversaries sometimes are entrapped in unnecessary conflicts. For example, Whiting's classic work on the Korean War suggests that the United States misread or underestimated China's signaling of its resolve during the Korean War and the absence of credible, private, and consistent lines of communication, which indirectly triggered the escalation of conflicts between the two nations.[32]

Last, but not least, the power discrepancy between a triggering state and a target state also determines whether a crisis turns violent or not. For example, Michael Brecher and Jonathan Wilkenfeld point out, a crisis triggered by a weaker power is less likely to lead to a military conflict because "the target state need not necessarily employ violence in order to achieve its crisis objectives."[33] In other words, it is not rational for a stronger state to militarily deal with a crisis triggered by a weaker state because the stronger state has other means, such as economic sanction, to retaliate the weaker adversary. For a weak state, it is also not rational to escalate the crisis militarily, because it will be a suicidal action. Based on this rationalist approach, Wang and Xu argue that the power discrepancy between China and the United States can explain why the three Taiwan crises (twice in the 1950s and once in 1995) did not cause large-scale military conflicts between the two nations.[34]

Another example is the "audience cost" argument suggested by Jessica Weiss in explaining China's different policies toward anti-American protests during crises.[35] Weiss argues that the Chinese government can use domestic

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[30] See Christensen, *Useful Adversaries*; and Thomas Christensen, "Windows and War: Trend Analysis and Beijing's Use of Force," in Alastair Iain Johnston and Robert Ross, eds. *New Directions in the Study of China's Foreign Policy* (Stanford: Stanford University Press: 2006), 50–85.

[31] For the window of vulnerability and window of opportunity, see Christensen, "Windows and War."

[32] Whiting, *China Crosses the Yalu*.    [33] Brecher and Wilkenfeld, *A Study of Crisis*, 841.

[34] Wang and Xu, "Pattern of Sino-American Crises," 138.

[35] For a general audience cost argument, see James Fearon "Domestic Political Audiences and the Escalation of International Disputes," *American Political Science Review* 88 (1994), 577–92; James Fearon, "Signaling Foreign Policy Interests: Tying Hands Versus Sinking Cost," *The Journal of Conflict Resolution* 41 (1997), 68–90; Jessica Weeks, "Autocratic Audience Costs: Regime Type and Signaling Resolve," *International Organization* 62 (2008), 35–64;

anti-American protests as an "audience cost" mechanism to either signal to the United States its resolve or convey its commitment to cooperation. In case studies Weiss suggests that the reason China allowed protests in the 1999 Chinese embassy bombing incident was to demonstrate its resolve that "China could not be bullied." In the 2001 EP-3 midair incident the Chinese government stifled nationalist protests due to the "desire to reassure the New Bush administration."[36]

However, this rational-choice-based approach faces two problems in analyzing China's foreign policy crisis behavior. First is the assumption of rationality. It is analytically convenient, but flawed in practice. Due to constraints of incomplete information, cognitive bias, and urgency for making decisions, policymakers may not be able to make so-called rational decisions based on a sophisticated calculation of costs, benefits, and their probabilities regarding a certain policy during a crisis. Instead, policymakers sometimes have to make decisions in a domain of bounded rationality, which is beyond the explanatory power of the classic rational choice approach.[37] As David Welch points out, "decision problems in international politics are generally ill-structured and are far less tractable analytically. Leader are often uncertain about the stakes."[38]

For example, the "political goal" argument is indeed innovative to link the domestic politics with external foreign policy behavior. However, how to identify a "rational" political goal in the context of both domestic and international politics is still an analytical challenge for scholars. Theoretically, political leaders can always rationalize their decisions in different ways. For example, it was apparently rational for Mao to send Chinese troops across the Yalu River if the US threat was the top security concern in Mao's mind. However, it would also be at least equally rational to avoid the Korean War in order to preserve the limited power of the newly established People's Republic. Actually, historical research has shown that Mao faced some opposition inside the Party regarding his war decision in Korea.[39] Therefore, why Mao eventually chose to prioritize the US threat over other rational goals and how he could succeed inside the Party still need further analyses and theorizations.

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Jessica C. Weiss, "Autocratic Signaling, Mass Audiences, and Nationalist Protest in China," *International Organization* 67 (2013), 1–35. For critiques of audience cost theory, see Jack Snyder and Erica Borghard, "The Cost of Empty Threats: A Penny, Not a Pound," *American Political Science Review* 105 (2011), 437–56; Marc Trachtenberg, "Audience Costs: An Historical Analysis," *Security Studies* 21(2012), 3–42.

[36] Weiss, "Autocratic Signaling."

[37] For bounded rationality, see Herbert Simon, *Models of Man: Social and Rational* (New York: John Wiley, 1957).

[38] David Welch, *Painful Choices: A Theory of Foreign Policy Change* (Princeton: Princeton University Press, 2005), 26.

[39] See Chen, *China's Road to the Korean War*; Zhang, *Mao's Military Romanticism*; Shen, *Mao, Stalin and the Korean War*.

