

Destabilizing to Stabilize: Interstate Dispute Escalation & Leadership Transitions in China

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Abstract: I show that China's leaders have a history of militarily escalating disputes with other states in the time directly preceding and succeeding leadership transitions. In fact, over 60 percent of incidents of escalation by China that occurred between 1989 and 2013 transpired around leadership transitions. I theorize that this previously unidentified pattern of escalation is motivated by concerns over domestic instability, and that it represents concessions to China's hawkish issue publics to shore up stability at critical junctures. I illustrate the logic of that strategy with a simple formal model. Using maximum likelihood estimation, I find that there is a significant positive relationship between interstate dispute escalation and leadership transition. Of note, it is generally accepted that China has favored win-win diplomatic solutions to its disputes with other states. Instances of escalation have thus been largely categorized as aberrant behavior. My identification of this pattern of escalation challenges this logic and suggests that the militarization of disputes has at times been a routine and strategic undertaking by the leaders of China's Communist Party.

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1. INTRODUCTION

During the tumultuous waning weeks of the Trump administration, the chairman of the Joint Chiefs of Staff called his counterpart in China twice to reassure him that the president would not initiate sudden conflict as a tactic to remain in power. When news of the calls surfaced, critics decried those actions as heavy handed. In this paper, I present evidence that suggests such calls were actually a prudent measure, and provide an explanation for China's leaders reported weariness and lingering skepticism. Namely, I find that China's leaders have a history of militarily escalating disputes with other states in the time directly preceding and succeeding their leadership transitions. In fact, over 60 percent of incidents of escalation by China that occurred between 1989 and 2013 transpired around leadership transitions.

I theorize that this previously unidentified pattern of escalation represents policy concessions to China's hawkish issue publics during periods of relative domestic instability. My paper is not the first to consider China's domestic audiences in an evaluation of prospects for conflict (Downs & Saunders 1998; Gries 2004; He 2007; Yahuda 2013; Zhao 2013). Instead, it has become something of a cottage industry in the post-Cold War Era, beginning in the 1990s, when scholars turned their attentions to China and took note of the spread of a bellicose brand of popular nationalism. Nonetheless, past scholarship has been oriented toward worst case scenarios, namely war. Likely as a result, little systematic evidence of the influence of domestic audiences has been found. Drawing on existing knowledge of the measures taken by the Communist Party of China (CCP) to maintain domestic stability, I reorient the focus of this research to more broadly consider all interstate dispute escalation, defined as the display or use of military force. Importantly, interstate dispute escalation is far more flexible than war. Specifically, interstate dispute escalation can be "revoked" or deescalated after initiation. Revocation is a central feature

of the policy concessions that the CCP has increasingly made to maintain domestic stability since the events at Tiananmen Square in 1989 revealed the hazards of excessive repression.

I illustrate the logic behind this strategy with a simple formal model. To test the predictions derived from the model, I exploit China's institutionalized and routinized leadership transitions as an exogenous source of variation in domestic instability. To that end, I focus on the leadership transitions that occurred in the post Deng Xiaoping era prior to Xi Jinping's consolidation of power. Using maximum likelihood estimation, I find that there is a significant positive relationship between interstate dispute escalation and leadership transitions that is robust to controls, and that is not driven by an increase in provocation by other states or the idiosyncratic foreign policy decisions of new leaders. Of note, it is generally accepted that China favored "win-win" diplomatic solutions to its disputes with other states during that period (Weeks 2012; Womack 2013). My identification of this pattern of escalation challenges that logic and suggests that the escalation of interstate disputes has at times been a routine and strategic undertaking by the leaders of the CCP.

The paper proceeds as follows. I introduce my theory on the revocable concession of interstate dispute escalation to hawkish issue publics during periods of relative domestic instability in China, and formalize its principal insights to derive a set of predictions. I validate the predictions from the model with the aforementioned set of statistical analyses that operationalize leadership transitions as a period of relative domestic instability. I then empirically demonstrate that interstate dispute escalation can be revoked via de-escalation without prohibitively costly implications, contrary to some conventional wisdom, with a case study of Jiang Zemin's escalation of a dispute with Vietnam over the Spratly Islands in 1994 shortly after he assumed the presidency. I conclude with a discussion of the paper's implications for our understanding of China's conflict behavior.

2. THEORY

2.1 Background

Deng's declaration of martial law in response to the protests at Tiananmen Square in 1989 deepened schisms between civilian officials in the CCP, and formed new ones with and within the military. Officials and officers, and still more soldiers, openly disobeyed orders to suppress protesters. Those acts of disobedience were among the most public displays of intra-regime conflict since the Cultural Revolution. In response, the CCP redirected its efforts to counter opposition toward a strategy of redistribution. Perhaps the most cited evidence of that strategy is the sustained high economic growth rates from market reforms implemented at the start of the 1990s (Wang 2007; Zhao 2009; Bader et al. 2010), that have aided the eradication of poverty and rise of the middle class in China, particularly in the more densely populated urban areas where the CCP has historically been wary of opposition (Chen & Wang 2001; Chen & Ravallion 2001).

Less attention has been paid to other modes of redistribution. The CCP appears to supplement its efforts to redistribute wealth with the strategic redistribution of political influence. Examples include the ouster of corrupt officials who have inspired the ire of constituents, putting more boots on the ground after outcries of inadequate disaster relief, and, in one case, a 100-day campaign to expel undocumented immigrants after a viral video of a British tourist assaulting a local woman in Beijing sparked national outrage. What these concessions have in common is that they need not and, by their of-the moment-nature, are not enshrined into law. In the wake of Tiananmen, predictions of democratization proliferated. When those predictions did not come to pass, China's sustained high economic growth rates became the focus of those who sought to explain the CCP's stable authoritarian rule. Yet democratization represents an especially costly redistribution of political influence that imposes indefinite constraints on the party. As suggested by the above examples, political influence can be granted much more cheaply via revocable policy concessions,

which impose no future constraints. Revocable policy concessions are also remarkably cost effective when tailored to the immediate concerns of targeted issue publics so that they are disproportionately valued. Previous scholarship has examined the use of targeted concessions, or what is commonly dubbed “government responsiveness”,² by the CCP through the lens of China’s sprawling surveillance apparatus (Jiang 2012; Noesselt 2013; Hassid 2015). However, references to government responsiveness fail to capture the impermanence of the concessions made by the CCP. In addition, while new technologies and the millions now employed to monitor public opinion certainly abet policy concessions to targeted issue publics, neither is a prerequisite. Vocal hawkish issue publics have long provided the CCP with a target for the revocable concession of interstate dispute escalation.

2.2 China’s Hawkish Issue Publics (And Other Discontents)

China has some of the highest measured levels of popular nationalism across the globe (Tang & Darr 2012). At least rhetorically, it often manifests as aggression toward foreign powers, particularly against those who are involved in disputes with China. Importantly, it is distinct from the nationalism advanced by the CCP as a replacement for communist ideology when China first moved toward a socialist market economy and then again with more urgency after the events at Tiananmen Square. Both versions of nationalism are rooted in a recognition of the historical victimization of China by external imperialist foes. Nonetheless, the nationalism advanced by the CCP is free of ideological constraints and pragmatically promotes a strong central government to further China’s interests, broadly defined (Pye 1993; Shambaugh 1996; Zhao 2004, 2013). The

² Revocable policy concessions can be a type of government responsiveness. I use the term revocable policy concessions because government responsiveness refers to a broader range of actions. For example, to address public outrage over an instance of abuse of office, both the ouster of the corrupt official and the strengthening of the rule of law to improve accountability would be categorized as government responsiveness. Only the former action is categorized as a revocable policy concession.

CCP's prioritization of economic development has meant that it has commonly been used to endorse defensive rather than offensive engagement in external conflict (Shambaugh 1996; Zhao 2004, 2013), and to justify the "win-win" diplomacy that the CCP had typically relied on to resolve China's disputes with other states. Popular nationalism, on the other hand, is more ideologically motivated and hawkish. Popular nationalism supports a strong central government specifically to aggressively reclaim past losses and often endorses offensive engagement to achieve those ends (Zhao 2004, 2013).

The incongruity in preference for conflict between the ruler and the ruled have not been concealed from the CCP. Since popular nationalism ultimately supports the CCP and directs its hostility externally, citizens have openly expressed it even before they gained access to the ease and relative anonymity of the internet. Prior to the internet, forms of expression included but were not limited to nationalist mobilization, and the CCP's early efforts to monitor public opinion through official polling, which began modestly in the late 1980s but expanded rapidly. Cyber technologies have, however, resulted in even more open expression and instances of mobilization (Hyeun & Kim 2015). It is difficult to assess the size of this population in relation to other issue publics since those may be censored or repressed into obscurity. Yet in terms of visibility and vocalness, there are few if any that are as sizable or that have maintained as consistent a presence within the borders of China.

