# ALL (GEO-) POLITICS ARE LOCAL: THE CONSEQUENCES OF THE PEOPLE'S REPUBLIC OF CHINA'S MILITARY DOCTRINE OF LOCAL WAR FOR THE EAST ASIA REGION

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## Abstract

Title: "All (Geo-) Politics are Local: The Consequences of the People's Republic of China's Military Doctrine of Local War for the East Asia Region"

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The People's Republic of China has undergone a rapid process of military reform over the past decade.  Most Western analyses of these changes focus upon China's role as an emergent superpower and its embrace of the ongoing Revolution in Military Affairs (RMA).  Less frequently discussed in the literature is the PRC's military doctrine of "local war."  Virtually all of China's interstate disputes in contemporary times have been with its neighbors: Russia, India, Vietnam, and, of course, Taiwan.  The formalization of the local war doctrine, together with recent developments such as the Anti-Secession Law aimed at forestalling Taiwanese independence, demonstrates a renewed assertiveness on China's part to enforce its political interests in East Asia.  Discussions of Chinese military doctrine in the region cannot be divorced from global geopolitical concerns.  Regional war involving China will inevitably have worldwide economic consequences, as well as permanently affecting Chinese relations with the West.  In the event of a regional conflict, Western states will be forced to either acquiesce in China's goals to maintain stable relations or oppose them at the expense of a major trading partner.  Even seemingly mixed responses will mask a fundamentally binary decision.  A superficially strong collective response (e.g., economic sanctions) will nevertheless give individual players incentive to defect in a classic Prisoner's Dilemma scenario.  All players will ultimately arrive at a Nash equilibrium in which acquiescence is the strategy with the best possible payoff.  In summary, the local war doctrine is emblematic of a long-term shift in global power favoring China.

## Résumé

Titre: « Tous sont les géopolitique est locale: Les Conséquences de la doctrine militaire de la guerre locale de la République populaire de Chine pour la région Asie de l'Est »

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La République populaire de Chine subit un processus rapide de la réforme militaire entre la dernière décennie. Pour les analyses occidentales, les transformations regardonts sur le rôle de la Chine comme une superpuissance émergente émbrasser la Révolution Affaires Militaires (RMA) continuel. Mais la doctrine militaire pour la Chine en la litterature ne discuta jamais. Tous ensemble, les conflits comtemporaine de la Chine inclurent les pays voisins de la Russie, l'Indie, le Vietnam, et Taiwan. Officialiser la doctrine de la guerre local, avec les développements récents comme la loi anti-sécession prévenir l'indépendance de Taïwan, démontre cette la China exécuterai la raison d'État dans tout l'Asie de l'Est. Les discussions de la doctrine militaire chinoise dans la région entier est impossible sans inclurer les mondiales géopolitiques. Les

conflits régional avec la Chine endommageront l'economique modial et les politiques étrangères des pays dans tout l'Occident. De toutes les façons pour un conflit régional, les pays Occidentaux accepteront ou opposer la raison d'État Chinoise avec l'entente entre les politiques étrangères contra commerce extérieur. Les réponses confus cacheront une décision binaire. Par exemple, le collectif forte avec les sactions économiques donneront aux joueurs individuels le raison prévenir le scénario un dilemme du prisonnier classique. Tous les joueurs arriveront à un équilibre de Nash car accepter cette stratégie avec le gain mieux possible. Récapituler, la guerre locale doctrine de la Chine est emblématique de longue périod de temps entre la transition des pouvoirs.

# All (Geo-) Politics are Local: The Consequences of the People's Republic of China's Military Doctrine of Local War for the East Asia Region

"World war can be postponed, but accidental incidents and local conditions are not entirely predictable."

Deng Xiaoping

## Introduction

The People's Republic of China (PRC) has arrived as a global power—and perhaps as the predominant economic influence of the new century. Notwithstanding its present successes, China faces several unresolved challenges from its revolutionary and Cold War past that will continue to affect its future. Many of the challenges are regional. They include the ongoing nuclear crisis in Korea, territorial disputes with Vietnam, the Philippines, and India, and the controversy over its close relations with Myanmar's rulers. Some challenges are internal in scope, such as the controversy surrounding Tibet, rising Islamist militancy among the Uighurs, opposition from the Falun Gong and other religious factions, and a muted but still present post-Tiananmen democratization movement. But the longest-running unresolved challenge facing Beijing is that of Taiwan. The Taiwan issue is both regional and internal for China's leadership and it is an issue that has particularly influenced the evolution of China's strategic and tactical military doctrine.

The PRC has undergone rapid military reform over the past decade. Many Western analyses focus upon China's role as a superpower and its embrace of the ongoing Revolution in Military Affairs (RMA). Less frequently discussed in the literature is the PRC's military doctrine of "local war." Most of China's interstate disputes since 1949 have been with its neighbors. Local War doctrine demonstrates a renewed assertiveness on China's part to enforce its political interests in East Asia. However, discussions of Chinese regional military goals cannot be divorced from global consequences. This paper is an explication of the postulate that all geopolitical problems are fundamentally local in nature and in origin. A regional war involving China and Taiwan will have worldwide economic repercussions should the United States and its allies oppose China's interests. Western states will be forced to either acquiesce in China's goals to maintain stable relations or oppose them at the expense of a major trading partner. Regardless of any diplomatic efforts by the West or by the United Nations and other international bodies, China's status as an engine of the world economy will likely result in Western acquiescence to China's politico-military objectives in the absence of third-party mediation. Should any of China's minorities press their claims to independent statehood, or should Taiwan declare its full independence from China, only the intervention of a third state, coalition of states, or international organization can ameliorate the effects of conflict.

