

**The South China Sea: a battlefield for regional dominance?
Testing defensive and offensive realism in the South China Sea**

Radboud University



**Thesis Submitted in Partial Fulfillment of the Requirements for
the Degree of Master in Political Science, International Relations (MSc)**

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Date: June 23, 2020
Course: Master thesis Political Science
Course code: MAN-MTHPOL-2019-FM
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Abstract

This research is focused on the relatively high Chinese risk propensity in the South China Sea. The research explores the case by testing both defensive and offensive realism to determine which strain of the grand theory of realism can explain the high-risk propensity by China. The methodology of the analysis is grounded in process tracing to draw conclusions from the observations that were made. The analysis found that both strains of realism were able to explain the Chinese high relative risk propensity in the South China Sea and therefore no theory can be fully excluded. However, offensive realism seemed to be able to give the strongest explanation for the case. Furthermore, it was found that much of the explanation depends on the outcome of ongoing negotiations on a new code of conduct on behavior of the actors in the South China Sea.

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1. Introduction

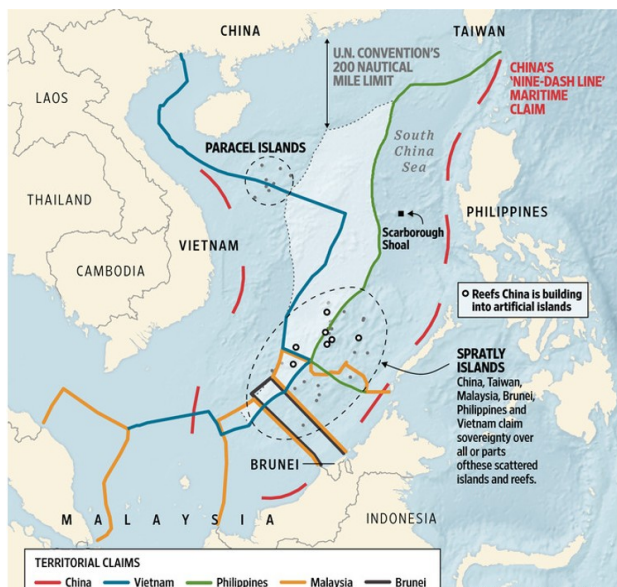
We set off to the tropical island named Fiery Cross Reef, which until 2015 looked like an island right out of the novel adventure of Robinson Crusoe. An uninhabited island surrounded by the ocean and populated only by palm trees under the hot sun. However, this tropical paradise underwent a quick transformation in 2015, when the palm trees were cut down and made place for a harbor and airstrip (BBC, 2015). Fiery Cross Reef is one of the many islands in the South China Sea. The South China Sea extends from the island of Taiwan in the north to the city-state of Singapore in the south. Many of the islands in the sea saw the calm and beauty of its nature make room for military infrastructure. Despite the fact that Vietnam, the Philippines and China are all claiming the island Fiery Cross Reef, the Chinese effectuated their claim on this island and many other islands by military presence. The control of the islands in the South China Sea has been a silent conflict of claims for a long time, but tensions have risen ever since China started transforming the islands and claimed almost the entire South China Sea in 2009 (Dupuy & Dupuy, 2013). The cold conflict is of national interest due to its strategic position, as almost a third of world naval trade passes these waters (China Power, 2020). The seemingly expansionist Chinese behavior also has drawn US Navy ships testing weapon systems in the disputed area which, according to the US, falls under so-called “international waters” (Larter, 2020). This poses the question what makes China to take a risk of alienating their neighbors and the United States.

In the past two decades, China has become a superpower and the hegemonic position that was held by the United States since the end of the Second World War stands even more contested. Now the moment has come that China is building up military capabilities in one of the world's most strategic regions. The actions of the Chinese have been condemned by the other nations in the region and by the United States, which deployed multiple warships to the area to protect the ‘law of international waters’ (Larter, 2020). Controlling the South China Sea would be an enormous display of domination by the Chinese. One may wonder why the Chinese want to control the disputed island in the South China Sea and risking conflict with its



neighbors and the US. China is not at war with any state in the region and there is no war broiling. This makes us wonder why China is taking risks. This risk taking represents the puzzle that is central to this thesis. Many theories fall short in explaining the case. Liberals for example cannot explain China's expansionist behavior nor its neglect of the international sea law tribunal (Larter, 2020). Liberals would claim that in today's world, states have become more interdependent through international trade and investments, that a conflict would be in no one's favor (Russet, 2016). In 2019, the US-China trade amounted to over 550 billion US dollars (US Census, 2020). A year later the Association of Southeast Asian Nations, abbreviated as ASEAN, overtook the US as China's second largest trade partner (China Daily, 2019). The liberal account of international relations would expect China to be cautious and therefore would not take provocative actions in the South China Sea. China has signaled to work on a code of conduct with the ASEAN, but this code brings no change in Chinese claims and China's expansionist militarization of the South China Sea continues (VOA, 2019). Since liberals seem to fail to explain China's risky endeavors in the South China Sea, another explanation is needed.

Map 1: Overview of claims in the South China Sea



Source: The Wall Street Journal (2016)

China's current priorities seem to be building up military capabilities in the region and taking control of the many gas and oil fields in the South China Sea. China's actions seem to come straight from a realist zero-sum game playbook by not seeking a win-win situation of cooperation with their neighbors. Looking at the growth of China's power on the world stage over the last century, it can be seen that since the turn of the century China has become a strong and powerful world power. Since the turn of the century, the Chinese economy has grown by 1,000 percent (WorldBank, 2018). Moreover, the Chinese military budget has tripled since 2008 (ChinaPower, 2018). Bloomberg News predicts that

the Chinese economy shall overtake the US economy within the next four years (2019). One can argue that China has become powerful enough to take any risk that comes with their expansionist behavior. An example of this expansionist behavior could be seen in 2009, when China claimed almost the entire South China Sea with the so-called 'nine dash line' (Rajagopal, 2016). Realism may contribute to explaining China's apparent power-driven expansion in the South China Sea. Many see China as the global challenger of the US and the existing liberal world order. Ott (2019) finds in his paper that China thinks that now is the time to challenge the US

rule-based global order and start an era of Chinese leadership and predominance (2019). The increased US interest in this region can be explained mainly by the fear of a change in the balance of power in China's favor (Ott, 2019).

However, there seems to be discord among realists on taking risks in a power-driven game. Defensive realists like Morgenthau claim that states should be prudent in their foreign policy and taking risks of conflict with one's neighbors or the United States is dangerous and irrational (Morgenthau, 1948). By taking risks in the South China Sea, China faces the dangerous possibility that other states will form a coalition against them. Defensive realists would expect China to avoid risky behavior and act according to the law in the South China Sea. The United States has been selling more weapons to countries in the region of the South China Sea, such as Vietnam, Taiwan, Malaysia and the Philippines, and is trying to build a coalition against China's expansionism (Gady, 2016a; Gady, 2016b; Horton, 2019; Viray, 2019). Under the Obama and Trump administrations, the US has conducted several so-called FONOPs, which stands for Freedom Of Navigation Operations, in the South China Sea (Larter, 2020). These operations mainly consist of US Navy ships navigating through the international waters of the South China Sea. China's behavior has thus led to an increasing presence of US Navy ships in the region. In spite of not making territorial claims in the region, the US has geopolitical strategic interests. China's behavior has made the US nervously boost their military in the region to halt the Chinese challenge to the power balance (Ripsman, 2004). The prudent assumption of the defensive realists seems to be non-existent in China's policy.

A possible explanation for China's behavior can be found when the offensive realistic account of foreign policy is explored. Offensive realists perceive taking risks as something that needs to be accepted and not actively be avoided. Taking risks, according to them, is a part of the game to maintain or to gain power. They claim that regional hegemony should be an objective in a state's foreign power (Mearsheimer, 2001). Offensive realists, contrary to liberalists and defensive realists, seem to be able to explain China's risky behavior, such as neglecting international law, as part of their foreign policy that is driven by regional power ambitions. According to Mearsheimer, a state would be wise to control their own backyard to fend off competition close to home. Furthermore, China would be expected to take risks to ensure regional dominant power (2001). This claim is what will be tested in this thesis for the case of the Chinese risky expansionist behavior in the South China Sea after 2009. To test the claim, the following research question has been composed:

What explains China's relative risk propensity in the regional power balance of the South China Sea?

Relevance

This paper can contribute to the academic debate on the concept of the regional power balance and its application. The academic relevance lies in the theoretical puzzle of the South China Sea that seemingly cannot be explained by liberalism. However, the realistic approach struggles with explaining this case as well, since there seems to be a debate between offensive and defensive realists. This research will thus dive into a theoretical debate not only between liberalism and realism, but also within realism. This research will give more insight in the debate between the two strands of realism on taking risks in foreign policy. The research can strengthen the explanatory power of offensive realism as a useful theory in regional balance of power. This research has an academic as well as a societal relevance as new insights concerning the motives of China's foreign policy are gained. Through gaining new insights, diplomats can gain a better understanding of the game that is being played. Without this explanation diplomats could face difficulties in striving for conflict reducing, whereas this insight can be used to act upon it.

