

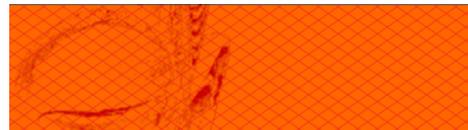
The United States and Future Policy Options in the Taiwan Strait

*Driving Forces and Implications for U.S. Security
Interests*

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February 1, 2016

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About the Project 2049 Institute

The Project 2049 Institute seeks to guide decision makers toward a more secure Asia by the century's mid-point. Located in Arlington, Virginia, the organization fills a gap in the public policy realm through forward-looking, region-specific research on alternative security and policy solutions. Its interdisciplinary approach draws on rigorous analysis of socioeconomic, governance, military, environmental, technological and political trends, and input from key players in the region, with an eye toward educating the public and informing policy debate.

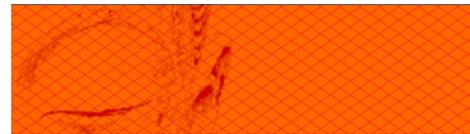
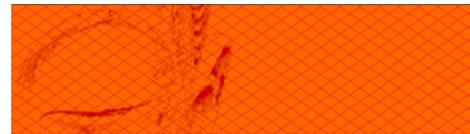


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EXECUTIVE SUMMARY

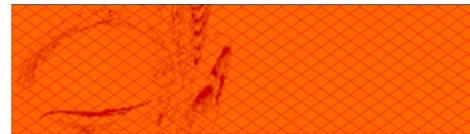
Taiwan is a core interest in U.S. foreign policy. Its values, technological prowess, and geostrategic position align with foundational American values and priorities for the region, making it a crucial U.S. partner in the Asia Pacific. As such, ensuring a stable and positive future for Taiwan as a democracy and a primary contributor to the global economy and international community is a high priority.

For the past 35 years, the United States has played an important role in ensuring Taiwan's security while maintaining constructive relations with the People's Republic of China (PRC). Enabled by policies dating as far back as 1948, the Taiwan Relations Act (TRA) of 1979, and moderated by three joint US-PRC communiqués, continuity in U.S. policy has enabled the island's nascent democracy to flourish, and has safeguarded American credibility in the Asia-Pacific region. Taiwan has served as a visible symbol of America's commitment to peace and security in the Asia-Pacific region.

Yet, U.S.-Taiwan policy over the same 35 years has operated on the premise that America's sole interest is in the process, as opposed to the outcome, in resolving differences between the two sides of the Taiwan Strait. Thus, the primary goal of U.S. policy became to ensure that the resolution process is not coercive, unilateral, or detrimental to U.S. interests.¹

As a democracy with a stable government, Taiwan's role in promoting China as a responsible international stakeholder is significant. However, from Beijing's perspective, Taiwan's democratic government—an alternative to the PRC's authoritarian model—presents an existential challenge to the legitimacy of the Chinese Communist Party (CCP) and its monopoly on domestic political power. With political legitimacy in the Taiwan Strait viewed as a zero sum game, authorities in Beijing have long sought the political subordination of Taiwan to the PRC under a "One Country, Two Systems" principle. Under this principle, there is One China, Taiwan is part of China, and the PRC is the sole representative of China in the international community. Applying "One Country, Two Systems" internationally, Beijing's strategy appears to be the political isolation of Taiwan and co-management of U.S.-Taiwan relations in order to coerce the island's democratically elected leadership into a political settlement on terms favorable to Beijing. The PRC has long sought to influence an amendment to, if not outright repeal of, the TRA in order to weaken U.S. support for Taiwan.

Taiwan's fundamental approach to maintaining the status quo in dealing with authorities in Beijing is unlikely to change with the inauguration of President-elect Tsai Ing-wen and the Democratic Progressive Party (DPP) in May 2016. Policy differences between the outgoing and incoming administrations have included how to best preserve sovereignty in the face of an increasingly assertive CCP. While the KMT viewed "One China, Respective Interpretations" as



the best way to ensure ROC sovereignty, the DPP generally has regarded "One China" as an issue to be negotiated, rather than unilaterally conceded or inherited.

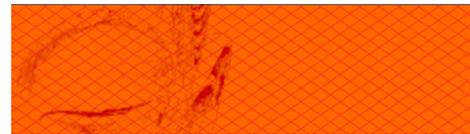
After the student protests against the cross-Strait trade and services agreement, the political landscape for cross-Strait relations has evolved. Rapprochement policies will no longer depend solely on the political will of the ruling administration, but also on public sentiments in Taiwan. The caution exhibited by the student movement against the services agreement with China highlight the limitations of cross-Strait integration in the future.

In the absence of countervailing policies, political pressure from Beijing will intensify. Regardless of policies adopted by the incoming DPP administration, authorities in Beijing are likely to continue to subordinate the ROC to the PRC under a "One Country, Two Systems" framework. CCP General Secretary Xi Jinping's reassertion of "One Country, Two Systems" as the only acceptable solution for unification was highlighted during an October 2014 meeting in Beijing with a delegation from Taiwan. While entities associated with Beijing's cross-Strait policy system have actively reached out to all sides of Taiwan's political spectrum, the PRC can be expected to increase reliance on coercive persuasion, including political warfare and implied threats of military force.

While the PRC's policy towards Taiwan is based on political legitimacy, in the U.S., national interests and principles shape the nature of U.S. relations with Taiwan. The U.S. has a unique role to play in creating an environment conducive to some enduring resolution. At least four schools of thought have guided U.S. policy in the Taiwan Strait for decades.² One school holds that the U.S. should accommodate the CCP's position on Taiwan in order to advance U.S. interests in stable and constructive U.S.-China relations. In sharp contrast, a second school of thought has promoted the abandonment of the U.S. One China policy altogether, and calls for the extension of formal diplomatic recognition of Taiwan.

Since 1979, however, the third and arguably dominant school of thought promotes maintenance of the status quo in U.S. policy toward Taiwan. Relying on ambiguity in the U.S. One China policy, defenders of the status quo stop short of defining the nature of relations between the two sides of the Taiwan Strait. Defenders rightly argue that the current approach -- formal diplomatic relations with the PRC and unofficial relations with authorities in Taipei under the Taiwan Relations Act -- has contributed to peace and stability in the region. By provision of necessary defense articles and services to Taiwan, advocates of a status quo in U.S. policy highlight the role that arms sales play in enabling authorities in Taipei to engage counterparts in Beijing with confidence.

However, a fourth school of thought advances a "soft balancing" strategy that gradually extends equal legitimacy to both sides within a broadened U.S. One China policy framework. U.S. policy has yet to catch up with the changes that have taken place on Taiwan since 1996, especially since the first peaceful transfer of power in 2000. Acknowledging that negotiation on



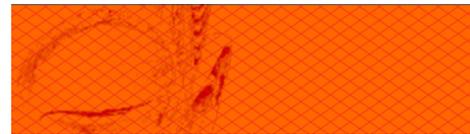
the basis of sovereign equality is a necessary prerequisite for cross-Strait political talks, advocates of a U.S. “One China, Two Governments” policy argue that adjustments are needed to create an environment more conducive to resolution of differences over sovereignty in the Taiwan Strait.

The zero sum framework of formal diplomatic relations with one side and informal ties with the other may have been appropriate in 1979, when both governments were authoritarian. However, with each passing election on Taiwan and consolidation of popular sovereignty, U.S. cross-Strait policy may be increasingly difficult to sustain. Viewing the U.S. One China policy in a zero sum light, Washington extends legitimacy to an authoritarian CCP state while denying equal legitimacy to an ROC that has evolved into a vibrant democracy. Under these circumstances, advocates of the fourth school of thought argue for a U.S. policy that reflects the most accurate representation of the status quo in the Taiwan Strait as possible.

This monograph assesses risks associated with continued U.S. agnosticism, as well as opportunities that could be leveraged for a more balanced approach to dealing with both sides of the Taiwan Strait. U.S. policy created the conditions within which the Republic of China (ROC) transformed from an authoritarian party-state to a representative democracy. However, U.S. cross-Strait policy has not adjusted to reflect this fundamental transformation. Consequently, this study offers: 1) a general overview of the history of cross-Strait relations and U.S. policy; 2) an analysis of the forces driving the future of Taiwan and its value to the international community; and; 3) an outline of alternative U.S. policy options in the Taiwan Strait.

The monograph concludes that a more objective representation of the status quo in the Taiwan Strait may better serve long-term U.S. interests. Resolution of cross-Strait differences is constrained without broad acknowledgement if not recognition of the ROC’s legitimacy within the international community. The PRC has been steadfast in its “One China” principle and opposes any solution that creates “Two Chinas,” or “One China, One Taiwan.” This report does not fundamentally challenge the U.S. “One-China” policy. Nor does it promote “One China, One Taiwan” or “Two Chinas.” Rather, the report proposes careful consideration of a policy that promotes a more normal relationship with both sides of the Taiwan Strait within the context of a broadened U.S. One China policy.

The immediate focus of U.S. policy should be to reduce cross-Strait reliance on the use of force to influence policies in the Taiwan Strait, particularly intimidation and coercion from the PRC. A political solution will take time. But in the short term, both positive and negative incentives are essential in persuading the PRC to reduce its military posture opposite Taiwan and to adopt a more flexible stance on sovereignty issues in the region. The onus is on Beijing, the United States, and others in the international community to conceive of a viable solution that would be acceptable to people on Taiwan and mindful of Taiwan's popular sovereignty.



TAIWAN, CHINA, AND THE UNITED STATES: THE PAST AS PROLOGUE

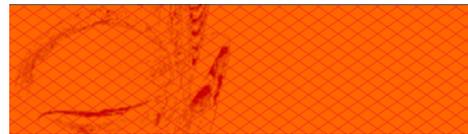
Modern Chinese political thought can be traced to the period between the signing of the Treaty of Shimonoseki in 1895, when Chinese representatives ceded Taiwan to Japan, to the May 4th Movement of 1919. During this period, political theorists, such as Kang Youwei, Liang Qichao, Zhang Taiyan, Li Dazhao, and Sun Zhongshan, debated what it meant to be “Chinese;” the form and structure of an ideal Chinese nation-state; the relevance of Confucian philosophy; and how to maintain sovereignty in the face of Western colonialism.³ The ideals represented a mosaic of traditional Confucianism, liberal democracy, and Marxist political philosophies that were manifested in the late Qing dynasty and early Chinese Republic. Thus, this group shaped the thinking of subsequent generations of leaders to follow, including Mao Zedong and Chiang Kai-shek, and set the stage for competing ideologies that still exist today. Added to this mix later was the gradual formation of a unique Taiwanese national identity.⁴

Early Years of the ROC on Taiwan

The Xinhai Revolution that began on October 10, 1911 brought an end to the Qing Dynasty and led to the establishment of the Republic of China on January 1, 1912. Since its formation in 1921, the Chinese Communist Party (CCP) sought to undermine the central government’s domestic and international legitimacy to exercise sovereignty over a unified China. The CCP was an integral member of the Soviet-led Communist International (Comintern) until its dissolution in 1943. But the most significant challenge to the party’s legitimacy has been the largest rival political party that has claims to represent China, the Kuomintang (KMT). KMT-CCP attempts to form alliances in the form of united fronts, proved unsustainable. Until today, the CCP has attempted to engineer the final resolution of political differences with the ROC on CCP terms.

When the KMT central government and military occupied Taiwan in 1945, the ROC’s political system overlaid a society that had become an integrated part of Japan over the course of fifty years. Originally, the island had been populated by immigrants from northern Vietnam and southern China. Subsequent migrations originated from northern Guangdong, and Fujian province. Occupying Taiwan after the fall of the Ming dynasty, the Qing dynasty never integrated Taiwan in full. Even then, the Qing only exercised control over the island’s western plains. The Qing granted Taiwan provincial status only ten years before the island was handed over to imperial Japan in perpetuity in 1895.

In December 1943, President Roosevelt, Prime Minister Churchill, and Generalissimo Chiang Kai-shek issued a declaration following meetings in Cairo. Reflecting war aims of the allied powers, the declaration stated that "Manchuria, Formosa, and the Pescadores shall be restored to the Republic of China." The Japanese surrender in August 1945 marked a new phase

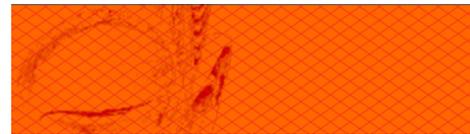


in the CCP's struggle against the ROC government. Between 1937 and 1945, KMT central authorities faced two existential threats. One challenge came from Japanese invaders, and the other from the communist rebellion. With the regard to the civil struggle, political warfare efforts carried out by the People's Liberation Army (PLA) General Political Department (GPD) Enemy Work Department posed the most serious challenges to the KMT's military effectiveness. The Second United Front between the KMT and CCP relieved the KMT of some of its military burden. However, KMT military units assumed the bulk of the fighting and eventually bore the highest cost exacted by the war against imperial Japanese forces. Having preserved its military strength during the united front period, the CCP and its armed wing- the PLA- renewed efforts to subvert KMT-led central government authority.

CCP subversion continued against the KMT central government after it asserted control over Taiwan in 1945.⁵ The following year, in 1946, the CCP established a Taiwan Provincial Work Committee. The committee, along with the General Political Department (GPD) Enemy Work Department, was responsible for underground work on Taiwan to recruit supporters, sow dissent, and prepare for eventual annihilation of the central government. In charge of the GPD political operations on Taiwan was Cai Xiaoqian, a native of Changhua County who went to the mainland in 1924 to study at Shanghai University. Cai became a Standing Committee member of the Taiwanese branch of the Japanese Communist Party when it was formed in 1928. With years of experience in the GPD's enemy work system, Cai Xiaoqian led a team, which included other Taiwanese, to the island in 1946 to identify friends and enemies, and develop a network of supporters. Another Taiwanese, Cai Xiao, was responsible for training of political operatives before deployment to Taiwan.⁶ The effectiveness of PLA enemy work on Taiwan was greatly enhanced by ROC military abuses in governing the island's population, including the brutal suppression of dissent that began in February 1947. The KMT regime on Taiwan made little distinction between advocates of Taiwan independence, individuals known to be sympathetic to the CCP, and dissidents who were appalled by KMT malfeasance.⁷

After years of assuming a disproportionate burden in fighting the Japanese while trying to govern a fractious society, an exhausted ROC government and as many as a million soldiers evacuated to Taiwan in 1949. As the KMT government went into exile, the territory under effective ROC control had changed, but the state remained intact. With the establishment of the People's Republic on October 1949, two governments—the PRC and ROC—adopted a principle of Taiwan being an integral part of China. Each government in effect exercised exclusive administrative jurisdiction over the territory under their respective control, with neither side subordinate to the other government. In this context, migration from the mainland to Taiwan continued to take place, eventually making up about 15 percent of the island.⁸

Intensified PLA enemy work on Taiwan began after the fall of Shanghai in May 1949, when the CCP began military preparations for an amphibious invasion. In January 1950,



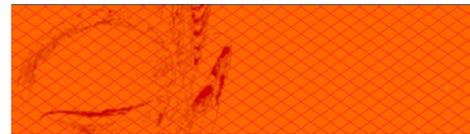
however, the ROC's counterintelligence system discovered and disrupted the CCP's clandestine operation on the island. Cai Xiaoqian was arrested and recruited by the KMT. He subsequently helped neutralize more than 400 CCP operatives on Taiwan, including a senior defense ministry official, Wu Shi. Other CCP operatives on the island fled to Hong Kong where they joined the newly formed Taiwan Democratic Self-Government League, a CCP-approved pro-unification party that still exists today.⁹

The KMT initially maintained that the military occupation was temporary and that the mainland would be reclaimed in just a few short years. Yet, with the start of the Korean War, it became evident that Chiang's military campaign would be suspended indefinitely. As such, measures were implemented to indicate more permanence. At the KMT's 1957 Eighth National Congress, an official shift of government policy changed from a focus on forceful reunification of the mainland to local economic and political developments.¹⁰ The commitment and allocation of resources for retaking the mainland gradually diminished over time.¹¹

In January 1950, President Truman declared that the U.S. would not interfere in the civil conflict, and halted aid to the KMT forces on Taiwan. Augmenting the President's comments, in a speech before the National Press Club, Secretary of State Dean Acheson defined U.S. defensive perimeters in the western Pacific Ocean as extending from the Aleutians to Japan, to the Ryukyu Islands, and to the Philippines. Areas to the west of this line, including Korea and Taiwan, would have to provide for their own defense. However, the North Korean invasion of South Korea in June 1950 shifted U.S. policy. In addition to asserting that "the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area," President Truman declared that "the determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations."¹² Effectively, this left the question of the cross-Strait political conflict to be resolved at a later time.

As the U.S. began to establish permanent security assistance offices on Taiwan, prominent U.S. opinion leaders began advocating in favor of normalizing relations with the PRC. In 1951, Supreme Court Justice William O. Douglas suggested that diplomatic recognition of the PRC would represent a "real political victory for the West." He reasoned that American recognition of the PRC would help create friction in relations between Beijing and Moscow and perhaps have the effect of stemming the tide of communist expansion in the Far East. At the end of March 1954, Secretary of State Dulles argued that recognition of the PRC and support for entry into the UN was not warranted due to "consistent and vicious hostility to the United States," UN Charter language that limits membership to "peace-loving" states, and the existence of the ROC.¹³

First Taiwan Strait Crisis

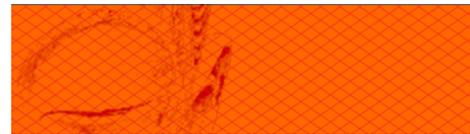


After the PLA shelling of offshore islands in late 1954, President Eisenhower established the concept of the First Island Chain in January 1955 as a defense perimeter. He asserted at that time that the loss of Taiwan and the Penghu Islands to unfriendly forces "would create a breach in the island chain of the Western Pacific that constitutes, for the United States and other free nations, the geographical backbone of their security structure in that ocean. In addition, this breach would interrupt north-south communications between other important elements of that barrier, and damage the economic life of countries friendly to us."

In 1955, in light of Soviet hesitation to respond with counter nuclear strikes if the U.S. used nuclear strikes against the mainland, the PRC government stated that it was willing to negotiate with the United States to end the First Taiwan Strait Crisis. By May 1st, the PLA ended its shelling of Quemoy and Matsu. By August, U.S. and China initiated ambassadorial-level talks in Geneva aimed at improving Sino-American relations. Shifting to Warsaw in 1958 and continuing to 1972, the talks were the principle means of direct contact between Beijing and Washington for 16 years.