## The Long March: Evolution of the PRC's Military Doctrine

The People's Republic of China is a state born of revolutionary war and influenced by this heritage. Red flags and the cult of Mao Zedong notwithstanding, the Chinese revolutionary

ideal has proven more inward-looking than internationalist. The contemporary PRC engages in a different sort of geopolitics than in Mao's era. Much like the Western economic imperialism Mao and his acolytes once decried, China today is a trading state that seeks to extract natural resources from less developed countries rather than joining with them as partners in a global struggle. Socialism for China served the same role as it did subsequently in Cuba and Vietnam: primarily as a vehicle for freedom from foreign domination rather than a long-term principle for socioeconomic order. The goal of the Chinese Revolution was and is to achieve national unity and self-determination. The subsequent nature of any resulting regime—socialist, capitalist, or otherwise—was and is secondary to that purpose.

Local War doctrine is central to the PRC's military plans for regional conflict. Its antecedents can be found in the revolutionary war theories of Zhou Enlai, Peng Dehuai and Lin Biao. However, Local War doctrine in its present form emerged from the ideological ferment of post-Mao China, the result of a bottom-up review of defense strategy that began in 1985 at the behest of Deng Xiaoping. Local War represented a move away from precepts of revolutionary warfare toward a smaller, more mobile army with an emphasis upon professionalism rather than ideological orthodoxy. The PRC's present doctrine places less emphasis on total war, including strategic nuclear warfare, while still maintaining capabilities for full-spectrum warfare. Previously, the PRC relied upon a large army, and high tech weaponry was not considered as necessary to victory as it might have been by Western militaries. Moreover, the People's Liberation Army (PLA) had historically served as a socializing agent, a paradigm for the collectivist society the PRC's early leaders sought to forge.

These ideas have evolved through the eras of Deng Xiaoping and Jiang Zemin (Joffe 1987; Evans 1995; Li 1997; Shambaugh 1997; Hawkins 2000; Swaine and Tellis 2000; Mulvenson 2001; Scobell 2002; Cheng 2006; Gill 2006; Lewis and Xue 2006; Navarro 2008). With China's post-Cold War emphasis upon regional power and stability, Local War has taken on a renewed importance (Bok 1991; Cossa 1994; Ng 2000, 2004). Even before the doctrine was formally enunciated, the PRC employed its precepts to advantage during its 1979 border war with Vietnam (Chen 1983). Its most significant update came in the wake of the 1991 Persian Gulf War, when Jiang Zemin directed the PLA to move toward a Western, technologically intensive model that would afford the PRC the flexibility to respond to full-spectrum security threats.

The Jiang revision was an outgrowth of the ongoing Revolution in Military Affairs (RMA) that began in the 1970s. The RMA extends beyond the traditional, Clausewitzian view of force-on-force conflict. It incorporates postindustrial elements of space technology, information warfare, and cybernetics with tactical battlefield doctrine, materiel logistics, and state strategic imperatives to create an integrated, systemic theory of war (Metz and Kievet 1995; Cohen 1996). The envisioned end state of the RMA and what the process to achieve it actually entails differs among the military theorists and academic think tanks of various countries.[1] The

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[1] Closely related to RMA is the concept of Fourth Generation Warfare (Lind, et al. 1989; van Creveld 1991, 2006; Cohen 1996; Record 2007). A latter day extrapolation of the *levée en masse* and Total War theory to contemporary conditions, the Fourth Generation Warfare theory describes the implications of non-traditional means of war such as terrorism, sabotage, insurgency, media manipulation and propaganda, network warfare, and other methods that are likely to be employed by non-state actors.

devastating potential of superior technology combined with dynamic battlefield tactics stressing initiative, maneuver, synchronization, and deep battle was duly noted by China's leaders. Any state desiring to compete as (or with) a global power must incorporate the lessons of the American experience. But military tactics are a means and not an end, and China's strategic imperatives differ significantly from those of the United States at present. For the PRC, the implications of the Revolution in Military Affairs are largely regional and thus focused on its neighbors.

One problematic dimension for the PRC, at least for now, is global reach. Worldwide power projection, though still the prerogative of but a few states, has nevertheless become more achievable in recent decades with the decline of the loss of strength gradient.[2] As the mainland Chinese economy becomes more technologically advanced, due in no small part to trade-based technology transfers from the West, the capability gap will eventually shrink and finally disappear altogether. Nevertheless, there are few credible indications that the PRC seeks a global military advantage. Rather, the relative gains it seeks are through trade with military strategy as a regional consideration, for China's relations with its immediate neighbors have historically been strained.

It follows that Local War doctrine is best interpreted as an adjunct to the PRC's larger strategic imperatives. The Third Straits Crisis of 1995-96 is a case in point. The PRC missile tests over the Taiwan Straits served as a warning both to Taiwan and to the United States: the first to discourage moves toward Taiwanese independence and the second to discourage American intervention should this actually occur (Ross 2000). A key to understanding the uses of Local War doctrine is to understand the PRC's relationship with its "lost" province.