Method of research

This research is a single case study research on China's foreign policy in the South China Sea. This case shall be researched using a qualitative approach by collecting empirical data. The data will mainly be academic articles, media articles and official government statements. The focus will be on whether the Chinese risky behavior in the region of the South China Sea can be explained by the theory. This can be done by process tracing as laid out by Beach and Pedersen (2016). The approach will allow us to engage in theory testing. This way, by digging into theoretical assumptions, the Chinese actions can be tried to be explained, as well as whether those theories can explain the case of the South China Sea. To come to a conclusion on the research question, several hypotheses will be generated and tested based on theory and empirical evidence. Those hypotheses will mainly be based on theoretical assumptions that will be tested in the analysis of the situation in the South China Sea.

Structure of the thesis

This thesis will start with a theoretical overview, including an elaboration of the theory of realism as rational politics derived from human nature, an exploration of both defensive and offensive realism. The theoretical chapter will end with the hypotheses that are to be tested. After explaining the theories, the focus will be on the method of analysis. This part will explain how empirical evidence and theory can be linked to each other and when conclusions can be made. It will also explain the advantages and disadvantages of the methodological approach. Before heading to the data, a short chapter will lay out the historical context of the South China Sea and the power balance. The empirical chapter will analyze the situation in the South China Sea and the positions and responses of China and other actors involved. This thesis will end with a conclusion about the research question, a discussion about the analysis and recommendations for further research.

2. THEORY

In order to formulate testable expectations that will help answer the research question formulated in the previous chapter, this chapter will focus mainly on the theory of offensive realism. Before turning to that specific theory, an overview will be given of realism in general. This will include a short overview of defensive realism to lay out the differences with offensive realism. Multiple hypotheses will be composed to explore in which way the theory of offensive realism can be used in explaining the situation in the South China Sea.

2.1 Realism

The term realism was coined after the Second World War by Hans Morgenthau. Morgenthau is one of the world's most recognized representatives of realism and its traits. Morgenthau is especially known for his work 'Politics Among Nations', in which he sets out a wide theory of political realism and the role of the balance of power. He saw the theory as a law of politics rooted in human nature (Morgenthau, 1948, p.4). Realists like Morgenthau believe that political laws have their roots in human nature, thus if one wants to grasp politics, one should study how societies live (Morgenthau, 1948, p.4). For thousands of years, politics has been ruled by reason and experience, according to Morgenthau (1948). When a rational argument is to be made about the state of politics, this should be based on these two aspects (Morgenthau, 1948, pp.4-5).

Morgenthau argues that for academics to understand international politics, they need to approach interests defined in terms of power (148, pp. 4-5). Statesmen and -women should and will always think in those terms of power, as it is the bridge between facts and reason in the international political playing field (Morgenthau, 1948, p.5). Most realists that lay their focus on the international political structure see this political playing field as an anarchic system with no overarching enforcing laws or institutions (Vasquez & Elman, 2003, pp. 5-6). This anarchic system is characterized by sovereign states as rational actors striving for power maximization

for their own security (Vasquez & Elman, 2003, pp. 5-6). Those actors try to maximize or maintain their power for their primary goal of survival in the international system. In this quest for power, according to Morgenthau and other defensive realists (1948, p.10), a rational prudent strategy is required, as will be elaborated later in this chapter. According to realists, this crusade for power is cyclical, since states rise and fall (Lebow, 2016). Realism as cyclical basically comes down to the thought that history repeats itself, which is claimed as one of the strongest, yet also most criticized assumption of realism.

Balancing in the balance of power is about anticipating one's ability to prevail in a possible conflict to build up countering capabilities for a more even balance (Vasquez & Elman, 2003, p.8). This ability is often measured in capabilities such as military power. The balance of power is a dynamic process that changes as the capabilities of nations increase or decrease. The balance of power can manifest itself on a local, regional or on the more dominant international level (Morgenthau, 1948, p.214). The system of international politics always has a number of significant powers to take into account. The question is mostly how many great powers there are and how powerful they actually are. The structural approach of realism talks about polarity of the global balance of power (Waltz, 1979). If there is one predominant power, such as the United States after the Cold War, the world can be seen as a unipolar system. In the case of two great powers, like the Soviet-Union and the United States during the Cold War, the world can be seen as a bipolar system. Many argue that today's world can be classified as a multipolar world, since the world cannot be classified as either unipolar or bipolar. According to Waltz (1979), a unipolar system is likely to result in instability, since all other powers know which player should be beaten. The consequence of a bipolar system is that there are two powers that balance against each other and try to keep each other under control (Waltz, 1979). A multipolar system would bring the danger of states balancing continuously, which makes a state prone to miscalculations in terms of strategies and capabilities. A multipolar system would also bring the risk of two or more powers teaming up to beat a third power and divide the gains (Waltz, 1979).

The balance of the international system can change when there is a significant change in power, which is mostly propelled by a change in material capabilities (Lebow, 2016). A change of the international balance does not necessarily mean that the polarity of the system changes as well, since the amount of great states can stay the same. The international balance of power can also manifest itself on a regional level. Morgenthau states that the more the local balance of power is connected with the international dominant balance of power, the more the local balance becomes a manifestation of the dominant balance of power (Morgenthau, 1948). The European balance of power during the Cold War, for example, can be seen as a manifestation of the dominant global balance of power between the United States and the Soviet Union.

Morgenthau argues the possibility of alliances, which would for example be the case when multiple weaker states feel threatened by a strong state (1948, pp.290-291). Those weaker states can choose to create an alliance to offset the threat of the stronger state. Nations can bundle military and/or economic capabilities to offset the threat or the power of a bigger state. Nowadays, multiple alliances exist that provide collective defense under the idea that nations are stronger together. Examples of those are NATO, the European Union and ASEAN. The examples of NATO and the EU show us that long term alliances are very well possible, even when states live in a self-help system. This self-help system can also cause states to change alliances, which makes long term alliances rare.

The essence of the balance of power is to stabilize and maintain the status quo (Lebow, 2016). Many see realism as an endless quest for power and conflict, but the balance of power is more about stability and order in the international system (Lebow, 2016). The balance of power is maintained as long as the status quo, stability, between the states holds (Lebow, 2016). According to Morgenthau, the balance of power can be disturbed, which means that the balance is lost (1948, p.184). After a loss of balance, the system will eventually re-establish the balance, bringing a new status quo (Morgenthau, 1948, p.184).

2.2 International law in an anarchic system

Realists see the international system as an anarchic system with no overarching enforcing power. However, one can claim this is no longer the case with the foundation of the United Nations, the International Criminal Court, the International Tribunal for the Law of the Sea and many other international political and legal institutions. Morgenthau answers that claim by saying that the international legal system is nowhere as legitimate and effective as national legal systems (Morgenthau, 1948, p.255). According to Morgenthau, the international law cannot be enforced upon nations, since there exists no obligation to comply with this law (Morgenthau, 1948, pp. 265-266). However, this does not mean that states do not comply with international law at all. Most states do comply with international law, because in most cases they benefit more from complying with it than disregarding it (Morgenthau, 1948, p. 267). It is very likely that if one does not comply with international law, it is a result of power-driven considerations (Morgenthau, 1948, pp. 267-268). A hypothesis on this shall be composed at the end of the elaboration of defensive realism that follows later in this chapter.

Within the broader approach of realism one can make a distinction between two theories regarding the balance of power: on the one hand defensive realism developed by Waltz and Morgenthau and on the other hand offensive realism developed by Mearsheimer. Both theories have a slightly different idea on how states react to another state gaining power and on whether they are prepared to take risks. The theories also differ in their understanding of the motivation of states and of the way states balance against threats and powershifts.

2.3 Defensive realism

Morgenthau is by some described as a defensive realist for his principle of prudence. He sees prudence as the supreme virtue of politics (1948, p.10). Prudence is a sense of wisdom and morality that takes into account the consequences a political action can have (1948, p.10). A state should adhere to a prudent foreign policy to keep unnecessary risks to a minimum. Maximization of one's power can thus provoke others to form an alliance to defeat the biggest power. Besides, an immoral, non-prudent display of power can harm a nation's prestige, which can result in a fading reputation (Morgenthau, 1948, p.94). Thus, a nation should be carefully thinking about how foreign policy is set, in order to maintain its position. Risky behavior and neglect of international law would therefore be a last resort in the game of power. Defensive realism is hence characterized by a low risk propensity.