Otherwise, the "political goal" argument will be easily criticized as an ad hoc or even a post hoc explanation.

Wang and Xu are correct to argue that the huge power discrepancy helped both nations avoid large-scale military conflicts. However, why a weaker China (vs. United States) intended to trigger the crises across the Taiwan Strait is still an unanswered question. Weiss' autocratic signaling through domestic protests is indeed interesting. However, why Chinese leaders wanted to signal their tough resolve only in the Chinese embassy bombing crisis, but not in the EP-3 midair incident is still not clear. Comparing the 2001 EP-3 incident and the 1999 embassy bombing crisis, we can see that both crises involved Chinese casualties and violations of Chinese sovereignty. If Chinese leaders are rational and their definitions of interests are fixed, they should behave similarly in these two crises. However, it is not the case, as discussed in Chapter 4 of this book. The major problem with this rationalist approach is the presumed state interest, which is actually not fixed but is constituted and varies by situation, emotion, and other ideational factors in practice.

Second, the policy recommendation to improve communication channels and clarify signaling during crises is politically appealing, but practically problematic. Undoubtedly, good signaling and smooth communication can benefit China and the United States and avoid unnecessary conflicts and possible escalation of a crisis. However, due to the conflictual nature of crises, both parties have incentives to hide their bottom lines and exaggerate their resolve and capabilities in order to maximize their bargaining positions during crises.[40] Therefore, simply improving understanding of signaling and communication cannot fundamentally reduce the possibility of escalation during crisis.

For example, in the 2001 EP-3 midair incident, while some US scholars argue that the early escalation of the incident was mainly due to the slow responses of the Chinese government to US requests,[41] a prevailing explanation in China is that a rushed decision by the US Pacific Command to publicize the incident "made a solution through quiet diplomacy impossible."[42] However, both China's slower response and the more-rushed US decision in the crisis were seemingly rational, because China wanted more time to conduct initial investigations on the incident while the US Pacific Command needed to

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[40] For the information problem, see Thomas Schelling, *The Strategy of Conflict* (Cambridge: Harvard University Press, 1960); and James Fearon, "Rationalist Explanations for War," *International Organization* 49, no. 3 (1995), 379–414.

[41] See Dennis Blair and David Bonfili, "The April 2001 EP-3 Incident: The US Point of View," in Swaine and Zhang, eds. *Managing Sino-American Crises*, 377–89.

[42] See Wu, "Understanding Chinese and US Crisis Behavior" and Wu, *Managing Crisis and Sustaining Peace between China and the United States*.

ensure the safety of the crew and EP-3 plane as soon as possible.[43] Therefore the early escalation of the EP-3 incident between the United States and China seemed inevitable even though the communication channels had no problems.

Another version of the rationalist school is the bureaucratic politics model, which assumes bureaucratic actors are rational in maximizing their bureaucratic interests during crises. In China's case, the relationship among the Party, the People's Liberation Army (PLA), and the Foreign Ministry is the focus of research.[44] The major difficulty of this bureaucratic approach in the study of China's crisis behavior lies in the less transparent but highly hierarchical nature of China's decision-making mechanism. Although China's Foreign Ministry plays the major negotiating role during crises, it mainly implements rather than makes decisions during crises.[45] The Chinese top leaders in the standing committee of the Politburo constitute the highest decision-making body, but how they channel different bureaucratic interests and operate the decision-making mechanism is hardly known by outsiders.

### The cultural approach: too deterministic

Contrary to the rationalist approach, another school of thought in the study of China's crisis behavior is rooted in a cultural tradition, which suggests a unique or idiosyncratic understanding of China's behavior during crises. For example, Wang and Xu point out that China's foreign policy crisis behavior is shaped by a "more sophisticated political tradition, a longer history, and a prouder civilization." In particular, Wang and Xu suggest that the major guideline of China's crisis strategy originated from Mao Zedong's war experience against Japan and the Kuomintang (KMT). The three principles of the guideline – "on just grounds, to our advantage, and with restraint" (*youli, youli, youjie*) − are rooted in Chinese culture and tradition, which emphasize morality over

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[43] It is worth noting that there is another compelling explanation for China's slow response to the EP-3 crisis. It suggests that China's bureaucratic system suffers from acute inertia so that the decision-making process becomes inefficient and prolonged. For discussions of China's bureaucratic politics and decision-making in the EP-3 crisis, see David Lampton, *Following the Leader: Ruling China from Deng Xiaoping to Xi Jinping* (Berkeley: University of California Press, 2014), 175–6; Andrew Scobell, "Is There a Civil–Military Cap in China's Peaceful Rise," *Parameters* 39, no. 2 (2009), 4–22; and Susan Shirk, *China: Fragile Superpower* (Oxford: Oxford University Press, 2008), 234–9. The author thanks one of the anonymous reviewers for suggesting this point.

[44] For a general bureaucratic politics model, see Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little Brown, 1971). In China's case, see Linda Jakobson and Dean Knox, "New Foreign Policy Actors in China," *Stockholm International Peace Research Institute*, Policy Paper 26, September (2010).