As the talks were underway, influential opinion leaders began floating the notion of dual recognition. In April 1955, Arthur Dean, head of delegation at the Panmunjom Talks and a prominent member of the Council on Foreign Relations (CFR), publically advocated in favor of normal relations with governments on both sides of the Taiwan Strait. Viewing maintenance of diplomatic relations with the ROC as a non-negotiable principle, he argued, "If anything should be established from our past parleys with Communist countries, it is that gratuitous concessions induce further and more extravagant demands from them rather than mollifying their existing claims. This is fundamental."¹⁴ Dean went on to say that "to recognize the mainland regime and to admit it to the United Nations without a valid *quid pro quo* would tend to encourage the belief that a loaded pistol and a belligerent refusal to make concessions are the best way to be rewarded in international politics."¹⁵

Not all American opinion leaders supported U.S. concessions to China. In 1953, U.S. Secretary of State John Dulles's promoted the concept of "peaceful evolution," rather than military violence, to promote individual liberty around the world.¹⁶ The most active public advocacy group opposing the extension of legitimacy to the CCP was the Committee of One Million against the Admission of Communist China to the UN. Their campaign began with a petition drive in 1953, and after collecting the requisite one million signatures, including those of prominent Democrats and Republicans. The organizers disbanded in 1954 but later reorganized as the Committee of One Million in 1955. Liberal Democratic and Republican Senators lent their names to the new committee, including Democrats Paul Douglas of Illinois, William Proxmire of Wisconsin, Humphrey of Minnesota, and Republican Kuchel of California. As with earlier organizations, anti-communism rather than the approval of Chiang's regime was the impetus behind the widespread support for the Committee of One Million, which was led by Marvin Liebman, an ex-communist.¹⁷



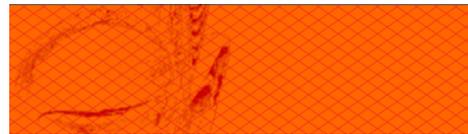
Sensing a political loss, CCP leaders made structural adjustments to the party's Taiwan policymaking organization and began communicating solutions that could be perceived internationally as concessions. Most significant was a stated preference for peaceful means in resolving differences. A department within the PLA General Political Department (GPD) was assigned primary responsibility for developing the peaceful means required to subordinate the ROC to CCP authority. The GPD Liaison Department (GPD/LD), formed on the basis of the GPD Enemy Work Department, was established in June 1955. In a report before the National People's Congress (NPC) the following month, Zhou Enlai announced that “there are two possible ways for liberating Taiwan—one is by war, and the other is by peaceful means. The Chinese people prefer using the peaceful means if the situation permits.”¹⁸

By September 1955, the Eisenhower administration agreed to ambassadorial-level talks with PRC counterparts in Geneva, Switzerland. Among the agenda items were repatriation of nationals in either country and “other practical matters of concern to both sides.” Beijing's representative, Wang Bingnan, called for engagement at more senior levels, a measure of legitimacy that the Eisenhower administration was unwilling to grant barring CCP agreement to renounce the use of force in unifying Taiwan with the mainland. For authorities in Beijing, Taiwan was strictly an internal issue.¹⁹

The centrality of Taiwan in CCP foreign policy and the priority of political warfare over use of military force were highlighted in a National Intelligence Estimate produce in January 1956. The estimate noted that “Chinese Communist foreign policy will continue to be focused on gaining control of Taiwan, reducing Western (especially U.S.) influence in Asia, and extending their own influence in the area. It added that Beijing “will continue to pursue policies emphasizing political rather than military action as long as its objectives are acceptably served by this means.”²⁰

In 1956, Zhou Enlai oversaw the establishment of a unified body for coordinating its cross-Strait political-military strategy, the Taiwan Affairs Leading Small Group (TALSG). Li Kenong, Luo Ruiqing, and Luo Qingchang were key members, along with a GPD deputy director and representatives from united front, propaganda, and external affairs systems. A permanent office supporting the TALSG was staffed in large part by personnel from the GPD/LD and the Central Investigation Department (CID). At the same time, the PLA formed the Fuzhou Military Region to focus on Taiwan-related military planning.²¹

Supported by the TALSG Office, Zhou Enlai began an outreach campaign. Preliminary CCP proposals for a negotiated solution were transmitted through Cao Juren, a Hong Kong-based *Sing Tao Daily* reporter with connections to both Chiang Ching-kuo and Zhou Enlai. In a series of letters, Cao Juren communicated a CCP proposal for direct peace talks and a formula that would concede a high degree of autonomy to authorities on Taiwan, including maintenance of the KMT's political ideology. The letters contained an embryonic form of the CCP's “One



Country, Two Systems” formula, which became understood as the precondition for adopting peaceful means to resolving differences.²²

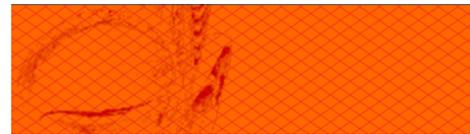
Political subordination of the ROC to CCP authority was a non-starter for the leadership in Taipei. Neither was expansion of authoritarian regimes hostile to the United States. Presumably frustrated at the lack of response, authorities in Beijing ratcheted up military pressure. On August 23, 1958, the PLA initiated an intense artillery barrage against Jinmen Island.

Second Taiwan Strait Crisis and Shifting Tides in the U.S.

The second crisis triggered increased public advocacy in favor of a fundamental shift in U.S. cross-Strait policy. A 1959 report prepared for the Senate Foreign Relations Committee by the Conlon Associates, a California research group, urged the Eisenhower administration to consider proposals leading to the eventual recognition of Communist China and the creation of a separate “Republic of Taiwan.” It advocated the admission of the PRC to the United Nations and closer ties to mainland China.²³

In the run-up to President John F. Kennedy’s inauguration in January 1961, the State Department drafted a memorandum for incoming Secretary of State Dean Rusk regarding U.S. policy on addressing the UN issue. The memorandum proposed a General Assembly resolution declaring that the ROC was an original and continuing UN member but had lost control of much of its territory and that the People’s Republic of China was eligible for membership. The memo also suggested the introduction of another resolution providing for the enlargement of the Security Council and changing the “Republic of China” seat to the “China” seat. The policy also would seek a declaration from the ROC government that it would not seek to occupy the seat unless and until it could once again act for all of China. It was anticipated that the PRC would refuse to apply for membership under these circumstances, with the result of continuing ROC membership in the General Assembly. By the end of 1960, the UN General Assembly opened the debate on the admission of the PRC.²⁴ President Kennedy was loath to make significant changes to U.S. policy on China.²⁵

During the Johnson administration, public advocacy groups in the U.S. began to mobilize academic, business, and religious communities to affect a shift in U.S. China policy, in part related to the Vietnam War. In December 1964, the American Friends Service Committee (AFSC), the World Affairs Council, and the UC Berkeley political science department jointly sponsored the first major public dialogue in the U.S. on America’s China policy. The Berkeley event had in part been inspired by a landmark analysis published in *The China Quarterly* in 1962, authored by Michael Lindsey, which called for normalizing relations with the PRC.²⁶ Significant media coverage on the event began to create momentum and interest by an increasingly diverse range of communities.²⁷



The organizers planned a second major event in Washington to accelerate momentum for a review of U.S. China policy. The National Conference on the U.S. and China took place in April 1965 at the Washington International Inn (now Washington Plaza Hotel). Organizers sought to include a diverse range of perspectives. Participants included leading China scholars, officials from the Johnson administration, Congressional members and staff, religious leaders, representatives from the business community, and the general public. The most significant outcome from the event was the institutionalization of support committees behind the Berkeley event and the National Conference. The National Committee on U.S.-China Relations (NCUSCR) was established in June 1966.

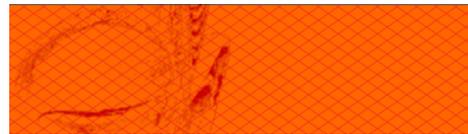
Other organizations advocated dual recognition of the ROC and PRC, as well as other divided sovereign nations. The U.S. chapter of the United Nations Association (UNA) was the most prominent. UNA members included Cyrus Vance, Charles Yost, Harlan Cleveland, and Kingman Brewster. In a 1966 report offering policy recommendations, a UNA policy panel argued that both the ROC and PRC should be member states of the United Nations. The report discussed five different policy options for dealing with the PRC and the ROC including: 1) continuation of present policy, 2) a two-China solution; 3) a one-China, one-Taiwan solution; 4) bringing all or most of the divided states in UN membership; and 5) replacement of the ROC by the PRC. It concluded by saying that “many [UN members] would consider that a two-China proposal reflected the present political realities in the Far East.”²⁸ The report highlights three major points made by the U.S. Ambassador Arthur Goldberg to the United Nations General Assembly on September 22, 1966 as major pillars for U.S. policy:

“... It is not the policy of the United States to isolate Communist China from the world...”

“...the United States will vigorously oppose any effort to exclude the representatives of the Republic of China from the United Nations...”

“...the United States has the friendliest historic feelings toward the great Chinese people and looks forward to the occasion when they will once again enrich, rather than endanger, the fabric of world community, and, in the spirit of the Charter, ‘practice tolerance, and live together in peace with one another as good neighbors.’”

Activities in Washington continued as policymakers developed a strategy for dealing with the China problem. On March 8, 1966, Senate Foreign Relations Committee Chairman William Fulbright opened hearings on U.S. China policy. Leading academics testified on Chinese affairs and portrayed a complicated society juggling communist revolutionary values and modernization efforts. By June that year, Senate Majority Leader Mike Mansfield advocated for an “initiative for a direct contact between the Beijing government and our own government on the problem of peace in Vietnam and Southeast Asia.” As Congressional debate on U.S. China policy intensified, Secretary of State Dean Rusk assured ROC interlocutors during a visit to Taipei in July 1966 that the U.S. was opposed to PRC admission to the UN, temporarily quelling fears that the U.S. was considering a more amiable policy toward the mainland.²⁹



The Nixon Administration, One China, and Two Governments

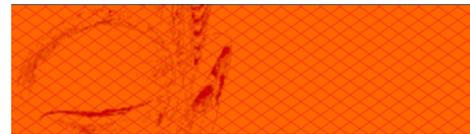
As a general rule, new U.S. administrations offer the most significant opportunity to effect major changes in U.S. cross-Strait policy. The Republican victory in the 1968 elections and inauguration of President Nixon in January 1969 presented such an opportunity. Records indicate the Nixon administration's intent to develop and implement a policy that reflected an accurate representation of the status quo in the Taiwan Strait. The form of that policy was "dual representation" of both the ROC and PRC in the U.N, and normal relations with governments on both sides of the Taiwan Strait. In early February 1969, the President directed a review of U.S. policy options and a clear articulation of U.S. objectives and interests.³⁰

Sensing a shift, Chiang Kai-shek and other leaders began to probe U.S. commitment. In July 1969, President Nixon called upon defense establishments in Asia to assume greater responsibility for their own defenses. In response, Chiang Ching-kuo and Ministry of National Defense (MND) leaders, in October 1969, began to request release of new F-4 fighters and up to a dozen diesel electric submarines under the U.S. military assistance program.³¹

Along with recommendations from American non-governmental organizations, such as a special commission headed by Henry Cabot Lodge Jr., the State Department reportedly recommended to President Nixon in April 1971 that representation of both the ROC on Taiwan and the PRC was in the best interests of the United States. This bipartisan presidential commission of 50 members compiled a report that recommended that all "firmly established governments" should be represented in the UN, including the PRC. Their argument was based on the size of the populations represented by the governments of both the PRC and the ROC, with the PRC accounting for about one-fifth of the world's population and the ROC having a larger population than two-thirds of all UN members.³²

The commission advocated for two separate seats for two different governments representing different areas. The question of the PRC and ROC was not dual representation for one China, but the provision of two seats for two governments. In essence, the proposed U.S. one China policy could entail shared sovereignty as a fundamental feature. Despite possible controversies about admitting Communist China or allowing continued membership of Nationalist China, they held that it was "as unfair to exclude the ROC from the UN as it is unrealistic to stand in the way of the participation of the PRC in the UN." They believed that membership in the UN should not be regarded as a privilege, but instead as an obligation from which no government or state should be permitted to escape.³³

Another policy memo, drafted for Secretary of State William P. Rogers in July 1971, argued that dual representation "must avoid any position on the political, legal, or geographic claims of PRC or ROC." Furthermore, policy "should avoid the question of whether China is one entity of which Taiwan is a part—though if we wished it would be easy enough to add in a "one China" phrase, possibly by taking note of the contention of both PRC and ROC that China is



one.”³⁴ Yet another policy memo addressed Taiwan’s legal status, which from the U.S. policy perspective, remained undetermined.³⁵

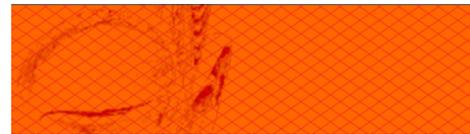
At the same time, a coalition of public policy groups pressed for a shift in U.S. policy, specifically normalization of U.S.-PRC relations. The most prominent organizations included the Committee for New China Policy, NCUSCR, the Citizens to Change United States China Policy, Members of Congress for Peace through Law, Americans for Reappraisal of Far Eastern Policy, Council on Foreign Relations, and the Committee of Concerned Asian Scholars. Business groups supporting the effort included the American Farm Bureau Federation, the Emergency Committee for American Trade, General Motors, Xerox Corporation, and several airlines. Groups opposed included the Committee of One Million, AFL-CIO, American Legion, Veterans of Foreign Wars, American Security Council, and the American Conservative Union.³⁶

By August 1971, the Nixon administration formally declared its support for PRC representation, but asserted that the ROC should not be deprived of its representation. The administration argued that the U.N. should “take cognizance of the existence of both the People’s Republic of China and the Republic of China and reflect that incontestable reality in the manner by which it makes provision of China’s representation.”

The PRC Ministry of Foreign Affairs (MOFA) issued a harsh response. From Beijing’s perspective, the ROC ceased to exist upon the establishment of the PRC in 1949. Only the PRC could be the sole legitimate representative of One China within the international community. Dual representation, in Beijing eyes, would constitute a “two China” position. MOFA argued that “there simply do not exist ‘two Chinas’ in the world, and there is only one China, that is, the People’s Republic of China; Taiwan is an inalienable part of Chinese territory and a province of China, which was already returned to the motherland after World War II. This is the incontestable reality.” At the same time, PRC representatives in Warsaw pressed for a senior U.S. official visit to Beijing to address “principles” of U.S.-China relations, and specifically Taiwan.³⁷

The 1972 Communiqué

PRC influence over members of the UN General Assembly in the 1950s and 1960s, along with the addition of new developing states to the UN in the 1960s resulted in a shift of tides in favor of recognizing the PRC as the sole representative government of China in the United Nations. As U.S. interest in improving relations with the PRC grew to counter the Soviet Union, the ROC lost its membership in the United Nations and its permanent seat in the United Nations Security Council in 1971. Negotiations leading up to the 1972 Nixon, led by Henry Kissinger, took the steam out of an enduring dual representation solution. Then-senior representative in Beijing, George H. W. Bush, recalled the UN campaign and wrote in his diary, “Kissinger’s being in Beijing at the time we were working the problem essentially signed the death warrant for Taiwan.”³⁸



Aside from Taiwan's situation in the UN, how the United States managed its relations with the ROC was an entirely different matter. In the early 1970s, a consensus emerged regarding the establishment of relations with the PRC while maintaining relations with the ROC. Beijing's negotiating position was that normalization required the Nixon administration to surrender its relations with the independent, sovereign government.

In February 1972, President Nixon visited the PRC at the invitation of Chinese premier Zhou Enlai and concluded a historic joint communiqué. Despite its name, the communiqué was not *joint* in nature. The two sides outlined differing views on the issue of Taiwan. The Chinese side reaffirmed its position:

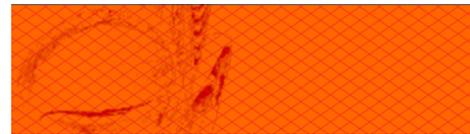
The Taiwan question is the crucial question obstructing the normalization of relations between China and the United States; the Government of the People's Republic of China is the sole legal government of China; Taiwan is a province of China which has long been returned to the motherland; the liberation of Tai-wan is China's internal affair in which no other country has the right to interfere; and all U.S. forces and military installations must be withdrawn from Taiwan. The Chinese Government firmly opposes any activities which aim at the creation of "one China, one Taiwan", "one China, two governments", "two Chinas", an "independent Taiwan" or advocate that the "status of Taiwan remains to be determined."

In response, the U.S. side declared:

The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes. The two sides agreed that it is desirable to broaden the understanding between the two peoples. To this end, they discussed specific areas in such fields as science, technology, culture, sports and journalism, in which people-to-people contacts and exchanges would be mutually beneficial. Each side undertakes to facilitate the further development of such contacts and exchanges.

A number of explanations have emerged for the U.S. decision under the direction of both Nixon and Kissinger to reach an official communiqué with leaders of the CCP. One account portrays the Joint Communiqué as a concession for both sides. Henry Kissinger wrote in his memoirs that neither the United States nor China was willing to let the "Taiwan issue" become an obstacle to the emerging relationship. Kissinger wrote, "The basic theme of the Nixon trip—and the Shanghai Communiqué—was to put off the issue of Taiwan for the future, to enable the two nations to close the gulf of twenty years and to pursue parallel policies where their interests coincided."³⁹

Various criticisms of Nixon and Kissinger's policy towards establishing diplomatic relations with the PRC have emerged through the work of historians and scholars. Nancy Tucker,



for example, argues that Nixon and Kissinger underestimated public support for Taiwan and the ROC government's capacity for political reform. She opined that "[Nixon and Kissinger's] shortsightedness, virtually guaranteed by excessive secrecy, bred mistrust everywhere. This collateral damage to U.S. integrity, diplomacy, and democracy, at home and abroad, constitutes the most serious indictment of the policies they pursued."⁴⁰

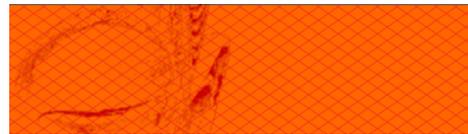
Normalization of U.S.-PRC Relations

After Nixon's historic visit to China in 1972, U.S.-China relations headed in the direction of normalization. The business community, especially banking luminaries such as David Rockefeller, functioned as a strong proponent for financial and trade relations. After President Gerald Ford's trip to China in 1975, he returned with a so-called "Pacific Doctrine," calling for normalization of relations with the PRC and economic cooperation throughout Asia. Authorities in Beijing had set three conditions for establishing diplomatic relations with the United States, including 1) breaking diplomatic relations with Taiwan, 2) withdrawing remaining U.S. military personnel from Taiwan, and 3) abrogating the U.S.-ROC mutual defense treaty.

While the conditions of normalization were being debated in the U.S., China was still largely viewed as a function of American strategy towards the Soviet Union. When Jimmy Carter came into office, a détente policy towards the Soviet Union was favored over a deterrence policy of rapid normalization of relations with China. However, presidential advisor Zbigniew Brzezinski was in favor of normalization despite other voices that favored direct rapprochement with Moscow and delaying normalization with China until later.

Following his inauguration in January 1977, President Jimmy Carter directed an interagency policy review of U.S. relations with the PRC and ROC, including the normalization of relations with Beijing. With input from Secretary of Defense Harold Brown and Chairman of the Joint Chiefs of Staff, the policy review adopted a strong defense and security focus.⁴¹ At least one concern was Taiwan's development of a nuclear weapon. According to one February 1977 memo, "the ROC, in the absence of U.S. steps, will have the capacity to detonate a nuclear device in the next two to four years."⁴²

Subsequently in August 1977, Secretary of State Cyrus Vance had discussions in Beijing with Chinese leaders. During this visit, he stated that the United States was prepared to normalize relations with the PRC but that Washington would need to maintain an official presence in Taiwan through either a consulate or a liaison office. Deng Xiaoping told Vance that the U.S. position was a "step backward," and even after Carter officially announced progress in U.S.-China relations and a successful visit by Vance, Deng Xiaoping publicly countered that by characterizing Vance's visit as a setback to relations and that the Carter administration had retreated from the position of its predecessors.⁴³ The following year, in May 1978, National Security Adviser Zbigniew Brzezinski arrived in Beijing for meetings with Chinese leaders,



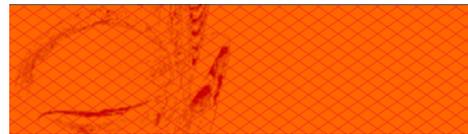
during which he makes clear that the U.S. is prepared to enter serious talks about the remaining obstacles to normalizing Sino-American relations.

On December 15, 1978, based on the implicit understanding that differences between the two sides of the Taiwan Strait would be handled in a peaceful manner, the U.S. announced the establishment of full diplomatic relations with the PRC, to become effective January 1, 1979. In order to achieve normalization, Washington acquiesced to Beijing's three long-standing demands: 1) termination of formal diplomatic relations with Taiwan; 2) removal of all U.S. troops from Taiwan; and 3) abrogation of the 1954 U.S.-ROC Mutual Defense Treaty.