Hawkishness is not unique to the civilian population. Another group which has, at least at the top, openly expressed its often divergent and more hawkish conflict preference is the People's Liberation Army (PLA). The military arm of the CCP has incentive to initiate external conflict, if only as leverage to increase its budget (Bader et al. 2010). The military leadership has in the past attempted to force the hand of the civilian leadership to escalate disputes with other states (Shirk

2007). Although a fraction of the size of China's nationalistic population, they are better positioned to gain concessions since they represent a much more immediate threat. After all, many more authoritarian regimes have been felled by coup d'état than by popular uprising (Svolik 2012; Geddes et al. 2018). Technically, concessions to the military leadership would not be categorized as redistribution since they are included in the CCP's distributional coalition. However, the PLA has historically maintained autonomy and eluded complete control by the civilian leadership (Shirk 2007). Indeed, Xi Jinping's purges of generals and executives in China's military industrial complex, and reforms to the military hierarchy hint at long held distrust by the civilian leadership. Accordingly, the preferences of the PLA provide an additional inducement for the specific concession of interstate dispute escalation. Hawkish conflict preferences are also shared by nationalistic hardliners within the CCP, who have maintained a consistent presence but have often represented the minority opinion.

2.3 Hawkish Issue Publics & the Concession of Interstate Dispute Escalation

Interstate dispute escalation thus serves as a targeted policy concession to large and influential portions of China's population, insofar as it represents the CCP acting in accordance with the professed preferences of these hawkish groups. As a concession, interstate dispute escalation also has the advantage of being non-excludable and non-rival, with a cost for the CCP that does not increase with the number of those who experience it as a benefit. In addition, other advantages for the CCP from the concession of interstate dispute escalation include its potential to broadly increase the appearance of domestic support for incumbent rule as citizens "rally around the flag". In that same vein, it also has the potential to manufacture and amplify nationalism. Nationalism, at least in the case of China, has been found to prevent calls for liberal political reform (Tang & Darr 2012). It should be noted that some debate surrounds whether the CCP escalates interstate

disputes to manufacture popular nationalism. Some scholars have found that the CCP typically seeks to control rather than fuel the expression of popular nationalism to advance its interests at home and abroad (Downs & Saunders 1998; Zhao 2004, 2005) and because popular nationalism can be used as cover for citizens to mobilize over other grievances (Shirk 2007; Weiss 2013; Zhao 2013). Given these findings and the prevalence of popular nationalism in China, it is more plausible that the CCP escalates interstate disputes as a concession to preexisting hawkish issue publics than as a mechanism to expand their numbers.

Naturally, there are also attendant risks from the CCP's escalation of interstate disputes particularly when granted as a revocable policy concession. The concession of interstate dispute escalation risks alienating foreign powers essential to China's development, whether as partners in trade, investment, technology acquisition, or as allies. Indeed, those interests appear to underlie the CCP's professed preference for mutually beneficial peaceful resolutions. Another risk is that it can produce international instability that can result in protracted armed conflict. However, in this context that risk is relatively low. The CCP can strategically choose to escalate disputes with other states that are more likely to be peacefully resolved if a primary aim is only the temporary redistribution of political influence to hawkish issue publics. Domestic risks are also a frequently invoked concern. Specifically, if leaders deescalate to avoid international costs, they can incur domestic audience costs from hawkish issue publics (Fearon 1994). Again, in this context the risk is relatively low. The CCP maintains tight control over the media, which can help lower domestic audience costs by helping to shape public perceptions of conflict (Slantchev 2006). This is not to say that the abovementioned risks are not a concern for the CCP but rather that they are less effective deterrents of interstate dispute escalation than sometimes suggested.

2.4 The Revocable Concession of Interstate Dispute Escalation and Domestic Instability

Taken together, I expect interstate dispute escalation to be more likely when there is an immediate need to incentivize hawkish issue publics not to oppose the CCP. Specifically, I expect instances of escalation to increase during periods of relative domestic instability. This increase should only be temporary and followed by de-escalation, as long as the CCP prefers to engage diplomatically, given the risk interstate dispute escalation poses to China's interests that are better advanced through pacifism. I illustrate the logic behind the revocable concession of interstate dispute escalation during periods of relative domestic instability with a simple formal model of authoritarian redistribution.³

2.5 Formal Model

In this section I formalize the principal insights from my argument. The reason for this exercise is to precisely delineate the mechanism driving the hypothesized increase in interstate dispute escalation, as well as the assumptions that form the theoretical foundation of that prediction. To begin, I consider a game where the leadership of an authoritarian regime l redistributes resources to some subset of the citizenry c whose support is necessary to remain in power. The resources subject to redistribution are economic transfers and political influence. Political influence can be conceded indefinitely through some measure of democratization but also temporarily through revocable policy concessions. The leadership prioritizes remaining in power, and only once that is achieved, the maximization of discretionary control over resources. For the sake of convenience, in this model the leadership and subset of the citizenry are both treated as unitary actors. However, it can be extended for actors with heterogeneous preferences. The optimal redistribution of

³ The model is an extension of a still simpler bargaining model proposed by Desai et al. (2009).

resources is the solution to the following static optimization problem (subject to a participation constraint)⁴.

The leadership's combined utility is formalized as

$$u_l(R - S) + v_l(x) + w_l(y) \quad (1)$$

where R is rents on hand, S are those transferred to a necessary subset of the citizenry, x is political influence that imposes indefinite constraints on the leadership, and y is political influence only temporarily conceded via revocable policy concessions. I assume that all functions are concave and twice differentiable. $u_l(\cdot)$ is an increasing function, and $v_l(\cdot)$ and $w_l(\cdot)$ are decreasing functions. Since the leadership would prefer to hoard all rents and concede no political influence, its ideal provision of resources is normalized as $u_l(0) = 0$, $v_l(0) = 1$, and $w_l(0) = 1$.

Conditional on accepting the leadership's offer, the representative citizen's utility will be

$$u_c\left(\frac{S}{N}\right) + v_c(x) + w_c(y) \quad (2)$$

where N is the number of recipients. All functions, $u_c(\cdot)$, $v_c(\cdot)$, and $w_c(\cdot)$, are concave, twice differentiable, and increasing. It is rational to assume that the representative citizen would ideally prefer a monopoly on political influence, so the optimal value of both x and y is 1.

Of course, it would be erroneous to generally assign equal value to revocable policy concessions and the indefinite concession of political influence. To assign the value of revocable policy concessions, I consider the features that make them distinct. Namely, that their comparative

⁴ The participation constraint requires that the game leaves all participants no worse off than if they had not participated.

brevity reduces the cost to the leadership but their salience increases the value for recipients at the outset. After all, when revocable policy concessions are targeted to address the immediate concerns of a necessary subset of the citizenry, it is reasonable to assume that they will initially be disproportionately valued relative to their cost to the leadership. However, what begins as a boon for the leadership should eventually net a loss because the longer that a policy is ceded the more it comes to equal the indefinite concession of political influence. Further, it is reasonable to assume that the value of revocable concessions for a citizen will decline over time since by definition recipients lack a credible commitment that the leadership will continue to enact their preferred policy ad infinitum. Additional support for the assumption that future concessions will be valued less comes from often observed changes in policy salience and preference over time. For example, the preference for interstate dispute escalation often declines as the costs of a conflict mount.

One natural choice to express the utility of revocable policy concessions is therefore to make $w_l(y) = (\frac{t}{T})v_l(y)$ and $w_c(y) = (1 - \frac{t}{T})v_c(y)$, where t is some length of time T . When t is small the representative citizen benefits substantially more from apportionment than its cost to the leadership but as $t \rightarrow T$, the commitment problems posed by the arrangement and continued loss by the leadership causes that ratio to decline. As follows, the leadership will eventually revoke the concession and revert to the redistribution of other available resources.

If the citizen rejects the offer from the leadership, the alternative is to attempt ouster. In the event that the leadership is successfully ousted, the citizen seizes all rents and political influence. If they fail, the leadership moves to set the transfer of resources so $S = 0$, $x = 0$, and $y = 0$. The leadership is ousted with probability p , which yields an expected utility of

$$p \left[u_c \left(\frac{R}{N} \right) + 1 \right] + (1 - p)[v_c(0) + w_c(0)], \quad (3)$$

however, we can assume that $v_c(0) = 0$ and $w_c(0) = 0$ so it can be simplified to

$$p \left[u_c \left(\frac{R}{N} \right) + 1 \right]. \quad (3')$$

It makes sense to focus exclusively on the equilibrium where the leadership remains in power because the CCP has done no less. This equilibrium is the solution to the standard optimization problem

$$\max_{S,x,y} u_l(R - S) + v_l(x) + w_l(y),$$

s.t.

$$u_c \left(\frac{S}{N} \right) + v_c(x) + w_c(y) \geq p \left[u_c \left(\frac{R}{N} \right) + 1 \right].$$

As the model clearly suggests, when $t < \frac{T}{2}$ then the equilibrium allocation of x , denoted by x^* , will equal 0 so that the leadership will rely exclusively on revocable policy concessions and rents. Conversely, when the cost exceeds the payoff from revocable policy concessions, or when $t > \frac{T}{2}$, then the equilibrium allocation of y , denoted by y^* , will equal 0 and the leadership will rely exclusively on the indefinite concession of political influence and rents.