Unfinished Business: China, Taiwan, and Local War

Perceptions of the Cold War division of China into competing states have been less historically distinct than those of Germany, Korea, and Vietnam. The latter three countries were physically divided on land with armed borders. Mainland China and Taiwan,[3] by contrast, are geographically separated by sea. The Nationalist retreat to Taiwan gave Chiang Kai-shek and the Kuomintang (KMT) an opportunity to start anew, under the protection of the U.S. Seventh Fleet. Two developments served to change perceptions of Taiwan as Chinese in the public mind. The first was the formal recognition of the PRC by the United States in 1979. The second was Taiwan's economic rise as one of the "Asian Tigers." Both enabled Taiwan to acquire an international identity separate from that of the mainland. At the same time, the KMT transformed itself from a top-down cadre-based organization into a pluralistic political party

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[2] Boulding (1962) theorized that the loss of strength gradient, or the loss of a state's ability to project military power over increasing geographic distances, had been partly obviated by advances in transportation technology and the emergence of strategic airpower.

[3] Because of the island's ambiguous political status, I use the terms "Taiwan," "Republic of China," and "ROC" interchangeably. Similarly, I intend "China," "Mainland China," "People's Republic of China," and "PRC" to refer to the same entity. Further, I will on occasion refer to the capitals of China and Taiwan, Beijing and Taipei, as synonymous with their respective entities.

which, together with the National Affairs Conference and other competing parties, led to the emergence of democracy (Ch'iu 1995; Dickson 1996; Huang 1996; Hood 1997), paralleled by the materialization of a vague pluralism on the mainland (Landry 2008). As successive ROC administrations have downplayed the still-official "One China" policy, support for Taiwanese independence has grown at home albeit concomitantly with support for closer trade ties with the mainland (Dibb 2000; Wu 2003). As a viable state with significant presence in the global economy, formal independence would give Taiwan an opportunity for full membership in the international community.

This would be an unacceptable development for Beijing. From the perspective of the PRC leadership, Taiwan is the last, unfinished business of the Chinese Revolution. Despite its present material wealth and friendliness to high rolling entrepreneurs, the PRC has not completely shed its revolutionary heritage. Beijing has consistently stated it will resort to force of arms should Taiwan declare its formal independence from China. In the view of its leadership, the PRC replaced the ROC as the legitimate government of all China under the succession of states theory of international law. That the majority of the world's states agree reinforces this assertion and serves to isolate the Taipei regime. Adding further to Taiwan's peril is an absence of political unity on the independence issue, together with scholarly disagreement over whether Taiwan is a nation distinct from China and whether independence is a viable option (Laliberté 1997; Brown 2004; Ji 2006; Myers and Zhang 2006; Shi 2006; Wang 2006; Wachman 2007; Copper 2009). Further complicating matters is the persistence of the pro-Taiwan lobby in U.S. politics (Kastner and Grob 2009). But the fulcrum may well be domestic politics within Taiwan.

For decades, the Kuomintang had been a stabilizing political force albeit one in opposition to the PRC. The victory of Chen Shui-bian and the Democratic Progressive Party (DPP) in the 2000 presidential election served to alter the discourse of cross-strait relations (Sheng 2002; Roy 2003). Two political camps now offer contrasting positions on Taiwan's international status. The KMT-led Pan-Blue Coalition at least pays lip service to Taiwan's legal status as a Chinese province. By contrast, the DPP-led Pan-Green Coalition has frequently hinted that Taiwan could soon take the final, fateful step and shed the pretense of political ties to the mainland. In the latter case, this would likely trigger a military response from the PRC.

Not that a military response would necessarily be the preferable option. Far from it, in fact. The PRC leadership must weigh the financial setbacks armed conflict would impose against the loss of international prestige and domestic credibility of failing to act in the event of Taiwanese secession (Shirk 2008), mindful of past issue spirals that have led to regional conflict (Dreyer 2010). Accordingly, the PRC's present stance toward Taipei is a mixture of economic carrot and military stick (Lin 1997; Copper 2006; Tsang 2006; Tanner 2007; Chan 2010). In practice, these two elements are practically inextricable. Should cross-strait tensions rise to the boiling point, the PRC would probably accept third-party diplomatic intervention after which it could spin its willingness to confront its rival into a propaganda victory. Nevertheless, the question of whether the unthinkable could stem from the PRC-ROC rivalry bears consideration.

All (Geo-) Politics are Local: A China-Taiwan Conflict and Global Stability

Capability is motive. As China's conventional military power has grown, the PRC has become more assertive in regional politics to the potential detriment of non-regional actors. A China-Taiwan conflict would force a difficult choice on the developed world and on the United States in particular. The past decade has seen a deepening of economic interdependence between China and the United States. A desire for favorable public opinion abroad, lucrative trade ties with the U.S. and Europe, and the need for regional stability will cause Beijing's leaders to think twice before attempting a cross-Straits invasion. However, a tripwire event of sufficient gravity would clearly force their hand. Chang (2007), building upon game theories posited by Franck and Melese (2003), has identified a declaration of *de jure* independence, together with three other scenarios—a foreign occupation of Taiwan, Taiwan's development of nuclear weapons, and a refusal to negotiate peaceful reunification—as deterministic causes of war. The probable outcome of such a war would be a military victory for the PRC enabled by a hands-off approach by the international community (save perhaps the inevitable condemnations from the United Nations and regional bodies such as ASEAN[4]).