[45] Jakobson and Knox, "New Foreign Policy Actors in China." For China's civil–military relations see Andrew Scobell, "China's Evolving Civil–Military Relations: Creeping Guojiahua," *Armed Forces & Society* 31, no. 2 (2005), 227–44. Also see Lampton, *Following the Leader.*

interest, self-defense over offense, and restraint over provocation.[46] This Chinese culture-based argument emphasizes the defensive nature of Chinese crisis behavior. According to John Fairbank, the Confucian culture constrains Chinese foreign policy behavior in that the use of force is widely seen as a "last resort."[47] Even *The Art of War*, the Chinese military classic, also preferred the non-violent strategy to the military one by advocating a notion of "not fighting and subduing the enemy" (*bu zhan er qu ren zhi bing*).[48]

However, the defensive culture faces some empirical challenges in explaining China's IR in contemporary times. Since the establishment of the People's Republic in 1949, China has been involved in several notable military conflicts, such as the Korean War, the Indian War, and the Sino-Soviet War. Moreover, relying on the MID data Alastair Iain Johnston statistically shows that "China was more dispute-prone than most other major powers except for the United States. China also tended to resort to higher levels of violence in disputes than did other major powers and India."[49] In order to address this discrepancy between theory and history, scholars argue for an offensive version of Chinese strategic culture.

For example, Johnston suggests that although the Confucian culture exists, China's realpolitik strategic culture matters more during military crises. It is why China sometimes adopts coercive diplomacy or even a preemptive attack to show its resolve and seize opportunities during crises.[50] In a similar vein, Andrew Scobell argues that there is a "cult of defense" in the Chinese political tradition, which paradoxically provides a cover or legitimacy for Chinese decision-makers to adopt offensive military operations. In other words, the "cult of defense" actually increases the likelihood for China to get involved in a war or conflict with other states.[51]

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[46] Wang and Xu, "Pattern of Sino-American Crises," 141–2. For a similar cultural perspective, see Chih-Yu Shih, *China's Just World: The Morality of Chinese Foreign Policy* (Boulder: Lynne Rienner, 1993).

[47] John Fairbank, "Varieties of the Chinese Military Experience," in Frank Kierman and John Fairbank, eds. *Chinese Ways in Warfare* (Cambridge: Harvard University Press, 1974), 7.

[48] See Sun Tzu, translated by Samuel B. Griffith, *The Art of War* (Oxford: Oxford University Press, 1971).

[49] Alastair Iain Johnston, "China's Militarized Interstate Dispute Behavior: 1949–1992: A First Cut at the Data," *The China Quarterly*, 153 (1998), 27–8.

[50] See Alastair Iain Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (Princeton: Princeton University Press, 1995); and Alastair Iain Johnston, "Cultural Realism and Strategy in Maoist China," in Peter Katzenstein, ed. *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996), 216–70. For a different view of China's strategic culture, see Huiyun Feng, *Chinese Strategic Culture and Foreign Policy Decision-Making: Confucianism, Leadership and War* (London and New York: Routledge, 2007).

[51] See Andrew Scobell, *China's Use of Military Force: Beyond the Great Wall and the Long March* (Cambridge: Cambridge University Press, 2003).

There are two major analytical problems with this cultural approach. First, the cultural approach is indeterminate in nature. As discussed above, whether Chinese culture is offensive or defensive, especially during crises, is still a highly debatable question in both academia and policy circles. In some cases, especially during the Cold War, China's crisis behavior was indeed offensive, such as the two Taiwan Strait crises in the 1950s. However, in other cases, such as the Indian War and even the Korean War, it is still a contested topic as to whether Chinese behavior is offensive or defensive in nature. Especially after the Cold War, China's foreign policy behavior seemed to move to a defensive orientation, in that China did not initiate most crises in the first place.

Therefore, some scholars have emphasized the unique role of Mao's revolutionary beliefs or worldview in determining China's conflictual behavior during the Cold War.[52] In other words, the evolving external environment and leadership can account for China's behavioral changes after the Cold War. However, as mentioned before, the simple leadership transition and associated belief changes cannot capture the behavioral variation of China's foreign policy after the Cold War. Neither Jiang Zemin nor Hu Jintao is a revolutionary leader like Mao and Deng. Therefore, they should have similar beliefs and be influenced by a similar strategic culture. However, their crisis decisions varied across different cases. When China will choose coercive diplomacy and under what conditions the leaders will adopt an accommodative policy are still unanswered questions for the cultural school.