Another renowned defensive realist is Kenneth Waltz. According to Waltz, the anarchic world system makes international politics a system of self-help, where one's survival depends on material capabilities and alliances with other states (Waltz, 1979, pp.103-104). The concern of states is not necessarily to maximize their power, but to maintain their power and position within the system (Waltz, 1979, pp.126-127). Just like Morgenthau, Waltz claims that it would be unwise to strive for becoming the greatest power, since it would force other nations to form an alliance against them as the most powerful nation (Waltz, 1979, pp.126-127). The weaker states would unite together against the stronger if they feel threatened (Waltz, 1979, pp. 126-127). Risky behavior would be an unnecessary and unwise provocation. To lower risks, states should move to setting up an organization to control those risks to a minimum (Waltz, 1979, pp.111-114). Since the international system remains anarchic, states should realize that such organizations will not be able to eliminate all risks (Waltz, 1979, pp.113-114). Therefore, risks should be avoided as much as possible, but a state should not be naive and think that taking risks will never be needed. Organizations and treaties can help states to keep risks at a minimum. The following hypothesis has been composed on prudent regional cooperation to keep risks at a minimum:

Hypothesis 1 (defensive realism): *If states face conflicting interests, then states will seek regional cooperation in order to avoid violent conflict.*

As stated earlier in this chapter, neglect of international law could harm a state's prestige and cause risky distrust among other states. The following hypothesis has been composed to test that argument:

Hypothesis 2 (defensive realism): *If the risk of conflict rises, then states will refer to international law to lower this risk.*

The following hypothesis is to test whether the result of a cooperation or an alliance will reflect the power balance:

Hypothesis 3 (defensive realism): *If states seek regional cooperation to reduce risks, then this cooperation will reflect the regional power balance.*

2.3 Offensive realism

Offensive realists like Mearsheimer offer a foreign policy in which nations are more focused on gaining power as their primary objective (2001). The strive for security and survival are the most ultimate goals a nation has in the international system, because those are the only certainties a state can have in an uncertain system (Mearsheimer, 2001). Other realists also acknowledge the role that the balance of power has in a state's foreign policy, but they give more attention to the role of alliances and prudence. Offensive realists focus more on the goal of hegemonic unchallenged power rather than on avoiding risks. Taking avoidable risks in conflicts is accepted as a way of strengthening one's position in the balance of power (Mearsheimer, 2001). Mearsheimer mainly focuses on the role of the great powers in the international system and their international and regional hegemonic objectives. He claims that the great powers continuously behave aggressively against each other in a zero-sum game mindset (Mearsheimer, 2001). Eventually becoming the global hegemon is the goal of those great powers, but the most important objective is becoming the regional hegemon (Mearsheimer, 2001). For example, the United States has been considered as the regional hegemon in the Western Hemisphere since the Second World War (Mearsheimer, 2001). One could argue that controlling the South China Sea can be seen as a ploy by China to become the regional hegemon.

The great powers in the international system should all anticipate conflict and expect that war is coming (Mearsheimer, 2001). The international system is thus characterized as a system of distrust and fear among the great powers. This makes states more willing to take risks and not rely on alliances, treaties or international organizations. Each state is and stands alone in its fight for survival and thus acts to help only themselves (Mearsheimer, 2001). Alliances and coalitions are considered weak and fragile as in the end all states trust no one but themselves and have strong incentives to take advantage of other states (Mearsheimer, 2001). A hypothesis has been composed to test the willingness of a state to take risks for regional control:

Hypothesis 1 (offensive realism): *If a state is seeking regional dominance, then such a state will risk conflict when other states try to counter its regional quest for dominance.*

The next hypothesis has been composed to test the assumption that international law is not able to prohibit a state from taking risks by neglecting those laws:

Hypothesis 2 (offensive realism): *If a state wants to gain regional dominance, then such a state will not adhere to those international laws that prohibit its objective of gaining more regional power when conflict becomes more likely.*

The next hypothesis is composed to test the assumption that no contempt will be made to avoid risks of conflict:

Hypothesis 3 (offensive realism): *If a state seeks regional dominance, then such a state will not seek regional cooperation that would limit it in attaining its objective.*

3. Methods

This chapter will elaborate on the methodological aspects of this research. Beginning with the research design and its strengths and weaknesses, the chapter moves to the method of data collection. The chapter will end with an elaboration on the method of analysis.

3.1 Case design

A case study can be described as an intensive study on one or multiple units with the aim to generalize the results (Gustafsson, 2017). The current research is characterized as a single case study to test theoretical assumptions in the case of security relations in the South China Sea. The single case study allows us to gain a deeper understanding by focusing on a single case and not multiple cases. This is because by focusing on a single case, rather than multiple cases, all time and resources can be spent on focusing on that single case without the need to spread it out (Gustafsson, 2017).

A commonly used approach in single case studies is the crucial case, where researchers focus on confirming or disconfirming a given theory (Gerring, 2007). Its falsifying or confirmatory nature makes a crucial case approach the most desired approach in testing theories (Gerring, 2007). The current research is based on testing hypotheses derived from the theoretical explanations of defensive and offensive realism in the case of security relations in the South China Sea. The case that is used in the research is a least likely crucial case (Gerring, 2017). The case of this research is the security relations in the South China Sea. Liberal theorists seemed to be unable to explain why so many risky actions take place in the sea. As argued before, the expectation is that offensive realism could explain the situation in

the South China Sea, while liberals and other realists could not. As China tries to build new friendly relationships all around the world by mass investments and tries to make itself look as a better partner than the US, it could be argued that offensive realism would not give us an explanation, because that theory would require China to take a non-apologetic stance. The growing interdependence between China and the rest of the world would simply make it unwise for China to take risks. Yet, the situation in the South China Sea has in many cases seen risky confrontations between the claimants in the sea. This results in mainly focusing this research on testing the theory of offensive realism for this case, which makes it a least likely crucial case.

To contribute to the debate between defensive and offensive realism, some hypotheses have been added on defensive realism which makes this research to a certain extent also partly a most likely crucial case with a more disconfirming nature. Testing both theories of realism allows us to gain insight on how both theories of realism can be applied to the situation in the South China Sea and which can best explain the situation in the sea and answer the research question. In the end, the hypotheses serve to answer the research question. The crucial case approach can help to find out whether the theory can stand the test in the case of the South China Sea.

3.2 Research method

The hypotheses serve to test whether the expected outcome as predicted by the theories are present in the case of the South China Sea. This makes this research a theory-centric research focused on testing the theory (Beach & Pedersen, 2016). This is a deductive approach to scientific research, which means that this research goes from theory to a specific case to see whether the theory holds. In order to connect theory with this case, it is necessary to have a route from this theory to the specific case. This route shall be explored through process tracing as laid out by Beach and Pedersen (2016).

Process tracing allows us to dive into the connection between the theoretical assumptions or mechanisms to the observations in a certain case (Beach & Pedersen, 2016). The theory-testing approach allows us to see whether those theoretical assumptions and mechanisms can legitimately be generalized to similar cases (Beach & Pedersen, 2016). Through theoretical assumptions, a mechanism can be formed on what is expected to be seen in the researched case. The mechanism concerns whether and how the independent variable leads to the dependent variable. If such a mechanism is found, it can address whether that mechanism is seen in action in a certain case. Before a link can be made and conclusions can be drawn, it is necessary to conceptualize the theoretical aspects of the mechanism and operationalize those concepts (Beach and Pedersen, 2016). With the operationalized concepts it becomes possible to make the link to the observations and then draw conclusions from that. The conceptualization and the operationalization will follow later in section 3.3.

The reliability of this research is protected by strictly following the process tracing method and carefully operationalizing the concepts that are used in this research. A clear elaboration of the concepts and its operationalization will be given to make sure that this research can, if necessary, be repeated with no inconsistencies. All observations and evidence used in the analysis are expected to come from a reliable and unbiased source. It is of paramount importance that this research draws its conclusions from such reliable data.

The validity of this research will be safeguarded by having clear demarcations of the case of interest. This research is about answering the research question on the case of the South China Sea, thus the focus must be on that case, and that case only. It is of course interesting to look further and wider than this case, but that is not what this research will do. The instruments that are used in this research are carefully selected, so that they suit the purpose of answering the research question.

3.3 Operationalization concepts

As stated earlier, to make it possible to test the hypotheses, it is necessary to operationalize concepts to make clear on what grounds and with what kind of observations those hypotheses can be accepted or rejected (Beach & Pedersen, 2016).

The first variable that needs to be operationalized is '*conflicting interests*'. It might sound straightforward, but it is necessary to specify what it means and how it can be measured to prevent different interpretations of the variable. Conflicting interests can be defined as having a situation where desirable wishes of a nation clashes with those of another nation(s). For one nation to have its desirable outcome it would mean that the other nation(s) would end up with an undesired outcome, which is known as a zero-sum situation. This can be seen when nations quarrel with each other. The sources to determine whether such a quarrel is taking place are most often statements from the government or the media. Governments can sign official protests against the actions of another country through the media, international organizations or official diplomatic statements. In this way, the larger public becomes aware of a boiling diplomatic conflict between nations.

The next vital variable in this hypothesis is '*regional cooperation*'. Regional cooperation takes place in formal and informal ways with the goal of achieving a mutual goal or benefit. This cooperation can take place in both the short term and long term. Another characteristic of regional cooperation is its formality, namely whether it is an official alliance or a cooperation on a single issue. This can be measured with official statements and media articles. The official statements from governments or organizations are most often the most valuable, since they are

official and thus the most trustworthy. Those statements can be seen as an intention of what nations want and what motives they seem to have. The sources will mostly stem from government institutions and the media.