This is not to discount the stated commitment of the United States to secure Taiwan. But its close ties with Beijing give the U.S. a strong disincentive to make good its guarantee in the event of all-out war. Moreover, post-Cold War globalization and the triumph of neoliberalism as the governing global economic model have subverted some of Taiwan's value as a U.S. ally, particularly in light of the limitations of the Taiwan Relations Act. Developmental states neither begin nor finish equally, and efficiencies of scale favor large-scale producers such as India and China. At the same time, the smaller East Asian economies that have customarily traded with the U.S. and shaped their trade policies in response to Washington's imperatives have lagged since the 1990s (Amsden 2007). Paradoxically, it is Beijing's freedom from Western economic strictures that has drawn the U.S. into a closer relationship with China at the expense of its erstwhile protégé. Moreover, China is one of the few of the world's major economies that have grown during the current crisis, giving it enhanced leverage in trade relations.

Unsurprisingly, the signals from Washington on China and Taiwan have been mixed since the 1980s. Ideological considerations that may have been decisive during the Cold War are now secondary to business relationships and a desire for regional stability (Yang 2006). As if by rote, the U.S. condemned the Tiananmen Massacre (though not so strongly as to permanently set back relations) and hailed political liberalization in Taiwan (albeit without enthusiasm when this resulted in the emergence of a pro-independence faction). By the time of President Clinton's state visit to China in the summer of 1998 it was clear where American interests lay. The influence of the neoconservative faction in the Bush Administration's first term[5] notwithstanding, Chen Shui-bian's separatist rhetoric led to a strong rebuke from President Bush. A decade into the twenty-first century, the North American and Chinese economies are largely

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[4] Though China's inclusion in ASEAN+3 may mute any objection from that organization.

[5] Neoconservative advisors to President Bush favored a strong defense of Taiwan to deter Chinese aggression. The Bush Administration's plans to safeguard the island included integrating Taiwan into a proposed regional security pact led by the United States, Japan, and Australia as well as including Taiwan in the planned U.S. theater missile defense system. (Parker 2004: 153)

interdependent (Karabell 2009), a phenomenon that inevitably and perhaps irrevocably has tilted U.S. foreign policy decision making in favor of the PRC. It is clear that this shift is almost certainly permanent in nature, and it underlines the greater repercussions of Local War doctrine. The implications of the shift can be expressed via game theory, particularly in the context of consociational power sharing derived from international mediation. As a formal declaration of Taiwanese independence is the likeliest scenario, I will examine this in detail.

### The PRC, Local War, and Taiwanese Independence: Framing the Game

Should Taiwan's political reunification with the mainland fail to occur peacefully (a "soft landing" scenario), or if Taiwan declares *de jure* independence from China, game theory offers a number of approaches to assessing likely responses of PRC ruling elites. For the purposes of this analysis I will use an adumbrated application of the mediated consociational power sharing model proposed by Honda (2008). This model may also serve as a heuristic for analyzing the separatist aspirations of other minority populations within China, such as those of Tibetans, Uighurs, and Manchurians.
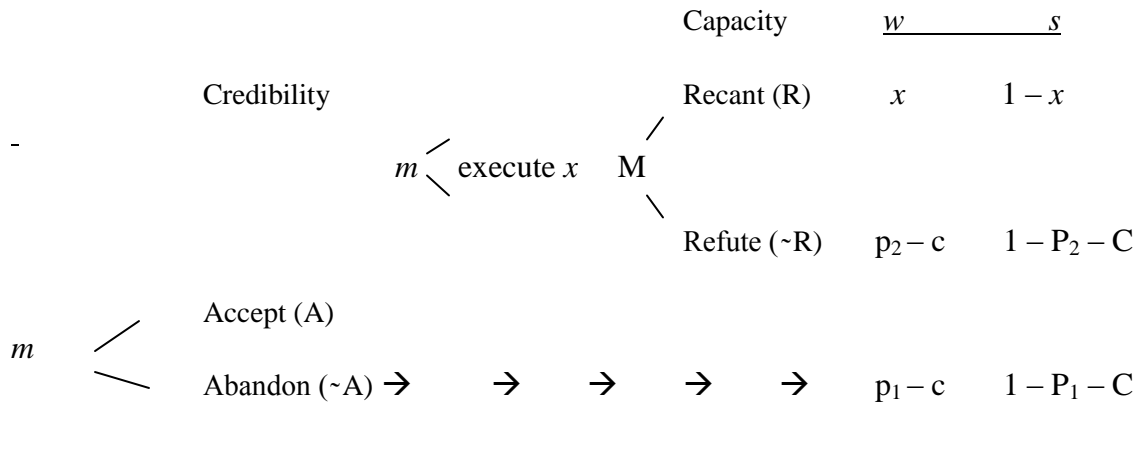
Consociational power sharing is realized via a two-level, four-player game. Honda's hypothesis synthesizes the two-level game proposed by Putnam (1988) with the consociational democracy of Lijphart (1969). In this framework, elites bargain with each other when appeasing the public amid intentional political coercion against societal fragmentation. Power-sharing involves the interplay of several different groups with the same single incentive to dissuade conflict in a politically fragmented society. Consociational power sharing rationalizes altruistic gains over absolute loss, since all sides have a vested interest in averting conflict. The two-level game presumes four players with unitary, rationalist preferences. However, consociational power sharing with proportional representation presumes the presence of multiple groups while elites in the two-level game rarely retain just one primary constituency.