Another problem of the cultural approach lies in the pluralistic nature of China's decision-making mechanism in the post-Cold War era. The cultural approach may be able to explain China's crisis behavior under strong leaders, such as Mao Zedong and even Deng Xiaoping, who not only played a decisive role during crises, but also possessed distinctive and dominant cultural beliefs and characteristics. However, with the rise of a variety of societal forces, such as the business community, think tanks, and academic scholars, China's foreign policy decision-making process has shown a pluralistic tendency in recent years.[53] Although foreign policy decision-making is still a highly professionalized process and top leaders still play the most significant role compared to other societal forces, a simple cultural trait of leadership cannot capture the dynamics and nuances that policymakers face and employ during crises. It is worth emphasizing that Chinese top leaders still matter in making foreign policy decisions. However, the idiosyncratic predictions of China's crisis

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[52] See Feng, *Chinese Strategic Culture and Foreign Policy Decision-Making*; Xiaoting Li, "The Taming of the Red Dragon: The Militarized Worldview and China's Use of Force, 1949–2001," *Foreign Policy Analysis* 9, no. 4 (2013), 387–407.

[53] Hao Yufan and Lin Su, eds. *China's Foreign Policy Making: Societal Force and Chinese American Policy* (Burlington: Ashgate, 2005); Jakobson and Knox, "New Foreign Policy Actors in China"; also see Swaine and Zhang, eds. *Managing Sino-American Crises*, 13–14.

behavior by cultural theorists become incompatible with China's dramatic changes of leadership style and current pluralist decision-making structure. How Chinese leaders are constrained by different forces in both party and society during crises deserves in-depth, systematic study beyond the cultural approach.

## The political survival-prospect model

In this book I introduce a political survival-prospect model to explain the variation in China's behavior across different crises. I argue that China's crisis behavior is a function of Chinese top leaders' calculations or prospects regarding their "political survival" status, which is shaped by three factors: the severity of the crisis, leaders' domestic authority, and international pressure. When Chinese leaders enjoy the prospect of a surplus of political survival during a foreign policy crisis, they are more likely to de-escalate the crisis – to choose a risk-averse decision to avoid more troubles. If they face the prospect of a deficit of political survival, they are more likely to escalate the crisis – to take a risk-acceptant policy with the hope of reversing the disadvantageous situation.

My argument is inspired by both neoclassical realism – a prevailing realist framework in foreign policy analysis and prospect theory – a Nobel Prize-winning behavioral psychology and economics theory. While a neoclassical realist framework is applied to identify both the domestic and international dimensions of Chinese leaders' political survival, prospect theory is used to explain and predict the risk orientations exhibited by China's crisis behavior. It further assumes that like all other political leaders, the primary goal of Chinese decision-makers is to remain in power. Although the Chinese political system is not a Western liberal democracy, Chinese political leaders are still constrained and challenged by a "winning coalition" within the "selectorate." While the "selectorate" refers to all the people who have the right to select leaders, the "winning coalition" is the actual group that influences the leadership selection.[54] In China, the "winning coalition" will be smaller than that in a democracy according to Bruce Bueno De Mesquita and his colleagues.

However, it does not mean that Chinese leaders are immune to political challenges. A foreign policy crisis will pose a critical test for their political survival status or their political fate in the Chinese political system. Therefore, no Chinese political leader dares to ignore or pay little attention to foreign

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[54] For the "selectorate theory" and political survival, see Bruce Bueno De Mesquita, Alastair Smith, Randolph Siverson, and James Morrow, *The Logic of Political Survival* (Cambridge: MIT Press, 2003); see also Susan Shirk, *The Political Logic of Economic Reform in China* (Berkeley: University of California Press, 1993).

policy crises. As Chinese political wisdom goes, "there is no small thing in foreign affairs." The political survival-prospect model suggests that how to deal with a foreign policy crisis depends on how the top decision-makers perceive their political survival status at the time of the crisis.

The political survival status of Chinese leaders is shaped by three factors: the severity of crisis, leaders' domestic authority, and international pressure. There are four types of foreign policy behavior during crises: military coercion (e.g. the 1995−6 Taiwan Strait crisis), diplomatic coercion (e.g. the 1999 Chinese embassy bombing incident), conditional accommodation (e.g. the 2001 EP-3 midair incident), and full accommodation (e.g. the 1993 *Yinhe* incident). While the two coercive policies are risk-acceptant behaviors, the two accommodation policies are risk-averse in nature regarding the outcome of war.

As mentioned above, prospect theory bridges the link between political survival status and the risk propensity of different behaviors. When Chinese leaders are framed in a domain of losses, for example under a condition of high severity of crisis, low leadership authority, and high international pressure, a risk-acceptant behavior, either military coercion or diplomatic coercion, is more likely to be adopted. When Chinese leaders are framed in a domain of gains, for example under a condition of low severity of the crisis, high leadership authority, and low international pressure, a risk-averse behavior, either conditional accommodation or full accommodation, is more likely to be chosen.

How to define the domain of actions and measure the risk is the key issue of operationalizing the political survival-prospect model. While Chapter 2 will address the model specification issue in detail, I shall discuss here two theoretical contributions of this study. First, challenging both rational and cultural approaches, the political survival-prospect model provides an alternative explanation for China's behavioral patterns during crises. Here, I emphasize "alternative" because of a possible "equifinality" issue in the study of Chinese foreign policy decision-making. A foreign policy decision, just like all other social phenomena, may be led by multiple reasons and causes.[55] Therefore, the major purpose of this study is to introduce a new theoretical framework to explain Chinese behavioral patterns during crises rather than to prove other existing explanations (such as the rational and cultural approaches) are wrong.