Loss of Recognition and Quest for Legitimacy

With the death of Chiang Kai-shek in 1975, and the United Nations Security Council's shift to recognizing the PRC as the legitimate government of China, ROC President Chiang Ching-kuo was faced with an impending transformation in U.S. diplomatic priorities, jeopardizing Taiwan's international status. Following President Carter's decision to derecognize the ROC on December 15, 1978, Chiang met with then-Deputy Secretary of State Warren Christopher to propose measures that would guide U.S.-ROC relations moving forward. In particular, Chiang campaigned for 1) continuity in bilateral relations; 2) recognition of, and respect for, the legal status and international personality of the ROC; 3) U.S. guarantee of Taiwan's security; 4) legal codification of the future of U.S.-Taiwan relations; and 5) continuation of government-to-government relations between the U.S. and ROC even after January 1, 1979.⁴⁴ The last of these propositions would not be realized, with the former ones incorporated into the Taiwan Relations Act of 1979. Overall, while the document has in many ways hindered Taiwan's capacity for engaging politically and economically with the United States, it also ensured mechanisms for maintaining unofficial U.S.-Taiwan relations, specifically the American Institute in Taiwan (AIT) and the Taiwan Economic and Cultural Representative Office (TECRO) in the United States.⁴⁵ These conditions outlined by Chiang complemented his "pragmatic diplomacy" efforts of reassuring China that Taiwan would not embark on a path of separatism, and assured the United States that Taiwan deserved their continued support by working to employ democratic values.⁴⁶

After President Carter signed the TRA into law in 1979, the PRC protested the legislation by delivering a formal note to U.S. Ambassador Leonard Woodcock in Beijing, stating that the TRA was "unacceptable." This legislation includes two key security provisions. First, the language stipulated that "the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." Secondly, the TRA states that it is the policy of the United States to "maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan."⁴⁷



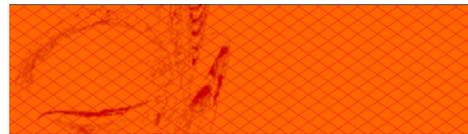
Beijing Pushes "One Country, Two Systems" Formula

On January 1, 1979, the CCP announced the shift from “armed liberation” to a policy of “peaceful unification” under a “One Country, Two Systems” formula. In a formal statement in April 1980, Deng Xiaoping noted that “Taiwan is allowed to keep its social system and lifestyle intact. It is even permitted to function as a local government and retain its armed forces, as long as the Taiwan authorities recognize Taiwan as part of the People’s Republic of China.

Marshal Ye Jianying, then chairman of the NPC Standing Committee, expanded upon the “One Country, Two Systems” concept. On September 30, 1981, he affirmed that “after the country is reunified, Taiwan can enjoy a high degree of autonomy as a special administrative region.” Because both sides of the Taiwan Strait were ruled by a single party, he proposed that talks between ruling parties—the CCP and the KMT—be held on an equal footing. Under a “One Country, Two Systems” formula, Taiwan and mainland China could “pursue different political systems.” Augmenting Ye Jianying’s statement, Deng Xiaoping later added that “[Taiwan] should not undermine the mainland’s system, neither should we undermine theirs. Roughly speaking, these articles apply to not only the question of Taiwan, but the issue of Hong Kong as well.”⁴⁸

Internationally, however, the PRC would remain the sole representative of one China. Governing authorities on Taiwan would handle its own political and military affairs independently but would not be granted complete autonomy, which would imply the existence of two separate Chinas instead of one. As Deng Xiaoping noted, “peaceful reunification” would not mean the annexation of Taiwan by the mainland, or the mainland by Taiwan, and that reunification dialogues would be held without foreign interference.⁴⁹

While this was perceived by officials in Beijing and Washington as a significant improvement in China’s willingness to compromise, Taipei rejected the “One Country, Two Systems” proposal, and called for unification under a democratic, free, and non-communist system.⁵⁰ The offer from Beijing was viewed by the ROC as a PRC precondition of Taiwan recognizing its inferior status as a province under Beijing’s authority. The CCP expected to reap the fruits of negotiations prior to holding them. Arguing that the PRC could not be trusted and that the proposal had in no way improved on previous policies, the offer was viewed as simply another form of warfare.⁵¹ The leadership also argued that a unified China could only be possible under a free and democratic system that Taiwan would continue to uphold its policy to not “negotiate with the Chinese Communists.” Negotiations with the CCP would legitimize the regime.⁵² Chiang Ching-kuo enforced a strict “Three No’s” policy: no contact, no negotiation, and no compromise.⁵³ Adding to the suspicion was a gradual uptick in united front-related activities, including the establishment of the CCP United Front Work Department’s All-China Federation of Taiwan Compatriots (*Tailian*) in December 1981.⁵⁴



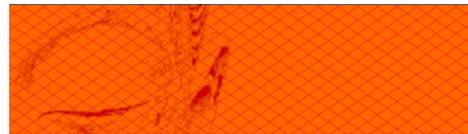
Despite the Three No's, domestic political pressure, as well as pressure from Beijing and Washington, triggered shifts in Taiwan's political system. In 1987, the KMT repealed martial law, legalized opposition parties, and formally permitted ROC citizens to visit relatives on the mainland.⁵⁵ These initiatives signified a break from authoritarianism, thus opening the island to unprecedented political and social reforms. As it turns out, liberalization would also be followed by a relaxation of restrictions on cross-Strait travel, indirect trade, investment, and other forms of interaction with the PRC. Many of the exchanges were conducted under the umbrella of unofficial organizations, such as the Red Cross Society.⁵⁶

The 1982 Communiqué and the Six Assurances

After President Ronald Reagan took office, the PRC mobilized its foreign policy resources, including the CCP propaganda apparatus, to force a solution on U.S. arms sales to Taiwan in Beijing's favor. Secretary of State Alexander Haig reasoned that it was in the U.S. interest to limit arms sales to Taiwan so that the reforms under Deng Xiaoping would not be jeopardized by leftist opponents should they gain the upper hand and return to an isolationist China. After difficult negotiations, a new joint communiqué was announced on August 17, 1982. Based on an expectation that Beijing would adopt peaceful means to resolving political differences, the U.S. declared that 1) it does not seek a long-term policy of arms sales to Taiwan; 2) its arms sales to Taiwan would not exceed—both in qualitative and quantitative terms—the level of those supplied in recent years since the establishment of diplomatic relations between the U.S. and mainland China; and 3) it intends to reduce its sales of arms to Taiwan gradually over time. The 1982 Communiqué was a statement of future U.S. policy rather than a treaty or agreement.

During the communiqué negotiations, the United States kept Taiwan informed of developments, seeking to assure Taipei of its commitments to the island's peace and security vis-à-vis bilateral developments with China. On July 14, 1982, a month before the 1982 communiqué was formally announced, the United States made six assurances to Taiwan,⁵⁷ including that it:

- Would not set a date for termination of arms sales to Taiwan;
- Would not alter the terms of the Taiwan Relations Act;
- Would not consult with China in advance before making decisions about U.S. arms sales to Taiwan;
- Would not mediate between Taiwan and China;
- Would not alter its position about the sovereignty of Taiwan which was, that the question was one to be decided peacefully by the Chinese themselves, and would not pressure Taiwan to enter into negotiations with China;



- Would not formally recognize Chinese sovereignty over Taiwan.

After the signing of the 1982 Communiqué, U.S. defense assistance was largely in the form of arms sales, technology transfer, and licensed production. To demonstrate a general downward trend in the dollar amount of arms sales through foreign military sales channels, U.S. policymakers had a strong preference for technical assistance and licensed production through direct commercial sales. Prominent examples include the CM-11/M48H main battle tank, the Indigenous Defense Fighter (IDF), the PFG-2 frigate program, and the Tienkong air defense system programs, among others.

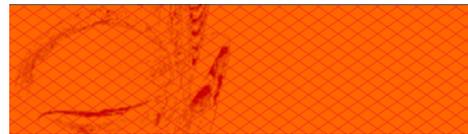
Lee Teng-hui and Taiwan's Democratization

Lee Teng-hui's ascendency to the presidency during the KMT's 13th Party Congress in July 1988 marked a new era in cross-Strait relations. The legacy of Lee Teng-hui's twelve-year rule is the establishment of basic preconditions for cross-Strait resolution, including renunciation of use of force, recognition of the ROC government as a legitimate equal, and the increase of international space for Taiwan. Flexible diplomacy also left the door open for more creative and enduring solutions, such as the concept of shared sovereignty.⁵⁸ Domestically, forces advocating democratization on Taiwan gained strength following several scandals that led to public outcry and increased support for the movement.⁵⁹ As a result, the Democratic Progressive Party (DPP) was established on September 28, 1986. In July 1987, martial law was formally lifted, followed shortly by liberalization of press freedoms.

Like Chiang Ching-kuo, Lee Teng-hui reportedly maintained a low-key channel of communication with CCP authorities through personal emissaries. Soon after the loss of U.S. diplomatic recognition, Chiang Ching-kuo opened a channel of dialogue to better ascertain CCP intentions. The channel had been initially established in 1981, with Chiang Ching-kuo's former executive assistant, retired Major General Shen Cheng, serving as an emissary.⁶⁰

More cross-Strait engagement followed. In January 1988, Yang Shangkun initiated a campaign to engage the new leadership on Taiwan. In late January 1988, a secret Taiwan delegation headed by Nan Huai-jin, a neo-Confucian and Buddhist scholar with close contacts to Lee through students, traveled to Hong Kong to meet with PRC representatives Jia Yibin, a member of the Chinese People's Political Consultative Conference (CPPCC), and Yang Side, director of Beijing's Taiwan Affairs Office (TAO). Additional cross-Strait meetings were conducted in April 1989 with a similar delegation.⁶¹

PRC authorities strengthened influence operations against Taiwan. During the summer of 1988, authorities in Beijing began three initiatives designed to increase leverage over Taiwan's new leadership. First, the State Council adopted a policy encouraging Taiwanese investment on the Chinese mainland. It established two investment zones for Taiwanese firms in Fujian the following year.



Second, Deng Xiaoping directed the establishment of another major united front platform—the Chinese Council for Promotion of Peaceful National Reunification (CCPPR)—in 1988.⁶² The CCPPR’s leadership is linked to the Chinese People’s Political Consultative Committee (CPPCC) and the United Front Work Department. At the same time, the National Society of Taiwan Studies (NSTS) was established to bring together some of China’s foremost Taiwan experts in support of the TALSG Office, UFWD, China Academy of Social Sciences (CASS), MSS, and the PLA.⁶³ These linkages portray a nexus of coordinated influence operations.

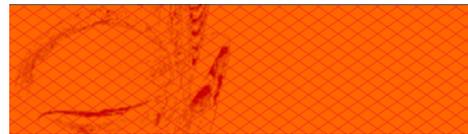
Third, beyond the expansion of the united front activities, the CMC also began planning for a gradual increase in coercion directed against the leadership and people on Taiwan and influence among U.S. opinion leaders. On the military front, China’s space and missile industry demonstrated the feasibility of a conventionally capable short-range ballistic missile (SRBM) with a successful test in June 1988. In August 1988, the CMC approved a plan to gradually expand the infrastructure of the PLA’s strategic missile force—the Second Artillery—based opposite Taiwan and within three years began equipping new brigades with SRBMs.⁶⁴ In terms of messaging, ballistic missiles are a unique political tool of intimidation due to their speed, lethality, and the difficulties in defending against them.

Viewing events as moving too fast, Lee Teng-hui decidedly pulled back the reins slightly during his inaugural speech on May 20, 1990.

*I would like at this point to earnestly declare that, if the Chinese Communist authorities can recognize the overall world trend and the common hope of all Chinese, implement political democracy and a free economic system, renounce the use of military force in the Taiwan Straits and not interfere with our development of foreign relations on the basis of a one-China policy, we would be willing, on a basis of equality, to establish channels of communication, and completely open up academic, cultural, economic, trade, scientific, and technological exchange, to lay a foundation of mutual respect, peace, and prosperity. We hope then, when objective conditions are ripe, we will be able to discuss the matter of our national reunification, based on the common will of the Chinese people on both sides of the Taiwan Straits.*⁶⁵

Thus, on June 11, 1990, CCP General Secretary Jiang Zemin responded to Lee’s speech reasserting Beijing’s view that, “as long as the two parties sit down, discuss reunification under the prerequisite of ‘one China,’ and not attempt to create ‘Two Chinas,’ ‘One China, One Taiwan,’ or ‘One Country, Two Governments,’ then all issues can be brought up for discussion and negotiations.”⁶⁶

With China’s economic modernization progressing, Taiwan’s business sector, backed by members of Taiwan’s legislature, advocated for greater protection in dealings with party and state-affiliated enterprises, and formed an umbrella association to represent their interests. Following the visit of some of Taiwan’s most prominent corporate leaders earlier in the year, an alleged 600 businessmen from Taiwan traveled to Beijing in July 1990 for the first seminar on



doing business in China. To help manage the growing exchanges, a quasi-governmental framework was established with three bodies.

First, the ROC government convened a National Affairs Conference on June 29, 1990. Its intention was to meet demands for a “relaxation of functional exchanges and limitations on political negotiations” and to create a unique government agency to help manage growing cross-Strait exchanges. However, the issues of Taiwan’s status and the future of cross-Strait relations were deliberately avoided.⁶⁷ As a result, President Lee addressed the issue independently by forming the National Unification Council (NUC) in September and promulgating the National Unification Guidelines (NUG) in early 1991. The NUC established guidelines specified that the goals of democracy, freedom, equitable prosperity, and national unification were to be pursued through peaceful, democratic means. In addition, the Mainland Affairs Council (MAC) was to serve as the primary policy-making authority to oversee cross-Strait relations.⁶⁸

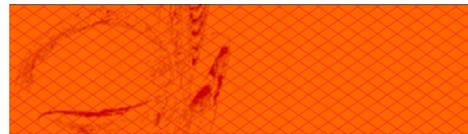
Additionally, the two sides established semi-official entities in late 1990 that were authorized to negotiate on behalf of the government to resolve practical issues associated with economic exchanges. The Strait Exchange Foundation (SEF) and the Chinese Association for Relations across the Taiwan Strait (ARATS) institutionalized a mechanism for communication between the respective governments on Taiwan and mainland China.⁶⁹

Taiwan Moves toward Popular Sovereignty

During the 1990’s, the ROC moved decisively to strengthen its legitimacy through popular sovereignty and a clean break from its authoritarian past. The first step was amending the constitution and shedding the pretense of representing all of China. In May 1991, President Lee Teng-hui announced the abolishment of “Temporary Provisions” that had been in place since 1948 that granted emergency powers to the president. President Lee, in essence, acknowledged the existence of two legitimate governments on both sides of the Taiwan Strait and asserted that “the mainland is now under the jurisdiction of the Chinese Communists, and this is a fact that we must face.” In doing so, the ROC effectively abandoned the claim to be the sole legitimate government of China.

Lee Teng-hui reached out to counterparts across the Taiwan Strait. President Lee created a personal window for direct communication between the President’s office and senior leaders in Beijing as early as December 1990. At the end of May 1991, one of the first SEF delegations, led by C.V. Chen, a prominent figure in Taiwan’s legal community, traveled to Beijing for initial discussions.

The National Unification Council (NUC) passed a resolution in August 1992 that highlighted the divergence between the PRC and Taiwan’s interpretation of the “One China principle.” Accordingly, “One China” could mean the People’s Republic of China to Beijing, and the Republic of China to Taipei, which has “*de jure* sovereignty over all of China.” However, the ROC’s current jurisdiction only covers Taiwan, Penghu, Jinmen (Quemoy), and Matsu. “One



China” would mean “one country and two areas separately ruled by two political entities.” The two sides allegedly haggled over the definition of “one China” before finally agreeing to differ on interpretations and to not discuss the issue further. By April 1993, senior SEF and ARATS delegations, led by Koo Chen-fu and Wang Daohan, signed agreements that formalized aspects of the unofficial relationship during meetings in Singapore.⁷⁰

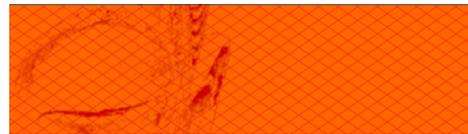
The 1994 Taiwan Policy Review

During the first ten years after the United States shifted its recognition from Taipei to Beijing, given the common strategic interests shared by Beijing and Washington, the focus for both the United States and the PRC was the Soviet Union. After the Tiananmen Square massacre and the collapse of the Soviet Union in 1989, however, the foundation of the U.S.-PRC relationship was broken. In December 1992, during the last weeks of the George H. W. Bush administration, U.S. Trade Representative Carla Hills visited Taiwan and became the first time cabinet-level official to visit Taiwan since 1979.

Shortly after his inauguration in January 1993 President Bill Clinton directed a comprehensive review of American policy towards the PRC and Taiwan. By September 1994, the Clinton administration publicized highlights of the Taiwan policy review. In testimony before the Senate Foreign Relations Committee, Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord highlighted the adjustments designed to enhance unofficial ties with Taiwan while maintaining the basic framework under the TRA and the three communiqués. Within this framework, the highlights included:

- Permitting U.S. cabinet-level officials from economic and technical departments to meet with Taiwan representatives;
- Establishing a sub-cabinet level economic dialogue with Taiwan through the recently signed Trade and Investment Framework Agreement;
- Encouraging cross-Strait talks;
- Supporting Taiwan’s membership in international organizations accepting non-states as members, as well as look for ways to have Taiwan’s voice heard in organizations of states where Taiwan’s membership is not possible;
- Agreeing that the name for Taiwan’s official office be changing from Coordination Council for North American Affairs to Taipei Economic and Cultural Representative Office (TECRO).

An incremental improvement, the 1994 policy review provided enhanced engagement mechanisms for U.S.-Taiwan relations in economic and political matters. Despite improvements, restrictions on the unofficial relationship would continue to hinder the effectiveness of U.S.-Taiwan relations.



Political-Military Coercion, Jiang's Eight Point Proposal, and the 1995-1996 Taiwan Crisis

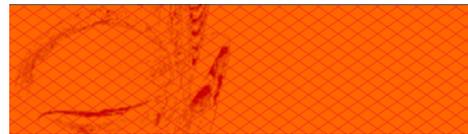
Increasingly concerned over Taiwan's path toward democracy, Jiang Zemin and the TALSG Office began to formulate a public policy statement. In 1993, Jiang Zemin began putting his personal imprimatur on directing Taiwan affairs. In August 1994, the TALSG conducted a series of conferences on Taiwan policy, with PLA General Staff Department (GSD) representatives pressing for more definitive military options.⁷¹ In the end, a major policy statement was promulgated in January 1995. The TALSG Office released Jiang Zemin's Eight-Point Proposal, which stressed the indivisibility of Chinese sovereignty and territorial integrity and warned against any perceived movement towards an independent Taiwan. The statement provided specifics on PRC's Taiwan policy and included hopes to expand cross-Strait exchanges. The statement emphasized that, "adhering to the One China Principle is the basis and prerequisite for peaceful reunification." The statement also called for "officially ending the state of hostility between the two sides under the principle that there is only one China."⁷²

Taipei responded in two ways. First, Lee Teng-hui, in an April 1995 speech before the National Unification Council, asserted that "we believe the mainland authorities should demonstrate their goodwill by publicly renouncing the use of force and refrain from making any military move that might arouse anxiety or suspicion in the Taiwan Strait, thus paving the way for formal negotiations between both sides to put an end to the state of hostility."⁷³ Coincidentally, that same month, the DPP opened up a representative office in Washington, DC.⁷⁴

Second, Lee accepted an invitation to give a presentation on Taiwan's democratization to his alma mater, Cornell University. Congressional advocacy, including Senator Chuck Robb, helped facilitate issuance of a visa on May 22, 1995. Beijing responded by issuing a strong protest the following day, accusing the United States of supporting the creation of two Chinas and violating the one-China principle of the three communiqués and jeopardizing U.S.-PRC relations.⁷⁵ President Lee gave his presentation at Cornell University on June 9, highlighting Taiwan's democratic progress with little fanfare.⁷⁶

The missile tests following President Lee's visit to the United States were the culmination of years of planning. Between the summer of 1995 and spring of 1996, the PLA carried out a series of exercises and live-fire tests.⁷⁷ In March 1996, the United States deployed one and subsequently a second aircraft carrier battle group to the area. The PRC followed up by subsequently notifying the KMT government that SEF-ARATS cross-Strait dialogues would be suspended indefinitely.⁷⁸

Consequent of PRC provocations and a simultaneous domestic demand to address issues pertinent to the new democracy, President Lee, along with Taiwan's leading parties and policymakers, met for a second time at the National Development Conference (NDC) in November and December of 1996. There, they hoped to achieve consensus on Taiwan's China



policy and to resolve remaining domestic issues concerning the economy as well as the structure of the provincial and central government and voting practices.⁷⁹

At the invitation of ARATS, a 25 member New Party delegation became the first political party on Taiwan to travel to Beijing to discuss cross-Strait relations in February 1998. Following the trip, members of the New Party fueled debate by proposing a “One China, Two Chinese States” solution.⁸⁰ However, the resolution’s contradiction of the KMT’s existing “one China” policy generated substantial backlash among Taiwan’s political elites, including New Party founder Lee Ching-hua. Later that year, however, ARATS-SEF talks resumed, which recreated a space for dialogue independent of specific party affiliation.⁸¹

Setting Taiwan on the path toward liberal democracy, President Lee addressed the international community and the people of Taiwan in a landmark article published with the Council on Foreign Relations’ magazine, *Foreign Affairs*. He asserted that:

...the international community has become accustomed to Beijing's pronouncements while disregarding the obvious fact that each side of the strait is separately and equally ruled. The facts have been distorted by Beijing and overlooked by the international community for many years. Cross-strait ties now form a “special state-to-state relationship.”