The mere possibility of real (as opposed to symbolic) power sharing alters the bipartisan configuration in which four players—each with a delegate and constituent—multiply when divisions create new differences. This effect is notwithstanding the classic two-level game between elites and masses. Confronted with multiple players exceeding the four position split between elites and masses, power sharing's limitation of coercive politics pervades across varying scenarios. This is particularly true when the same majority would bargain separately with individual minority factions.

In such a scenario, coercive politics amount to playing chicken from nested games involving collusive elite behaviors within a fragmented mass society (Tsebeilis 1991). Since elites engage in rent-seeking through vote shares in the political marketplace, the results yield a fatal paradox of rational choice in which polarized masses evince ordinal preferences for sucker versus stalemate. Meanwhile, conciliatory elites engage in both behaviors between iterative tradeoffs with one-shot deals. Elites can best realize their policy preferences through closed parliamentary procedures (similar to the "Iron Triangle" of U.S. domestic politics) rather than mass political participation. Coercive power sharing complicates the two-level game when the correspondent four players—between elites and masses on adjacent yet adversarial sides—

separate the "top" from the "bottom" such that horizontal interactions subsume vertical integration enabling unitary actors to plot solutions for credible commitment. Power sharing then plays out in a two-level game by which a given minority ($m$) takes on takes on a majority ($M$) whose decisions concerning credibility versus capacity stochastically distinguish gains from losses (see Figure 1).[6]

**Figure 1: Credibility versus Capacity in a Two-Level Game**

| | Capacity | $w$ | $s$ |
|---|---|---|---|
| Credibility | Recant (R) | $x$ | $1 - x$ |
| | Refute (~R) | $p_2 - c$ | $1 - P_2 - C$ |
| | | $p_1 - c$ | $1 - P_1 - C$ |

$m$ \< execute $x$ M

Accept (A)

$m$

Abandon (~A) → → → → →

Coercive power sharing between majority and minority originates from a single division of the known social surplus multiplied against uncertain shortages by consociation. Put differently, the total social surplus normalizes at 1 such that complex decision-making against all political shortages multiply with divisions between majority and minority. These valuations yield either $x$ or $1 - x$, respectively. In absolute terms, conditions for power sharing amid any two groups assures that the minority either gains the social surplus relative to the majority from Abandonment (~A), expressed as $p_1$, or loses it through Acceptance (A)$1 - p_1$. Either way, power sharing between any two groups costs the minority ($c$) and the majority ($C$) such that the total surplus yields 1 from compromise versus $1 - (c + C)$. Any move initiated by the minority subsequently leads to an execute decision ($x$) from the majority over the absolute social surplus under which cessions occur without loss of position.

A politically empowered majority prefers to sustain asymmetries while avoiding minority contestation. In the event of contestation, an initial compromise may prove insufficient in the face of minority grievances. In this situation the two-level power sharing game now means that the minority initiates action and the majority must decide between Recant (R) by an execute ($x$) or Refute (~R) from $p_2 - c$. Irrespective of the minority decision, the probability for gains subsequent to an execute ($x$) by the majority yields greater losses versus incurred (or risked) from the beginning such that $p_2 < p_1$. If the minority opts to Abandon (~A) versus Accept (A) with probability $p_1$, the expected utility yields $p_1 * 1 + (1 - p_1) * 0 - c = p_1 - c$ just as those of the majority inversely expresses $p_1 * 0 + (1 - p_1) * 1 - C = 1 - p_1 - C$. If the minority opts to Accept
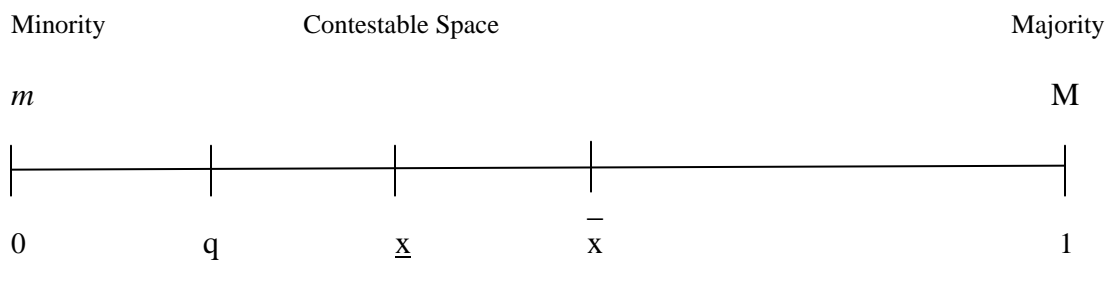
(*A*) rather than Abandon (~*A*), the majority pursues an execute (*x*) by which a Recant or Refute takes such valuation expressed by $p_2 * 0 + (1 - p_2) * 1 - C = p_2$. All else equal, a minority in a power sharing arrangement opts for compromise versus contestation when $x \leq p_2 - c$, just as the majority now reciprocates valuations $x = p_2 - C$. In either instance, power sharing ensures the minority gains, since the majority incurs losses in its striving to retain some position without full relinquishment.