Second, the political survival-prospect model offers a distinctive explanation from the existing cultural and rational choice approaches. The difference between the political survival-prospect model and the cultural approach is obvious since the former does not have any idiosyncratic feature that the latter has in explaining leaders' decisions during crises. Instead, the political

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[55] For "equifinality," see Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge: MIT Press, 2005).

survival-prospect model emphasizes the dynamic nature of leaders' perceptions of their political survival status across time and cases.

Compared to the rational choice school, the political survival-prospect model does not need to assume that political leaders are rational in making decisions. Nor does it need to define leaders' interests beforehand. Instead, through examining the situation or environment under which the leaders are making decisions, prospect theory can explain and predict the risk orientations of behavior. In other words, while the rational choice approach emphasizes fixed individual interests, prospect theory focuses on variations in the situation and environment that influence individuals' prospects regarding their future gains or losses holding constant (fixed) the general goal of political survival shared by all political leaders.

It is worth noting that relying on domestic−foreign connections in examining leaders' decision-making is not unique to neoclassical realists and prospect theorists. In his seminal article Robert Putnam introduces a decision-making model of two-level games to explain how leaders have to negotiate with both domestic actors and foreign counterparts simultaneously and interactively.[56] The political survival-prospect model indeed follows this "two-level games" tradition in highlighting how both domestic and international pressures can shape leaders' "political survival status," which leads to different risk-oriented policy outcomes during crises. Unlike Putnam's "two-level games," however, the political survival-prospect model does not focus on leaders' negotiating processes with both domestic bureaucracies and international actors for making decisions.

Instead, the model examines the situation or environment under which leaders are framed by both domestic politics and international pressures and then relies on prospect theory to explain and predict what leaders will do in dealing with crises. Putnam's two-level games assume that leaders are playing an active and rational role in both domestic and international politics; however, the political survival-prospect model suggests that leaders are relatively passive and reactive under the pressures from both international and domestic domains. Their decisions are not based on rational cost−benefit calculations of expected utility in responding to their prospects of future losses or gains.

One empirical challenge for prospect theory in general and the political survival-prospect model in particular in the study of China's crisis behavior is that a rational argument can explain what prospect theory tries to explain. For example, as mentioned before, one rational explanation for China's risk-taking or escalating behavior in foreign policy crises is the "political goal" explanation, which suggests that Chinese leaders can escalate a crisis or even war in

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[56] Robert Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 2, no. 3 (1988), 427–60.

order to fulfill their political goals or domestic interests. A classic example can be drawn from Mao Zedong's entry to the Korean War. The theoretical root of this argument can be traced back to the "diversionary theory of war," which holds that political leaders can deliberately create or escalate external conflicts, disputes, and crises for pursuing their domestic political agenda.[57]

However, as Levy points out, "there is a considerable discrepancy between the theoretical and historical literature on the diversionary theory of conflict, on the one hand, and the quantitative empirical literature on the other."[58] In a similar vein, when Patrick James discusses the diversionary theory of war, he suggests that "seldom has so much common sense in theory found so little support in practice."[59] It is worth noting that many IR scholars have tried to rescue the diversionary theory of conflict or war by re-categorizing different types of conflicts or by redefining different diversionary incentives.[60] However, the key problem of the diversionary theory of war is rooted in the less-theorized conditionality of the argument.

As Levy criticizes, "little attention (of diversity theorists) is given to questions of under what kind of conditions what kinds of states resort to what kinds of external conflict in response to what kinds of threats to the security of political elites."[61] It means that although it seems to be common sense that political leaders might use a crisis to fulfill their political goals, under what conditions, when, and how leaders will implement this diversionary policy is still not clear.

In addition, since leaders' political goals and interests can be changeable, scholars can always find some evidence to support the so-called rational decisions of leaders. However, if we only use the outcome of the crisis to justify the domestic dynamics in decision-making processes, this "political goal" argument can easily fall into the analytical trap of ad hoc or post hoc argumentation. The political survival-prospect argument, on the other hand, does not need to presume particular leader interests before explaining their behavior. Unlike the "political goal" argument, there is no functional relationship between policy choices and leaders' prospect of political survival status, because the goal of political survival is controlled in all crises and situations. Relying on the insights from prospect theory, therefore, the political survival-prospect model offers an innovative way to shed light on the risk orientations of Chinese foreign policy crisis behavior.

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[57] Jack Levy, "The Diversionary Theory of War," in Manus Midlarsky ed. *Handbook of War Studies* (Boston: Unwin Hyman, 1989), 259–88.

[58] See Levy, "The Diversionary Theory of War," 282.

[59] Patrick James, "Conflict and Cohesion: A Review of the Literature and Recommendations for Future Research," *Cooperation and Conflict* 22, no. 1 (1987), 22.