Needless to say, this is an oversimplification made for illustrative purposes. The leadership may employ a host of strategies to appease the citizenry, many of which potentially include limited democratization in conjunction with temporary revocable policies that provide instant gratification since in reality the former take time to implement. Nonetheless, this simplification is deemed acceptable because, though conceivable under some narrow conditions, it is fairly unrealistic to

assume that leadership would tie their hands and codify popular influence over policy when it can viably opt for a less permanent strategy.

Figure 1 (pp. 13) shows the hypotheses derived from the model.⁵ Combined, the panels illustrate that an increase in the probability of successful ouster causes a change in the equilibrium values of S^* , x^* , and y^* . Which resource is transferred depends on its payoff in equilibrium. When the transfer of revocable political influence represents a high value proposition for the leadership, it will be notably relied upon to prevent ouster. This can be restated as the hypothesis:

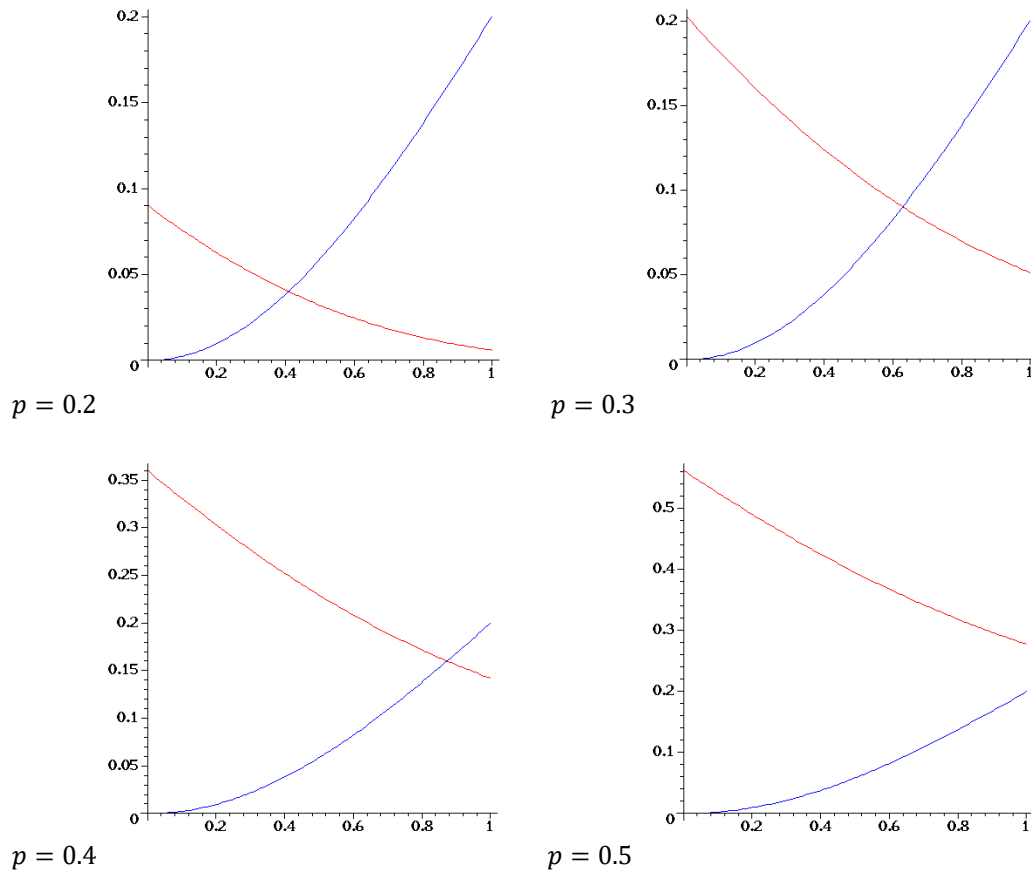
H₁: An increase in the probability of ouster will lead to an increase in revocable policy concessions as the resource with the highest value at the outset.

In each panel of Figure 1 the red curve that unfailingly begins on top is representative of the transfer of political influence as t goes from 0 to T under some fixed probability of ouster. When $\frac{t}{T}$ is less than 0.5, the red curve represents the revocable concession of political influence. When $\frac{t}{T}$ exceeds the threshold of 0.5, it switches and represents the indefinite concession of political influence. The blue curve that begins on the bottom for all panels is the transfer of economic resources as a function of the same fixed probability of ouster. Together they represent the necessary redistribution of resources for the leadership to remain in power (in the presence of a participation constraint). This can be restated as the hypothesis:

H₂: As the value of revocable policy concessions decline over time so will their transfer.

⁵ For programming notes see Appendix A.

Figure 1. Equilibrium Resource Allocation Over (Normalized) Time (t/T) (horizontal axis) as a Function of Probability (p) of Successful Ouster (Panels 1-5), Each Panel Represents an Incremental Change to p , Red Curve (top) is y^* when $t/T < 0.5$ and x^* when $t/T > 0.5$, Blue Curve (bottom) is S^* .



3. ANALYSIS

The hypotheses in the previous section suggest that when faced with periods of heightened domestic instability, the CCP will temporarily concede interstate dispute escalation to hawkish issue publics to raise the cost of their opposition. I find support for my argument through an examination of the relationship between interstate dispute escalation and post-Deng leadership transitions. Prior to that examination, I describe my research design and the relevance and centrality of post-Deng leadership transitions. I then analyze the relationship between incidents of

interstate dispute escalation and post-Deng leadership transitions to test whether it is positive as well as statistically and substantively significant and thus consistent with the predictions of my first hypothesis. Finally, I establish the empirical plausibility of my second hypothesis, that interstate dispute escalation is indeed revocable, with a qualitative analysis of Jiang Zemin's escalation of a dispute with Vietnam over the Spratly Islands when he assumed the presidency.

3.1 Research Design

My analysis exploits two advantageous features of post-Tiananmen China. First, policy concessions are most easily identifiable when they result in policy discontinuity. The identification of the concession of interstate dispute escalation is accordingly aided by the aforementioned incongruity in preferences between the CCP and China's hawkish issue publics that largely persisted throughout the time period under analysis. Second, to avoid attendant chicken or egg problems that often arise in studies of the effects of domestic instability, I exploit an exogenous source of variation provided by the CCP's most recent leadership transitions. Since reforms first implemented by Deng Xiaoping took hold in the 1990s, leadership transitions in China have been institutionalized and routinized. Beginning with the presidency of Deng's successor, Jiang Zemin, leaders have served two five year terms that closed with a routine transition of power initiated during the quinquennial meeting of the National Congress of the Communist Party of China. To ensure a sufficient positive "shock" to domestic instability, I focus exclusively on these transitions as well as those that typically occur shortly beforehand for the new head of party. This dual focus is necessary due to the CCP's conflation of the customary analytical differences between the state, government, and party.

It is important to note that I do not claim that post-Deng leadership transitions are periods where the CCP has a high probability of ouster. Rather, they are periods where the otherwise low

probability of ouster is comparatively higher. Since World War II, 45 percent of leadership transitions in autocracy were accompanied by regime transitions (Geddes et al. 2014). In general, leadership transition creates new opportunities for opposition including from those who are loyal to the outgoing ruler but not the regime. They can also ignite tensions between the winners and losers of those who vied for the top spots in the regime, as well as between their respective supporters. The CCP in particular has reason to fear both of these repercussions. The protesters at Tiananmen Square in 1989 initially gathered to mourn the death of Politburo member Hu Yaobang, a prominent reformer who served as general secretary of the CCP from 1981 until 1987 when opponents secured his demotion. The mourners' loyalty toward Hu rapidly gave way to demands for democracy and accountability. The Cultural Revolution provides an extreme cautionary tale on the dangers of intraparty competition. Popular participation in Mao's efforts to reconsolidate power through a violent purge of party and country ushered in a decade of political and social upheaval.

Leadership transitions therefore provide incentive for incumbent regimes to act proactively to counter opposition. In Saudi Arabia large swaths of the population receive a monetary "bonus" whenever a new king ascends the throne. While the CCP does not possess the resources of Al Saud to redistribute similar largesse, its monopoly on power ensures that it can employ an analogous strategy with the redistribution of political influence during China's leadership transitions. In the abstract there are infinite ways in which the CCP can conceivably redistribute political influence during leadership transitions. However, in practice few are as expedient as the revocable concession of interstate dispute escalation to hawkish issue publics. As previously stated, at a minimum, it effectively helps secure the acquiescence of members of the PLA as well as a large swath of China's population. The CCP can ill afford opposition from either sector, especially when

helmed by a new leader who has yet to consolidate power. Further, the absence of their opposition can create the appearance of military loyalty and wide public support that will deter opposition from other sectors.