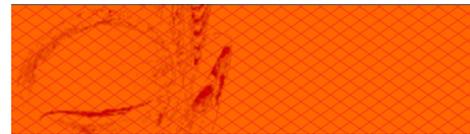
Should the ROC government conduct negotiations with the Chinese communists while claiming that we are only a vague “political entity,” we would place ourselves in an unequal position that fails to accord with reality. Thus, before commencing any negotiations, Taipei must clearly define cross-strait relations...When any two states conduct a dialogue, they do so, on an equal basis regardless of size or military prowess. There is no reason for the cross-strait dialogue to be any different. Only talks conducted on an equal basis can win popular support.⁸²

Beijing took particular issue with Lee’s characterization of cross-Strait relations as “state-to-state” and, once again, suspended senior level, quasi-official dialogue in 1999. Lee later responded that his comments clarified 1991 changes in the ROC constitution acknowledging the legitimacy of the respective ROC and PRC governments.⁸³

Overall, Lee Teng-hui’s domestic and cross-Strait policies marked a new era for Taiwan politics. Democracy, at its most fundamental state had been achieved, but not without serious debates and questions over a national consensus on Taiwan’s political status moving forward.

U.S. Policy Adjustment

PLA missile exercises off the coast of Taiwan in the lead-up to ROC’s first direct presidential election had a major effect on U.S.-Taiwan relations. In the wake of the 1996 missile crisis and military build-up opposite Taiwan, the U.S. responded by diversifying its defense relations with Taiwan, including a relaxation on restrictions that had limited operational



interaction and intensified deliberate planning for the defense of Taiwan. The United States responded to China's dramatic show of force with a deployment of two aircraft carrier battle groups led by *Independence* and *Nimitz*. Administration officials believed that if the United States did not respond forcefully, Beijing would doubt Washington's commitment to peaceful resolution of cross-Strait differences, thus increasing the likelihood of Chinese hostility in future scenarios.

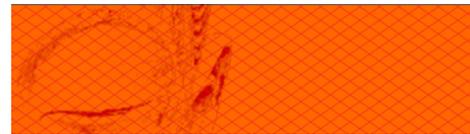
After the 1996 crisis, State Department officials believed that a state-level U.S.-PRC summit could help put the bilateral relationship back on a positive track. In a November 1996 meeting in Manila, President Clinton and Chairman Jiang Zemin agreed to exchange state visits in 1997 and 1998. When Jiang paid a visit to the United States in October 1997, Clinton assured him that the United States 1) did not support independence for Taiwan; 2) did not support "one China, one Taiwan," or "two Chinas;" 3) did not support Taiwan's membership in any international bodies whose members are sovereign states.

In June 1998, during his reciprocal state visit, President Clinton again publically reiterated these assurances in Shanghai.⁸⁴ In response to these public statements, Congress passed a resolution in July to affirm U.S. commitment to Taiwan's security. Chairman Richard Bush of the American Institute in Taiwan (AIT) went to Taipei shortly after President Clinton's trip to China to reassure Taiwan leaders that, "President Clinton did not change policy toward Taiwan and did not damage Taiwan's interest." He further reiterated that, "Whatever achievements occurred in U.S.-PRC relations did not have a negative effect on Taiwan." He held that U.S. policy towards Taiwan and mainland China is not a zero-sum game.⁸⁵

Power Transition in a Democratic Taiwan

The DPP's prominence as a legitimate opposition party rose in May 1999 when they published a "Resolution on Taiwan's Future" (台灣前途決議文). It served to broach the idea of engaging the PRC in more comprehensive dialogue and to establish a framework for peace. It also set the tone for DPP political priorities as the leading opposition party to the KMT and, from the PRC's perspective, a challenge to its "One Country, Two Systems" formula for unification.⁸⁶ Consequently, prior to Taiwan's March 2000 election, Beijing stepped up political pressure by issuing a white paper expressing that "the state of hostility between the two sides of the Strait has not formally ended." It added that while peaceful unification is favorable, the PRC would not renounce use force in order to ensure its territorial integrity. Conditions for use of force included: 1) the separation of Taiwan from China in any name; 2) an invasion and occupation of Taiwan by foreign countries; or 3) the refusal of Taiwan authorities to negotiate a peaceful settlement of cross-Strait reunification.⁸⁷ In response, MAC argued:

"Since its establishment in 1912, the Republic of China (ROC) has weathered and survived internal and external challenges and changes. Never for a moment vanishing, the ROC has stood



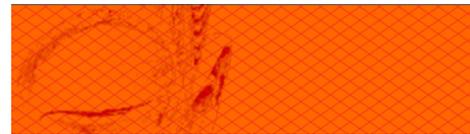
proudly and unwaveringly. Beginning in 1949, the two sides of the Taiwan Strait have been under separate jurisdictions, neither subject to the other. The People's Republic of China (PRC) regime has never ruled Taiwan, Pescadores, Kinmen, and Matsu. Beijing's statements in the white paper that the ROC already reached its end in history in 1949 and that the PRC undoubtedly owns and exercises the sovereignty over China, including Taiwan, completely distort the facts. Beijing's repeated denial of the reality of ROC's existence only creates more troubles, and escalates tensions in cross-strait relations, which is utterly unhelpful for pragmatically resolving the disputes.

At the center of the cross-strait relations stands the issue of political identity. In our view, China since 1949 has been hitherto divided. Before the day of unification arrives, each of the two sides should be entitled to different interpretations on "one China." The consensus that "the definition of one China should be subject to respective interpretations" reached by the two sides in 1992 is a consensus circumventing the issue of political identity. It is therefore the best way to promote the cross-strait relations. For the purposes of pursuing greater interests of the peoples across the Strait, and acquiring an early solution of the cross-strait issues, the ROC government urges the PRC to sensibly return to the 1992 consensus."⁸⁸

In April 2000, the National Assembly amended the ROC constitution, including language addressing territory boundaries, specifically "the territory of the Republic of China, defined by its existing national boundaries, shall not be altered" without approval by three-fourths of the members of the Legislative Yuan and three-fourths of the delegates to the National Assembly. While unclear, national boundaries presumably have been defined as the territory under effective ROC administration at the time of the amendment in April 2000.⁸⁹

The inauguration of President Chen Shui-bian in May 2000 failed to alleviate the PRC's concerns and restart the SEF-ARATS dialogue. Yet, despite an absence in senior government-sponsored dialogue as well as economic, cultural, and other unofficial interactions between the two sides of the Taiwan Strait, relations grew substantially under the DPP administration's eight-year span. Arguably, the rise in cross-Strait exchanges was at least in part a result of trust in the DPP as defenders of Taiwan's sovereignty and ability to stand fast in the face of CCP pressure.

One of the first moves by President Chen was the establishment of an advisory group on cross-Strait relations in the fall of 2000. Two of the most prominent members of the group, Nobel Prize winner Lee Yuan-tseh and the DPP's Frank Hsieh, proposed that the constitution serve as the basis for a "One China" consensus. Their meeting was followed by Vice President Vincent Siew's proposition in 2001 to introduce a common market for China and Taiwan presumably modeled after the European one leading to the formation of the European Union.⁹⁰ Afterwards, James Soong raised a concept in May 2002 calling for shared sovereignty under a formulation he called "One China Roof, Two Governments, Two Constitutions."⁹¹



The Chen Shui-bian administration appeared increasingly frustrated with the CCP's efforts to isolate and undermine the ROC's political legitimacy. In a 2003 address to the U.S. Foreign Policy Research Institute (FPRI), Taiwan's chief representative in the United States, Chen Chien-jen, criticized Beijing's "continued insistence that Taiwan is a province of China. And since the PRC equates itself with China, this is tantamount to saying that Taiwan is a part of the PRC and should be subject to PRC leadership." He added "such a formulation not only runs contrary to the facts on the ground, it also alienates the people of Taiwan."⁹²

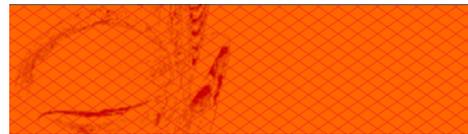
Beijing's Response to Taiwan Sovereignty

Authorities in Beijing responded to the DPP administration's assertions of ROC sovereignty in multiple ways. First, the Politburo expanded the CCP's united front infrastructure. In June 2001, the CMC directed the establishment of the China Association for Promotion of Culture, a platform managed by the PLA General Political Department, for cross-strait united front and other political operations. The PLA also increased investment into the integration of "public opinion warfare," psychological operations, and legal warfare.⁹³ Second, the CCP codified its legal framework to justify use of non-peaceful means. In March 2005, the National People's Congress promulgated an Anti-Secession Law. This was, in effect, a "binding legal code" unilaterally created by the CCP under which Taiwan could in no way declare independence as a sovereign nation.⁹⁴ More specifically, the Anti-Secession Law stated that:

*In the event that the "Taiwan independence" secessionist forces should act under any name or by any means to cause the fact of Taiwan's secession from China, or that major incidents entailing Taiwan's secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity.*⁹⁵

At the same time, the CCP encouraged divisions within Taiwan society. KMT Secretary General Lien Chan led a pan-Blue coalition to China to meet with Hu Jintao on April 29, 2005, marking the first formal meeting between top party leadership in 60 years. The meeting sparked violence and was widely criticized. For example, former president Lee Teng-hui argued that Lien's actions were that of appeasement in the face of a clear military threat from China.⁹⁶

Finally, authorities in Beijing encouraged greater cross-strait trade and investment, which in part offered leverage over political leaders in Taipei. These efforts were supported by an overall relaxation of restrictions. In particular, Chen reversed the refusal by Chiang Ching-Kuo and Lee Teng-hui to implement China's three mini-links policy, which was originally proposed by Deng Xiaoping in 1979 to promote cross-strait commercial, post, and transportation practices.⁹⁷ President Chen and his Chinese counterparts saw this commercial deal as an avenue for progress. Most notably, former mainland Chinese Foreign Minister Qian Qichen conceded that, "a One China Principle was not necessary for establishing direct links and flights would be

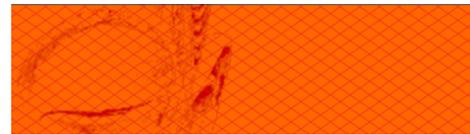


considered, not as international or domestic flights, but rather as special cross-Strait flights.”⁹⁸ As a result, although the political conversation remained at stalemate, President Chen introduced a trial period for the “links” in which economic exchanges escalated exponentially with China becoming Taiwan’s number one trading partner by 2003.⁹⁹

Despite Beijing’s hostility toward governing authorities on Taiwan, cross-Strait economic exchanges continued. In July 2005, for instance, a number of Taiwan and China industry executives, Chinese government representatives, and KMT opposition officials held a summit meeting in Beijing titled the “Cross-Straits Forum on Industrial Standards in the Information Industry.” At this conference, the two sides agreed to develop their own standards of use for new technological advancements like mobile phones, flat panels, and other digital devices competing with European and U.S. formats.¹⁰⁰ While political animosities softened on both sides of the Strait, the KMT Central Standing Committee had come to favor more Taiwan-centric guidelines, instead of its mainland-centric traditions, and removed the word “unification” from party regulations. Their draft mission statement also omitted references to the National Unification Guidelines and the “1992 consensus.”¹⁰¹ By the time KMT presidential candidate Ma Ying-jeou visited Europe in 2007, he too asserted that independence was an option for Taiwan—a notable change from the traditional KMT party stance.¹⁰²

By 2007, Hu Jintao began to offer the appearance of a more conciliatory policy. In a report issued by the 17th Party Congress that October, Hu raised the issue of a peace accord once again and stressed the need to “construct a framework for peaceful development of cross-Strait relations, and usher in a new phase of peaceful development.” The proposed peace agreement would still abide by the original One China Principle, but unlike his predecessors, Hu admitted that his interpretation of “one China” would have to be more flexible.¹⁰³

On March 28, 2007, without consulting with the United States or any other Security Council members except presumably China, Ban Ki-Moon issued a letter asserting under the terms of U.N. General Assembly Resolution 2758 that “the United Nations considers Taiwan for all purposes to be an integral part of the People's Republic of China.” In response to his statement, the U.S. State Department included the following phrase in standard letters to citizens concerned about Taiwan in June 2007: The U.S. has “not formally recognized Chinese sovereignty over Taiwan and [has] not made any determination as to Taiwan’s political status.”¹⁰⁴ However, a standard letter to concerned citizens was perhaps regarded as insufficient for the purposes of the UN; thus in July 2007, the United States reportedly presented a nine-point demarche in the form of a “non-paper” to the UN Under-Secretary for General for Political Affairs. In addition, President Bush’s senior Asia advisor issued a statement reaffirming Taiwan’s undecided international status in August 2007, at least as far as U.S. policy was concerned, stating that:



*Taiwan, or the Republic of China, is not at this point a state in the international community. The position of the United States government is that the ROC—Republic of China—is an issue undecided, and it has been left undecided, as you know, for many, many years.*¹⁰⁵

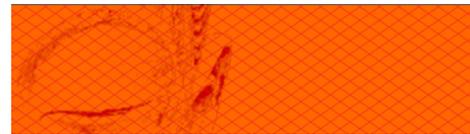
Return of the KMT

Following eight years of DPP rule, voters on Taiwan formally elected Ma Ying-jeou as president in early 2008, marking the ROC's second peaceful democratic transition of power in history.¹⁰⁶ Having managed his campaign on the premise of reviving the Taiwanese economy and restoring governmental integrity, Ma engaged local Taipei businesses at a grassroots level and sought to establish himself as representative of the people early on. Once elected, Ma made it clear that there would be no war between the two sides of the Strait, but that China remained Taiwan's biggest threat.¹⁰⁷ However, Ma's general approach to cross-Strait relations was still considerably more traditional, and in many ways a return to the Chiang Ching-kuo and Lee Teng-hui eras of cross-Strait policy.

President Ma's pledge of "mutual non-denial" also played a significant role in his administration's cross-Strait policy, and in many ways provided a basis for SEF and ARATS engagement despite the PRC's staunch rejection of it. Ma claimed that "mutual non-denial" reflected sentiments of the "1992 consensus," wherein the PRC and Taiwan neither recognize each other's sovereignty, and nor do they deny one other's authority to govern. He argued that it allowed the two political entities to sign legally binding agreements through the SEF and ARATS, ensuring formal agreements like the Economic Cooperation Framework Agreement (ECFA).¹⁰⁸

Thus, in the first few years, President Ma observed generally positive political and economic engagement between the ROC and PRC. On June 11, 2008, SEF Secretary General Chiang Pin-kun, shook hands with ARATS Chairman Chen Yunlin, marking a symbolic watershed in cross-Strait relations. The meeting in Beijing was the first senior SEF-ARATS dialogue in almost a decade. The discussions followed on the heels of party-to-party exchanges only days after the inauguration on May 20, 2008. The specific agenda was to conclude an agreement to expand the frequency of direct cross-Strait passenger flights and the number of Chinese tourists able to visit the island. But even more significant was that the event symbolized Taiwan's coming of age in deftly maneuvering the CCP toward accepting the ROC as a legitimate equal.¹⁰⁹ Promoting Taiwan as a model for a future Chinese state, Ma Ying-jeou stated in a December 2009 *Wall Street Journal* interview, "I want to create a situation where the two sides could see which system is better for the Chinese culture, for the Chinese people."¹¹⁰

Despite the subdued political tensions between the two sides of the Taiwan Strait, the CCP intensified political warfare operations as leadership on transitioned from the DPP to the KMT. In 2009, public opinion leaders launched a media blitz against Ma Ying-jeou and advocated pressure on Taipei to force political leaders to the negotiating table sooner rather than



later. For example, Luo Yuan, the son of former TALSG authority, argued that support for the "status quo" is tantamount to advocating an "independent Taiwan."¹¹¹

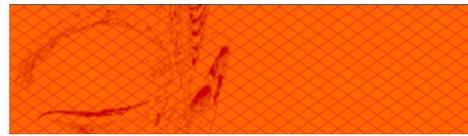
Authorities in Beijing also stepped up its influence operations campaign to co-manage U.S. relations with Taiwan and affect a review of the TRA. A succession of prominent American opinion leaders edged toward Beijing's position in calling for a change in U.S. policy. Arguments are premised upon Beijing's growing economic and military power and a relative diminishment in American power.¹¹² Others argued that mainland China's growing economic and military prowess will increasingly limit Taiwan's freedom of action and that unification between the two sides of the Taiwan Strait is inevitable.¹¹³ At the same time, subtle pressure increased on the Ma administration to enter into political negotiations.

Chief among the voices working to pressure the United States to alter its policy towards Taiwan was the PLA Chief of the General Staff, General Chen Bingde, who called upon the U.S. to review the TRA during an official visit to Washington, DC in the spring of 2011. Under the PRC's definition of Taiwan as an integral portion of its territory, China views the TRA as a violation of its sovereignty. While the PRC has consistently reiterated this position since the signing of the TRA in 1979, more recently, some important U.S. policymakers have begun debating changes in the TRA according to CCP's interests. However, the dominant opinion, particularly in Congress, remains supportive of the TRA as it is.¹¹⁴

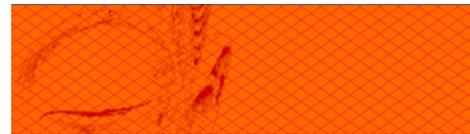
Conclusion

In conclusion, the objective reality is that Taiwan, under its current ROC constitutional framework, exists as an independent, sovereign state.¹¹⁵ U.S.-Taiwan relations today are rooted in historical precedent. Over the last 50 years, the ROC has been one of America's most loyal allies. From 1949 to 1971, U.S. policy towards China operated with Taiwan as a major economic and military ally, especially after Beijing's involvement in the Korean War.¹¹⁶ However, between 1949 and 1971, pressure grew for the U.S. to extend diplomatic relations with the PRC. As demonstrated in this section, while the preference of mainstream policy and academic community was dual recognition of the ROC and PRC based on existing realities in the Taiwan Strait, the PRC gradually gained more clout when policy debates took place in the United Nations. By 1971, the ROC had lost its seat to the PRC in the UN. In addition, by December 1978, the United States assented to PRC demands to break formal ties with the ROC as a precondition for establishing formal diplomatic relations.¹¹⁷

Three principals have guided United States policy toward Taiwan for more than the last 30 years. The first principle has been a reserved position on the ultimate sovereignty of Taiwan as demonstrated by official statements and actions during cross-Strait crises and events. A second principle has been insistence on a peaceful approach to resolving differences and no unilateral change in the status quo. A final principle, best outlined in the Six Assurances, has



been to avoid a mediating role in the Taiwan Strait, holding to the condition that the people on both sides of the Strait should be the ones to decide an eventual settlement.



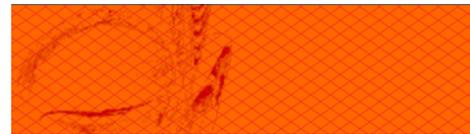
DRIVING FORCES SHAPING THE FUTURE

For more than sixty years, the ROC and PRC have coexisted with overlapping territorial claims within respective constitutions, and neither subject to the other's rule. Each side has developed its own political system, economic competencies, values, and approach to foreign relations. Given the trend of continued divergence between the political, economic, and social factors on two sides of the Taiwan Strait, what are the prospects for resolving political differences? The answer depends in large part on domestic politics in Taiwan and the PRC. Domestic factors have constrained the ability of the two sides to compromise. This section will focus on the technological, economic, socio-cultural, non-traditional security, and military components of cross-Strait relations and how each variable influences U.S. interests in the region. Indeed, each driving force is shaping the future of not only the cross-Strait environment, but more importantly, the U.S.-Taiwan relationship as well as Taiwan's relationship with its neighbors in the Asia Pacific region.