For the testing of the hypotheses, it is crucial to have a clear definition of the variable '*regional power balance*' and to know how to measure a regional power balance. The balance of power has been thoroughly explained in the theoretical chapter of this research. The regional balance of power is a regional manifestation of that power balance. It shows how power is divided among the regional nations politically, economically and militarily. The most important indicators of power are human capital, economic power, military capabilities and the population (Treverton & Jones, 2005). A nation's human capital, reflected in the skill and knowledge of the population, has been measured by the World Economic Forum (2017). The WEF has made a ranking of nations based on their human capital, which allows us to use the ranking for comparisons. The differences in population can be measured by using the World Factbook of the CIA (2020), which is a database of information on all nations in the world. This source also gives us the Gross Domestic Product and military budget of nations, which is used to measure economic power and military capabilities (Treverton & Jones, 2005). The CIA's World Factbook and the WEF allow us to compare nations through their Gross Domestic Product, human capital, population and military expenses to give us insight into the power differences between the nations in a region.

In this thesis, the risk propensity in the South China Sea is being assessed by the variable '*taking risks*'. To assess whether nations take more risk, it is vital to understand when and how it can be concluded that a nation taking risks is observed. Taking risks can be defined as taking actions that have a high likelihood of clashing with the interests of other actors. This can best be measured by observing an action that evokes a negative response from another actor. Statements of disapproval are mostly a response to risky behavior of a state. Media analyzes of a state's behavior can also give a useful insight to measure risk taking.

This research will define '*regional dominance*' as having more control of the region than the other actors have. To determine whether a state has regional dominance or is gaining more regional dominance, it is necessary to compare the capabilities from a nation and the claims they make. Regional dominance shares its measurements in a certain way with the variable of the regional power balance. The power that has the most capabilities and stands out between the other nations is more likely to be the dominant power. Moreover, a significant strong military presence in the region, such as military bases, can show us whether a nation is dominating the region's territory more than the other nations. Additionally, claims made by a nation can show us the aspiration of gaining or expanding regional dominance. To measure whether a nation has regional dominance, the values of the indicators of power, used for the variable '*regional power balance*', will be used. This variable will thus use the data from the

CIA's World Factbook and the World Economic Forum. For military presence and territorial claims, the information will come from government and media statements.

The final variable to be operationalized is '*states' compliance with international law*'. International law compliance is defined as acting in accordance with rules established and recognized by a set of multiple nations. This can be measured by the reaction of a nation to judicial verdicts of the court of this international body. If a state ignores or neglects such judicial verdict, it will be classified as non-compliance. If a state acts in a way that fits international law or a verdict from the judicial court, it will be classified as compliance. Whether a state acts in compliance of international law can be derived from official sources of governments, international organizations and their judicial system. Analyzes made by the media can also be a valuable source for measurement of this compliance or non-compliance.

Table 1 gives an overview of all the variables that have been operationalized in this chapter and are vital for the testing of the hypotheses in the analysis chapter. The overview firstly consists of a short description of the variable. Secondly, it gives an indication of how the variable is being measured in the analysis. Lastly the table indicates which kind of data sources will be used to collect evidence for the variable in the analysis.

Table 1: Operationalization overview

Variable	Description	Measurement	Data sources
conflicting interests	having a situation where desirable wishes of a nation clashes with those of another nation(s)	statements, formal protests, violent clashes, articles	media, governments, international organizations
regional cooperation	working together for a mutual goal or benefit	statements, articles	media, governments, international organizations
regional power balance	regional manifestation of the distribution of power	GDP, military budget, population, human capital	governments, CIA factbook, WEF, media
taking risks	taking actions that have a high likability of clashing with the	statements, formal protests, articles	media, governments, international organizations

	interests of other actors		
regional dominance	being in more control of the region than the other actors are	GDP, military budget, population, human capital, territorial control and claims	governments, CIA Factbook, WEF, media
states' compliance with international law	acting in accordance of rules established and recognized by a set of multiple nations	statements, judicial verdicts, articles	media, governments, international organizations, international judicial courts

3.4 Data collection

The collection of the data is done through empirical research. Academic, but also news articles can help us to grasp the situation in the South China Sea and China's behavior. Official statements by governments and international or regional organizations will also be of value. Collecting those sources can give a complete overview of the situation and make our data ready for analysis. The sources will be selected on both usefulness and reliability to protect both the validity and reliability of this research. To understand the context of the region of the South China Sea, a range of sources from news articles as historic research will be consulted. For the actual observations in the current time, the focus will be more on primary news sources.

3.5 Data analysis

The collected data will be analyzed in a qualitative way, in which the data meets the theory. The composed hypotheses to analyze what the theories can tell about the Chinese behavior in the South China Sea can be tested based on the collected data. The operationalization of the concepts makes it possible to do this. Conclusions can be drawn when the observations in the data are connected to the assumptions from the theoretical hypotheses.

4. Historical Context of the South China Sea

This chapter will give a short overview of the South China Sea and its history. It is necessary to understand the historical context of the region, before this thesis moves on to the analysis. In particular, it should be understood why so many countries are so interested in what, at first glance, seems to be just a sea with some small tropical islands. In reality it is much more than just a sea with just some islands. The overview will mainly run till 2009, since the time after 2009 will have the focus in the analysis.

4.1 The dispute over the South China Sea

The South China Sea has been of great importance for a long time. The sea is and has been one of the busiest naval routes in the world and functions as a bottleneck for all trade by sea between East Asia, Africa and Europe through the Strait of Singapore. The importance of the South China Sea for trade routes is undeniable. The importance of the sea for naval trade will only grow, since China unfolded its 'One Belt, One Road' initiative for a vast trade network spanning all the way to Europe (Chatzky & McBride, 2020). The South China Sea is thus not just a sea, it is one of the most important trade passages of the world. Historically, the sea has been a vital source of fish for the nations that border the South China Sea (Hossain, 2013). For millions of people the sea is still the only source of income through fishery, which is another reason why the sea is so contested (Dupuy & Dupuy, 2013). Fishers from China, Vietnam and the Philippines have been sailing these waters and inhabiting the islands for short times in relative peace (Hossain, 2013).

While fishery and trade routes are important explanations of why the sea is so contested, there is another motive. The South China Sea is home to gas and oil fields that are worth billions of dollars (Dupuy & Dupuy, 2013).

As nations formed in the region during the colonization period, formal claims on the islands were made by French Indochina, of which Vietnam was a part (Lo, 2013). Nowadays Vietnam still uses claims made by French Indochina to legitimize its current claims on islands in the South China Sea (Lo, 2013). When the communists took over the Chinese mainland in 1949, it claimed all islands in the South China Sea (and Taiwan as well) as Chinese sovereign waters (territory) (Lo, 2013). The Chinese claim is visualized by the so-called 'nine dash line', which can be seen in Map 2. The region was suffering from the aftermath of the Second World War when most of the region was occupied by the Japanese Empire (Samuels, 2013). The surrounding countries, as well as the island groups of the South China Sea were occupied for multiple years (Samuels, 2013). This occupation had a significant impact on the region and when the war ended, a period of decolonization started, which made that China could make such claims without getting many counterclaims (Lo, 2013; Hossain, 2013; Samuels, 2013). China argues that the other nations did not counter its claim on the South China Sea because they respected and accepted the Chinese claim (Hossain, 2013). However, when the other regional nations gained independence from their colonial rulers, they started making counterclaims (Hossain, 2013). From that moment on, the islands in the sea have been disputed and many small and violent provocative incidents have taken place in the sea (Lo, 2013). The main disputed groups of islands are the Paracel Islands and the Spratly Islands. The Paracel Islands are located in the northwestern part of the South China Sea, partly within the exclusive economic zones of China and Vietnam. The Spratly Islands are located in the eastern part of the South China Sea, partly in the exclusive economic zones of the Philippines and Malaysia. The Spratly Islands are the most contested of the two islands groups, as it exists of a higher number of islands and because those islands are more strategically located in the South China Sea. The largest noteworthy conflict in the twentieth century was when Vietnam occupied the Paracel Islands in 1976 and was removed by the Chinese military by force (Hossain, 1976). Those islands are not just strategically located between China and Vietnam but also are the home of fossil fuel fields (Dupuy & Dupuy, 2013).

The islands have been disputed since the end of the Second World War. A new chapter in this 'silent' conflict started in 2009, when China sent an official letter to the United Nations Secretary-General claiming the complete 'nine dash line' area (Dupuy & Dupuy, 2013). From this moment, China started to enforce their claims on the territory in the South China Sea with a strong military presence by building military bases on the islands. On Map 2, one can see the official economic zone being outlined by the blue dotted line. As can be seen when comparing with Map 3, none of the claims made by the nations in the region fit the official boundaries of the exclusive economic zone.



Vietnam claims the Paracel Islands, a part of the Spratly Islands and approximately half of the South China Sea (Hossain, 2019). Just like China's claims, Vietnam's claims are based historically. Vietnam legitimizes its claims with French colonial documents that show French occupation of the islands, especially the Spratly Islands (Hossain, 2013). Due to the Vietnam war, the country remained weak and war-torn, which made it more difficult to enforce its claims in the South China Sea.

