

Chinese Dissident Game Two Players between the U.S. and China PRC

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Abstract

The paper analyzes the decision that the U.S. took upon the request of a Chinese dissident requesting for asylum when the U.S. Secretary of State came to China for a diplomatic visit. The analytical paper extracted the international issue between two contending countries using the game theory to consider the implication and thus to find a solution to the conundrum. Game theory allows for positive results if it is a repeated game but for this rare situation it is not likely that it is a regular game to be repeated over time. While this event is in the past, a similar situation may arise that could use the signaling and strategic decision-making process by using this practical yet rarely applied method.

Keyword: game theory, US – China relations, diplomacy, signaling game, repeated game

Introduction

Chen Guang Cheng, Chinese lawyer from Shandong province, has been under house arrest for being a prominent human rights activist fighting against states-forced abortion policy and welfare for the poor. He was detained in 2006 for four years and continued under house arrest in his home. On April 22, 2012, he executed a planned escape that captured international attention to find refuge in the U.S. Embassy in Beijing, where he stayed for 6 days and later left to receive treatment in a hospital in Beijing (Jane Perlez and Steven Lee Myers, 2012).

The first game is a simple simultaneous game between the two players of China and the U.S. The simplicity of the game is compensated with the complicated payoffs determination behind the game. Chen decided that he wants to

leave China, a change of mind that feeds into creativity of many conspiracy theorists and novelists. With this new demand, the Chinese and the U.S. are trapped in international relations game that not only complicates their budding economic and security relations but also seeped into each government's domestic and international evaluation.

In the simultaneous game, China will consider either to allow or deny Chen's request to leave China and the U.S. considers whether to play hard or soft with the Chinese government.

		China	
		Allow	Deny
U.S.	Soft	3 3	2 4
	Tough	4 1	1 2

For China, the best payoff is for the U.S. to play soft and for China to deny Chen's request (4). Since China wants to show its toughness and give lessons to other dissidents that you can't just hide in the embassy and ask to leave. The same box will give payoff of (2) for the U.S. because for the U.S being tough to China who had been violating human rights issues is better for its international image, mostly to domestic human rights proponents. The second-best payoff for China is still when the U.S. is playing soft and China will allow Chen's to leave with concessions from the U.S. This will deliver both players the same payoffs of (3). The second to least payoff for China is if it denies Chen's request and the U.S plays tough (2) because then they will have to work out the differences and one of the player will end up looking quite bad. For the U.S. this is the worst payoff (1). The worst payoff for China is if it allows Chen's to leave while the U.S. plays tough (1), China will lose face as a rising power since it appears weak and fearful in front of the hegemonic U.S. For the U.S. this is the highest payoff (4) because consequently it will appear strong and able to stand by its human rights standard by saving Chen and pressuring China.

Under simultaneous game, the Nash Equilibrium is for China to deny and for the U.S. to play soft. It will give the highest payoff for China but second to worst payoff for the U.S. The two players will likely negotiate since there are many economic

benefits that both countries can offer to each other and no one party would jeopardize the relationships. For example, the U.S. is the largest market for China products and its top trading partner. China, who would not want to cross the U.S. Negotiations, will bring the game to settle on more desirable payoffs for both players, which is for the U.S. to play soft and China allows Chen to leave. This will deliver payoffs of (3,3) for both countries. As the case unfold, China announced that it allows Chen to leave the country to pursue education and the U.S. found an institution that offers Chen a fellowship.

Signaling Game

Amnesty International called on China to guarantee Chen's, his family's and other human rights activists' safety. They stated, "It is time for this shameful saga to end." China has been known for prosecuting activists and its media censorship continues to be a sign of hostile government. For instance, since April 27, state media in China have not reported anything about the escape and Chinese in China most likely do not know what is really going on with Chen or maybe even who he is. Internationally, China has been trying to portray a peaceful and friendly power that is willing to cooperate and play under the international standard. Its long effort to join the WTO made the country organized its trading practices to be able to pass the requirements. China also has been

actively involved in many multilateral organizations that again demonstrate its desire to be admitted as world's player that can abide by the rules. There is too much at stake for China to maintain its undemocratic practices towards its citizens that appear to resemble despotic rule, unacceptable by many western countries. In contrast to the U.S., China adopts non-intervention non-binding trade relations that it does not meddle with domestic issues in countries that it is trading with. Therefore, it might expect the western countries to stay away from Chinese domestic issues such as Chen.

The signaling game between China and the U.S. allows the U.S. to consider a changed China. China wants to win international approval while being in dilemma of preventing further dissent that stands in the way of its effective domestic governing activities. China, faced with international pressure, would be more

peaceful than hostile, while China who wants to appear tough and not answering to anyone would be more likely hostile. In this game, nature decides that PRC (China) will be hostile with probability of 70% and peaceful with probability of 30%.