3.2 Hypothesis 1

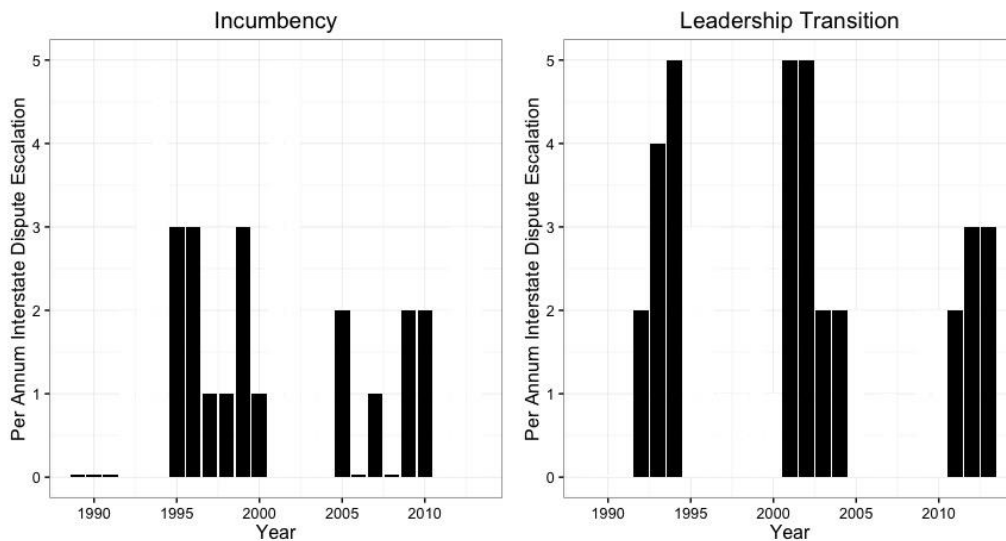
Interstate dispute escalation is defined as any dispute with another state where China resorted to the display or use of military force. The data on interstate dispute escalation by China between 1989 and 2013 is primarily culled from the Correlates of War Project that catalogs instances of escalation up until 2010. It was verified and missing cases were programmed using archival newspaper research principally from the New York Times and the Xinhua News Agency, China's official news agency.

Leadership transition is programmed as a dummy variable that takes on a value of 1 if there is a leadership transition in a given year and 0 otherwise. Leadership transition is defined more broadly than the relatively short period where one leader officially steps down as another assumes power (what is generally referred to as the "once-in-a-decade" transition). The CCP has historically implemented policies that emphasize stability, crackdown on dissent, and increase censorship well before and after this conception of the transition period to ensure a smooth succession (Yang 2003). The CCP has also to varying degrees staggered transitions for the heads of state and party so that leaders, at least in the case of Jiang and Hu Jintao, only gain full control after a gradual expansion of power. Accordingly, leadership transition includes the year before and after a new official is installed as President of China and the General Secretary of the CCP, with the exception of Jiang for the latter since he was installed in that position after the unplanned ouster of Zhao Ziyang during the events at Tiananmen in 1989. Years that are coded as leadership

transition are thus 1991 to 1993 for Jiang, 2001 to 2004 for Hu, and 2011 to 2013 for Xi, and account for ten of the 25 years under analysis.

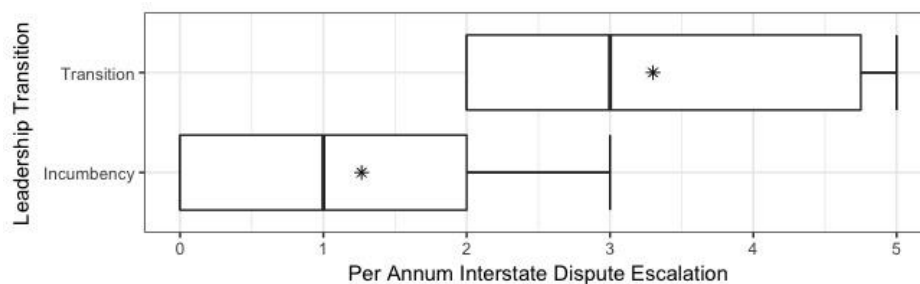
Taken together, if the CCP increases the revocable concessions of interstate dispute escalation during periods of relative instability as predicted, we expect leadership transition to have a positive effect on incidents of interstate dispute escalation in China. The table in Appendix B provides a list of every incident of interstate dispute escalation between 1989 and 2013, with a short description of each event, the year it occurred, and whether it took place during leadership transition. It should be noted that disputes with Taiwan are included although the characterization of these as interstate is certainly debatable. The table records 52 incidents of interstate dispute escalation. Of those, 33 transpired during leadership transition. Even a cursory glance at the information reveals the observable pattern that approximately 64 percent of 52 incidents of interstate dispute escalation transpired when leadership changed hands. Figure 2 illustrates this pattern with a simple plot of the number of incidents of interstate disputes escalated by year during incumbency and leadership transition.

Figure 2. China's Per Annum Incidents of Interstate Dispute Escalation During Incumbency and Leadership Transition, 1989-2013.



The observable pattern persists if we look at measures of central tendency for the number of annual incidents of interstate dispute escalation. Annual incidents during years with no leadership transition have a mean of 1.27 and a standard deviation is 1.163. Annual incidents during years with leadership transition have a mean of 3.3 and a standard deviation is 1.337. Continuing with this simple descriptive exercise, Figure 3 gives the means for years during incumbency and leadership transition, as well as the medians and distributions of the data. The box-and-whisker plot again reveals a clear increase in incidents of escalation during leadership transition.

Figure 3. China’s Per Annum Incidents of Interstate Dispute Escalation During Incumbency and Leadership Transition, 1989-2013. Whiskers Represent the Lowest and Highest Values Within 1.5 • Interquartile Range. Asterisks Represent the Mean.



The above descriptive statistics suggest that there is a positive relationship between annual incidents of interstate dispute escalation and leadership transition. Of course, this relationship could be determined by chance or some other confounding explanation not controlled for by my research design. As a “robustness check”, I construct a dataset with additional variables: year, economic growth, and leader for an event count model. These variables were selected as broad controls of confounding explanations to limit the number of variables in the model and minimize the probability of falsely accepting the null hypothesis given the modest size of the data set.

Previous scholarship claims that China’s foreign policy has become more assertive as its economic, political, and military power increased (Hughes 2011; Zhao 2013). The time variable, year, captures China’s growing capabilities and shifting priorities, as well as any additional

potentially confounding aggregate trends. A more established literature focuses on diversionary theories that are based on the idea that conflict is used by political elites to distract from social and economic issues and strengthen domestic support. Although that literature largely focuses on democracies, and has found little evidence of such a tactic across autocracies (Oneal & Tir 2006), China is often invoked by scholars and journalists as an exceptional case (He 2016). The annual percentage growth rate of GDP is used in the specifications to control for diversionary foreign policy, and as a catchall for economic influences. The annual percentage growth rate of the GDP is an admittedly rough control since it measures production as opposed to welfare. It is, however, available for every year in the dataset. Apart from convenience, it is perhaps more reliable than other sources of economic data since it is adjusted by the World Bank and there is reason to believe that China's statisticians manipulate public economic data on behalf of their political patrons. To compensate for the fact that many economic determinants of welfare such as unemployment lag behind GDP growth, I alternatively use the lagged per annum GDP growth rate in some of my models' specifications.

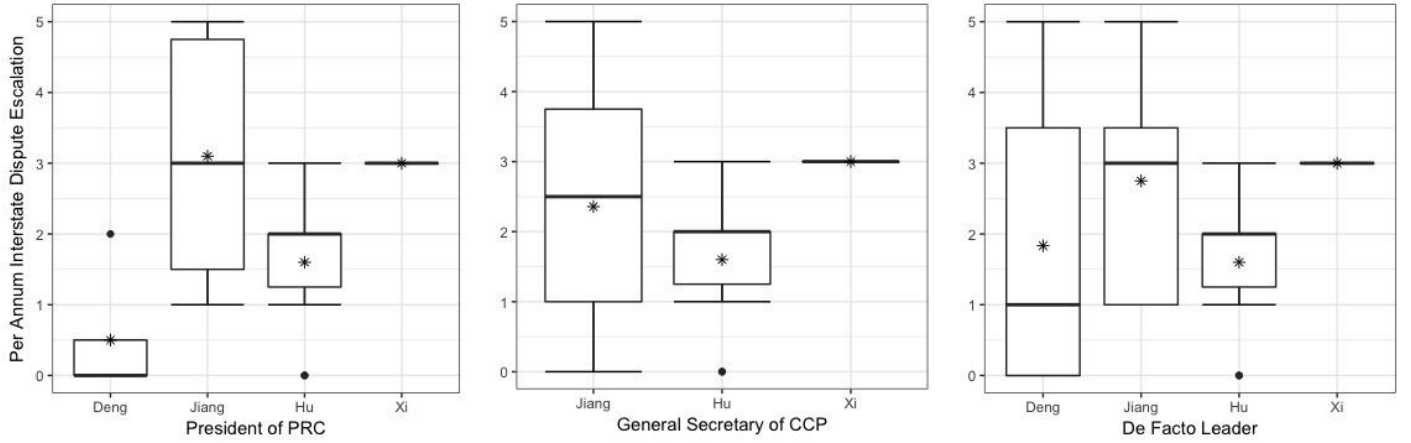
Finally, I separately employ three sets of dummy variables to control for the identity of the leader who makes foreign policy decisions to capture the potential influence of individual idiosyncrasies and governing ideologies *e.g.* 三个代表 (The Three Representations) for Jiang and 中国梦 (The Chinese Dream) for Xi. One set of dummy variables captures the head of state, or who held the presidency in a given year. Another set of dummy variables captures the head of party, or who served as general secretary of the CCP in a given year. For a year where the leader changed, both sets of dummy variables code the leader as whoever held office longest. The third set of dummy variables captures who served as the *de facto* leader of China. The reason for this category of leader is to account for Deng's continued influence as China's "paramount leader"