[60] For examples, see Jaroslav Tir, "Territorial Division: Diversionary Theory of War and Territorial Conflict," *The Journal of Politics* 72, no. 2 (2010), 413–25; Ahmer Tarar, "Diversionary Incentives and the Bargaining Approach to War," *International Studies Quarterly* 50 (2006), 169–88.

[61] Levy, "The Diversionary Theory of War," 283.

## Case selection and research methods

In order to test the political survival-prospect model in explaining the behavioral pattern of China's policy during crises, I conduct qualitative case studies through examining eight foreign policy crises under the Chinese leadership of Jiang Zemin and Hu Jintao with the United States and other nations during the post-Cold War period. The cases include the 1993 *Yinhe* ship inspection incident, the 1995–6 Taiwan Strait crisis, the 1999 Chinese embassy bombing incident, the 2001 EP-3 midair collision, the 2009 *Impeccable* incident, the 2010 boat collision between China and Japan near the Diaoyu/Senkaku islands, the 2012 Scarborough shoal crisis between China and the Philippines, and the 2012 islands purchase crisis between China and Japan.

These eight cases are the most notable foreign policy crises China has experienced since the end of the Cold War. As mentioned before, foreign policy crises are different from border clashes or MIDs in that the former directly involves the Central government, especially the Ministry of Foreign Affairs as well as top leaders in decision-making situations characterized by conditions of surprise and finite response time while the latter may be only limited to the local administrative level or occur in the absence of the surprise or response-time conditions. These eight cases differ regarding their levels of intensity as crises. For example, the 1995–6 Taiwan Strait crisis can be seen as a full-fledged, military-involved crisis. The 1993 *Yinhe* ship inspection incident, however, was only a low-level, diplomatic "near crisis." In-between, the 1999 embassy bombing, the 2001 EP-3 midair incident, and the 2009 *Impeccable* incident caused serious diplomatic tensions and "near crises" between China and the United States.

The dependent variable − China's crisis behavior −varies across these eight cases. For example, China compromised in different degrees in order to de-escalate a crisis as seen from the 1993 *Yinhe* incident and the 2001 EP-3 midair crisis. However, China adopted coercive policies to escalate a crisis as seen from the 1995–6 Taiwan Strait crisis and the 2010 boat collision crisis between China and Japan. Moreover, China's coercive behavior against the Philippines and Japan during the two crises in 2012 differed in both content and scale. Through examining different types of crises, I can systematically test the continuities and changes in China's crisis behavior in terms of risk-taking (coercive) versus risk-averse (accommodative) tendencies.

In addition, the 2010 China–Japan "boat collision" crisis, the 2012 Scarborough Shoal dispute between China and the Philippines, and the 2012 Senkaku/Diaoyu nationalization crisis are three non-US cases. Through analyzing these three cases, I can examine whether China behaves differently when dealing with states other than the United States in foreign policy crises. These case studies will not only test the validity of the political

survival-prospect model in explaining Jiang and Hu's decisions during crises, but also shed light on how the current Chinese leadership under Xi Jinping will handle ongoing crises with regard to Taiwan, Diaoyu/Senkaku, and the South China Sea.

Methodologically, the case studies are designed to perform a structured-focused comparison suggested by Alexander George and Andrew Bennett.[62] It is "structured" because I test the political survival-prospect model systematically across these eight cases. Particularly, in each case, I examine the top leaders' political survival status during crises through analyzing the three factors: crisis severity, leadership authority, and international pressure, and compare whether the variations of these three factors are associated with the changes of policy choices in terms of risk orientation. This case comparison is "focused" because I only examine certain aspects of the cases, not a whole story of the crises. In particular, my case studies intend to explore leaders' political survival status and the general risk propensities of their decisions. The origins of the crises, the successes and failures of crisis management by both governments, as well as the implications of the crises are all important, but they will not be the focus of study in this book.

In each case I will perform a "congruence test" to test my prospect theory-based hypotheses.[63] A congruence test means that I will first specify China's possible policy choices based on my prospect theory model. Then I test whether China's actual policy decisions fit my proposed model. If it shows a convergent result, it means that my model passes the congruence test − the convergence between the model specifications and real policy outcomes. If not, I will examine why the model fails to explain China's real behavior. In the conclusion, I conduct a Qualitative Comparative Analysis (QCA) by constructing a crisp-set truth table to compare and contrast the eight cases in this research.[64] Based on Boolean logic, I discuss necessary and sufficient conditions for Chinese leaders to choose coercive versus accommodative policies during crises.

For data collection I rely on official documents, policymakers' public statements and speeches, their political biographies, and personal interviews to analyze the domain of actions for Chinese leaders during crises through a psychosocial lens. Some key Chinese policymakers, such as Jiang Zemin, Li Peng, Zhu Rongji, and Qian Qichen, published memoirs about their political

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[62] George and Bennett, *Case Studies and Theory Development in the Social Sciences*.