Strategies

China/ PRC

- If hostile, Keep Chen with probability of 60%
- If peaceful, Keep Chen with probability of 40%

The U.S. will decide whether to play tough or soft based on the payoffs it will get under PRC's different strategies. The payoffs ranking was based on similar consideration as the simultaneous game with the U.S. play rather soft if PRC is peaceful and play tough if PRC is hostile.

If PRC Keep Chen then the probability that PRC is Hostile is

Probability (Keep) x Probability (Hostile)

Probability (Keep) x Probability (Hostile) + Probability (Keep) x Probability (Peaceful)

$$\frac{0.6 \times 0.7}{(0.6 \times 0.7) + (0.4 \times 0.3)} = \frac{0.42}{0.54} = 0.78$$

If PRC Keep Chen then the probability that PRC is Pacific is

$$\frac{\text{Probability (Keep)} \times \text{Probability (Pacific)}}{\text{Probability (Keep)} \times \text{Probability (Hostile)} + \text{Probability (Keep)} \times \text{Probability (Pacific)}}$$

$$\frac{0.4 \times 0.3}{(0.6 \times 0.7) + (0.4 \times 0.3)} = \frac{0.12}{0.54} = 0.22$$

If PRC Let Go of Chen then the probability that PRC is Hostile is

$$\frac{\text{Probability (Let Go)} \times \text{Probability (Hostile)}}{\text{Probability (Let Go)} \times \text{Probability (Hostile)} + \text{Probability (Let Go)} \times \text{Probability (Pacific)}}$$

$$\frac{0.4 \times 0.7}{(0.4 \times 0.7) + (0.6 \times 0.3)} = \frac{0.28}{0.46} = 0.61$$

If PRC Let Go of Chen then the probability that PRC is Pacific is

$$\frac{\text{Probability (Let Go)} \times \text{Probability (Pacific)}}{\text{Probability (Let Go)} \times \text{Probability (Pacific)} + \text{Probability (Let Go)} \times \text{Probability (Hostile)}}$$

$$\frac{0.6 \times 0.3}{(0.3 \times 0.6) + (0.7 \times 0.4)} = \frac{0.18}{0.46} = 0.39$$

So, If the PRC Keep Chen then there is a very high probability that the PRC is hostile and there is a slightly better chance that the PRC is pacific if it let go of Chen (compare to when it is keeping Chen), the chance that it is hostile is still much higher (61% to 39%).

Payoff for the US to play tough given the PRC Let Go of Chen:

$$(0.61 \times 4) + (0.39 \times 2) = 2.44 + 0.78 = 3.22$$

Payoff for the US to play tough given the PRC Keep Chen:

$$(0.78 \times 3) + (0.22 \times 1) = 2.34 + 0.22 = 2.56$$

Payoff for the US to play soft given the PRC Let Go of Chen:

$$(0.61 \times 1) + (0.39 \times 4) = 0.61 + 1.56 = 2.17$$

Payoff for the US to play soft given the PRC Keep Chen:

$$(0.78 \times 2) + (0.22 \times 3) = 0.78 + 0.66 = 2.22$$

Whether China lets go or keeps Chen, playing tough gives higher payoffs for the U.S. so playing tough is the dominant strategy for the U.S.

The US will be indifferent of playing tough or soft under PRC strategy to let go of Chen is if the probability of PRC to be hostile and let go of Chen is slightly lower than current probability. k is the probability of hostile PRC letting go of Chen.

$$4k + 2(1-k) = k + 4(1-k)$$

$$4k + 2 - 2k = k + 4 - 4k$$

$$2k + 3k = 2 = 2/5 = 0.4$$

This combination could be that Nature decides probability of hostile PRC is 0.7 then probability of letting go (a) for the US to be indifferent whether to play tough or soft is:

Probability (Let Go) x Probability (Hostile)

Probability (Let Go) x Probability (Hostile) + Probability (Let Go) x Probability (Pacific)

$$\frac{0.7a}{0.7a + 0.3(1-a)} = 0.40$$

$$\frac{0.7a}{0.7a + 0.3(1-a)} = 0.40 \quad \times (0.7a + 0.3 - 0.3a)$$

$$0.7a = 0.4(0.7a + 0.3 - 0.3a)$$

$$0.7a = 0.28a + 0.12 - 0.12a$$

$$0.7a - 0.28a + 0.12a = 0.12$$

$$0.54a = 0.12 = 0.22$$

Therefore, if the probability that the PRC hostile is 0.7 and probability of letting go is 0.22 then based on the payoffs,

the U.S. is indifferent between playing tough or soft.