Whether symbolic or literal, power sharing in a secessionist conflict creates paradoxical outcomes in which the minority attempts to overreach and the majority remains trenchant. The truth of power sharing is that it is beneficial for some and detrimental to others. Ultimately, power sharing assures that the minority gains more with less risk given the majority preference to avert conflict. The quintessential question of consociational power sharing is not when but where consociation ends and conflict begins.

The durability of power sharing deteriorates across the status quo [*q*], while the juxtaposition between majority [*M*] and minority [*m*] lies within the contestable space [*x*,*0*] timed at two intervals [0,1]. Ideally, power sharing results in a status quo [*q*] within the contestable space [*x*,*0*] sought by the minority [*m*] from the majority [*M*]. Uncertainties of power sharing assure a future cost to the majority [*M*] which it accepts to avert conflict with the minority [*m*] through the contestable space [*0*, *x*] across the status-quo [*q*]. No matter how uncertain perceptions may be, the minority [*m*] either accepts or rejects majority [*M*] appeasement such that *x* represents any valuations through correspondent intervals at 0 across 1 with the probability of conflict [*p*] expressed as *w*(*x*). Since the minimal contestable space [*x*, *0*] around the status-quo [*q*] is distributively maximized with majority [*M*] against minority [*m*], the probability for conflict yields $w(x) = 1$, where $x \leq x$; $w(x) = (0 - x)/(0 - x)$, when $x \leq x \leq 0$; while $w(x) = 0$ for $x \leq 0$. For the sake of simplicity, the complex outcomes arising through power-sharing between the majority [*M*] and minority [*m*] express constants {*x*, *w*(*x*), *p*} (Figure 2).

**Figure 2: Minority and Majority Power Sharing across a Contestable Space**



Minority                    Contestable Space                          Majority

*m*                                                                    M

0            q              x̲            x̄                             1

To preserve at least part of the status quo [*q*] throughout power sharing, the majority [*M*] becomes less apt to dispute contestable space while the minority [*m*] will attempt to maximize gains. The uncertainties of these conditions ensure contestable space [*x*,*0*] never suffices for the minority [*m*], which engages in a "war of maneuver" (*pace* Gramsci) expressed as $w(x)(1 - p)$ against the majority [*M*]. Power sharing inversely relates to the contestable space where greater valuations (*x*) lessen the probability for secessionist conflict *w*(*x*) when $w(x)(1 - p) < w(y)(1 - p)$ if $x > y$. Even when a majority [*M*] position could avoid conflict with concession, majority risk aversion causes reactions to radicalism by the minority [*m*] since appeasement simply feeds

instability. A majority [*M*] can only defer conflict with sufficient resources to supply the contestable space [*x*,*0*] demanded by the minority [*m*]. In most cases, the majority [*M*] rarely (if ever) sustains a favorable position in the long term while appeasing dissatisfied minority [*m*]. Sooner or later ruling regimes, even those in regionally hegemonic states, accommodate the demands of potentially secessionist populations when the number of grievances exceeds the capacity for credible commitment. This is particularly true when the best realizable terms digress and become the worst possible conditions when limited resources available to cede by the majority are exhausted in the face of potentially infinite minority demands for reform.

If the status quo among any two groups cannot mutually right without reciprocal wrongs, both majority and minority will retain the same preferences for conflict. The question then concerns the point at which one group checks the other in the event of an unbalanced status quo. Greater autonomy simply steps up the risk to majority control while presenting new opportunities to separatist minorities. Devolution or confederation may either help or hinder unity in the long run: A Swiss marriage could just as easily lead to a Czechoslovakian divorce. Asymmetries between majority and minority are likely to create a tipping-point between consociation and control, since a declining status quo between any two sides only equalizes after one side rises against the other. Otherwise stable inequities between minority and majority only deteriorate into conflict when exogenous influences exacerbate latent grievances. Failure of internal resolution gives rise to the need for outside mediation where desirable resolution demands reordering of the power sharing arrangement. At this point, the two-level, four-player game resolves into a Threefold Decisions model.

Carlson and Dacey (2006) posit that expected loss rather than gain leads to conflict despite deterrence. By assuming loss aversion over expected utility, coercion plays out when the systemwide balance of power among units is negatively altered (cf. Waltz 1979). Ascribing loss aversion claims to deterrence games with a status quo in decline cannot play out unless a third party compels one or both sides to act upon expected utility. Arguably, the entry of a third party extrapolates the two-level four-player game of power-sharing. A declining status quo between Challenger and Defender increases the possibility for conflict since the appearance of a Mediator originates a Three-Player Decision Game (Honda 2008) over perfect Bayesian equilibria. The game's elements are Settlement (vindication), Separation (disassociation), Standby (strategic ambiguity), Sucker (sporadic duplicity), respectively. Each stage occurs with each party making decisions with incomplete information. This is because under the Threefold Decisions model, the presence of a Mediator destabilizes the Status Quo between Challenger and Defender as each side believes it possesses credible capability to win.