Taiwan's International Role as a Technological Power

Science and technology (S&T) is critical for sustaining economic development, resolving environmental challenges, mitigating the effects of natural disasters, and upgrading military capabilities. Technology is also a key force that is shaping the future of the PRC, Taiwan, and the international community as a whole. Technology is an intrinsic metric of national power and creates international competitive advantages. Technological advances can accelerate powerful forces of globalization by altering traditional geostrategic concepts that dominate the progression of public discourse on evolving technological challenges in a transnational space. Technological trends most relevant to U.S. interests in the Taiwan Strait include China's quest to become a technological superpower; Taiwan's ability to sustain its technological competitive advantages; U.S.-Taiwan technology cooperation; and Taiwan's contribution to multilateral technological development.

China's Quest to Become a Technological Superpower. Over the past 25 years, the PRC has made significant progress in reforming its S&T system and creating the conditions for successful R&D and sustainable technological development. In the decades to come, China has the technological potential to rival the United States. The PRC faces many challenges to achieving its goals. While it has achieved successes, particularly in within the defense realm, uncertainties surround China's ability to master disruptive technologies that fundamentally alter the strategic landscape.¹¹⁸ Even with its remarkable economic accomplishments to date, China's record of innovation in commercial technologies has been uneven. Despite the swelling ranks of research personnel and increasingly generous funding for science and technology development, Chinese technological capabilities have been failing to meet the nation's needs in areas such as energy, water and resource utilization, environment protection, and public health. Adding to these difficulties, many of China's most stellar performers have opted for career opportunities



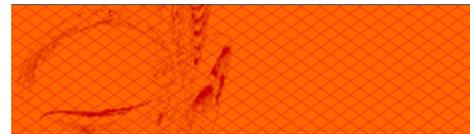
abroad, and a brain drain has slowed the development of high-level scientific leadership.¹¹⁹ These problems run in the face of China's technological aspirations.

Taiwan's Technology Future. On the other hand, much of the ROC's success today can be attributed to its capacity for technological innovation. In fact, Taiwan is arguably one of the most innovative societies in the world. According to the World Economic Forum's Global Competitiveness Report (2015-2016), Taiwan's technological infrastructure ranked ninth in the world. In 2014, Taiwan was among the top 10 most technologically innovative societies in the world. Taiwan's R&D spending has been comparable to the U.S. and other major economies, and has consistently ranked fourth in the world in the number of foreign U.S. utility patents granted, a common metric of innovation. It holds the largest number on a per capita basis. As Michael Porter, author of *The Competitive Advantage of Nations*, notes, "a nation's competitiveness depends on the capacity of its industry to innovate and upgrade."¹²⁰

Taiwan's success is based in part on a mix of public-private partnerships led in large part by the Hsinchu-based Industrial Technology Research Institute (ITRI). ITRI produces commercial spin-offs that have grown into leading global enterprises. Nevertheless, Taiwan's ability to maintain its technological advantages could erode in the future, especially as the PRC continues to stress innovation and technology partnerships with Taiwan while isolating Taiwan from other regional economic partners and Taiwan's international cooperation diminishes amidst fierce regional and global competition.

U.S.-Taiwan Technology Cooperation. Taiwan's success is also in part a result of the long history of S&T cooperation with the United States, starting with a fateful meeting between ROC Vice President Yen Chia-kan and President Lyndon Johnson in May 1967. With the two sides agreeing to make bilateral S&T cooperation a foremost priority in the bilateral relationship, President Johnson committed to sending his senior national technology advisor to Taiwan, Don Hornig, for an assessment of its technological infrastructure, education, and planning. Out of this September 1967 mission emerged a consensus for Taiwan, with U.S. assistance, to adopt a centralized S&T policy with long term plans and clearly defined goals and objectives. The Hornig Mission also stressed the need to dedicate up to 2% of GDP toward R&D.¹²¹

In addition to assessment teams, major U.S. companies licensed key microelectronic technologies and trained a cadre of scientists and engineers in design, management, and manufacturing. The first major U.S. multinational firm to engage in Taiwan's electronics industry was General Instruments (GI), which established a fully-owned subsidiary in suburban Taipei in 1964. The plant produced electronic components, such as transistors and tuners, for shipment back to the parent company. Taiwan's move toward the higher tech integrated circuit arena began with the Ministry of Economic Affairs (MOEA) signing of a tech transfer licensing agreement with RCA in 1976. After signing of the agreement, RCA, which was considering getting out of the microelectronics business, agreed to transfer older IC fabrication tools and know-how in exchange for modest royalties. RCA engineers assisted ITRI in establishing its first



IC manufacturing plant. Taiwan's technological revolution was further boosted in the 1980s, when many Taiwan born engineers who found their way to Silicon Valley and formed networks with counterparts on Taiwan.

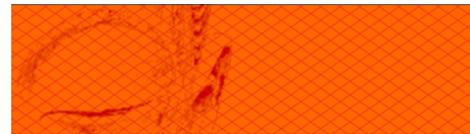
Up to at least 2004, Taiwan had continued to rely heavily on the U.S. to maintain its technological advantage. For example, Taiwan's National Science Council approved more joint research proposals with the U.S. than with the next four largest countries combined. While U.S. partners accounted for 37% of all international research projects approved by Taiwan's National Science Council since 2004, senior Taiwan technology policy authorities have lamented the diminishing role of the United States in senior S&T advisory boards, such as the STAG.¹²²

Cooperation in recent years has involved technical information exchanges, atmospheric research, water resources development, meteorology and forecast systems development, advanced computing and modeling, and other areas. Representatives from the U.S. and Taiwan also have pooled resources out of shared concern over environmental degradation and focused on natural disaster research.¹²³ The most recent AIT-TECRO scientific and technical cooperation agreement was signed on October 17, 2013, with the two sides agreeing to collaborate in satellite-based marine oil monitoring by sharing technical know-how, information, and assistance during oil spills or other natural disasters.¹²⁴ Taiwan and the U.S. are likely to expand their cooperation in science and technology into the future, as research and exchange programs continue to take place between Taiwan's top innovation institute ITRI and numerous universities in the U.S.¹²⁵

Regional Cooperation. Taiwan also has made regional contributions. Since Taiwan joined APEC in 1991, it has engaged in various activities in support of regional cooperation efforts, ranging from green energy and nanotechnology to small and medium sized enterprise (SME) development, agricultural technical cooperation, and disaster recovery. Taiwan has provided members in ICT-related skills development through 60 training centers established in eight APEC economies. Taiwan also has supported APEC's energy policy goals of reducing the use of carbon-based emissions through development of green technology. For example, Taiwan has promoted cooperation and experience-sharing in fields such as photovoltaic technology.¹²⁶

In summary, Taiwan capacity for technological innovation is intimately related to its ability to deal with counterparts across the Taiwan Strait from a position of strength. The United States has an important role to play. Technology, both at the global level and within Taiwan itself, is likely to influence the sustainability of the type of economic success that Taiwan has been able to achieve to date. Economic success, in turn, is essential for sustainment of democracy and critical for maintaining a defense sufficient to deter and defend against resorts to use of military force. S&T will be of even greater importance in the years ahead.

Economic Trends: Taiwan and the Region



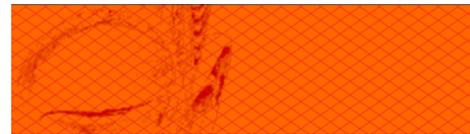
Technology is intimately related to economic growth. Sustained economic development is intimately linked with democracy, technology, the environment, public health, and security. Cross-Strait trade and investment reduces the saliency of fundamental political disagreements for the time being. Taiwan has held a number of economic advantages. The island is geographically situated at the nexus of Southeast Asia and Northeast Asia, and is an average of just under three hours by air to seven major regional cities. With a strong background in manufacturing and innovation, as well as expertise in small and medium sized enterprises, Taiwan has enjoyed a high percentage of the global market in semiconductor foundries and integrated circuit testing. Assuming proper investments, Taiwan can be expected to economically punch well above its weight well into the future. A number of trends are noteworthy, however, including expectations of China's emergence as an economic superpower; growing cross-Strait trade and investment, and the uncertain future of U.S.-Taiwan economic relations.

China's Economic Emergence

The Chinese Communist Party relies on a narrative of economic prowess for domestic and international legitimacy. Indeed, since the PRC's economic reform policy began in 1978, China has been one of the world's fastest growing economies, with an average growth rate of 9.1 percent from 1989 to 2014. It surpassed Germany as the world's leading exporter and Japan as the world's second largest economy in 2010.¹²⁷ The Center for Economic and Business Research (CEBR) predicts that China may surpass the United States as the world's largest economy by 2028, assuming effective governance with no major political disruption.¹²⁸

China's dramatic economic growth has led to increased infrastructure investment, growing demand for energy and new policies such as the One Belt, One Road initiative. About half of China's oil imports come from the Middle East and then transit through the Strait of Malacca into Chinese ports including Dalian, Qingdao, Hainan, and Ningbo, which is China's busiest oil terminal. As China's dependency on foreign resources continues, its interest in ensuring unimpeded sea lines of communication will likely grow. Chokepoints include the Strait of Malacca, the second busiest strait in the world through which over 60,000 ships transit every year.¹²⁹ In addition to reducing vulnerabilities via pipelines, Beijing has begun to mitigate its foreign energy dependency by making renewable energy a higher investment priority.¹³⁰

China faces a number of challenges, however. Among these include rising unemployment and underemployment, significant banking problems, insolvent or failing state-owned enterprises, corruption, political repression, and dissident movements. Unfulfilled expectations have been a source of instability in the past. China also is said to have inadequate funding for social security, private pensions, medical care, and unemployment insurance, a problem that could be further exacerbated by an aging population. Growing wealth disparities between the rich and poor also present challenges. Rapid economic growth also has been accompanied by environmental degradation, including increased air pollution, water pollution, and carbon dioxide emissions that contribute toward climate change.¹³¹



During the Third Plenum of the CCP's 18th Central Committee held in November 2013, party officials rolled out a set of reforms with more than 300 measures for China's economy, including improvements in many market sectors such as housing, telecommunications, and energy. A blueprint for an overhaul of economic reforms, the Third Plenum reforms are seen as a continuation of China's efforts to manage the state while finding solutions to ensure economic growth. The reform measures emphasize the role of the market and the importance of opening up its various sectors to private ownership. Consistent with reform measures of the 2013 Third Plenum, the most recent 13th five-year plan for 2016 to 2020 seeks to help China's domestic industrial, technological, and financial sectors become more competitive in the global market.¹³²

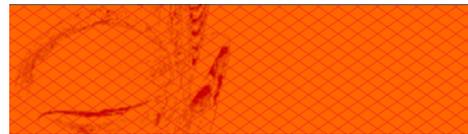
Expanding Cross-Strait Economic Interdependence

To be sure, China's economic growth has been astounding. However, the ROC's role in China and the broader global economy often goes unnoticed. As one leading international economic journal mused in 2005:¹³³

Want to find the hidden center of the global economy? Take a drive along Taiwan's Sun Yat-sen Freeway, which houses some of the most important yet anomalous array of enterprises in the world. The island, combining an entrepreneurial, innovative spirit with effective government involvement, has emerged as a critical node in the global economy that largely goes unseen.

Since Deng Xiaoping's opening of the Chinese economy in the 1980's, Taiwanese investors have provided a massive infusion of capital and expertise that has in part contributed to China's economic success. The conclusion of the Economic Cooperation Framework Agreement (ECFA) in 2010, among other measures, has accelerated the scope and pace of cross-Strait trade and investment. The following statistics may be illustrative:

- The PRC became Taiwan's largest trading partner in 2003.¹³⁴ In 2014, annual cross-Strait trade reached \$130.2 billion, making up about 22 percent of Taiwan's total trade. Exports to China in 2014 amounted to \$82.1 billion, comprising 26.2 percent of Taiwan's outbound trade.¹³⁵
- Around 70,000 Taiwanese firms reportedly have invested in China.¹³⁶ Direct investment reportedly doubled between 2002 and 2012.¹³⁷ While accurate figures are elusive, Taiwan's accumulated investment on the mainland reportedly amounted to \$153 billion by October 2015.¹³⁸
- Taiwanese are the largest group of expatriates in China. In 2008, more than 750,000 ROC citizens were recorded as living in mainland China. Other reporting figures anywhere between 500,000 to one million.¹³⁹
- Since 2008, the number of flights per week between Taiwan and China reached 616 in 2013. By late 2015, the number reached 890. By comparison, there are over 500 weekly flights between Taiwan and Japan.¹⁴⁰



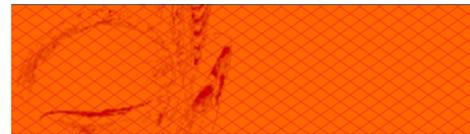
- Between 2009 and 2014, the number of PRC tourists to Taiwan rose from 300,000 to 3 million per year.¹⁴¹

Taiwanese invested enterprises have been an engine for Chinese economic growth. Since the large-scale migration of manufacturing facilities over the last 15 years, Taiwanese trade and investment on the mainland, in large part, involves processed trade. In the cross-Strait context, processing trade involves the import by Taiwanese invested enterprises on the mainland of components from Taiwan for final assembly and export. This practice has accounted for a significant proportion of China's high-tech exports. According to one estimate, about 70 percent of Taiwan's exports to China in 2013 were "self-trading," e.g., components and materials are shipped from Taiwan to Taiwanese-owned manufacturing plants on the mainland for final assembly, then re-exported to the U.S. and elsewhere. An estimated 72.3 percent of China's information and communications technology exports, and up to 80 percent of all Chinese high tech exports, are reportedly manufactured by Taiwanese invested enterprises.¹⁴²

Between 500,000 to a million Taiwanese operate an estimated 75,000 to 100,000 joint ventures or subsidiaries in China. In 2007, at least 63 of the largest 500 companies in China were Taiwanese-owned. Taiwanese investment is concentrated in three or four areas near Shanghai, Guangzhou, and Fujian province. Over half of Taiwan's investment is in the Yangzi River Delta area. Cities such as Dongguan and Kunshan contain large populations of Taiwanese businessmen, and a large number of Taiwanese Businessmen's Associations (TBAs) that help to connect Taishang to Chinese localities and authorities. These TBAs have been influential in helping the Taiwanese establish their businesses and negotiate deals.¹⁴³

Estimates on the number of workers that Taiwanese companies employ vary, and is likely a closely guarded secret in Beijing. Estimates range from at least five million workers on the low end, and upwards to 20 million on the higher end. One company by itself – Foxconn -- is the largest private employer in China with some 1.4 million workers. When indirect employment of downstream suppliers is added in, one estimate is that as many as 40 million Chinese workers owe their paycheck to Taiwan business executives. Most of these companies retain financial operations at corporate headquarters in Taiwan. Taiwanese managers have been invaluable in providing counterparts in China with the necessary skills needed to produce goods competitive in the international market. With the ROC providing jobs and income, directly or indirectly, to as many as 40 million workers – double the number of individuals on registered urban unemployment rolls – Taiwanese have leverage over China.

Taiwanese firms indeed have contributed to China's economic rise. Whether or not they will continue to play an important role is uncertain. In the past, exports represented a significant proportion of China's GDP growth. In order to reduce its reliance on international markets, however, China is encouraging greater domestic consumption. As Chinese labor costs increase and risks of economic instability become apparent, Taiwanese are naturally beginning to seek diversification of investment. Many companies have started relocating their factories to other



labor markets in Southeast Asia, or even Taiwan, due to growing costs of doing business in China.¹⁴⁴ In the event of a mass exodus to other labor markets, the PRC may not be able to easily replicate Taiwanese investments.

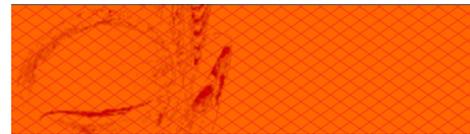
In addition, Taiwan's economy is expected to diversify over the next 10 to 15 years. Concerned with over-concentration in the ICT sector, which in 2008 accounted for 53.2 percent of Taiwan's exports, the Ma administration pinpointed six "budding industries" as new investment priorities, including biotechnology, tourism, health care, green energy, "cultural and creative" industries, and high-end agriculture. In addition, the government has set its sights on financial and economic deregulation and developing its service industries.¹⁴⁵

While ECFA was a historic benchmark for cross-Strait cooperation, economic interdependence has created anxiety among Taiwanese concerned about sovereignty and economic diversity. The three-week student protests in March 2014 against the passage of a cross-Strait trade and services agreement (the Sunflower Movement) demonstrated public wariness over further enmeshment with the mainland. They also showcased the vitality of Taiwan's democratic processes.¹⁴⁶

The relaxation of rules regulating Chinese investment on Taiwan, including real estate purchases, has further spawned fears of economic coercion. Exorbitant real estate prices on Taiwan precludes many from purchasing property, leaving high-dollar real estate to an elite few who are able to afford it, including Chinese buyers who are attracted to the Taiwan's lifestyle.¹⁴⁷ Given the market demand, Beijing-based developer Vantone Real Estate became the first mainland developer to enter Taiwan's market in 2011 through an associate company in Singapore. Reports indicate that 30 to 40 percent of Vantone's projects in Taiwan can be attributed to buyers from mainland China.¹⁴⁸ In March 2015, media reports indicated that the ROC Ministry of Interior (MOI) placed a 10 percent limit on the amount Chinese investors can buy from any given apartment complex. A measure put into effect in July 2015 is placed a 10 percent limit on the amount Chinese investors can buy from any given apartment complex. While limitations like these may help curb China's dominance, industry watchers claim that the number of properties in Taiwan sold to Chinese buyers have been underreported.¹⁴⁹

The Uncertain Future of U.S.-Taiwan Economic Relations.

The United States and Taiwan share a strong economic partnership. Taiwan's stable democracy, market economy, unique geographic position, and friendly environment make Taiwan a highly attractive market for foreign investors. Taiwan is the United States' 10th largest trading partner, and the United States is Taiwan's largest foreign investor, reaching \$63 billion in bilateral trade, and the 16th largest export market for U.S. goods in 2012, totaling \$24.4 billion in that year. The United States remained the largest source of foreign investment in Taiwan at \$22.87 billion in 2013.¹⁵⁰

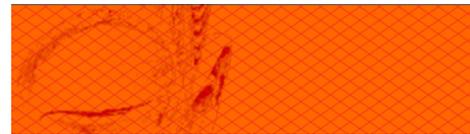


While strong trade and investment ties serve as a foundation for U.S.-Taiwan economic engagement, the six-year hiatus in the Trade and Investment Framework Agreement (TIFA) talks between Taiwan and U.S. counterparts, which restarted in 2013, demonstrated that difficulties in trade negotiations have the potential to stall the partnership. The high-level economic and trade consultations through TIFA serve as primary platforms for bilateral trade dispute resolution, trade promotion, and investment cooperation. These talks also help spur Taiwan's integration into the world economy by promoting U.S. support for Taiwan's accession to the Trans-Pacific Partnership (TPP) and facilitating Taiwan's adherence to international standards. Disagreements over U.S. beef imports hindered TIFA negotiations and stalled the talks for seven years, a surprisingly long hiatus for two close trade partners. Though the talks resumed in March 2013, whether leaders will find ways to overcome differing market interests is yet to be determined, thus muddling the future of U.S.-Taiwan economic relations in the near term. While the disputes over beef have mostly simmered, Taiwan's restrictions on imports of U.S. pork containing the leanness enhancement ractopamine are still complicating trade and investment negotiations.¹⁵¹

Since the Obama administration reaching a deal in early October, U.S. officials have welcomed Taiwan's interest in the TPP.¹⁵² President Ma's expressed interest in the TPP and president-elect Tsai Ing-wen's urgent interest in the second round of TPP negotiations show a positive sign of political will in Taipei.¹⁵³ According to estimates by a recent study, Taiwan's accession will generate over \$20 billion of welfare gains for the incumbent twelve parties of the TPP, while Taiwan itself will enjoy \$29 billion in economic welfare gains.¹⁵⁴

China's economic progress is undeniable, and its growing trade relations with Taiwan are only natural as the island's economic sectors modernize and diversify. However, China's growth is not without its challenges. While the PRC has achieved impressive economic results over the last decade, vulnerabilities still remain. Large state expenditures, geared at least in part toward securing the loyalty of key constituencies, could inhibit China from realizing its economic potential. Its financial sector, including state debt and non-performing loans, could be problematic as is capital flight. Growing reliance on external sources of energy, such as oil, renders the Chinese economy vulnerable to disruptions. Without a free and open press to expose malfeasance, corruption appears to be difficult to stem. The increasing income gap between rich and poor creates possible social divisions, as does persistent high unemployment rates, particularly in rural areas. Deterioration of the public health infrastructure and education systems could increase social tensions, thus eroding the party's control and increasing its vulnerability to unforeseeable economic or political shocks.