during Jiang's early tenure as president, which at the time was a ceremonial position to anoint Deng's successor. De facto leader is somewhat of an overstatement. Jiang was not an impotent figurehead in the intervening years between his appointment to the presidency in 1993 and Deng's death in 1997. Deng's health and influence rapidly declined during that time. His final public appearance occurred in early 1994. However, evidence of his decline only began to accumulate in earnest during the following year, with the Party's recognition of Jiang as the central figure of China's third generation of leaders in late 1994, and with public reports of Deng's ailing health, the deaths of Yao Yilin and Chen Yun, two powerful members of the Party's "old guard", and arrests of Deng's close associates on charges of corruption in 1995. As follows, I use 1995 as the cutoff between Deng and Jiang as de facto leader. The de facto leader for all subsequent years is the president, a powerful position that shed its ceremonial origins under Jiang's rule and has been assumed only after the intended successor was appointed general secretary of the CCP.

I separately use these three sets of dummy variables to avoid erroneously coding the leader who set foreign policy in a given year since the CCP's lack of transparency often obscures their identity. Figure 4 (pp. 21) shows the mean, median, and distribution of per annum incidents of interstate dispute escalation for each leader according to type. As evident in the left pane of Figure 4, I code Deng as president although his formal title was paramount leader. That title was not passed on to his successors. Further, within the context of this analysis, the distinction between those two titles is nominal, since "president" is intended to capture who held the position of head of state. Deng's continued influence as paramount leader after Jiang assumed the presidency is captured by the de facto leader dummy variables.

The control variables are programmed as follows. The leader variable is one of the three sets of dummy variables for each leader that takes on a value of 1 when in power and 0 when not for,

Figure 4. China's Per Annum Incidents of Interstate Dispute Escalation by Leader, 1989-2013. Whiskers Represent the Lowest and Highest Value Within 1.5 • Interquartile Range. Points Represent the Maximum and Minimum. Asterisks Represent the Mean.



respectively, the president of China, general secretary of the CCP, and the de facto leader of both, in a given year. The annual GDP growth rate is taken from the World Development Indicators. China's annual GDP growth rate had a mean of 9.68 and standard deviation of 2.67 between 1989 and 2013. Year, as above, is programmed to include 1989 to 2013 so that there are 25 observations for each variable. Given the size of my dataset, it should be acknowledged that standard errors become inefficient as sample size decreases. This can result in a failure to predict the probabilities that any particular process generated the data. Yet in regards to a test of this paper's first hypothesis, the failure that is of particular concern is a false positive finding. The risk of that is low since asymptotically efficient standard errors tend to become inflated in smaller sample sizes.

This dataset was constructed to test the following model:

$$\text{Count(Per Annum Interstate Dispute Escalation)} = g(\text{Leadership Transition, Year, GDP Growth Rate, Leader Dummies}) \quad (4)$$

There are several count models from which to choose. A Poisson regression is the simplest. However, the Poisson distribution assumes that events are independent and that the probability that one occurs in a given period is constant. Empirical evidence that suggests the contrary is found in the often successive escalation of interstate disputes in the East and South China Sea. As a result, we run the risk that estimators based on the Poisson regression will be inefficient and produce inconsistent standard errors. To account for potential overdispersion, I also run negative binomial regressions which contain an additional parameter that increases the models' flexibility. Specifically, the Poisson distribution assumes that the variance is equal to the mean. The negative binomial regression assumes that the variance equals $\mu + \mu^2/\theta$, where μ is the Poisson variance, so that it can exceed the mean. The reason for this brief review is to show that the negative binomial model becomes a Poisson when the parameter θ approaches infinity. When I ran both the Poisson and negative binomial regressions, the estimates of the latter were nearly identical to the former and the value of θ was large indicating that the Poisson distribution is appropriate to model the counts of annual incidents of interstate dispute escalation. To account for the possibility that my sample is too small to get an accurate estimate of θ , I calculate robust standard errors (with a degrees-of-freedom correction). The robust standard errors did not diverge significantly from the classical standard errors. Table 1 presents the estimates from the Poisson regressions with robust standard errors (pp. 23).

I find evidence that supports the positive effect of leadership transition on annual incidents of interstate dispute escalation. The estimates for leadership transition are presented in the first row of Table 1. The first column reports the results from a bivariate Poisson regression, used to obtain the p-value for the difference in mean annual incidents of interstate dispute escalation during periods of incumbency and leadership transition ($p < 0.001$, first column of Table 1). The remaining

Table 1: Count Models of Interstate Dispute Escalation

Dependent Variable: Count Per Annum Interstate Dispute Escalation														
Poisson Regression Models														
	(1)	IRR (95%CI)	(2)	IRR (95%CI)	(3)	IRR (95%CI)	(4)	IRR (95%CI)	(5)	IRR (95%CI)	(6)	IRR (95%CI)	(7)	IRR (95%CI)
Leadership Transition	0.958*** (0.270)	2.605 (1.534, 4.426)	0.797*** (0.221)	2.219 (1.439, 3.421)	0.724** (0.253)	2.064 (1.256, 3.391)	0.937*** (0.255)	2.552 (1.547, 4.210)	0.853*** (0.224)	2.347 (1.514, 3.638)	0.786*** (0.231)	2.194 (1.394, 3.453)	0.981*** (0.294)	2.667 (1.500, 4.742)
Year			0.057* (0.028)	1.059 (1.002, 1.118)	0.113** (0.035)	1.120 (1.047, 1.199)	0.061 (0.037)	1.063 (0.989, 1.143)	0.028 (0.034)	1.029 (0.963, 1.099)	0.084** (0.029)	1.088 (1.029, 1.151)	0.041 (0.036)	1.042 (0.971, 1.117)
Jiang PRC			1.329* (0.572)	3.778 (1.232, 11.583)					1.202 (0.772)	3.328 (0.732, 15.122)				
Hu PRC			0.106 (0.703)	1.112 (0.281, 4.409)					0.266 (0.951)	1.304 (0.202, 8.403)				
Xi PRC			0.242 (0.757)	1.274 (0.289, 5.623)					0.389 (1.007)	1.475 (0.205, 10.613)				
Hu CCP					-1.710*** (0.429)	0.181 (0.078, 0.419)					-1.465*** (0.386)	0.231 (0.205, 10.613)		
Xi CCP					-1.727*** (0.424)	0.178 (0.077, 0.409)					-1.395*** (0.359)	0.248 (0.123, 0.501)		
Jiang De Facto							0.797 (0.514)	2.219 (0.810, 6.079)					0.595 (0.393)	1.813 (0.840, 3.914)
Hu De Facto							-0.600 (0.634)	0.549 (0.158, 1.902)					-0.590 (0.523)	0.554 (0.199, 1.546)
Xi De Facto							-0.365 (0.873)	0.694 (0.125, 3.844)					-0.343 (0.731)	0.710 (0.169, 2.976)
GDP Growth			0.086 (0.053)	1.090 (0.983, 1.209)	0.124* (0.056)	1.132 (1.015, 1.262)	0.158* (0.068)	1.171 (1.026, 1.337)						
Lagged GDP Growth									0.027 (0.062)	1.027 (0.910, 1.159)	0.102* (0.051)	1.107 (1.002, 1.224)	0.119* (0.054)	1.126 (1.014, 1.251)
Constant	0.236 (0.239)		-114.970* (56.120)		-227.211** (69.486)		-123.526 (73.779)		-56.972 (67.718)		-169.082** (57.434)		-82.471 (71.169)	
Observations	25		25		25		25		24		24		24	
Akaike Inf. Crit. cor.	82.921		81.110		82.687		83.401		81.139		80.842		82.039	

Note: Robust standard errors in parenthesis. *p<0.05; **p<0.01; ***p<0.001.

Coefficients represent the difference in the log of expected counts for a unit change in an independent variable holding all other controls constant, or the log rate ratio since $\log(\mu_{x+1}) - \log(\mu_x) = \log(\frac{\mu_{x+1}}{\mu_x})$. Incidence rate ratios (IRR) are the exponentiated coefficients and are provided with 95 % confidence intervals in parenthesis for ease of interpretation.