Source: BBC (2016)

Source: The Wall Street Journal (2016)

Brunei

From 1888 till its independence in 1984, Brunei has been a part of the British Empire, which made no claims on the Spratly Islands (Roach, 2014). Currently, Brunei claims the smallest area of the South China Sea compared with the other countries' claims. Brunei is the only state in the region that does not occupy any of the islands and shows no intention of doing so (Hossain, 2013). However, Brunei does claim maritime grounds that are thought to be rich in oil and gas, which are claimed by Malaysia as well (Hossain, 2013).

Malaysia

Much of contemporary Malaysia belonged to the British Empire and was named Malaya (Roach, 2014). Malaya only consisted on the areas of the Malay peninsula and not of areas on the island of Borneo. Only after the Second World War the territories on Borneo became part of contemporary Malaysia. No Malaysian claims were made on the islands during British rule, since the Spratly Islands are located along the northern coast of Borneo, which was not a part of British Malaya (Roach, 2014). Currently, Malaysia's claims are located in both west and east of the southern part of the South China Sea. Claims on islands are only made from the eastern part of the sea. The claims made by Malaysia mostly overlap with their official exclusive economic zone, which includes several islands of the Spratly Islands. Most of those islands have been militarily controlled by Malaysia since 1983 (Hossain, 2013).

The Philippines

The Philippines have made some historical claims on the Spratly Islands and the northern part of Borneo, which is currently Malaysian territory (Roach, 2014). The claims of the Philippines mostly focused on North-Borneo and not on the small islands in the South China Sea (Roach, 2014). The Philippine claims were mostly nullified when its colonial ruler, the United States, came to an agreement with the British in Borneo on their boundaries (Roach, 2014). Currently, the claims of the Philippines extend to almost all Spratly Islands and overlap with all claims made by the other nations. The islands were officially claimed in 1947, after the fall of the

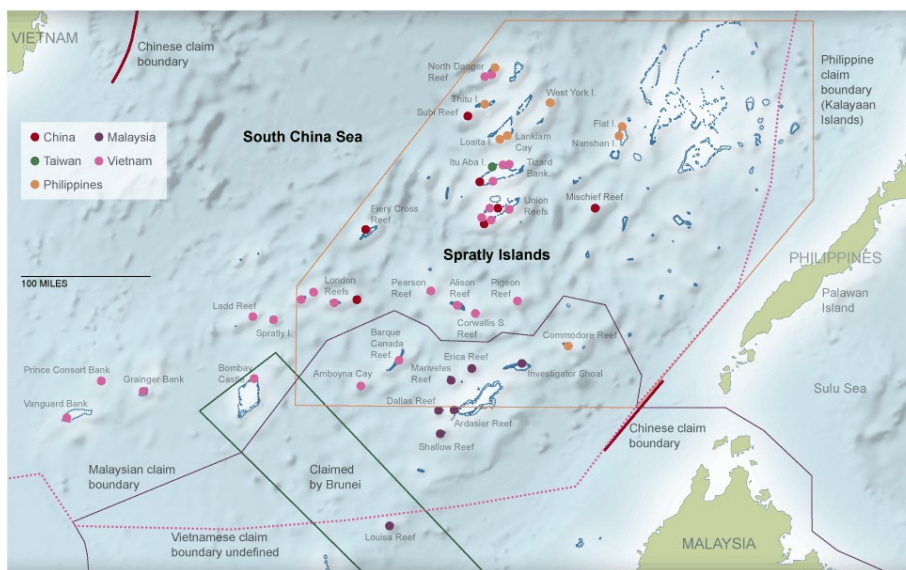


Japanese Empire (Hossain, 2013). Today, at least eight of those islands are occupied and inhabited by the Philippines (Hossain, 2013).

Taiwan, Republic of China

Taiwan's claims can be seen as the most ambitious, since the small island nation makes the same historical claims as China does (Hossain, 2013). Taiwan's official status stands contested and remains controversial, since most of the other nations do not officially recognize the island state (Hossain, 2013). Taiwan has only enforced one claim militarily by building a military base on one of the Spratly Islands, as can be seen on Map 4 (The New York Times, 2013).

Map 4: Overview of the occupation status of the Spratly Islands



Source: New York Times (2013)

ASEAN

The Philippines, Vietnam, Brunei and Malaysia are all members of the Association of Southeast Asian Nations. Since all those members have conflicting and overlapping claims in the South China Sea, the focus of ASEAN has been to reach consensus on a South China Sea policy by mediating a common policy (Thayer, 2013). The only thing ASEAN seems to agree on is that China's claims are not legitimate, but due to China's heavy presence in the sea an attempt was made to create a common code of conduct for the sea to keep tensions low (Thayer, 2013). The first talks on this code of conduct were started by the Philippines in 1994 and have continued ever since (Thayer, 2013).

The United States

The United States does not have any territory nearby the South China Sea, neither does the US make any claim on the islands. Yet, the US Navy is heavily present in the South China Sea. According to the US, its presence in the sea is to protect trade shipping through international waters and to make sure the nations bordering the sea

do not cross their exclusive economic zones (Hossain, 2013). Some argue that the US presence in the region is mainly to prevent Chinese control over the sea, its resources and shipping routes (Hossain, 2013).

4.3 Rise of tensions

From 2000 to 2009, China increased investments in ASEAN states by more than 700 percent (Rajagobal, 2016). In the same time, ASEAN and China negotiated and implemented the world's largest free trade agreement in terms of population (Rajagobal, 2016). In 2002, China and ASEAN adopted a code of conduct for the South China Sea, which reduced tensions between the nations around the South China Sea (Rajagobal, 2016). Tensions were low and investments between the nations were rising. That diplomatic peace ended in 2009, when the Philippines was about to join Vietnam and Malaysia in agreeing to bring their territorial claims in line with the official exclusive economic zone as seen in Map 2 (Rajagobal, 2016). China, watching its neighbors in the sea agreeing on dividing the sea, submitted a claim based on nine dashes to the United Nations. When China claimed the 'nine dash line' area, which almost included the whole South China Sea, tensions rose significantly (Friedberg, 2014). China argues that the 'nine dash line' is historically valid, since it appeared on maps from 1948 (Beech, 2016). However, Beech notes that the 'nine dash line' from the 2009 claim includes significantly more area than the original 1948 'nine dash line' (2016). Some say that China's regional strategy was to become more self-confident and significantly increase its military presence and foreign power to secure their regional claims (Friedberg, 2014). The next chapter will analyze this period and the period that followed and give an answer to the hypotheses composed in the theoretical chapter.

5. Analysis

This chapter will test the hypotheses that have been composed in the second chapter. Testing those hypotheses will allow us to answer the research question in the conclusion of this research. The chapter will start testing the hypotheses for defensive realism before moving on to the hypotheses of offensive realism. Each hypothesis is tested as described in the methodological chapter. Firstly, evidence to the hypothesis shall be laid out. Then, the evidence shall be analyzed, on which a verdict shall follow.

5.1 Defensive realism

Hypothesis 1 (defensive realism): If states face conflicting interests, then states will seek regional cooperation in order to avoid violent conflict.

When China claimed the 'nine dash line' area, it became clear that the country was having conflicting interests with the neighboring countries in the South China Sea. As described in the previous chapter, China based their claims on historical documents, showing China's nautical borders extending all the way to the southernmost point of the South China Sea (Beech, 2016). This claim clashed with both the official exclusive economic zone and the claims made by the other nations bordering the South China Sea. To underline their claim, the Chinese cut seismic cables of Vietnam on the bottom of the sea that was perceived as Chinese territory (Beech, 2016). The US interests in the sea are officially based on maintaining the freedom of navigation in international waters, which are parts of the sea that do not fall in any nation's exclusive economic zone (Larter, 2020). The US Navy has been navigating those international waters that are also claimed by China. Navigating in those international waters is also in accordance with the UN Convention on the Law of the Sea, which China does not recognize (Larter, 2020). Both China and the US held, with different motives, military exercises in those waters (Larter, 2020). This shows that China does not only have conflicting interests with its neighbors in the sea but with the US, and partly with UN law, as well.

The US Navy's increasing presence was an incentive for China to organize war games in the South China Sea to show their own military strength (Beech, 2016). This shows that there is lower restraint for showing military capabilities in the contested sea. The biggest conflicting interests are about the islands in the South China Sea but also about what is under the ground of the sea. In 2014, China built an oil drilling platform in the Vietnamese exclusive economic zone, angering the Vietnamese (Rajagobal, 2016). The Chinese ships at the oil platform's location rammed multiple Vietnamese ships and used water cannons against Vietnamese sailors (Rajagobal, 2016). This firstly shows that China is not holding back on actually drilling for oil in their neighbor's exclusive economic zone. Secondly, it shows that China is prepared to use violence to keep others at bay.