The conventional wisdom holds that China's growing economic prowess will increasingly coerce Taiwan (and the rest of the world) into accommodating the PRC's One China principle. Perhaps this is the case. But Taiwanese economic power also offers some degree of leverage over CCP cross-Strait policies, particularly at the provincial and municipal levels.



Taiwan's presence on the mainland is subtle yet significant. Taiwanese invested enterprises likely will continue to play a critical role in China's economic development, particularly in southeastern coastal regions. Without Taiwanese investment, China's GDP growth over the past two decades may not have been so remarkable. Taiwan itself needs sufficient investment into its S&T and economic infrastructure, a deeper global mindset, and reinvigoration of technology and economic ties with the U.S. to maintain its competitive advantages.

Taiwan's Soft Power: Socio-Cultural Influence in China and Beyond

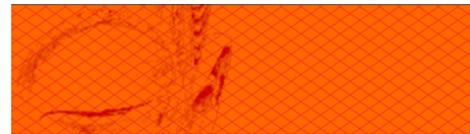
Taiwan's economic rise and open society have been accompanied by a flourishing culture and the soft power it creates. As Dr. Joseph Nye describes, soft power is "the ability to get what you want through attraction rather than coercion and payment."¹⁵⁵ Through its many facets, culture shapes the collective consciousness and national identity of people on both sides of the Taiwan Strait. Culture distinguishes one society from another and offers a set of unifying symbols and belief systems. Culture shapes the collective conscience of a society, including its approach to economics and business, education, technology, politics and governance, media, socio-psychology, ideology, and public perception. As a result, significant investments by authorities in Beijing to promote CCP-inspired Chinese culture on Taiwan should come as no surprise.

Socio-cultural issues transcend the political realm. Richard Nisbett, author of *The Geography of Thought*, has noted how culture can affect education and how technology is absorbed and diffused. Political traditions, historical legacies, economic and technological specialization and achievements, geography, media and art, and public perception all come together to shape Taiwan's worldview and unique national and cultural identity. Associated with socio-cultural trends, demography can influence the political, social, and economic domains in light of the direct relationship with education, employment, immigration, and consumption practices.

Socio-cultural forces are also influenced by public perception. Optics and perceptions in public affairs are more important than the reality oftentimes and often have subtle yet powerful effects. As a diverse island, political and cultural beliefs outside of Taipei help shape policies guiding the future of the island. Trends in media culture, polling data and trends, and social values – including national or social identification – also will influence Taiwan's future. In short, socio-cultural trends are an important yet often ignored driving force bearing upon U.S. cross-Strait policy and interests.¹⁵⁶

Taiwan, China, and Regional Demographic Trends

First, demography helps shape the socio-cultural environment. Overpopulation, since the warnings of Thomas Malthus more than 200 years ago, has been a traditional concern on the island. Taiwan is one of the most densely populated nations in the world yet has also emerged with the world's lowest birthrate. In addition, its population is aging rapidly. Taiwan's



population of 23.46 million people is expected to gradually fall to 16.8 by 2050. By then, Taiwan is expected to have only 55 percent as many working age people as it does today.¹⁵⁷

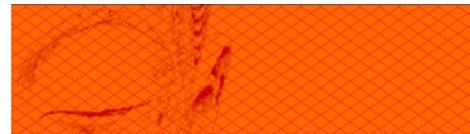
With the number of citizens aged 65 and older expected to double over the next decade, Taiwan's aging population will likely require increased social welfare expenditures. A relative decline in younger citizens has an effect on the educational system -- one assessment notes that approximately one-third of Taiwan's universities may have to close. Fewer students could affect requirements for teachers. A smaller population could reduce domestic consumption, and reduced demand for housing could drive prices down. At the current time, Taiwan's home ownership rate, estimated at 85 percent, is one of the highest in the world. A smaller and aging population also could mean fewer skilled workers needed for sustained economic growth. Taiwan's Council for Economic Planning and Development (CEPD) is encouraging development of policies to defer retirements and help the development of a more viable social security system.¹⁵⁸

Like Taiwan, China also faces demographic challenges. China's gender imbalance, combined with an aging population, has the potential to create social problems, such as increased violence, human trafficking, and increased costs of welfare that could be shouldered by a shrinking working-age population. Like Taiwan, a population decline could shut down a growing number of schools. In addition, China's urbanization rate is projected to increase from 39 percent in 2002 to 60 percent by 2020, indicating that city planners in the major urban areas of China will have to face the task of accommodating new migrants in the local infrastructure and economy, not to mention the exacerbation of social problems that exist from extreme inequalities between the wealthy and the poor.¹⁵⁹

Taiwan and Its Cultural Identity

Beyond demography, people on Taiwan share Chinese culture. However, aspects of Taiwanese culture and social identity are distinct from that of China and other societies around the world. Two of the three major political parties on both sides of the Taiwan Strait -- the KMT and CCP -- have competed in the past over rights to Chinese heritage. As a society made up largely of immigrants from Fujian province, traditional Chinese thought embedded in Confucian, Daoist, and Buddhist traditions is embedded into society. However, Taiwan today is an evolving amalgam of aboriginal, Han Chinese, Japanese, and perhaps even Western socio-cultural traditions.

For political purposes, Beijing and many on the island stress Taiwan's Chinese cultural tradition, while others tend to emphasize Taiwan's aboriginal or perhaps even Japanese traditions as defining Taiwan's national identity. However, Taiwan's identity is based less on its cultural or ethnic make-up, but more on its common social experience as well as economic and political traditions. This assessment of identity contradicts the notion that if people on Taiwan are culturally Han, they should be part of the nation of China under the CCP's constructs.¹⁶⁰

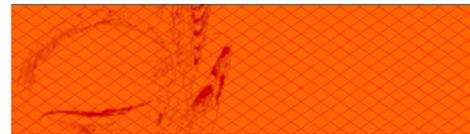


Culture has many facets, but in general, it is what distinguishes one society from another. Taiwan, with a legacy dating back thousands of years, has a unique culture. The island nation's culture includes special and local cuisines, art, literature, films, as well as music—all of which have evolved overtime and embodied influences from both the East and the West. In addition, the large number of immigrant spouses is further producing a multi-cultural society in Taiwan.¹⁶¹ One aspect of popular culture that characterizes Taiwan is its modern popular music, which has become regionally acclaimed among Chinese-speaking peoples. Popular television dramas help to characterize Taiwanese culture to the outside world, creating a large fan-base in East Asia. In addition to music and television dramas, its overall cultural diplomacy is an important way that Taiwan has influenced the region. Taiwan's tourism, educational exchanges, music, film, and gastro-diplomacy are all key ways outsiders experience the uniqueness of the island's culture.¹⁶²

Taiwan's distinct culture combines elements of both globalization and localization. World renowned Oscar-winning film director Ang Lee and dance theater Cloud Gate are known for their distinctive combination of Taiwanese local culture and international themes. Other films integrate unique components of the Taiwan experience onto the large screen. For example, film director Hou Hsiao-Hsien's works have been recognized widely in international film festivals. His film, *Cities of Sadness*, based on the historical event known as the "228 Incident" helped to break the taboo of talking about the tensions between Mainlanders who moved to Taiwan with Chiang Kai-shek in the late 1940's and Hokkien Taiwanese. Characterized as the leader of the 'New Wave' in Taiwan's cinema movement, Hou's works integrate normal day-to-day components of Taiwan life onto the screen. Other more recent films such as *Kano* retell a story from the era of Japanese colonization in ways that portray Taiwan's national identity and patriotic sentiments through recurring themes and imagery of Taiwanese blood, brotherhood, and perseverance. More importantly, the film displays friendly relations with the Japanese during their colonial rule on Taiwan.

In addition to popular and widespread film, young Taiwanese artists have adopted local themes in order to distinguish their work from others on the world stage, and are eager to display their close ties to the island they live on. Social media outlets such as Facebook, Twitter, and Youtube videos, commentaries, and documentaries help to capture new and energized sectors of Taiwan's culture. Documentaries such as "Beyond Beauty: Taiwan from Above," released in 2013, promotes a unique sense of identity attached to Taiwan's various landscapes and topography, which are major sources of the island's culture. Undoubtedly, film, television, social media, and art have become platforms for a new generation of Taiwanese in expressing their close connections to the culture and geography of the island nation.¹⁶³

One highly distinctive element of Taiwanese culture is its expression of *renqingwei* or "human feeling." In mainland China, this phrase depicts a highly practical exchange-based network of relations that are transactional in nature, while in Taiwan it relates to "human feeling" based on depth of relationships built on mutual bonds of trust. "Human feeling" drives many of the interactions in Taiwan, creating a unique sense of social bond on the island between business



and restaurant owners and their customers; teachers and their students; friends and family members. These emotional bonds drive daily interactions and are usually characterized by a sense of warmth and interpersonal care.¹⁶⁴

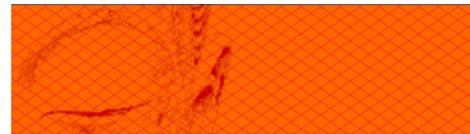
Taiwan and Popular Culture in China

Although difficult to measure and contingent upon how the PRC's political and social system evolves, a distinct Taiwanese cultural identity is likely to become increasingly popular within Chinese society. Taiwan's artistic creativity has dominated the Chinese popular and cultural environment. Soft power, in this respect, has an effect on popular perceptions in China. At least three factors have enabled Taiwan's cultural influence in China. First, maintenance of traditional Chinese characters has enabled Taiwan's writing system to retain traditional Chinese culture in a time when many Chinese long for tradition, particular given the ravages of the after-effects of the disastrous Cultural Revolution. The flip side of emphasizing Taiwan's preservation of Chinese culture, of course, is that it can be used as reinforcement of Beijing's view on Taiwan's sovereignty.

Secondly, Taiwan has welcomed Western popular cultural traditions, encouraged its integration, and leveraged it for creativity and innovation. Indeed, Taiwan's open society and democracy encourage creativity. Under an authoritarian system, Chinese society has been more reluctant to adopt Western ideas. Many in China have longed for expressions of individuality, a theme that Taiwanese pop culture has stressed and hence become appealing to those in mainland China. One astute Taiwanese observer noted that the primary reason Taiwanese culture is so popular in China is due to the lack of freedom in China and the stultifying effect authoritarianism has on culture.¹⁶⁵ Finally, Taiwan has absorbed certain elements of Japanese culture after being under Japan's political rule for fifty years. From 1895 to 1945, Japan colonial rulers undertook measures of industrialization and developed dams, railways, and telecommunications. They also implemented a compulsory public education. Unlike Taiwan, many in China maintain lingering resentment toward Japan for the brutal treatment committed during the Second Sino-Japanese War.¹⁶⁶

Taiwan has lauded an identity that is historically unique from the mainland. The evolution of culture and arts contribute to a vibrant island that has blended aboriginal, Chinese, Japanese, and Western influences into its own. Though the population in Taiwan faces challenges in maintaining a viable work force to support its aging population, the younger demographic is growing up in a Taiwan that is vastly different from older generations. Lines have blurred between "mainland," Hakka, and other heritages. Younger generations are aging with respect for their heritage, wherever it may be, but have rooted their connection to the island itself. In short, it is important to consider the socio-cultural makeup of Taiwan as elements unique to the island and in contrast to Chinese on the mainland.

Taiwan's Non-Traditional Security



In addition to its socio-cultural tradition, Taiwan's unique character is defined by a remarkable resilience to natural disasters and other non-traditional security challenges. The challenges are expected to grow and evolve over time. Non-traditional security concerns, such as natural disasters, pandemics, and terrorism can result in significant human and economic losses—both in terms of tangible economic costs and diminishing GDP. Non-traditional security challenges share commonalities with military preparedness, since all emergencies call for situational awareness, survivable communications, and command and control.

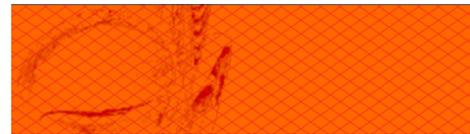
Taiwan as Most Dangerous Location on Earth: Natural Disasters as a Security Threat

Taiwan is affected by global climate change perhaps more than most societies, with natural disasters posing a particularly salient threat. In 2005, the World Bank assessed that “Taiwan may be the place on Earth most vulnerable to natural hazards, with 73 percent of its land and population exposed to three or more hazards.” Typhoons, floods, landslides, earthquakes, and other disasters can result in significant human and economic losses. Taiwan also is contending with the environmental impact of high population density and rapid industrial development—byproducts of building one of the most advanced economies in Asia.¹⁶⁷

Typhoons make up at least 70 percent of Taiwan's natural disasters. The island often suffers significant human casualties and economic losses from the violent winds and extreme rainfall. According to one estimate, typhoons result in an annual economic loss of around NT \$20 billion.¹⁶⁸ The deadliest typhoon in recorded history, the 2009 Typhoon Morakot, left a toll of over 500 victims and estimated financial losses of \$3.4 billion (NT \$110 billion). Morakot also caused significant damage to the island's communications infrastructure and network, including losses in wireless base stations and undersea cables.¹⁶⁹

Incidences of typhoons in Taiwan have risen from an average of 3.3 times per year in the 20th century to an average of 5.7 times per year after 2000.¹⁷⁰ The increased frequency, as well as intensity, of typhoons has been associated with warming sea temperatures. The typhoon prognosis for Taiwan is therefore bleak, as the island's senior political leadership has noted, with climate change projected to further increase ocean temperatures.¹⁷¹ In the wake of Typhoon Morakot, President Ma Ying-jeou proclaimed, “Our enemy is not necessarily the people across the Taiwan Strait, but nature.” He added “as a result of climate change, disasters like Morakot are not that unusual now, so we have to be prepared for the worst.”¹⁷²

Typhoons are linked with floods and landslides. Taiwan's unique geography features 156 mountain peaks surpassing 3,000 meters (10,000 feet) that create one of the sharpest drops in elevation in the world. Coupled with annual rainfall totaling 2.5 times the world's average, Taiwan's steep slopes have created volatile rivers with the largest discharge per unit drainage area and the shortest time of concentrations in comparison to rivers around the world. The intense rain and rapid water flow result in erosion, which is compounded by frequent earthquakes that undermine the stability of mountains and hillsides.¹⁷³



Exacerbating the flood and landslide problem are earthquakes. Located at the world's most seismically active geological intersections, Taiwan is situated in a collision zone between the Philippine Sea and Eurasian tectonic plates. More than 200 earthquakes are felt on the island every year, and the frequent earthquakes have had devastating consequences. More than 3,000 perished in a 1935 earthquake, and the Chi-Chi earthquake in 1999 claimed 2,500 lives. In addition to damaging critical information infrastructure, Taiwan's annual economic loss from earthquakes since 1900 is estimated to be at 0.7 percent of its GDP.¹⁷⁴

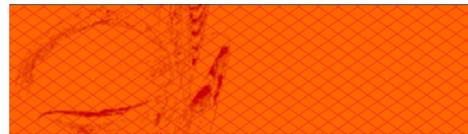
Often forgotten are tsunamis, which are low-probability disasters with very large impacts that can be caused by underwater earthquakes. Localities in the Asia-Pacific region experience damage from a tsunami every year or two, and region-wide events occur a few times each century. The 2004 Indian Ocean tsunami serves as a stark reminder.¹⁷⁵ Before the 2004 tsunami, Taiwan was often cited as having suffered the greatest losses from a tsunami in 1782. In modeling and simulation studies, engineers believe that the two potential sources could be the Manila Trench, which runs north to south in the Bashi Strait and off the coast of Luzon, and the Ryukyu Trench, which runs up from Hualian and the Ryuku Islands. In one scenario, southern Taiwan could be hit with a wave 11 meters in height, with floods reaching 8.5 kilometers inland. Key to mitigating the effects of a tsunami would be early warning and assured communications systems. Representatives from Taiwan's scientific community have called for a system capable of providing early warning of offshore seismic and other events, perhaps linked to the Pacific Tsunami Warning Center.¹⁷⁶

A Pandemic Future?

As noted above, military challenges and natural disasters can have severe consequences in the absence of early warning, resilient communications, and an efficient disaster management system. However, in terms of human toll, pandemics may be even more catastrophic. Scientists believe that a major influenza pandemic emerging from birds and pigs is almost unavoidable, and is most likely to originate from China or Southeast Asia.¹⁷⁷

Taiwan's proximity to the epicenter of pandemics, its integral role in regional trade with China and Southeast Asia, and widespread urbanization and high population density exponentially heighten its exposure to potential pandemics. It is also a waypoint in Asia for migrant birds, which have been suspected as a source for the deadly H5N1 virus (avian flu).¹⁷⁸ Between 42,000 and 62,000 people died in Taiwan during the influenza pandemic of 1918-1920. One study found that an influenza outbreak, similar in scale to that of 1918, could cause up to 315,000 casualties.¹⁷⁹

A pandemic has the potential to disrupt all facets of a functional society. According to one comprehensive report, high employee absenteeism rates would be expected, which could disrupt businesses and essential services such as hospitals, police and fire departments, utilities (water, electricity, and communications), garbage pickup, and food distribution. While it may not



cause physical damage, a pandemic could threaten critical infrastructure by affecting essential personnel for extended periods of time.¹⁸⁰ A vaccine is unlikely to be available in the first four to six months of a global epidemic, since it can only be developed after the newly mutated virus has been identified. A moderate or severe pandemic will severely stress the health care system's ability to provide care for those who need it.¹⁸¹

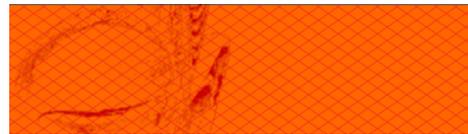
Despite risk factors and potential devastation from a pandemic, Taiwan is absent from global risk indexes and information-sharing mechanisms because it does not hold formal membership in international health organizations. Its isolation naturally provides the impetus for Taiwan to strengthen its own defenses against potential pandemics. A pandemic can be contained through a rapid response that includes surveillance, identification, and isolation of infection as well as a thorough tracing of contacts. Also critical is early warning of a pandemic and the ability to track its spread, to commence containment measures. This will also depend on maintaining accessible channels of communications with the public and among government agencies as well as other public health institutions.

Terrorism and Border Control

Beyond natural disasters and pandemics, Taiwan also faces hazards associated with proliferation of weapons of mass destruction (WMD), terrorism, and trafficking. Taiwan is often viewed as being immune to terrorism, perhaps due to the island's isolation in the international community. Yet, Taiwan and local trading companies have served as a critical transfer point for WMD-sensitive transfers.¹⁸² Furthermore, terrorist organizations seeking to undermine the global information and technology supply chain could see Taiwan as a target of great economic impact.¹⁸³ Taiwan has been an active participant in U.S.-led global counter-proliferation initiatives, such as the Megaports Program and the Container Security Initiative (CSI).¹⁸⁴

Despite its maritime geography, Taiwan also faces a border control problem. Its coastal areas, coastlines, airports, and other points of entry require constant vigilance against illegal drugs and immigrants, diseases, terrorists, and WMD. The movement of people has presented a security challenge since the end of martial law in 1987. Human smuggling allegedly peaked from 1990 to 1993, during which 5,000 PRC nationals illegally entered Taiwan each year. While the numbers have declined, authorities still recorded 2,500 aliens illegally entering Taiwan in 2005. According to one 2014 report, as many as 1000 illegal PRC immigrants were allegedly residing in Taiwan. Observers have noted that the number of illegal immigrants could be three to five times higher than official numbers reflect. The challenge of managing migration across national borders could be exacerbated by an influx of arrivals in the event of significant internal turmoil in China.¹⁸⁵

Taiwan's exclusion from international organizations dedicated to mitigating the negative effects of non-traditional security threats is an opportunity cost. The U.S. has a role to play not only in assisting Taiwan to deal with its challenges, but also in leveraging the experience and



competency Taiwan has developed over the years. In an era of globalization, the importance of Taiwan's participation in international networks responsible for mitigating non-traditional security threats cannot be over-emphasized. Taiwan's experience may help minimize the human costs of disaster in the future.