All models are Poisson regressions with robust standard errors. Robust standard errors did not diverge significantly from classical standard errors. All models were also run as negative binomial regressions, which yielded nearly identical estimates but the dispersion parameter θ was large and did not converge within iteration limits.

columns in the first row report the results of Poisson regressions with some combination of the control variables discussed above. The coefficient estimates of leadership transition are consistently positive and statistically significant ($p < 0.001$ for columns two and four through seven; $p = 0.004$ for column three), however they do not remain stable across model specifications. The relative instability of these estimates suggests small sample bias, and the need for a cautious interpretation. I report the incidence rate ratios (IRR) and their corresponding 95% confidence intervals for ease of interpretation. Incidence rate ratios are the exponentiated coefficients and represent the rate change of the dependent variable given a unit change in the variable of interest, holding other variables constant. The rate of incidents of interstate dispute escalation in a given year is roughly estimated to increase by between 2.063 (95% CI=1.26, 3.39, column after three) and 2.667 (95% CI=1.65, 4.61, column after seven) during leadership transition, all else being equal. It should be observed that the lowest two coefficient estimates reported in columns three and six, which nonetheless represent a strong effect, are from models that code leader as the general secretary of the CCP and so collapse the influence of Deng and Jiang since the latter was appointed to the position in 1989, the first year in the dataset. Conflating the two leaders' tenures potentially introduces an additional source of bias into the models, and if we omit them from consideration then the estimates across the remaining models are slightly less volatile, albeit no more precise.

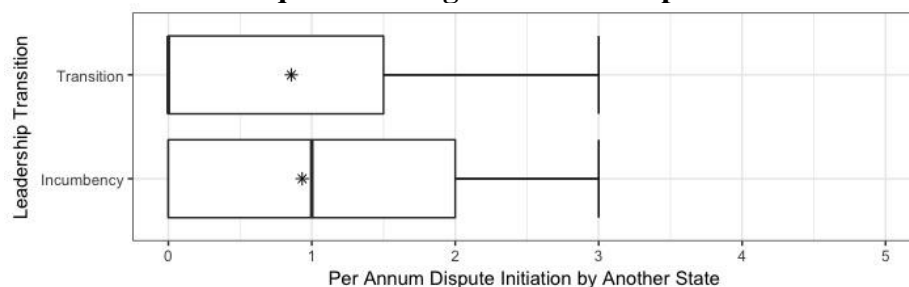
The estimates for year are reported in row two. The presence and level of statistical significance varies across models ($p < 0.01$ for columns three and six; $p < 0.05$ for column two). Yet the sign on the coefficient remains consistently positive. This may suggest that China is growing increasingly assertive over time but no conclusions should be drawn from the data since the estimates are unsurprisingly unstable. For a unit increase in year, the expected rate of incidents of interstate dispute escalation range from 1.029 (95% CI=0.963, 1.099, column after five) to 1.120 (95%

CI=1.047, 1.199, column after two), all else being equal. This may appear to be a narrow range with associated small confidence intervals but it is actually substantial when one considers the cumulative effect. Further, three of the six models with year in their specifications (columns four, five, and seven) include a negative and a zero rate change in their exponentiated 95% confidence intervals. The estimates for GDP growth rate (row eleven) and lagged GDP growth rate (row twelve) exhibit similar properties, and lend little to no support to the theory of diversionary foreign policy as classically conceived. Finally, the estimates, as well as the statistical significance, of leadership are extremely variable across models that employ different sets of dummy variables. The leadership is most significant for the models that measure it according to the identity of the general secretary of the CCP, which is the most substantively problematic coding due to the exclusion of Deng. Of course, the identity of the general secretary may capture the influence of that position which is why I include it in the analysis. Yet it is telling that the findings from those models are not robust in the models that measure leadership according to who was president or who held de facto power, the latter of which is based on who available intelligence indicates held the most sway over military decisions in a given year. Nonetheless, the findings are consistent with my theory since the period when China was led by Deng and Jiang was at the outset of institutionalization and was marked by greater intraparty competition.

So far this analysis has demonstrated that there is a significant strong positive relationship between interstate dispute escalation and leadership transition. However, more work needs to be done to support the argument that interstate disputes are escalated as a concession. It may instead be driven by an increase in provocation by other states during leadership transition. To that end, I replace the dependent variable of all instances where China resorted to the display or use of military force with all instances where another state initiated a dispute with China regardless of

militarization. The data for the dependent variable is once again from the Correlates of War Project. When there is no leadership transition, per annum incidents of dispute initiation by another state have a mean of 0.933 and a standard deviation of 1.033. During leadership transition, per annum incidents of dispute initiation by another state have a mean of 0.857 and a standard deviation is 1.215. Figure 5 shows the difference in means, medians, and distribution of per annum disputes initiated by other states during incumbency and leadership transition. The difference in means represents a 0.076 decline in instances of dispute initiation by other states during years with leadership transition. Using a bivariate negative binomial regression, and another controlling for year to allow for other states' development, and shifting interests and geopolitical dynamics, I find little evidence of a relationship between dispute initiation by another state and China's leadership transitions.⁶ In the first model the sign on the leadership transition coefficient is unsurprisingly negative since it represents the difference in means, and it is not statistically significant ($p=0.886$). In the second model where I control for year, leadership transition is again negative and not statistically significant ($p=0.989$). Although there is not enough data to make precise inferences, the magnitude of the effect also declines by over 90%.

Figure 5. Per Annum Dispute Initiation by Another State During Incumbency and Leadership Transition, 1989-2013. Whiskers Represent the Lowest and Highest Value Within 1.5 • Interquartile Range. Asterisks Represent the Mean.



⁶ See Table 1 in Appendix C.

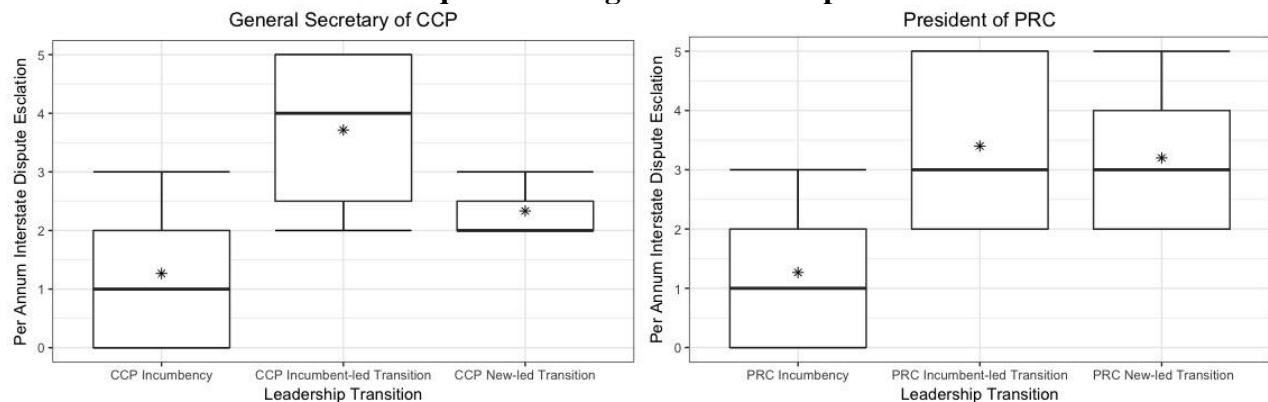
Alternatively, the relationship between interstate dispute escalation and leadership transition could be an artifact of the idiosyncratic foreign policy decisions of leaders at the outset of their tenure. Recall that leadership transition is programmed to include the years before and after a new leader takes over the presidency and party. The result of which is that each transition period includes rule by an incumbent and a new leader. If the latter are primarily responsible for escalation, then leadership transition may be inconsequential and other theories could potentially offer better explanations. After all, new leaders have unique incentives to escalate interstate disputes. Among them, as relatively unknown quantities, escalation can strongly signal their commitment to China's sovereignty claims. And, as leaders who are appointed rather than popularly elected, escalation provides a source of domestic legitimacy during their nascent rule before they amass a track record of good governance be it real or manufactured.

To test whether new leaders are primarily responsible for the relationship between interstate dispute escalation and leadership transition, I replace the independent variable of leadership transition from the main analysis with a set of dummy variables that partition leadership transition by the year(s) where an established incumbent still holds the presidency, and the year(s) where a new leader holds the presidency. I err on the side of caution and perform the same partitioning based on who holds the position of general secretary of the CCP.⁷ I find no evidence of an increase in escalation by new leaders when compared to escalation by incumbents during leadership transition. Per annum incidents of interstate dispute escalation during leadership transitions helmed by an incumbent president have a mean of 3.4 and a standard deviation of 1.516. During leadership transitions helmed by a new president, per annum incidents of interstate dispute escalation have a

⁷ In this case, partitioning the transition based on incumbent and new de facto leader is identical to the partitioning based on incumbent and new general secretary of the CCP so it is omitted from the analysis.

mean of 3.2 and a standard deviation of 1.304. The difference in means is still greater for leadership transitions helmed by an incumbent and new general secretary, with incumbents again more likely to escalate interstate disputes. Figure 6 describes the data in more detail. I run Poisson regressions to obtain p-values.⁸ Both periods of leadership transition helmed by an incumbent and new president are statistically significant ($p < 0.01$), as are both periods of leadership transition helmed by an incumbent general secretary ($p < 0.001$) and new general secretary ($p < 0.05$).