The hypothesis assumes that, in order to avoid further conflict, the nations would seek cooperation. As stated in the previous chapter, ASEAN and China agreed on a code of conduct for the South China Sea in 2002. In 2009, the situation in the sea changed due to China's decision to officially claim the entire 'nine dash line' area in a letter to the United Nations. Negotiations on the code of conduct and the situation in the South China Sea became even more difficult and made the ASEAN claimants of the South China Sea to draft a new code of conduct in 2012 and present it to China (Thayer, 2013). The main goal of these talks was for ASEAN to have a common policy towards the South China Sea and involve China only in a later stage. However, the talks failed due to an objection to the draft by Cambodia, which is not a claimant in the South China Sea but is strongly supporting China's position (Thayer, 2013; Takahashi, 2019). This objection marked the first time in ASEAN's 45 years history that its members could not come to a joint statement (Thayer, 2013). After months of diplomatic talks between the member states of ASEAN, a consensus was reached and a unified ASEAN policy, which was mainly based on respecting international sea law and exclusive economic zones, was presented (Thayer, 2013). Due to irritations with the Chinese behavior in the South China Sea, talks between ASEAN members and China only started after a common ASEAN stance was reached (Thayer, 2013). The ASEAN members states seem willing to come to a solution that is mainly based on the international sea law. However, China rejects anything that has its foundation in the international sea law, since it does not recognize the 'nine dash line' (Thayer, 2013).

Only in 2017 China and ASEAN restarted diplomatic conversations for a new mutual code of conduct for the South China Sea (Takahashi, 2019). Takahashi claims that China's motive for reentering diplomatic talks on the South China Sea is mainly to prevent the other nations coming with a common policy without China's influence (2019). Crucial matters such as oil drilling rights, territorial claims and the militarization of the islands are not resolved yet, since no consensus has yet been reached (Takahashi, 2019). According to Takahashi (2019), diplomatic talks continue and China has put three demands forward that were not received enthusiastically by ASEAN: The code of conduct should not cover international law of the sea and exclusive economic zones; military exercises by countries from outside the region are only allowed with the region's unanimous consent; countries outside the region are not allowed to drill oil and gas reserves in the South China Sea (Takahashi, 2019).

It has become clear that China and the other nations around the South China Sea have conflicting interests that reach risky levels. It remains clear that those different interests still exist, and no official new code of conduct has been presented yet, as this is still being negotiated (Takahashi, 2019; VOA, 2019). The hypothesis assumes that when conflicting interests rise, then regional cooperation will arise as well. As stated before, regional cooperation in the South China Sea between China and the ASEAN members was low since China claimed the whole 'nine dash line' area in

2009. Negotiation between China and the region only restarted when ASEAN was close to its own common policy on the sea without China at the negotiation table. China seems to have returned to the table, as their interests in the sea were in danger, since they were left out of negotiations regarding the division of the South China Sea. The hypothesis seems plausible. This is because China sought renewed cooperation to be involved in diplomatic negotiations on the sea instead of more conflict. However, it needs to be said that a new code of conduct has not been finished and it still has to become clear whether it ever will reach consensus and be adopted. Moreover, one might raise questions about whether China's participation in regional cooperation is based on seeing a chance for mutual benefit or whether it is rather driven by fear of the other nations uniting in an alliance against China in the South China Sea.

Hypothesis 2 (defensive realism): If the risk of conflict rises, then states will refer to international law to lower this risk.

The signing of the code of conduct on the South China Sea in 2002 marked a new milestone in regional cooperation between ASEAN and China (Rajagopal, 2016). Risk of conflict was low, and cooperation was at a high level with the signing of a vast free trade agreement between ASEAN and China which was accompanied with mass investments, especially by China (Rajagopal, 2016). The relationship between the countries and the regional cooperation with China deteriorated quickly when China renewed its claim on the South China Sea with the 'nine dash line' in 2009 (Friedberg, 2014). Tensions rose quickly and a conflict was no longer unlikely. In the analysis of hypothesis 1, it was described that, after 2009, there have been violent clashes in the South China Sea, such as ramming ships. The land reclamation of the islands in the South China Sea and its militarization resulted in further rising tensions (Dupuy & Dupuy, 2013). Now this hypothesis assumes that states will be seen to refer to international law to find a solution and end risks of conflict.

When China claimed the 'nine dash line' area as its sovereign territory, the other nations protested and called it unlawful (Friedberg, 2014). The other nations in the regions protested mainly because the Chinese claims breached the United Nations Convention on the Law of the Sea, abbreviated as UNCLOS (Perlez, 2016). This treaty also includes the rights nations have in their exclusive economic zones. The Philippines, provoked by the Chinese claims and militarization of islands within the Philippine exclusive economic zone, decided to take China to court over it (Perlez, 2016). In 2013, the Philippines requested the Permanent Court of Arbitration in The Hague to reject China's 'nine dash line' as a legitimate reason to claim the South China Sea (Perlez, 2016). The court had to address the activity of China in the South China Sea in the context of the UNCLOS treaty of which both China and the Philippines are part of. Before the case started, China stated that it would not "accept, recognize or execute" the decision made by the tribunal and that it does not respect the tribunal (Perlez, 2016; Ministry of Foreign Affairs of the People's Republic of China, 2014). The Philippines was supported by Vietnam and Malaysia

in the case (Permanent Court of Arbitration, 2016). In 2016, the court came to a verdict on the case, which included that China's 'nine dash line' has no legitimate legal foundation and therefore is not valid (Permanent Court of Arbitration, 2016). The court stated that China should stop all its illegal activities outside its own exclusive economic zone (Permanent Court of Arbitration, 2016). China kept its word and did not adhere to the court's verdict (Perlez, 2016).

Earlier, it was stated that China did not want to discuss the UNCLOS and the exclusive economic zones during the negotiations of the new code of conduct (Beech, 2016). It has become clear that the UNCLOS treaty is a very sensitive matter to the Chinese. International law of the sea does not support China's 'nine dash line' claims in any way.

The hypothesis assumes that states will be seen to refer to international law when risks of a conflict rise. The analysis has shown that the Philippines, with support of Vietnam and Malaysia, sought the support of international law institutions to deliver a juridical verdict on the situation in the South China Sea. This fact makes the hypothesis seem plausible. However, the analysis has also shown that China does not see international law as valuable at all. Thus, it seems that the hypothesis cannot be fully supported, neither can it be fully rejected. However, the Chinese behavior is contradictory to what the hypothesis assumes, therefore the hypothesis needs to be rejected. China's behavior is the decisive factor in rejecting this hypothesis, since the research is about explaining China's behavior.

Hypothesis 3 (defensive realism): If states seek regional cooperation to reduce risks, then this cooperation will reflect the regional power balance.

As stated before, the involved nations in the South China Sea have restarted cooperation after a short period of high tensions in the sea after China's 'nine dash line' claim at the United Nations. The renewed negotiations are focused on creating a new code of conduct on how the states should behave in the South China Sea (Takahashi, 2019). This code of conduct is aimed at lowering risks in the sea and prospering mutual cooperation. The hypothesis assumes that a reflection of the regional power balance will be seen in this cooperation. To test the hypothesis, it is vital to understand the current power balance in the region of the South China Sea. When the power balance of the region is known, this will be reflected in the regional cooperation on, for example, the code of conduct.

The power indicators that allow this research to compare nations are the population, the GDP, human capital and the military budget. Table 2 shows the values of all nations in the region for those power indicators. The table also shows ASEAN as a collective entity and the combined ASEAN member states in the South China Sea. The combined ASEAN South China Sea member states exist of Vietnam, Malaysia, Brunei and the Philippines. If the population indicator is observed, it becomes clear that China has the highest value, which is twice as big as the total ASEAN population. China's values keep standing out, when looking at the

value of its GDP and its expenditures on the military in billion US dollars. China greatly exceeds other nations regarding the spending on these two aspects. However, when the values for human capital are been observed, it is seen that Malaysia has the highest value. China does come second with a difference of 0.57 points on human capital. The value for the other states and the average value for ASEAN are lower than Malaysia's and China's individual value. From Table 2, it becomes clear that China has a significant lead over the other nations in the regional power balance of the South China Sea. All data in Table 2 are reporting over 2019, except for the human capital scale. The human capital scale reports over the year 2017, which is the most recent global report on human capital by the World Economic Forum.

Table 2: Regional power balance indicators

	Population (total)	GDP (in billion US \$)	Human Capital (scale 0-100)	Military budget (% of budget)	Military budget (in billion US \$)
China	1 394 015 977	12 010.00	67.72	1.90	228.19
Vietnam	98 721 275	220.40	62.19	2.27	5.00
Malaysia	32 652 083	312.40	68.29	1.10	3.44
Philippines	109 180 815	313.60	64.36	1.30	4.08
Taiwan	23 603 049	572.60	ND**	1.80	10.31
Brunei	464 478	12.13	62.82	2.90	0.35
ASEAN (total)	664 196 528	2 759.17	63.26*	1.87*	42.01
ASEAN (South China Sea members)	241 018 651	858.53	64.42*	1.89*	12.87

Sources: World Economic Forum (2017); CIA (2020)

*Average

**Due to disputed status of Taiwan, the country has not been included in reports on human capital

Following the assumption of the hypothesis, it will be seen that regional cooperation reflects the regional power balance and thus be in China's favor. As stated before, China claimed the 'nine dash line' area when Vietnam, Malaysia and the Philippines were on the verge of agreement on a common South China Sea policy (Rajagopal, 2016). This started a period of increased tensions and an increased militarization of the South China Sea. Since 2017 the nations sought rapprochement to renew relations and lower the tensions in the sea (Takahashi, 2019). This renewed quest

for cooperation marked the start of the negotiations on the new code of conduct for the South China Sea.