[63] Also see George and Bennett, *Case Studies and Theory Development in the Social Sciences*.

[64] The author thanks one of the anonymous reviewers who suggested constructing the Boolean logic and truth table. For an introduction to QCA techniques, see John Gerring, *Social Science Methodology: A Unified Framework*, 2nd edn. (Cambridge: Cambridge University Press, 2012), 342–6; Charles Ragin, *Fuzzy-set Social Science* (Chicago: The University of Chicago Press, 2000), 120–45.

life after their retirement. For some current cases, such as the 2012 China–Japan diplomatic crisis over the Diaoyu/Senkaku disputes, I mainly rely on government statements, newspaper reports, and secondary literature analyses. Many sources cited in this book are originally in Chinese.

In addition, I have conducted two rounds of interviews with some leading Chinese scholars and policy analysts in Beijing and Shanghai during the summers of 2012 and 2013. It is normally difficult to reach top-level officials even after they have left office. My approach is to contact former middle-level foreign policy elites and top academic scholars who are close to the policy-making processes but can express their own views more freely. It should be noted that political leaders are sometimes self-protective in their biographies. Similarly, scholars and policy analysts are sometimes reluctant or self-censored during interviews. In my case studies, I compare multiple sources in order to maximize the validity as well as the reliability of my analyses.

## Book structure

The remainder of this book proceeds as follows. Chapter 2 focuses on the theoretical specifications of the political survival-prospect model. It explains how the model is theoretically rooted in prospect theory and neoclassical realism in the study of China's crisis behavior. In addition, it explains the measurement and operationalization of key variables, namely the leader's domain of actions and risk-propensities exhibited by crisis behaviors, as well as presents the hypothesis specifications for theory testing.

Chapter 3 examines two crises: the 1993 *Yinhe* incident and 1995–6 Taiwan Strait crisis. Both cases took place under Jiang Zemin's early tenure in the early 1990s. Through examining the crisis severity, Jiang's leadership authority, and international pressure in these two cases, the chapter explains why Jiang chose "complete compromise" in the *Yinhe* incident but "military coercion" in the Taiwan Strait crisis.

Chapter 4 focuses on two crises in Jiang's late tenure after he had consolidated his power in the CCP system: the 1999 embassy bombing crisis and the 2001 EP-3 midair incident. Through the three-factor political survival model, this chapter explains why Jiang chose "diplomatic coercion" in the embassy bombing incident but "conditional accommodation" in the EP-3 midair incident.

Chapter 5 turns the crisis time period from Jiang's era to Hu Jintao's leadership tenure. The two crises in this chapter, the 2009 *Impeccable* incident and the 2010 boat collision crisis, are two major crises that China experienced with the United States and Japan. This chapter focuses on exploring why Hu chose a "conditional compromise" in the *Impeccable* incident toward the United States, but a "diplomatic coercion" in dealing with Japan in the boat collision crisis.

Chapter 6 examines the two latest, still-ongoing, crises between China and the Philippines and between China and Japan in 2012. The Chinese leadership also experienced a power transition from Hu to Xi – the new leadership generation. Based on the political survival-prospect model, this chapter discusses why and how Chinese leaders, especially Hu, adopted different types of "diplomatic coercion" in coping with these two crises when both cases were at danger of escalating to "military coercion" in the future.

Chapter 7 concludes with the major findings of this book and also discusses and predicts how China's power transition and the US pivot to Asia will influence China's crisis behavior in the future. Through two mini case studies on the two foreign policy crises in 2014 under Xi's leadership – the "oil rig crisis" with Vietnam and the "P-8 crisis" with the United States, I discuss how the interplay among crisis severity, leadership authority, and international pressures have shaped Xi's crisis behaviors in 2014. I argue that Xi's quick consolidation of power, the low crisis severity, and the relatively manageable pressures from the outside world led to China's relatively accommodative policies in both crises in 2014.

In the conclusion I suggest that China's future leadership transition will increase the possibility for Chinese leaders to adopt risk-taking behavior to escalate a crisis because Chinese decision-makers will be sensitive to the challenges from both domestic politics and international arena during the power transition time. The US pivot or rebalancing in Asia has caused deep-rooted strategic distrust in China, in that Chinese leaders believe that the United States aims to contain China in the Asia-Pacific. The vulnerability of Chinese leaders' political survival status in both domestic struggle and international competition will encourage them to take risks during crises with the hope of reversing a disadvantageous political situation. How to shape the domain of actions for Chinese leaders during crises, especially through diplomatic channels, is the key for other nations to better manage a crisis situation with China in the future.

Finally, it is worth noting that this research examines Chinese leaders' policy choices in these eight cases in terms of being risk-averse or risk-acceptant during crises. It does not analyze the strategic interactions between China and other countries. China is by no means the only party in a crisis and China's behavior will be influenced by the other party during a confrontation. There are two reasons for focusing only on Chinese behavior in this research. First, prospect theory is not a theory of interaction or a strategic game model between two parties. Instead, it is a theory of individuals making decisions under the condition of risk. In other words, prospect theory only explains a snapshot-type decision rather than the back-and-forth negotiations between two parties.