But under PRC strategy to keep Chen, for the U.S. to be indifferent with tough or soft strategy, it requires the combined probability to be much lower than the current probability.

$$\begin{aligned}
 2k + 1 &= 3 - k \\
 3k + (1-k) &= 2k + 3(1-k) & 3k = 2 = 2/3 = 0.67 \\
 3k + 1 - k &= 2k + 3 - 3k
 \end{aligned}$$

This combination could be that Nature decides probability of pacific PRC is 0.3 then probabilities for the PRC to keep (b) for the US to be indifferent whether to play tough or soft is:

$$\begin{aligned}
 & \text{Probability (Keep) } \times \text{ Probability (Pacific)} \\
 \hline
 & \frac{\text{Probability (Keep) } \times \text{ Probability (Hostile) } + \text{ Probability (Keep) } \times \text{ Probability (Pacific)}}{0.3b} = 0.67 \\
 & \frac{0.3b}{0.3b + 0.7(1-b)} = 0.67 \\
 & \frac{0.3b}{0.3b + 0.7(1-b)} = 0.67 \\
 & \frac{0.3b}{0.3b + 0.7(1-b)} \times (0.3b + 0.7 - 0.7b)
 \end{aligned}$$

$$\begin{aligned}
 0.3b &= 0.67(0.3b + 0.7 - 0.7b) \\
 0.3b &= 0.20b + 0.47 - 0.47b \\
 0.3b - 0.20b + 0.47b &= 0.47 \\
 0.57b &= 0.47 = 0.82
 \end{aligned}$$

So, if PRC keeps Chen, in order for the U.S. to be indifferent about playing tough or soft then the probability to keep for the Pacific China has to be at least 82%.

Conclusion

The U.S. will decide on a strategy after PRC made a move to keep or to let go. The strategy that the U.S. adopts is either being tough or soft. In the signaling game, the U.S. will not know which PRC it is facing but the common knowledge is that there is higher probability that PRC is hostile then if it's pacific. Another

understanding is that hostile PRC has higher probability to keep Chen while pacific PRC has higher probability to let go of Chen. With this information and given the payoffs assignments, the U.S. has a dominant strategy to play tough. The U.S. will get the same payoffs for both strategies if the probability of the PRC to let go or to keep under pacific PRC is higher than current probabilities: 78%

rather than 60% for letting go, and 67% rather than 40% for keeping. Therefore the U.S. will not have a dominant strategy and will be indifferent whether to play tough or soft.

For now, the two players apparently took the cooperative outcome from the simultaneous game of Allow and Soft strategies that deliver payoff of (3,3) for U.S. and China. China realized that by persisting to retain Chen, it would face further international condemnation and maybe the U.S. tough action (after its many human rights violations). Chinese Foreign Ministry announced that "Chen is eligible to apply to study abroad just like any other Chinese citizen." It was soon followed by U.S. announcement of a fellowship offered to Chen from a U.S. university, later it turned out to be NYU Law. The announcement was a result of a deal between the two players to avoid embarrassment for both countries and proceed with their economic agenda (Perlez and Wines, 2012). There are contradicting views on what impact Chen's will have after his departure from China. A friend of Chen, who is also a dissident, argues that the situation is different now that Chinese dissident like Chen will still be impactful even abroad (For Dissidents, Escape Means Fighting from Afar, NPR, 2012). The media commentators argue that China prefers its dissidents to be out of the country to loosen their impact or that law school would be so time consuming that Chen will have no more time to continue his advocacy for the helpless people whose rights he had been fighting for (James Warren, *The Very Different Life Chan Guangcheng Would Lead at NYU Law*, 2012). The most recent development with Chen Guang Cheng is revealed in his memoir "The Barefoot Lawyer: A Blind Man's Fight for Justice and Freedom in China." He still lives in the United States

with his wife and children and holds a position at the Witherspoon Institute in Princeton, New Jersey. He stated his disappointment with the U.S. Convoy led by Hillary Clinton with what he said to be the pressure for him to follow the direction of the Chinese government to prevent jeopardizing the diplomatic relations between U.S. and China (Toosi, 2016). Chen felt that he was pressured by the U.S. Convoy to agree to the Chinese demands to stay in a Chinese-controlled hospital and to attend NYU in Shanghai campus instead of in New York. This information reveals that the Chinese government prefers to keep Chen inside China in order to control him as much as possible. Chen finally agrees to go to the state-controlled hospital despite of his fear of safety but then he was allowed to leave the country and attend NYU in New York. The U.S. Convoy must view Chen as a rabble-rouser to their meticulously planned diplomatic mission to China. It was shown in the documentation as well as Hillary's book "Hard Choices" that the decision-making process was challenging to those involved, including Kurt Campbell who even offered resignation as things seemed to go awry. The diplomatic relations have been successfully maintained despite of the intricate situations.

About the Author

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