Taiwan's Growing Role as an International Hub

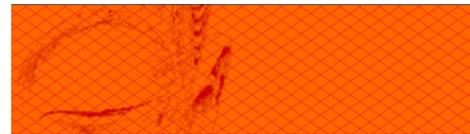
Taiwan's unique position in the region gives it an advantage in becoming a MICE (Meetings, Incentive, Conferences, and Exhibitions) hub for international conferences on a range of topics including technology, business, finance, engineering, environmental innovation, nuclear nonproliferation, human rights, religious freedom, and other global issues. Taiwan has the potential to emerge as an international hub for democracy, economic, and human rights promotion, and venue for shared goals and interests. More importantly, Taiwan's achievements should serve as prime examples of the benefits of democratic transition for mainland Chinese citizens. Recognizing that democratization, the rule of law, and respect for human rights cannot be achieved overnight, Taiwan international event organizers should develop workshops and experience-based conferences to help regional actors hone their skills and eventually advance their goals.

In addition to democracy and value promotion, Taiwan already hosts dozens of technology and industry-based international conferences year-round, attracting attendees from across the region and globe. Its growing tourism industry, facilitated by the Bureau of Foreign Trade and Taiwan External Trade Development Council (TAITRA) through a dedicated web portal called "Meet Taiwan," helps visitors, organizations, and companies arrange different trips and meet their unique event requirements.¹⁸⁶ Taiwan's robust tourism sector, which accommodated almost 10 million international visitors in 2014, allows foreign travelers easily accessible public transportation, a range of diverse quality food options, world-renowned entertainment, and last but not least, friendly people. In the next decade or so, Taiwan's growing role as an international and regional conference hub will continue to highlight the strengths of Taiwan's industry friendly MICE infrastructure and services.

Military Trends

The final driving force shaping the future of Taiwan and U.S. policy is the PRC's military modernization and its effects on cross-Strait relations and regional stability. The stated goal of PLA modernization and reform is to preserve domestic order, defend against perceived threats to sovereignty and territorial integrity, and maintain China's geopolitical influence as a major player in the international system.¹⁸⁷

The primary motivation behind PRC force modernization is coercing Taiwan's democratically elected leaders to enter into political negotiations on terms favorable to authorities in Beijing. The PLA highlights its conflict with Taiwan's is an internal issue, and its military posture is intended to "safeguard national security" from Taiwan's "independence



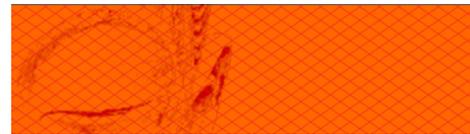
forces.” Because of the exorbitant cost and inherent difficulty of physical occupation, PLA force modernization is primarily intended to create psychological pressure on Taiwan’s domestic polity and reduce incentives for international support. Deterrence is also intended to discourage Taiwan political leaders and voters from taking legal measures, such as amending the Constitution, to permanently separate Taiwan from China. Deterrence seeks to convince decision-makers that victory is unfeasible, or at the very least, the cost of continuing the conflict is clearly greater than any gain that might be achieved.

Regardless, as its perceived capabilities grow, PLA coercive strategies may be increasingly effective in manipulating the cost and benefit calculus of policy leaders on Taiwan. The PRC’s growing military power opposite Taiwan creates a paradox. Its presumed intent is to generate political pressure on the Taiwanese leadership to enter into negotiations on unfavorable terms. However, military pressure—perhaps more than any other facet of PRC strategy—alienates the Taiwanese, engenders resentment, and is ultimately an obstacle to political conciliation in the Taiwan Strait.

Military modernization efforts are also aimed at complicating the U.S. ability to intervene in the event of a conflict. In addition to its recent announcement of a major reform program, the PLA has invested significantly into increasingly sophisticated short- and medium-range ballistic and cruise missiles, diesel electric submarines, improved long-range air defense systems, electronic warfare and computer network attack capabilities, advanced fighter aircraft, and counter-space systems.¹⁸⁸

U.S. power projection has gone largely unchallenged since the fall of the Soviet Union. Thus, a more powerful PRC complicates the traditional advantages that the U.S. and its regional allies and partners have enjoyed over the decades. The PRC’s extended-range precision strike assets—specifically land-based ballistic and cruise missiles—are the systems most likely to give the PLA a decisive edge in conflicts in its periphery.¹⁸⁹ In attacks against airfields, naval bases, and other critical regional infrastructure, even modest numbers of land-based ballistic and cruise missiles could shape the ultimate outcome by enabling rapid attainment of air superiority. Intercepting land attack cruise missiles and advanced ballistic missiles is a significant technical challenge. Likewise, ballistic missiles adapted for a maritime environment could also force aircraft carrier battle groups to conduct operations outside the range of the ballistic missiles, thus generating an area of PRC military influence yet unseen. At the same time, the PLA is developing one of the most advanced air defense networks in the world, as well as a sophisticated regional surveillance network.¹⁹⁰

Over the next 10 to 15 years, this military competition, fueled by mistrust and insecurities, may give rise to new sources of tension and increase the possibility of an inadvertent conflict.¹⁹¹ Barring a visible and decisive American response, PLA force modernization could diminish confidence in U.S. security guarantees throughout the entire region. Thus, it is crucial that the



PRC reconciles defense build-ups and the perceptions of Asian neighbors to both maintain its status in the region and to minimize the chances of unintended clashes or accidents.

Directly related to PLA modernization is the unique military challenge of the Taiwan Strait between the PLA and Taiwan, and its significance as a flash point between U.S.-China nuclear capabilities. Together, these two cross-Strait characteristics necessitate continued monitoring of the evolution of the PRC's stated position on 'use of force' in resolving differences with Taiwan. Over the last 60 years, the PRC has shifted its Taiwan policy from one of "liberation" to "peaceful resolution" as expressed in the 1982 U.S.-PRC Joint Communiqué. But while "peaceful resolution" would seem to imply a softer approach to engagement, China's policies have continued to echo implicit, if not explicit, use of force measures in response to Taiwan's political developments.

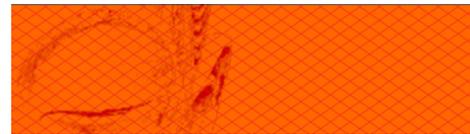
While Beijing seems convinced that its growing arsenal of increasingly accurate and lethal theater missile force has been effective politically, other observers in the region have pointed out that its build has sparked anti-China sentiment, strengthened U.S. alliances in the region, re-invigorated the U.S.-Taiwan defense relationship, and hardened U.S. resolve to intervene in the event of any future use of force against Taiwan. Regardless, the CCP's stance on use of force was clarified in March 2005, when it announced an anti-secession law stating that it would resort to non-peaceful means if Taiwan ever legally instituted permanent separation from China.¹⁹²

Even so, both sides of the Taiwan Strait have called for a peace accord to formally end the state of hostilities. Some observers on Taiwan have noted leader former CCP Secretary General Hu Jintao's relatively less strident tone and fewer references to use of force, as compared to previous years. However, under the current leadership of Xi Jinping, the PRC still has yet to renounce the use of force or reduce its military posture opposite Taiwan.

ROC National Security Strategy and Defense Policy

The ROC's strategic objective is to ensure its continued existence as an independent and sovereign state under its current constitution. The development of a security strategy is complicated by divisions within society on Taiwan over the long-term relationship with authorities in Beijing, e.g., unification, maintenance of the status quo, or formal independence, as well as the pace of the current interactions. Taiwan's national security strategy relies on a variety of instruments—political, military, economic and cultural—in order to guarantee its survival.

From a military perspective, Taiwan seeks to deny the PLA the ability to occupy and hold the island. Taiwan's Ministry of National Defense (MND) has principal responsibility for ensuring the country's defense against PRC use of military force. MND defines its strategic ends as preventing war, ensuring homeland defense, responding rapidly to a crisis, avoiding confrontation, and supporting regional stability.¹⁹³ In this light, Taiwan can be classified as a "status quo" state because it is content with its existing territorial borders and concerned only



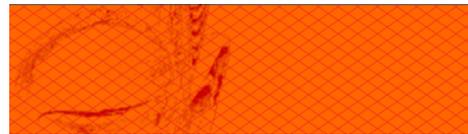
with preserving its security and maintaining its democratically elected government.¹⁹⁴ Taipei advances its strategy by convincing Beijing that the costs of any conflict would outweigh desired benefits.¹⁹⁵

Taiwan's basic concept of independent defense – the need to prepare for a contingency in absence of assured outside assistance – has its roots in former Chief of Staff Hau Pei-sun's strategy articulated after the abrogation of the US-ROC Mutual Defense Treaty in 1979. While there is good reason for senior authorities on Taiwan to hope and plan for potential *ad hoc* coalition operations with intervening U.S. forces, the TRA is no substitute for a mutual defense treaty. Independent defense, rather than assuming U.S. intervention in a crisis, appears to remain at the core of Taiwan's strategic and operational planning until today. At the same time, however, U.S. and Taiwan defense establishments are increasingly capable of *ad hoc* coalition operations in the event of a crisis.¹⁹⁶

In response to growing PLA capabilities, Taiwan has made significant investments into its own defense, including C4ISR capabilities, naval and air modernization, and in counter-landing forces. MND also has begun to implement its transition to an all-volunteer force.¹⁹⁷ Despite its progress, debates over relative levels of defense spending continue to complicate Taiwan's strategic planning. The internal debate over increased defense spending does not symbolize a lack of commitment to Taiwan's defense. There is a basic consensus that Taiwan needs an adequate self-defense. But debates surround what constitutes “adequate” within the context of Taiwan's broader national interests. Differences exist over how to best manage limited economic resources to ensure the long-term survival of Taiwan's democracy in a difficult environment. In this environment, the perception that the United States views the value of Taiwan in terms of its defense expenditures rather than its overall security runs the risk of diminished U.S. relevance in Taiwan. A growing segment of Taiwan's population already sees its future linked with the mainland rather than with the U.S.-led community of democracies.¹⁹⁸

First, Taiwan's stated defense budget, like that of its counterpart across the Strait, may not reflect the real level of defense spending. For example, funding for pensions, special budgets for defense infrastructure, and paramilitary forces have been included in other parts of the central government budget at various points in time. Beyond this, a number of factors have contributed to the decline in the defense budget over the past 15 years. These factors include a complex economic environment, including hedging against potential economic downturns, such as in 2001. A decreased tax base and economic marginalization also have contributed. There also has been a shift toward “software” over hardware, and an increased role of the legislature that have caused some growing pains.¹⁹⁹

The trade-off between expenditures on national defense, economic growth, and social welfare is often contested. However, defense spending, given the proper set of circumstances, can contribute to economic growth and development. The creation of jobs and income at the local level in Taiwan could increase support for defense spending. As long as Taiwan's defense



industry remains weak, public support for a larger defense budget is likely to be inadequate. This is especially true when faced with what is known as a “crowding out” effect. With legal caps on deficit spending, an increase in defense spending incurs opportunity costs, displacing spending in other sectors, such as education, social welfare, S&T, and investment into economic infrastructure. Along these lines, a consensus exists in favor of major indigenous programs, such as diesel electric submarines.²⁰⁰

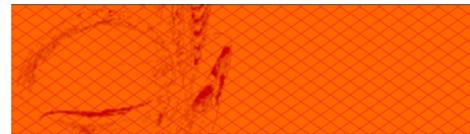
The PRC has sought to expand and exercise its authority over Taiwan in order to achieve its strategic ends. Contrary to conventional belief, the outcome of a military conflict in the Taiwan Strait cannot be predicted decisively, particularly one involving an amphibious invasion. Indeed, Beijing would likely consider the physical occupation of Taiwan should the political, economic, and military costs of the status quo outweigh the benefits. As its military capabilities improve, the PRC’s options for using force to pursue national interests compete with the strategic interests of the United States and other neighbors in the region. Of course, an escalatory conflict scenario in the Asia-Pacific region is not inevitable and U.S. policy should continue to encourage a stable, peaceful, and prosperous China that participates responsibly in the international community.

U.S.-Taiwan Defense Relations

U.S.-Taiwan defense relations have evolved since the signing of the U.S.-ROC Mutual Defense Treaty in 1954. The treaty was limited in application to the defense of Taiwan and the Penghu Islands only. Taiwan has long been the front line of defense against potential Chinese use of force, and the degree to which American planners have focused on such a contingency has ebbed and flowed over the decades. The operational manifestation of the U.S.-ROC Defense Treaty was a combined operational plan for the defense of Taiwan, known as the Rochester Plan (樂成計畫). U.S. coordination with ROC military counterparts was the responsibility of the U.S. Taiwan Defense Command, which was formed in 1955 on the basis of the Formosa Liaison Center (Task Force 74).²⁰¹

One year after the break in diplomatic relations between the ROC and the United States, the Carter administration terminated the Mutual Defense Treaty. The TRA, however, in effect supplanted the treaty as the legal basis for continued U.S. support. Like the Mutual Defense Treaty, the TRA includes provision of necessary defense articles and services and maintenance of the capacity to resist use of force and other forces of coercion.²⁰²

From Beijing’s perspective, U.S. arms sales to Taiwan continue to be the thorniest issue in U.S.-China relations. U.S. arms sales to Taiwan, according to authorities in Beijing, infringe upon China’s sovereignty and territorial integrity, contradict perceived agreements reached in the three Sino-U.S. Joint Communiqués, and undermine efforts to resolve political differences on its own terms. Since abrogation of the Mutual Defense Treaty, Beijing’s responses to U.S. arms



sales announcements have ranged from diplomatic protests to implicit threats of imposing monetary damages on U.S. interests and on U.S. companies.²⁰³

The PRC may be increasingly able to inflict costs against U.S. arms sales to Taiwan, which have long been a symbol of Taiwan's unresolved international status. Strident PRC protests against U.S. arms sales to Taiwan and public diplomacy campaigns designed to garner international support for Beijing's cross-Strait policy are intended to undermine support for arms sales in Washington. While calls for the abrogation or amendment of the TRA continue to be employed by the PRC, the U.S. has reiterated a policy guided by the Three Communiqués, the TRA, and the Six Assurances.

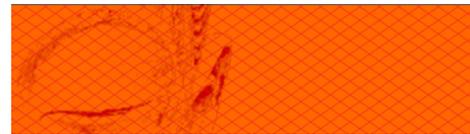
While an important part of U.S.-Taiwan security ties, arms sales by themselves do not assure peace and stability. Security ties between Washington and Taipei are part of a broader effort to allow Taiwan to engage counterparts with confidence and hedge against military and economic coercion from Beijing.²⁰⁴ As Deputy Assistant Secretary of State David Shear explained before the U.S. Economic and Security Commission in 2010, "Taiwan must be confident that it has the physical capacity to resist intimidation and coercion in order to engage fully with the mainland."²⁰⁵

Conclusion: Limits of Chinese Power, Taiwan's Rise, and Why It Matters

Taiwan, alternatively referred to as the Republic of China (ROC), faces perhaps the most stressful set of security challenges in the world today. The PRC and its ruling Chinese Communist Party present a daunting and growing military challenge to Taiwan that is rivaled only by the dizzying array of non-traditional security hazards that often go unheeded. Despite the increasing ease with which the PRC could impose its will upon Taiwan, the cost of using force is rising at an exponential rate. The forces of globalization, growing economic and social interactions between the two sides of the Taiwan Strait, shifts in measures of power, and growing calls for political liberalization in China make use of force in the Taiwan Strait increasingly unlikely. Yet the unexpected often happens.

Beijing's leverage over Taiwan may grow over time, but only up to a certain point. Taiwan's importance in the world is likely to increase due to the island's role as a key technology supplier, security and economic partner of the United States in the Asia-Pacific region, and player in regional humanitarian efforts and disaster relief, not to mention its stable political institutions and democratic, open society. These driving forces signify Taiwan's value in the international community. Taiwan's open political system has cultivated an entrepreneurial culture that encourages creativity and innovation.

Despite competing efforts to highlight Taiwan's Chinese, Japanese, or aboriginal traditions for political purposes, Taiwan's identity is now based less on its cultural or ethnic composition, and more on its common social experiences as well as economic and political traditions that have emerged in the last half century. Taiwan's democratization since the 1980s



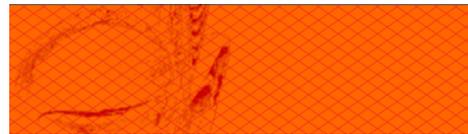
has created a political culture that is in stark contrast from that of the PRC. As the first successful Chinese-speaking democracy, Taiwan has an unparalleled ability to influence political liberalization in China, making Chinese claims that Western-style democracy is inconsistent with Chinese culture empty political propaganda. Taiwan continues to play a central and often unacknowledged role in liberating the PRC through economic investment beginning in the 1990's—integrating mainland China into the global supply chain—and through its democratic transformation.

While the PRC has experienced unprecedented economic growth in the last twenty-five years, sustained economic development is intimately linked with technology, the environment, security, democracy, and a healthy society. China's society faces severe social and environmental problems marred by severe corruption in the ruling party. While slivers of reform have been signaled in China's political economy through anti-graft campaigns implemented under Xi Jinping's leadership, the basic culture of corruption will be difficult to change. In a worst case scenario, the ROC, whether under the DPP or KMT, is the government best positioned to mitigate potential instability associated with an unlikely yet possible catastrophic collapse of central authority on the mainland. U.S. policy planners may consider the relevance of Taiwan in this light.²⁰⁶

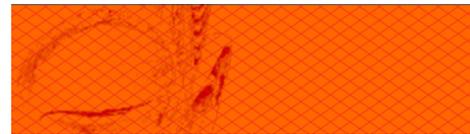
In addition to political, military, and economic challenges, Taiwan faces nontraditional security threats, including natural disasters, pandemics, WMD proliferation. As one of the world's most vulnerable societies to natural hazards, Taiwan has accumulated a unique track record of dealing with non-traditional threats. In addition, Taiwan's proximity to pandemic epicenters in China or Southeast Asia naturally drives extraordinary precautions. While the threat of epidemics and pandemics is significant, Taiwan's society may be one of the best defended in the world. The absence of Taiwan as a permanent participant in health-related international organizations has been an unfortunate failure.

Taiwan faces significant challenges in maintaining a sufficient defense to counter the PRC's increasing aggressive military modernization program. Beijing's reliance on explicit and implied use of force are intended to coerce Taiwan into accepting a "One Country, Two Systems" framework. However, the PLA's buildup has further alienated a large proportion of Taiwan's domestic polity and reduced support for a sustained political resolution. PRC political warfare and united front operations further undermine Taiwan's interests and institutions on the island.

Over the last 15 years, the ROC has embarked upon a long term transformation of its armed forces. Taiwan's defense establishment has weathered political storms, provided stability during the ROC's first and subsequent democratic transitions of political power from one party to another, and made significant advances in its ability to deter and defend against PRC aggression. As the island's political establishment continues to consolidate its nascent democracy, its larger neighbor to the west, the PRC, is investing heavily into developing a force intended to impose its will onto the people of Taiwan and their democratically elected leadership.



Taiwan's freedom of action when it comes to cross-Strait policy is limited less by Beijing and more by a self-imposed institution of checks and balances. Taiwan, under its current ROC constitution, exists today as an independent sovereign state. Fundamental constitutional changes would be extremely difficult due to its democratic procedures and policymaking institutions. As evident by the difficulties that the Cross-Strait Trade and Services Agreement faced in gaining support from Taiwan's public, any political resolution would face excruciating review and scrutiny by the people and institutions on Taiwan. The manner in which the PRC manages its differences with Taiwan is intimately related to the future structure of regional power and the role of the United States. Indeed, the U.S. has had significant interests in the Asia-Pacific region, including promotion of democracy, securing unimpeded free trade and flow of resources, and reassuring allies and friends who share common interests.

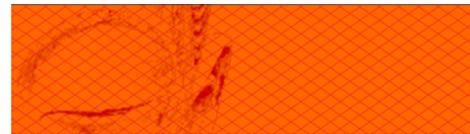


ALTERNATE FUTURES IN THE TAIWAN STRAIT AND U.S. POLICY OPTIONS

The United States and Taiwan adhere to a cross-Strait “status quo” for respective reasons. In the past, the U.S. has adopted a “dual deterrence” strategy intended to discourage either side from any unilateral change in the status quo, as the U.S. defines it. Unfortunately, policymakers in the Washington have not formally defined the status quo in the Taiwan Strait. In the case of Taiwan, the majority of the general public supports “status-quo” in the interest of avoiding a conflict with China. Finally, dissatisfied with the existence of two legitimate governments on both sides of the Strait, the PRC seeks to change the status quo through institutionalizing of its “One Country, Two Systems” formula for unification. Under this policy, the CCP seeks the political subordination of the ROC to the PRC, in both the cross-Strait context and internationally.