According to Zhang (2019), China's goal of negotiating a code of conduct for the South China Sea is to sideline the UNCLOS treaty and the exclusive economic zones by replacing it with a regional set of rules. The remaining countries will lose more territory when they swap the UNCLOS treaty for the 'nine dash line' claim made by China. The fact that the ASEAN involved China in the negotiations, despite China's neglect of the international sea law and its claim of the vast majority of the South China Sea, is already a significant signal of its power (Takahashi, 2019). The ASEAN members seem to realize that a common South China Sea policy without China will simply not stop China, since they already have a great military presence and the other nations will not be able to drive China out the sea (Takahashi, 2019; Zhang, 2019). Multiple incidents of Chinese ships ramming other ships already indicate that China is well aware of its position and that it can commit such acts without any serious counteractions (Rajagopal, 2016). Besides that, the other nations in the region are well aware of the Chinese plans for multibillion-dollar investments in the region for its 'One Belt, One Road' initiative (Zhang, 2019; Chatzky & McBride, 2020). The enormous economic power of China creates an environment where other states seem to be willing to make compromises in return for investments (Zhang, 2019). The first draft of the new code of conduct includes that no countries outside the South China Sea are allowed to enter with military vessels without the unanimous permission of the signatories (Thayer, 2018). This is a Chinese victory, since this would basically end US military exercises with the other signatories and thus reinforce the Chinese military dominance in the region.

The regional power balance causes that the other states around the sea do not have the illusion that they have the power to stand up to China. By cooperating, those states hope that they can reach both a compromise and stability. The hypothesis therefore is very plausible, since a regional balance of power dominated by China is been observed, which is translated in an unequivocally strong position in regional cooperation, especially in the negotiation of the new code of conduct.

5.2 Offensive realism

Hypothesis 1 (offensive realism): If a state is seeking regional dominance, then such a state will risk conflict when other states try to counter its regional quest for dominance.

To address whether a state is seeking regional dominance, it is important to firstly look at the power indicator and make a comparison. From Table 2 it can be clearly seen that China is by far the biggest power in the South China Sea region. No other country can compete against the numbers China has, not even if all those countries would combine their capabilities. In asserting that China is seeking regional dominance, it is vital to look at its territory and its territorial claims as well. Legally seen, the extent of territory on the sea stops at the end of the exclusive economic

zone. However, the extent of claims made by China and the other nations around the sea go beyond the exclusive economic zones. Especially the 'nine dash line' claim by China is noteworthy for its overreach. The fact that China is seeking to validate the entire extent of their claim already shows the seriousness of its aim for regional dominance.

The hypothesis assumes that China will act risky in the South China Sea when other states try to counter the Chinese claims. The neighboring countries have all protested to China about Chinese infringement in their exclusive economic zones (Takahashi, 2019). Chinese vessels have rammed multiple other ships that, according to China, infringed Chinese waters (Rajagopal, 2016). Not only did China risk physical conflict, it also faced the other nations in a legal conflict before the Permanent Court of Arbitration. During this legal case and during negotiations with the other claimants of the South China Sea, China continued displaying military force in the sea (Takahashi, 2019). Days before diplomatic summits between ASEAN and China were held, China would deploy warships to the South China Sea to hold military exercises (Takahashi, 2019). It has become clear that China is quickly militarizing the sea by increasing military presence through building military bases on small islands in the sea (Raditio, 2019). The other nations seem to be trying to counter the Chinese quest for dominance in a more defensive way, for example by expressing disapproval. It seems that the actions of the other claimants against China are not military, since the Chinese military power is overshadowing their own military power by far (Zhang, 2019; Takahashi, 2019). The noteworthy military actions in the South China Sea are mostly being perpetrated by China and the United States (Hossain, 2013). The other nations, as stated before, likely realize that a military clash would consequently result in China overpowering them in every possible way. It would be realistic to argue that China knows the extent of their power and that they feel safe and self-confident enough to risk conflict. States that have a major power advantage are argued to act upon it, which is what has been observed (Raditio, 2019).

The hypothesis is plausible, since it has been observed that China is willing and able to risk conflict by the use of force against the other claimants in the South China Sea. However, it should be noted that China seems to show self-restraint by entering negotiations for a new code of conduct in the South China Sea, which aims to limit conflicts and bring stability. Those negotiations are still ongoing, but the first drafts are strongly in China's favor, since the other states realize that they will not be able to bypass China (Takahashi, 2019; Thayer, 2018). It could be argued that China's willingness to risk conflict made the other claimants compromise. It is vital to understand that it is too early to make final statements regarding the new code of conduct, since a lot remains unclear, as the negotiations have not yet delivered a final deal.

Hypothesis 2 (offensive realism): If a state wants to gain regional dominance, then such a state will not adhere to those international laws that prohibit its objective of gaining more regional power when conflict becomes more likely.

It has become clear that China is aspiring to gain the dominance over the South China Sea and that the country is not afraid to use force in order to invigorate their claim over the sea. China is actively trying to expand their military control over the sea by reclaiming islands from the sea with the intention to build military bases on it (Perlez, 2016). After the Chinese claim of the 'nine dash line' area in 2009, tensions in the region rose significantly (Thayer, 2013). The hypothesis assumes that China would not be adhering to international law when tensions rise. China has never recalled their 'nine dash line' claims, which extends to the southernmost area of the South China Sea. The country has made not one single compromise on its claim and is not expected to do so (Beech, 2016). For this hypothesis, it is crucial to look at what role international law had during the period of rising tension after 2009. Even more vital is to look at what value China gave to international law, especially to international sea law. International sea law is mostly characterized by the laws of UNCLOS and the exclusive economic zones.

The value China gave to international law became clear when the Philippines brought the case of the South China Sea to the Permanent Court of Arbitration in 2013 (Perlez, 2016). Before the case started, China declared they did not respect the case and would not recognize any judicial outcome (Perlez, 2016; Ministry of Foreign Affairs of the People's Republic of China, 2014). The court came to the verdict that China's claim of the South China Sea could not be justified in any legal way (Permanent Court of Arbitration, 2016). The verdict of the court underlined the legal authority of the UNCLOS treaty and the exclusive economic zones in the South China Sea. Despite China being a member of the UNCLOS treaty, it seems that the country does not recognize international law that does not overlap its 'nine dash line' claim (Perlez, 2016). It has become clear that China sees the UNCLOS and the exclusive economic zones as something that clashes with the Chinese interests in the South China Sea. Therefore, when tensions rise, China will keep protecting its interests and not adhere to international laws, such as UNCLOS and the exclusive economic zones. The hypothesis is thus plausible and accepted. The fact that the ongoing negotiations on the new code of conduct will not include the UNCLOS treaty or other international sea law, shows that China is prepared to neglect international law when its interests are perceived to be at risk (Takahashi, 2019).

Hypothesis 3 (offensive realism): If a state seeks regional dominance, then such a state will not seek regional cooperation that would limit it in attaining its objective.

Earlier in this chapter when hypothesis 3 on defensive realism was discussed, it was concluded that China is the single most powerful nation in the regional power balance of the South China Sea. The Chinese claims of the sea reach further than those of any other nation in the region. The Chinese strengthen their claims by reclaiming islands from the sea and building on an increased military presence in the whole sea (Rajagobal, 2016). As the analysis has shown so far, the Chinese are

motivated to protect their interests in the South China Sea and seem to be willing to use force if deemed necessary. The hypothesis assumes that China would not enter forms of regional cooperation that would limit the country in attaining its objective.

The most important regional ongoing negotiation is the negotiation between China and its neighboring countries in the South China Sea about a new code of conduct. This new attempt at regional cooperation was started after the Philippines elected the new more China friendly president Duterte in 2016, who pleaded for rapprochement with China (Takahashi, 2019). After the year 2000, Chinese investments in ASEAN member states increased tenfold and China became the biggest investor in the region (Lim, 2019). In 2009, a trade deal was finalized between ASEAN and China and regional cooperation was rising (Lim, 2009). This regional cooperation would have expanded China's power and influence beyond its borders (Lim, 2019). When China claimed the 'nine dash line' area of the South China Sea, tensions rose significantly and regional cooperation quickly decreased (Rajagopal, 2016; Lim, 2019). To boost investments, China unfolded its new 'One Belt, One Road' initiative in 2013 and sought renewed regional cooperation of which China would benefit (Lim, 2019).