Figure 6. China's Per Annum Interstate Dispute Escalation During Incumbency (left), Leadership Transition Led by Incumbent (center), and Leadership Transition Led by Newly Installed Leader (right) for General Secretary of the CCP (left panel) and President of the PRC (right panel), 1989-2013. Whiskers Represent the Lowest and Highest Value Within 1.5 • Interquartile Range. Asterisks Represent the Mean.



3.3 Hypothesis 2

To test the empirical plausibility of the second hypothesis, I qualitatively analyze the 1994 dispute with Vietnam over the Spratly Islands that escalated when Jiang was taking over the reins of the state. The case was selected at random from the subset of the data that contains incidents of interstate dispute escalation during leadership transition. Recall from the second hypothesis that interstate disputes will only be temporarily escalated due to their decreasing cost effectiveness. In

⁸ See Table 2 in Appendix C.

the context of China's 1994 dispute with Vietnam over the Spratly Islands, I therefore do not expect protracted militarization.

The Spratly Islands are an uninhabitable archipelago located in the South China Sea that serve as a maritime link between the Indian Ocean and East Asia, and possess ample resources of fisheries, natural gas, and hydrocarbons. In the spring of 1994, at the outset of Jiang's presidency, China escalated a long simmering dispute with Vietnam over competing claims to oil rights in that area of the South China Sea. Escalation began in May when China intensified its naval presence around the Spratly Islands with one frigate, a landing craft, torpedo boats, two research ships and multiple data collection vessels (MIDv4.0 2013). This display of force accompanied the CCP's move to reinforce China's opposing claims to this sizeable area of the South China Sea by awarding exploration and production contracts to companies for future deep-sea drilling (Richardson 1994a), and making public statements that accused Vietnam of operating in the territory illegally (UPI 1994). The final instance of escalation for this incident occurred in July when two Chinese warships blockaded a Vietnamese oilrig (Shenon 1994) and turned back at least one ship that was meant to deliver it supplies (Shenon 1994, Richardson 1994b).

Days later de-escalation began when the CCP agreed to exercise "self-restraint" and to meet with Vietnam to discuss a peaceful resolution to the Spratly Islands dispute in an apparent about-face (Gratton 1994). In the subsequent months, the two countries held repeated ministerial-level negotiations. By November, while on a tour of the region, Jiang himself visited Hanoi and carved out a bilateral agreement. The agreement committed to the establishment of an expert group to settle territorial disputes and pending settlement, refrain from taking actions to complicate or escalate the dispute (BBC 1994). Both sides also agreed to abstain from using force or threatening to use force. The compromise entailed concessions on both sides as Vietnam had sought to involve

the Association of Southeast Asian Nations (ASEAN) for a multilateral solution and both sides deferred resolution and immediate exclusive claim to the oil in the region (BBC 1994).

This case demonstrates that de-escalation is both empirically plausible and possible. Further, the final instance of escalation for this incident occurred on the eve of the first meeting of a long scheduled special forum with China, Vietnam, and 16 other countries scheduled to attend, including the United States, Japan, and the members of ASEAN (Richardson 1994b). That meeting loomed in the background as China's escalation threatened to undermine and cause tensions at the forum. This suggests that China's leaders were confident in their ability to deescalate the dispute.

Existing explanations abound for China's seemingly contradictory conflict behavior where leaders briefly deviate from their "win-win" diplomatic strategy and militarize conflict. They include the use of force to maintain the status quo when territorial disputes are interpreted as shifting in another claimant's favor (Fravel 2008, 2011) and, put simply, irrationality (Garver 2006; Christensen 2011). Both of these explanations are plausible. Vietnam had begun oil exploration around the Spratly Islands prior to China's escalation of the territorial dispute in 1994. That may have compelled the CCP to act militarily. Alternatively, at least at face value, the CCP's actions were irrational. China stood to lose the Spratly Islands in an outright conflict since it did not have the military capabilities at the time to enforce its sovereignty. The necessity of foreign trade, investment, and advanced technology acquisition to China's economic development also rendered cooperative international relations and regional stability vital to the CCP's interests. In view of that, the escalation of the Spratly Islands dispute was particularly risky since it did not just endanger regional security by alienating Vietnam, and the four other countries in the region who make claims to the territory. It also endangered the CCP's relationships with members of the

international community who did not recognize China's sovereignty and who had growing concerns over regional security.

Yet neither explanation accounts for the domestic gains from China's escalation of its dispute with Vietnam over the Spratly Islands in 1994. It occurred as Deng's declining health loosened his firm grip on the country, while Jiang was still consolidating his power. Opposition who had previously remained silent out of loyalty to Deng began to voice their discontent, including resentment toward the pacifistic policies advanced by Jiang and his foreign minister Qian Qichen (Shirk 2007). Escalation provided an opportunity to mitigate the threat of mounting opposition. For that purpose, the Spratly Islands is a particularly effective basis for conflict. China's claim to the Spratly Islands is not merely viewed as a potential windfall but as the recovery of an ancient territory displaced by foreign exploitation. As one author noted in 1994, "studies by foreigners on China's Spratly policy do not fully convey the deep-seatedness and intensity of Chinese feeling about the sovereignty over the dozens of tiny islands and reefs that make up this archipelago" (Chen 1994). Fittingly, nine of the 12 times that China has resorted to displays or use of military force over the Spratly Islands between 1989 and 2013 occurred during leadership transition.

4. DISCUSSION

In this paper, I propose and formalize a theory that helps explain China's "aberrant" escalation of interstate disputes. I posit that interstate dispute escalation is employed by the CCP as a revocable policy concession to China's well positioned and large hawkish issue publics during periods of relative domestic instability. I find evidence consistent with this theory through an empirical analysis of the relationship between interstate dispute escalation and leadership transition. My research design exploits two advantageous features of post-Tiananmen China: (1) The incongruity in preferences for escalation between CCP and hawkish issue publics, which

facilitates the identification of policy concessions by producing policy discontinuity and (2) institutionalized and routinized leadership transitions, which provide an exogenous source of variation in domestic instability. I find that there is a significant positive relationship between interstate dispute escalation and leadership transition, that is robust to controls for year, leader, and economic growth and is notably not driven by an increase in provocation by other states or the idiosyncratic foreign policy decisions of new leaders. I provide further support for my theory by showing that interstate dispute escalation can indeed be “revoked” after temporary concession with a qualitative analysis of Jiang’s brief escalation of the Spratly Island dispute with Vietnam and subsequent de-escalation and normalization of diplomatic relations in 1994.

These results have several implications for our understanding of China’s conflict behavior. At a minimum, they reveal a previously unidentified pattern of interstate dispute escalation. Scholars, as well as policymakers, would do well to devote attention to the effect of leadership transition on China’s military action against other states. Further, my results are consistent with the concession of interstate dispute escalation being a preferred mode of domestic stabilization when leaders anticipate shocks to the status quo. When that is considered against a potential temporal trend of intensifying aggression, the evidence suggests that come the next transfers of power or some other source of domestic instability, the region will be notably more vulnerable to outbreaks of protracted militarized conflict. The CCP’s de-escalation of interstate disputes is driven by a preference for diplomacy among the top leadership. If hawkishness replaces that preference, the CCP will have more incentive to initiate and less incentive to revoke the escalation of interstate disputes. Naturally, my theory may not explain all incidents of interstate dispute escalation by China. As is clear from my empirical analysis, incidents occur outside of leadership transition. Although some of these may be driven by other sources of domestic instability such as the financial

crisis that swept Asian markets in the summer of 1997, there may well be other impetuses. What my theory and the supporting evidence does explain is how instances of escalation that are viewed as aberrant or irrational can actually represent a routine and strategic undertaking by the CCP.

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Appendix A

Since when $t < \frac{T}{2}$, $x^* = 0$ and when $t > \frac{T}{2}$, $y^* = 0$, only one in the pair x^* , y^* is non-zero at any given time. For illustrative purposes, it was convenient to turn the discrete dichotomy into a continuous transition, where there is only one utility function for the concession of political influence but with different weighing as time passes. At the beginning the citizen values it highly and it is cheap for the leadership, but as time goes on (until $t=T$) it gets more expensive for the leadership, and less valuable for the citizen. In the construction of numerical examples, choices abound for the relative importance of $w_r(y)$ and $w_c(y)$. For computational convenience and since everything is normalized anyway, I set $w_c(y)$ to be \sqrt{y} but varied $w_r(y)$ so that $w_r(y) = 1 - \frac{t}{T}\sqrt{y}$ from $t = 0$ to $t = T$.