Threefold Decisions begin when a Challenger asserts just provocation (Round 1) to accost rather than accept the *Status Quo* (*SQ*), at which point (Round 2) the Defender need not support but supplant if *Acquiescence* (*ACQ*) averts *Crisis* (*CRI*) through snap reversion (Round 3). Determining "hard" or "soft" positions against the threshold for critical risk—low, medium, high (*v*) valuations—through weighted probability [*w*(*p*)] functions where $[v(ACQ) - v(SQ\ 1)/v(SQ\ 1) - v(SQ\ 2)] + [1 - w(p) - (1 - p)/w(1 - p)][-v(SQ\ 1)/w(1 - p)] = 0$ when $[-2v(SQ\ 1)]/[2v(SQ\ 1)][-2v(SQ\ 2)] = [-v(SQ\ 1)]/[v(SQ\ 1) - v(SQ\ 2)]$ contravenes gain amid more loss from the possible intervention (Round 4) by the Mediator (Figure 3).

| Players | Positions | Preferences |
|---------|-----------|-------------|
| Challenger | Incremental | $SQ\,1 > ACQ > SQ\,2 > CG > DL > DB > CAP > CRI$ |
| | Incredulous | $SQ\,1 > \text{ACQ} > SQ\,2 > CG > DL > DB > CRI > CAP$ |
| Defender | Compliant | $SQ\,1 > ACQ > SQ\,2 > CG > DB > DL > CRI > CAP$ |
| | Complacent | $SQ\,1 > ACQ > SQ\,2 > CG > DL > DB > CAP > CRI$ |
| Mediator | Resolute | $SQ\,1 > ACQ > SQ\,2 > CG > DL > DB > CRI > CAP$ |
| | Reluctant | $SQ\,1 > ACQ > SQ\,2 > CG > DL > DB > CAP > CRI$ |

Threefold Decisions resolve incomplete information with loss aversion against expected utility. Accordingly, they center the tipping-point where the Mediator alters preferences between Challenger and Defender amid incomplete information to realize one of four perfect Bayesian equilibria—Settlement, Separation, Standby, or Sucker (Figure 4).

**Figure 4: Perfect Bayesian Equilibria**_____
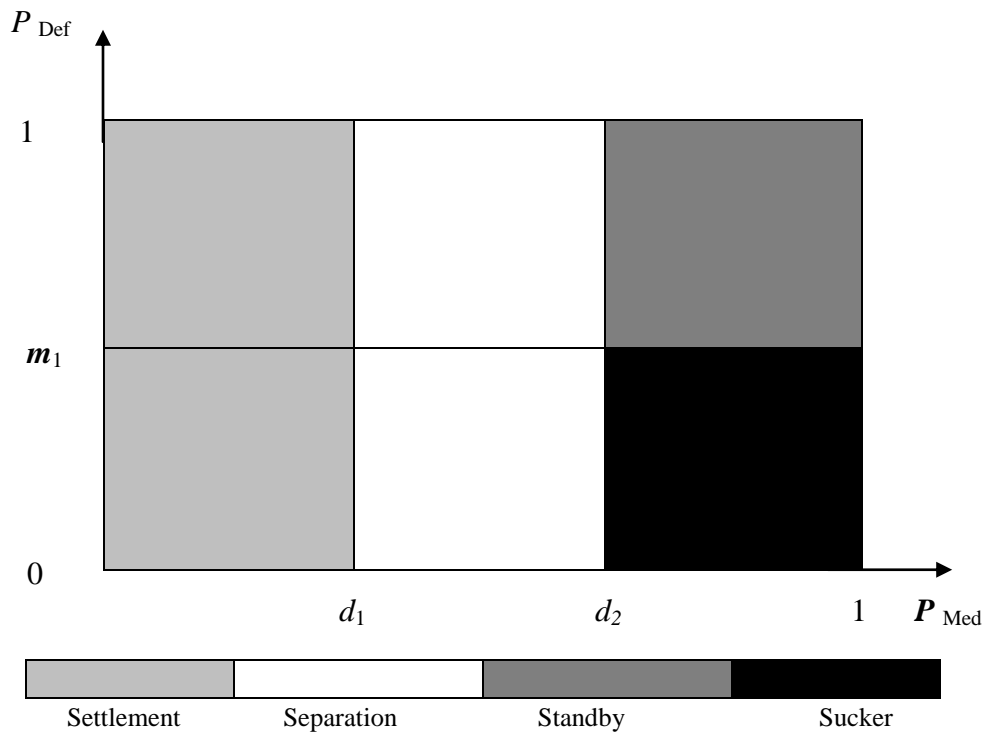
Presuming greater loss aversion than with expected utility on the Defender's part, Threefold Decisions provide a high critical risk threshold for the Challenger. The outcomes that determine which one of four perfect Bayesian equilibria—Settlement, Separation, Standby, Sucker—initiate Threefold Decisions never mask the relationship with the Challenger but miss the Defender and Mediator. Ideally, more loss aversion with less expected utility motivates the Challenger since the Defender and Mediator risk crisis against the possibility of survival (Figure 5).