Therefore, the limited theoretical and analytical scope of prospect theory makes this research concentrate on exploring only Chinese behavioral patterns during crises. It does not mean that the political survival-prospect model cannot explain other states' crisis behavior. This study to a certain extent paves a new theoretical and empirical foundation for other scholars to apply prospect theory in explaining other states' crisis behavior in future research. Second, this research explains the general trend of Chinese crisis behavior, either risk-acceptant or risk-averse, and not a detailed description of Chinese behavior during crises. Although the political survival-prospect model is not able to tell readers what China will do on day one or day two during crises, it does provide a general explanation and prediction of China's behavior either to escalate or to de-escalate a crisis.

## Policy relevance

First, this book can provide valuable knowledge and information to the policy-making community in the Asia-Pacific for preventing a potential conflict with China. China is a rising power, and the United States is still the most powerful hegemon in the world. China's rise and its relationship with other nations will shape prosperity and security in the region. How to manage the relations between the United States and China and between China and its neighbors, especially during a crisis situation, is one of the most difficult tasks for policy-makers in the region in the twenty-first century. The key to successfully preventing conflicts with China is to understand China's possible behavior during crises: under what conditions China may escalate a foreign policy crisis and under what conditions China may not.

Second, this research can bridge academic and policy practice in understanding China's crisis behavior. In the policy community analysts normally use the rational choice approach to assess China's behavior during crises. This book provides a new, prospect-theory-based, academic perspective to examine when Chinese leaders are more likely to adopt risk-acceptant policies of military and diplomatic coercion, and when they are less likely to do so during crises.

Third, this book offers a new analytical angle to manage crises with China. Traditional crisis-management strategies emphasize the importance of communication and signaling during crises.[65] However, this project suggests that crisis management with China should also give more attention to the risk propensity of China's behavior during crises. More importantly, this project

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[65] Alexander L. George, *Avoiding War: Problems of Crisis Management* (Boulder: Westview Press, 1991).

will analyze economic, political, and diplomatic factors that influence the domain of actions for Chinese leaders during crises. The policymaking community in the region should not only prepare to deal with China's risk-taking behavior during crises, but also consider how to shape the domain of actions for Chinese leaders as well as their policy choices.

Last, although this study focuses on explaining China's behavioral patterns during crises, the findings of this research have profound implications for the current debate on the rise of China. The popular view in the West is that a rising or powerful China will pose a great danger to regional security and even world peace because more power leads to more assertive and even aggressive actions in terms of challenging the exiting hegemon and world order.[66] This study, however, argues that a strong China might not be dangerous to the outside world as long as its leadership is secure because Chinese leaders are less likely to take risks to escalate a crisis in a domain of gains. Therefore, real threats from China's rise are not rooted in Chinese power *per se*, but in Chinese leaders' perceptions of China's rise. A stagnant China might be more damaging and threatening to the outside world than a rising one.

Will a democratic China become less threatening? It is also a popular topic in both comparative politics and IR.[67] This research suggests that it might not be the case. During a democratic transition, Chinese leaders will face more domestic challenges in a liberalized domestic political environment. Therefore, they will be more likely to be placed in a vulnerable situation and the possibility for them to adopt a risk-acceptant behavior during crises will be high. Two other variables, crisis severity and international pressure, need to be considered in order to examine a complete picture of a leader's domain of actions during crises. However, this preliminary conclusion is consistent with Edward Mansfield and Jack Snyder's "democratization and war" argument, which suggests that a newly democratized country is more likely to be involved in military conflicts than others.[68]

After a democratic consolidation Chinese leaders' domestic authority will be measured differently. Although this research does not consider regime type as a variable, it suggests that we cannot just assume that a democratic China will adopt a peaceful foreign policy toward others. Instead, it suggests that no matter whether the regime type is a democracy or not, Chinese leaders will adopt a risk-acceptant policy if they are framed in a domain of losses.

[66] John J. Mearsheimer, "China's Unpeaceful Rise," *Current History*, April (2006), 160–2.
[67] See Edward Friedman, *The Politics of Democratization: Generalizing East Asian Experiences* (Boulder: Westview Press, 1994); Edward Friedman and Barrett L. McCormick, eds. *What if China Doesn't Democratize? Implications for War and Peace* (Armonk: ME Sharpe, 2000); Barry Buzan, "China in International Society: Is 'Peaceful Rise' Possible?" *The Chinese Journal of International Politics* 3, no. 1 (2010), 5–36.
[68] Edward Mansfield and Jack Snyder, "Democratization and War," *Foreign Affairs* 74, no. 3 (1995), 79–97.

Compared to the linear prediction of China's rise and a power transition between China and the United States, this research paints a more complicated picture than widely perceived through systematically examining China's behavior during crises. For policymakers and scholars it seems to be "the best of times" as well as "the worst of times" in the study of Chinese foreign policy and international politics.