Appendix B

Table 1. Summary of PRC Interstate Dispute Escalation, 1989- 2013			
Year	Disputed Area/Subject	Escalation	Leadership Transition
1992	Spratly Islands (Gaven South Reef)	Gaven South Reef occupied (escalation if dispute with Vietnam)	Deng Xiaoping to Jiang Zemin PRC transfer

1992	Smuggling	China seizes around 20 Vietnamese cargo ships transporting goods from Hong Kong	Deng Xiaoping to Jiang Zemin PRC transfer
1993	North Korea Border	Exchange of gunfire (PRK provoked)	Deng Xiaoping to Jiang Zemin PRC transfer
1993	Taiwan	Air, naval, and land forces put on alert	Deng Xiaoping to Jiang Zemin PRC transfer
1993	Spratly Islands (Gulf of Tonkin)	Display of force (directed toward Vietnam)	Deng Xiaoping to Jiang Zemin PRC transfer
1993	Smuggling	Armed naval forces boarded Russian vessel (isolated incident)	Deng Xiaoping to Jiang Zemin PRC transfer
1994	Taiwan	Sub incursion, military exercises, and an alert	Deng Xiaoping to Jiang Zemin PRC transfer
1994	Spratly Islands	Displays of force (series of consecutive incidents with Vietnam)	Deng Xiaoping to Jiang Zemin PRC transfer
1994	Spratly Islands	Mischief Reef occupied (escalation of dispute with Philippines)	Deng Xiaoping to Jiang Zemin PRC transfer
1994	US and South Korea hostility toward PRK	Military exercises and aerial confrontation	Deng Xiaoping to Jiang Zemin PRC transfer
1994	Russia Border	Military open fire on Russian fishing vessel in Agur River	Deng Xiaoping to Jiang Zemin PRC transfer
1995	Taiwan	Missile Test in Taiwan Strait, displays of force, interception of Taiwanese vessels (directed toward ROC and US)	N/A
1995	Diaoyu Islands	Aerial confrontation (with Japan)	N/A
1995	Spratly Islands	Series of militarized incidents around Mischief Reef (directed toward Philippines, '94 incident cont.)	N/A
1996	Diaoyu Islands	Sub deployment post nationalist activity on islands	N/A
1996	Natuna Islands (oil fields)	5 warships dispatched in response to Indonesian naval displays of force	N/A
1996	Taiwan Strait	Displays of force (cont. from '95 incident)	N/A
1997	North Korea Border	Exchange of gunfire	N/A
1998	Spratly Islands	Naval display of force (directed at Philippines)	N/A
1999	Taiwan	Displays of force e.g. military exercises, missile tests, the deployment of missiles and fighter jets (directed at ROC and US)	N/A
1999	Mongolia Border	China forces shot one Mongolian national crossing border (isolated incident)	N/A
1999	Diaoyu Islands	Naval displays of force	N/A
2000	Taiwan	Displays of force (cont. from '99 incident)	N/A
2001	Hainan Island (PRC-US)	Aerial confrontation, seizure of US military property (crashed spy plane), and displays of force	Jiang Zemin to Hu Jintao CCP transfer
2001	Jurisdiction of Taiwan Strait	Naval interception of Australian vessels	Jiang Zemin to Hu Jintao CCP transfer
2001	Spratly Islands/ Scarborough Shoal)	Displays of naval force, live fire exercises (directed toward Philippines)	Jiang Zemin to Hu Jintao CCP transfer
2001	Taiwan	Threat of declaration of war and use of force, display of force around Dongshan	Jiang Zemin to Hu Jintao CCP transfer

		Island (provoked US response and involvement)	
2001	China Coast	Warships chased away US naval vessel in waters regarded by US as international and China as territory	Jiang Zemin to Hu Jintao CCP transfer
2002	Vietnamese Waters	Display of naval force near Vietnamese waters (Vietnam claims drills were in their territory)	Jiang Zemin to Hu Jintao CCP/PRC transfer
2002	Taiwan	Spy ships sent into Taiwanese waters	Jiang Zemin to Hu Jintao CCP/PRC transfer
2002	Exclusive Economic Zone	Patrol plane buzzed US naval vessel	Jiang Zemin to Hu Jintao CCP/PRC transfer
2002	Japanese Consulate harboring North Koreans	Military incursion into Japanese consulate in northeast China to capture North Koreans seeking asylum	Jiang Zemin to Hu Jintao CCP/PRC transfer
2002	South Korean Consulate harboring North Koreans	Military incursion into South Korean consulate in Beijing to capture North Koreans seeking asylum	Jiang Zemin to Hu Jintao CCP/PRC transfer
2003	India Border	Border violation by troops	Jiang Zemin to Hu Jintao CCP/PRC transfer
2003	North Korea Border	Display of force (150,000 troops moved to border during tensions over PRK nuclear program)	Jiang Zemin to Hu Jintao CCP/PRC transfer
2004	North Korea Border	Troops placed to reduce number of PRK refugees crossing border (PRK increased presence as response)	Jiang Zemin to Hu Jintao PRC transfer
2004	Japanese Waters	Nuclear sub sent into Japanese waters, when identified by Japan was claimed by PRC	Jiang Zemin to Hu Jintao PRC transfer
2005	Chunxiao Gas Fields (South China Sea)	Display of naval force directed toward Japan and subsequent naval violation of Japanese territory	N/A
2005	Bhutan	200 troops entered Bhutan and started building roads and bridges (Bhutan claimed it was violation of sovereignty)	N/A
2007	Taiwanese and Japanese Waters	Display of naval force	N/A
2009	India Border (Tawang)	Troop incursion over Indian border	N/A
2009	South China Sea	Display of naval force (directed toward the US)	N/A
2010	Spratly Islands	Patrols harassed and seized Vietnamese fishing boats and crew	N/A
2010	Waters near Okinawa	Display of force when naval helicopter made a flyover around Japanese destroyer	N/A
2011	Spratly Islands	Display of naval force (not officially acknowledged as such, potentially directed toward Philippines, Vietnam, and Japan)	Hu Jintao to Xi Jinping CCP Transfer
2011	South China Sea Beds (Spratly Islands)	Patrol cut cables of Vietnamese survey ships (2x); threats of force	Hu Jintao to Xi Jinping CCP Transfer
2012	Diaoyu Islands	Threats and displays of naval force primarily directed toward Japan	Hu Jintao to Xi Jinping CCP/PRC Transfer
2012	Spratly/ Paracel Islands	Threats and display of force; military garrison planned to deploy to area for “Sansha area national defense mobilization and reserve forces activities” (directed at Vietnam); increased naval/air patrol	Hu Jintao to Xi Jinping CCP/PRC Transfer

2012	Spratly Islands	Navy warship in Half Moon Shoal (disputed Philippines territory)	Hu Jintao to Xi Jinping CCP/PRC Transfer
2013	India Border	Border violation by troops	Hu Jintao to Xi Jinping CCP/PRC Transfer
2013	Paracel Islands	Patrol shot and chased Vietnamese fishing vessel	Hu Jintao to Xi Jinping CCP/PRC Transfer
2013	Diaoyu Islands	Displays of force and the establishment of the “East China Sea Air Defense Identification Zone”	Hu Jintao to Xi Jinping CCP/PRC Transfer

Appendix C

Table 1: Count Models of Disputes Initiated by Other States with the PRC, 1989-2013

	Dependent Variable: Count Per Annum Dispute Initiation by Other States			
	Negative Binomial Regression Models			
	(1)	IRR (95% CI)	(2)	IRR (95% CI)
Leadership Transition	-0.085 (0.595)	0.918 (0.286, 2.950)	-0.008 (0.606)	0.992 (0.302, 3.258)
Year			0.044* (0.038)	1.045 (0.969, 1.127)
Constant	-0.069 (0.290)		-88.649 (76.952)	
Observations	22		22	
Log Likelihood	-29.671		-29.070	
θ	2.857 (4.729)		4.463 (10.477)	
Akaike Inf. Crit. cor.	64.676		66.493	

Note: Standard errors in parenthesis. *p<0.05; **p<0.01; ***p<0.001.

Table 2: Count Models of Interstate Dispute Escalation by the PRC, 1989-2013

	Dependent Variable: Count Per Annum Interstate Dispute Escalation			
	Poisson Regression Models			
	(1)	IRR (95% CI)	(2)	IRR (95% CI)
PRC Incumbent Transition	0.987** (0.309)	2.684 (1.464, 4.923)		
PRC New Transition	0.927** (0.300)	2.526 (1.404, 4.545)		
CCP Incumbent Transition			1.076*** (0.281)	2.932 (1.599, 5.378)
CCP New Transition			0.611* (0.274)	1.842 (1.024, 3.314)
Constant	0.236 (0.244)		0.236 (0.244)	
Observations	25		25	
Akaike Inf. Crit. cor.	86.034		84.767	

Note: Robust standard errors in parenthesis. *p<0.05; **p<0.01; ***p<0.001.