**Figure 5: Terms and Conditions of Challenger Demand**

| Terms | | Conditions | | | |
|---|---|---|---|---|---|
| | | Settlement $p_{Med} < d_2$ | Separation $d_2 < p_{Med} < d_1$ | Standby $p_{Med} > d_1, p_{Def} > m_1$ | Sucker $p_{Med} > d_1, p_{Med} < m_1$ |
| Low $c_1 < d_2$ | | Always | Sometimes | Never | Sometimes |
| Moderate $d_2 < c_1 < c_2$ | | Always | Sometimes | Never | Sometimes |
| High $d_1 < c_1$ | -A- | Always | Always | Sometimes | Never |
| | -B- | | | | Always |

With any number of agents theoretically possible as sole Mediator between Challenger and Defender, the outcomes supplant incomplete information and supplement perfect Bayesian equilibria since no unitary actor preempts nor prevents. Notwithstanding, an increase in the number of potential Mediators also diminishes rational choice by inaction by creating an unavoidable opportunity cost. Regardless of the number of agents in the structure, the supposition substantiates perfect competition over incomplete information under credibility amid capacity. Unless the agents within the Threefold Decisions framework pursue past courses of action, the Challenger and Defender should have rather lackadaisical relations with the Mediator

in the face of options that grant an equal probability across all four perfect Bayesian equilibria—Settlement, Separation, Standby, Sucker—despite incomplete information of preferences.

While a Status Quo amid a Challenger and Defender cannot possibly change save from exogenous intervention by a Mediator, rational choice paradoxically leads to lackadaisical fatalism.  The mere presence of several independent agents (or a coalition) serving as a mediating superstructure poses enough cause for alarm such that the Challenger preempts the Defender without either side knowing for certain whether a Mediator would subsequently intervene.  The possibility that not just one but every agent in the coalitional structure would share culpability for the declining Status Quo would trigger a Threefold Decision over the Mediator's identity.  Any culpability aside, Threefold Decisions in this case might deter conflict between Challenger and Defender with compromises that reflect transparencies in the selection process even if several different agents are cast as the possible Mediator.

Even before Threefold Decisions commence, the variables of coalitional structure that cast one Mediator within a conflict warrant calculation to support the supposition of loss aversion against expected utility.  Since Threefold Decisions correlate only one way despite the potential for several other agents within the structure (Challenger, Defender, Mediator), to calculate the actual number (n) multiplied yields the same difference ( −2) through which division ( /3) implies expression $[(n − 2)n]/[3]$ through equalization. *Ceteris paribus*, Threefold Decisions now amount to perfect Bayesian equilibria alongside competition since incomplete information creates the potential for further conflict. Notwithstanding, Threefold Decisions neither presume nor preclude the significance of credibility as capacity such that previous behavior could affect immediate relations.

The short- to mid-range possibility of a "hard landing" scenario in Taiwan is admittedly unlikely.  Nevertheless, Taiwan's ambiguous political status, its economic power, and its ties to the United States are a volatile combination that could combust with the slightest diplomatic, domestic, or military misstep.  Even if the PRC and ROC work out unification following a Hong Kong-Macau style "one country, two systems" arrangement, the political and economic incongruities may only serve to ratchet up secessionist pressures.  Certainly the United States would find itself in a diplomatically precarious position as the dominant power in the Pacific Rim.  The possibility of its allies defecting in a Prisoner's Dilemma scenario is quite real given China's economic clout.   However, it is just as possible that the PRC's leadership may make a limited range of concessions to Taiwan to preserve the peace that Taiwan's leaders would then exploit.  As matters come to a head, third party mediation to soften the landing may become necessary and acceptable to all powers concerned.

Once a third party mediator is drawn in, it is likely each side would attempt to gain advantage via the mediator.  The flagrancy of these attempts will have a lot to do with the mediator.   The mediator in a PRC-Taiwan crisis would almost certainly have to be an international organization since few states powerful enough to intervene would be acceptable to both sides.  The United Nations, being symbolically prestigious but diplomatically weak, may receive overt deference from both sides while being caught in the middle as each side attempts to maximize gains.  ASEAN-led mediation would probably lead to a similar result due to the PRC's regional power.   Non-regional blocs such as the European Union might stand a chance of

success.  In the end, however, the two-level game and the ability to gain public acquiescence—even in the PRC—will prove determinative.  In the face of globalization no state is immune to domestic pressures over interstate relations.  Accordingly, the Threefold Decisions scenario is a wholly viable explanation of what will occur in the event of secessionist (or perceived secessionist) pressures.

## Conclusion

China's emergence as a world power will be the most important influence on global politics in the 21$^{st}$ century.  However, it will be in the way China relates with its immediate neighbors, together with its internal minorities, that will set the tone for its larger international relations.  Regional war involving the PRC will inevitably have worldwide economic consequences, as well as permanently affecting Chinese relations with the West.  Western states will be forced to either acquiesce in China's goals to maintain stable relations or oppose them at the expense of a major trading partner.  In a secessionist scenario, however, the impacts of Local War can be deferred or ameliorated via third party intervention.  The best possible outcome for the East Asia region and the international community is consociational power sharing realized through the Threefold Decisions game model.

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