The hypothesis assumes that when regional cooperation would limit China reaching its objectives, then China would not participate. The 'One Belt, One Road' initiative and the ongoing negotiations for a new code of conduct on the South China Sea are currently the most important events for regional cooperation in the region. The 'One Belt, One Road' initiative is not limited to the region of the South China Sea, but it includes heavy investments in that particular region, which is mainly motivated by China's quest for more influence according to Wang (2016). The ongoing negotiations for the new code of conduct are in the case of this research more interesting to explore, since it is essential for the regional cooperation in the South China Sea. The ongoing negotiations are mainly focused on regulating activities in the South China Sea, such as military exercises, fishing and drilling for natural reserves (Takahashi, 2019). One might wonder why China is participating in those negotiations, since the negotiations try to tackle the claims of sovereignty in the South China Sea. A consensus about the islands that have been militarized by the involved parties are especially interesting. However, early drafts of the new code of conduct show that sovereignty and international law, such as UNCLOS and the exclusive economic zones, are not discussed by the code of conduct (Takahashi, 2019; Thayer, 2018). The UNCLOS treaty is despised heavily by China when it comes to the maritime borders in the South China Sea, since it legally nullifies China's claims in the sea. Replacing UNCLOS' authority by a new code of conduct is clearly in China's interests. The hypothesis is therefore plausible, since regional cooperation which included China tends to be in China's favor. But one should note that the negotiations for the new code of conduct have not been finalized, which means that it is still up to speculation what will be the fate of UNCLOS in the new code of conduct for the South China Sea.

5.3 Concluding analysis

In this chapter, evidence has been collected and analyzed to test whether the hypotheses should be rejected or deemed plausible. The hypotheses were formed by the theoretical assumptions of defensive and offensive realism. The analysis shows that both defensive and offensive realism had hypotheses that were considered plausible, which is an important inference for answering the research question in the next concluding chapter. Only one of the hypotheses, for defensive realism, has been rejected, whereas the other hypotheses cannot be rejected. It thus seems that the theories do not contradict each other as much as assumed in the beginning of this thesis, as some of the aspects of the theories seem to be compatible with each other. For most of the hypotheses, as stated before, a lot of cloudiness still exists due to the fact that the new code of conduct for the South China Sea has not yet been finalized and thus the future role of the UNCLOS treaty and the exclusive economic zones remains unclear. As the observations in this analysis showed, that future role of international law has a significant importance in addressing the South China Sea dispute. Despite the fact that both theories of realism have some clashing aspects in the analysis, it remains clear what China's motivations seem to be in the South China Sea: Protecting the Chinese interests and undermining international laws that clash with its interests. Regional cooperation is important for China to protect its interests and expand its influence in the region.

When the ongoing negotiations for a new code of conduct radically change course or when the talks are being discontinued, it would mean that a different analysis should be made on the hypotheses regarding regional cooperation. As of now, no one is able to predict the future, but an expectation can be made after answering the research question in the next concluding chapter.

6. Conclusion and discussion

6.1 Conclusion on the research question

At the beginning of this paper, theoretical assumptions of defensive and offensive realism have been elaborated, before composing three hypotheses for both theoretical strains. After composing the hypotheses, the methodological aspects of process tracing and the operationalization of the concepts involved in this research have been discussed. In the analysis, it all came together by testing the hypotheses on the context of the security relations in the South China Sea to aid answering the central research question of this thesis: *What explains China's relative risk propensity in the regional power balance of the South China Sea?*

For answering this central question, a total of six hypotheses based on defensive and offensive realism have been tested. Inferring from the analysis, an answer can be given: The relative risk propensity of China in the South China Sea can be explained with the following two main points.

Firstly, China is by far the biggest power in the region of the South China Sea, which is why the country can afford China's relatively risky behavior in the region. The other regional powers' capabilities combined are by far eclipsed by China's capabilities. The Chinese military power and economic capabilities in terms of investments make the other regional powers behave in a restrained way. They seem to do this firstly for the risk of entangling in a conflict they will likely lose and secondly because the countries are interested in Chinese investments such as the Chinese "One Belt, One Road" initiative. China is emphasizing its power to protect its interests in the South China Sea and can do this in a relatively risky way because they can afford to take the risk, while the other countries cannot.

Secondly, China has claimed almost the entire South China Sea in 2009 with the 'nine dash line'. Therefore, the country sees the sea as their sovereign waters and the islands as their territory. China claims to be in their right to behave as risky as they do, because others are penetrating the Chinese maritime borders. The gross of risky confrontations in the sea stem from disagreement over the boundaries of the nation's sovereignty as conceived by the UNCLOS treaty and exclusive economic zones. While other countries in the sea are more inclined to respect the exclusive economic zones, China remains firm in their belief on the legitimacy of its 'nine dash line'. The Chinese wish to uphold its claim over the South China Sea is creating a higher risk propensity in the sea.

The theory of offensive realism was able to give the strongest explanation to China's high-risk propensity in the South China Sea, but the theory of defensive realism cannot be totally rejected either.

6.2 Discussion

In the introduction it was stated that offensive realism seemed to be a better way to explain China's behavior than defensive realism. However, the analysis showed that defensive realism should not be ruled out, since China does not always dismiss regional cooperation when tensions run high. This can be possibly explained by China not wanting to risk the other countries to become closer with the United States, which could result in an increase of American presence in the region. Another possible explanation is that China wants to gain more influence in the region by multibillion-dollar investments such as the "One Belt, One Road" initiative. Rising tensions could cause aversion to the Chinese investments and damage its image in the region.

This research has shown that realism is able to explain China's relative high-risk propensity in the South China Sea. Within realism there is a 'battle' between the defensive and the offensive strains of the theory. However, this research has shown that the two strains of realism do not exclude each other in reality. This means that there is no absolute dichotomy between defensive and offensive realism, in which the one excludes the other. One should therefore not expect that one of the theories will be able to explain the case, while the other will not. It has been found that, in this case, both theories can help explain the relative risk propensity in the South China Sea by China. As stated before, offensive realism clearly had a stronger explanatory power in the analysis, but defensive realism should not be ruled out as an approach to assess the situation in the South China Sea. The consequence is that in order to understand the case, both theories of realism cannot be excluded, and should both be tested again. It is worthwhile to look at the case again when the new code of conduct on the South China Sea is finalized and use both theories again. This will be elaborated later in this chapter.

Forthcoming from the conclusion, it is interesting to speculate about which conditions would cause China to decide on either risky or cooperative behavior. The analysis showed that China is willing to behave risky when their 'nine dash line' claim is contested by other countries or international organizations. It seems that when China's neighboring countries are referring to their sovereignty in the sea guaranteed by the UNCLOS treaty, China is prepared to show their perception that the UNCLOS treaty has no legitimacy in the South China Sea. Another condition for China to show risky behavior is when the US Navy, or military vessels from another country out of the region, is patrolling the international waters in the South China Sea. However, the US involvement could also be a condition for China to behave more cooperative towards its neighbors, since China does not want their neighbors to form an alliance with the United States in the region. If China's neighbors feel threatened by China, they could seek to resort to the US' military power to protect them. Another condition for cooperative behavior can be when China sees a possible prospect in which its



neighbors are prepared to lessen their claims to the sea in exchange for investments. The negotiation for a new code of conduct seems to be giving China such a prospect. By investing in its neighbors, China could expand their influence. A more cooperative behavior can help China in winning access for investments in its neighbors' economies, while risky behavior could make them turn away from China.

Before moving on to possible further research, a short reflection on the used methodology will be given. The method of process tracing has allowed to explore all steps of the crucial events in the South China Sea that made tensions rise and restarted negotiations. The used process tracing method allowed to draw conclusions from the observations, which were made to test the hypotheses. The used sources to collect the evidence needed to test those hypotheses came from the professional media, academic papers and official governmental organizations. This balanced collection of sources has increased the reliability of the analysis of the observations.

A significant limitation of this research was the available inside information. A lot of the policy making and the negotiations seem to be conducted behind 'closed doors', which especially applies to the still ongoing negotiations. This results in that this research could become stronger if more information becomes available of what a nation's stances are during negotiations. This would create a better opportunity to explore which motives China has in the South China Sea and whether they are more focused on power or on building relationships.

6.3 Further research

In the analysis, especially while analyzing regional cooperation, focus was given on the ongoing negotiations on a new code of conduct for the South China Sea. Only some drafts were available at the moment of this research, which makes drawing final conclusions on the negotiations speculative guesswork. Even though the final agreement is not expected to be much different than the drafts, since the negotiations are already in the last stage, it is still crucial to keep in mind that when the negotiations radically change course or even fail, it would possibly deliver a different answer to the research question of this thesis. Only time can show whether the verdict on the hypotheses and the answer of the research question need to be reconsidered in the light of new events. That is why research on this topic will stay relevant and absolutely necessary for the future. This research is not the first on the South China Sea and definitely will not be the last.

As stated in this research, the United States has not made any claims in the South China Sea but still has been maintaining a military presence. The United States and China are both perceived as major powers. For further research it might be relevant to look at the US involvement on a more global scale rather than a regional scale. To better understand the motives of the United States in the region, academics should try to give a scope on global US-China relations.

Another aspect of the case of the South China Sea which should be further researched, is the Chinese influence in ASEAN. As stated in this research,

Cambodia is heavily favoring China, which has an impact on ASEAN policy, as unanimity is a requirement for ASEAN to create and agree on common policies. One might wonder whether China uses Cambodia as a back door into ASEAN to prevent the organization from taking an unfriendly stance against China. This could also help explain why ASEAN does not always have a strong common stance against China.

Another interesting research could be done about the negotiations of the new code of conduct. This research would be focused on opening the box of the negotiations to investigate which interests countries find more important and which compromises could be made. Looking at those aspects would also help to test the explaining value of the theories of realism in those negotiations.

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