The nature of such apparent stability is characterized by economic and political exchanges that have been positive in recent years, in conjunction with a Taiwan that is very aware of Chinese tactics to influence perceptions of the mainland and unification.²⁰⁷ Examples of PRC efforts include the so-called “Three Warfares” strategy of media, psychological, and legal warfare, as well as its economic leverage, which has admittedly exhibited a degree of effectiveness in achieving many of the same goals of political deterrence.²⁰⁸ Militarily, current trends indicate that the PRC’s military influence in the region could expand due to its defense developments and substantial economic power. A China that is confident in its ability to dominate the skies around its periphery could also be confident of controlling the waters as well. The likelihood that China will take physical military action in the near future is uncertain. But, in reviewing its emphasis on the effectiveness of “use of force,” China will arguably continue to employ its new-found military capabilities and posture to bolster regional dominance through intimidation and ambiguity. Thus, the U.S. should continue to foster positive cooperation on both sides of the Taiwan Strait while observing patterns of behavior and regional threat perceptions.

The PRC’s growing military power could potentially undermine the U.S. position in the Asia-Pacific region. As one 1993 Pentagon assessment concluded: “The ever-increasing engagement envelopes of non-competitor states will likely alter dramatically traditional notions regarding the benefits of forward-deployed forces.” In addition to questioning the continued viability of traditional carrier task force or surface action groups, the report further noted, “Rather than acting as a source of assurance to friends and allies in the region, these bases will be a source of anxiety.”²⁰⁹ To quote one aerospace power advocate, “The greatest utility of overseas bases is their proximity to potential crisis areas. The greatest limitation of overseas bases is their proximity to potential crisis areas.”²¹⁰ In short, to be operationally effective, trends point toward U.S. operations being conducted from facilities well away from allies neighboring China.²¹¹



The PRC has long held an ambivalent and pragmatic attitude toward U.S. alliances in the region. Much has depended upon threat perceptions associated with the alliances and how these security partnerships may or may not serve China's interests. Chinese analysts in the past often regarded the U.S.-Japan alliance as a productive constraint on Japan's remilitarization. Chinese observers have been increasingly sensitive to U.S. prodding of Japan to expand its military partnership and capabilities, and are unsettled by Prime Minister Shinzo Abe's policies of reinterpreting Japan's right to collective self-defense.²¹²

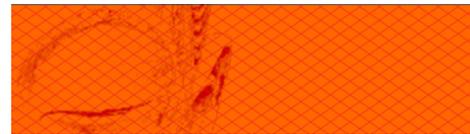
The PRC's growing military capabilities and policies combined with a potentially diminished deterrent value of forward-based U.S. forces could undermine the strength of U.S. alliances in the region. Relatedly, the U.S. commitment to Taiwan has been viewed as a key barometer of U.S. ability and interest in staying engaged in the Asia-Pacific region. In discussing the expanding relationship between the two sides of the Taiwan Strait, Robert Kaplan argued:

Increasing integration appears likely; how it comes about, however, is uncertain and will be pivotal for the future of great-power politics in the region. If the United States simply abandons Taiwan to Beijing, then Japan, South Korea, the Philippines, Australia, and other U.S. allies in the Pacific Ocean, as well as India and even some African states, will begin to doubt the strength of Washington's commitments. That could encourage those states to move closer to China and thus allow the emergence of a Greater China of truly hemispheric proportions.²¹³

Insecurities in the region still linger. Defense budgets are on the rise in Asian nations, due in part to uncertainty over China's increasingly ambitious military modernization program. Japan has concerns over Chinese claims to the Senkaku/Diaoyu Islands and its increasingly assertive maritime presence in the area. Some ASEAN countries, such as Vietnam, Malaysia, and the Philippines, have an interest in strengthening their naval capabilities given concerns over PRC claims to disputed territories in the South China Sea. In addition to PRC support for Pakistan, India is alarmed by China's territorial claims along the Sino-Indian border, a dispute that sparked armed conflict in 1962.²¹⁴ In fact, territorial disputes between India and China may emerge as a key source of potential conflict in the future. Beijing contests Indian claims to the state of Arunachal Pradesh in far northeastern India bordering with Tibet, while India contests China's claim to the state of Aksai Chin, a region nestled between Kashmir, Tibet, and Xinjiang.

The PRC's Uncertain Political Future

Taiwan's democratic successes demonstrate that an ethnically Chinese society is capable of becoming a legitimate democratic government. Taiwan is the first successful Chinese speaking democracy, and many observers have opined that its influence on effecting political liberalization in China is underestimated. While many factors contribute to how democratization would take place in China if the country undergoes such regime transformation, it is unwise to disregard the influence of Taiwan's democracy on the mainland, especially in an era of increased cross-Strait ties.²¹⁵ Arguing that "Taiwan's today is the mainland's tomorrow," Beijing University Professor He Weifang (贺卫方) asserts:



Knowing that Taiwan can build a democracy is very important to mainland China. From Taiwan's experience, the people realize that Chinese people are not born with a saddle attached to their umbilical cord, they are not born for someone to get on them and ride, to be driven and whipped. Chinese people can create a democracy too.

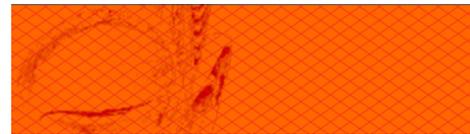
While there is much debate over prospects for China's democratization, how the PRC manages calls for political liberalization and handles various internal challenges such as ethnic tensions are critical uncertainties Beijing faces. CCP democratic reforms are unlikely. To be sure, given an over-riding emphasis on maintaining the legitimacy of one-party rule, political liberalization in China is a difficult road to go down. Some have argued that China should gradually move toward a more open political system that could emerge along with the rise of an affluent, educated middle class.²¹⁶

Experiments in local democratic participation indicate early steps towards greater political enfranchisement. Since the 1980s, local elections have been key experiments in grassroots political participation. Currently, there are direct elections in almost one million villages across China, which represents almost 80 percent of the rural population.²¹⁷ Proponents of village elections argue that it provides the opportunity for experimentation that pushes political boundaries and fosters civil society growth. Indeed, the growing number of candidates on ballots is a sign of wider political participation. However, frustrations have accumulated over the slow pace of extending indirect elections at the city level and above, as well as for posts within the party leadership.²¹⁸

Skeptics argue that democratization has its limits. The PRC's rapid growth, boosted by Taiwan investment, has bolstered the CCP's legitimacy and reduced pressure on ruling elites to liberalize and remain accountable for its policies. China's economic growth could be viewed as dampening enthusiasm for democracy as it is making the ruling elite even more reluctant to part with power. High levels of spending on internal security and defense make it less attractive to press for a democracy agenda and challenge authoritarian one-party rule too aggressively.

Another trend is the emergence—or revival—of political Confucianism in both China as a potential alternative to western liberal democracy (or Communism). This form of governance, according to Jiang Qing, a Confucian scholar, holds that while all citizens are bound by law, not all people should have civic equality due to differences in virtue, intelligence, and skills. Political Confucianism advocates for a “kingly way of politics,” which defines legitimacy by taking into account three different focuses of the Confucian *Dao* (or way): The heavenly *dao* (divine legitimacy), the earthly *dao* (historical and social context), and the human *dao* (people's will and choice). In short, the philosophical foundation for Confucian politics does not advocate for equality like that familiar to the ideologies of liberal democracy. Instead, it holds a hierarchical order for government.²¹⁹

While the KMT embraced Confucian traditions in the ROC, the CCP adopted a decisively anti-Confucian policy. However, according to observers such as Daniel Bell,



“Communism has lost its capacity to inspire the Chinese people.” In order to fill the void, Bell notes the CCP campaign to resurrect Confucian themes and their promotion abroad through Confucius Institutes. He also adds, “It is not entirely fanciful to surmise that the Chinese Communist Party will be re-labeled the ‘Chinese Confucian Party’ in the next couple of decades.” Furthermore, some posit that Confucian doctrine could be a means to mitigate domestic pressure for a democratic transformation.²²⁰

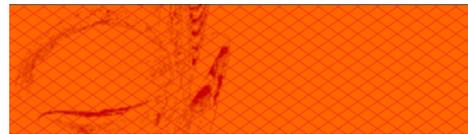
Despite assertions that Confucian values are incompatible with democratic values, advocates for democracy are active in China. One of the most significant public statements was “Charter 08,” a document originally signed by over 300 prominent Chinese figures called for fair elections and freedom of speech. Liu Xiaobo led the effort and was later arrested for “inciting subversion of state power” and imprisoned in 2009. He was awarded the Nobel Peace Prize in 2010.²²¹ The high-profile manifesto is perhaps the greatest display of unity among the dissident movement in recent years. To date, its signatories number over 10,000 and include both prominent activists as well as citizens in mainland China.²²²

Taiwan’s Quiet Confidence, Existing Consensus, and Challenges to China

Official PRC policy still claims that Beijing is the sole legitimate government of China and that Taiwan is a province of China. A number of academic proposals have been tabled that have sought to establish a *modus vivendi* pending more formal agreements. For example, Joseph Nye in 1998 advocated a bargain in which the U.S. would support a One China policy and insist on no use of force along with commitments by Taiwan to forego independence and a Chinese commitment to allow Taiwan greater international breathing space.²²³ In 1998, and again in 2005, Kenneth Lieberthal argued in favor of a 50-year interim agreement in which Taiwan would forego moves toward *de jure* independence in exchange for explicit agreement by the PRC not to use force against Taiwan. Both of these proposals discounted prospects for negotiated solutions that could offer Taiwan forms of sovereignty, which is a fundamental interest held by both the KMT and DPP.

The PRC and ROC both exist as legally constituted states, despite the absence of formal diplomatic relations between Taiwan and much of the international community. A presumed “One China” principle is embedded in the constitutions of both the PRC and ROC, which are the basis of respective legal positions. According to the PRC Constitution, “Taiwan is part of the sacred territory of the People's Republic of China. It is the inviolable duty of all Chinese people, including our compatriots in Taiwan, to accomplish the great task of reunifying the motherland.”²²⁴ The National People's Congress has the power to amend the Constitution. From Beijing’s perspective, the ROC is an illegitimate state:

On October 1, 1949, the Central People's Government of the PRC was proclaimed, replacing the government of the Republic of China to become the only legal government of the whole of China and its sole legal representative in the international arena, thereby bringing the historical status of the Republic of China to an end. This is a replacement of the old regime by a new one in a



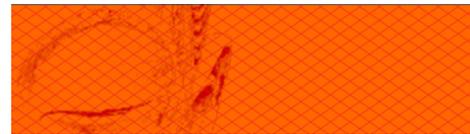
situation where the main bodies of the same international laws have not changed and China's sovereignty and inherent territory have not changed therefrom, and so the government of the PRC naturally should fully enjoy and exercise China's sovereignty, including its sovereignty over Taiwan.

Article 4 of the ROC Constitution, promulgated in 1947, states: “The territory of the Republic of China within its existing national boundaries shall not be altered except by a resolution of the National Assembly.” In 1947, existing territory under ROC control included the island of Taiwan and much of the domain currently under PRC control. Some have argued that constitutional amendments over the last 15 years have altered the ROC’s territorial scope. The ROC, however, currently has jurisdiction only over Taiwan, Penghu, Kinmen, and Matsu. The TRA, however, is clear in defining U.S. definition of Taiwan’s territorial jurisdiction.

The KMT’s original positions were to strive for unification, initially through military means and then increasingly through political means. At the heart of KMT ideology has been the encouragement of a peaceful political transformation of China. As explicitly spelled out in National Unification Guidelines, unification is not an abstract concept of Chinese sovereignty. Unification is an instrument for the establishment of “a democratic, free and equitably prosperous China,” and for “safeguarding human dignity, guaranteeing fundamental human rights, and practicing democracy and the rule of law.”²²⁵ The goal is to “build a new and unified China” on the basis of freedom and democracy. Unification on terms dictated by CCP not only seems unlikely in the foreseeable future, the likelihood is also diminishing as both sides of the political spectrum in Taiwan gradually move toward a consensus on fundamental sovereignty issues.

Political contests require the KMT and DPP parties to paint the other in the darkest hue of blue or green as possible, and lead the DPP to cast the KMT as pro-China or pro-unification, and the KMT to cast the DPP as crazed troublemaking renegades bent on forcing Taiwan independence. Although neither side seems politically able to openly admit it, a rough consensus has long been in place on a fundamental issue—both parties are fundamentally against political subordination of Taiwan to CCP authority. The consensus that seems to be emerging in Taiwan starts with a simple assertion that the ROC is functionally “Taiwan,” and differences over Article 4 in the Constitution would be put aside in order to move forward. At this point, neither “unification” nor “independence” should be ruled out or ruled in.

While the DPP contests the ROC constitution’s territorial claims, it stops short of asserting that the KMT is intent on subordinating Taiwan to CCP authority. DPP criticism of KMT policies is not that the party is intent on subordinating the Taiwan government to PRC authority. DPP asserts that KMT policies risk political entrapment or decrease Taiwan's leverage for political negotiations on a decisive future. Despite the different views, some within the DPP appear open to a “One China” principle, as long as it's not a precondition for political dialogue. “One China” seems acceptable as an agenda item, specifically defining what “One China” means (e.g., as a cultural “One China” or some form of confederation or commonwealth). For example,



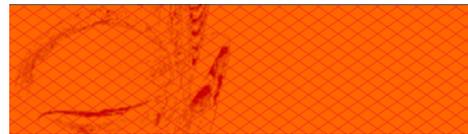
a close examination of Chen Shui-bian's economic integration policies shows that it is difficult to distinguish from Lien Chan's roadmap for unification. Both favored engagement with China under certain frameworks.

To be sure, the KMT—Ma Ying-jeou in particular—has been cast by certain hardliners as proponents of "Type B independence," or *de facto* separation from the mainland. Some Chinese observers refer to Ma as "*mianli cangzhen* (绵里藏针)" or "hiding a needle in cotton," and a "*dutai fenzi* (獨台份子)" or "advocator for an independent Taiwan." To distinguish from "Taiwan independence," an "independent Taiwan" is defined as promoting coexistence of equal sovereign entities on both sides of the Strait, with each side having its own administrative jurisdiction that is not subordinate to the other, and a status quo calling for "mutual non-denial" and highlighting unification as an option but not inevitable.²²⁶ President Ma's "status quo" is a form of independence, which compels the CCP to exert greater pressure at the negotiating table sooner rather than later in order to achieve concrete steps towards a political resolution of the cross-Strait disagreement. As such, the CCP continues to rely on an integrated "carrot and stick" approach towards Taiwan, coupled with a more ambitious influence campaign to enlist U.S. supporters to persuade the ruling party on Taiwan to the negotiating table according to its own interests and political agenda.

A Softer Chinese Political Position on Taiwan?

A critical uncertainty for the future is China's attitude on Taiwan's sovereignty. Although the CCP's position appears to have softened at times, implied threats to the use of force remain. There are at least two identifiable facets of the PRC's "softer" approach aimed at winning hearts and minds in Taiwan and diminishing threat perceptions of Beijing's intentions in the United States and among China's neighbors.

First, Beijing in 2003 announced a set of "extra-military" strategies, driven in part by an interest to increase its leverage over Taiwan. Although the PLA has long been resourced and organized for political warfare, the "Three Warfares," doctrine increased emphasis through a combination of strategic psychological warfare, legal warfare, and media (public opinion) warfare. China appears to be increasingly effective in manipulating media outlets on Taiwan through a mix of negative and positive incentives. *Commonwealth*, a prominent journal on Taiwan known for its balanced reporting, recently highlighted Chinese successes in influencing positive reporting in Taiwan's major papers.²²⁷ Other means include incentives for media companies to expand their business into China. Psychological warfare also includes creating dissension within Taiwan, to include public perceptions of its military. As a means to justify use of force and delegitimize resistance, the most significant manifestation of legal warfare is the authorization of the Anti-Succession Law in 2005 that codified Beijing's use of force policy against Taiwan.²²⁸



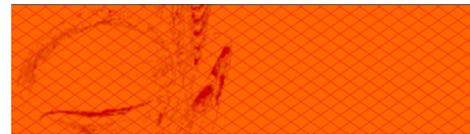
Second, China has begun to emphasize “soft power” approaches to winning friends and influencing people. Zheng Bijian outlined a concept for peaceful rise in 2005, one that stressed the need to avoid military intimidation and promoted the value of a “harmonious world.”²²⁹ Highly sensitive to foreign perceptions of China and its policies, increased investment into public diplomacy and development of “soft power” concepts have been intended to counter the “China threat” theorists.²³⁰ Following the PRC’s logic for advancing soft power, prominent U.S. observers such as Zbigniew Brzezinski, C. Fred Bergsten, and Niall Ferguson have advocated a bilateral U.S.-China condominium of power, or a G-2, intended to manage the region and the world’s most vexing problems. Despite its focus on soft power, the military component of the country’s rise is likely to grow, which increases the risk of security dilemmas in the Asia-Pacific region.

Why Taiwan Matters to the Chinese Communist Party

As China strengthens its efforts to win the hearts and minds of Taiwan, it is appropriate to look at why Taiwan matters to the CCP. Beijing-based scholar Zhu Feng has offered at least four explanations for the PRC’s fixation over Taiwan. First, the historical baggage left from the civil war and shared memories of foreign intervention during the so-called “Century of Humiliation” stir up emotional sentiments in the mainland for reunification with Taiwan in order to “return” the island to the Sino-centric sphere of influence. As a former Japanese colony and U.S. protectorate, Taiwan is often viewed by the CCP as the last piece of Chinese soil still under “foreign control.”

Second, political inertia and internal domestic politics in the CCP make conciliatory policies across the Strait politically risky, especially with Taiwan portrayed as a regime survival issue for the CCP. Third, the CCP emphasizes Taiwan’s geostrategic value, citing its position along the first island chain. The utility of the island in China’s desire to expand its maritime presence out to the second island chain and the potential for foreign forces to use Taiwan as a base against China are all considerations for the CCP. Finally, the consolidation of the consensus in China for the PLA to expand its share of the national budget rely on persuasive arguments in favor of deterring perceived moves on Taiwan towards *de jure* independence and countering U.S. intervention. In other words, Chinese conciliation with Taiwan threatens the PLA’s relative position within the bureaucracy. The “Taiwan threat” may very well benefit the PLA in internal budget deliberations.²³¹

However, the saliency of these arguments is likely to diminish overtime. The CCP’s position may soften as its confidence rises. First, economic interdependence between the two sides of the Taiwan Strait and greater interactions with Taiwan may dilute perceptions that Taiwan is under foreign or external control, including the United States or the PRC. Second, political reform in China may reduce the immediacy of Taiwan in PRC domestic politics. Third, technology—especially aerospace technology—reduces the geostrategic relevance of Taiwan to mainland China operationally. Systems such as extended range anti-ship ballistic and cruise



missiles and submarines reduce the need for a large fleet of surface combatants. Finally, the PLA as an institution appears to be seeking missions beyond Taiwan that could reduce the centrality of Taiwan as a justification for a growing defense budget, especially during years of cross-Strait rapprochement. However, in doing so, it runs the risk of elevating threat perceptions of others in the region beyond the Taiwan Strait.

Leading up to Taiwan's 2016 presidential elections, Beijing reached out to the leadership of Taiwan across party-lines, including both the KMT and the DPP, clearly preparing for the DPP's return to power. Despite dramatic increases in cross-Strait engagements on the government-to-government and people-to-people levels during Ma's administration, a political resolution or peace accord between the CCP and the DPP appears possible but unlikely in the near term.

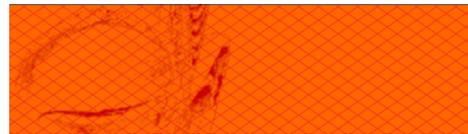
Alternative Policy Directions for the United States

Given the political realities in the Taiwan Strait, are Taiwan and China on an inevitable trajectory toward political unification as Beijing claims? What outcome is best for the United States? What policy options could be considered in a U.S. Taiwan policy review *if* it were to be conducted today? Strict adherence to a status quo policy that cedes initiative to the PRC? Abandonment of Taiwan through revision or revoking of the TRA? Breaking free of the U.S. One China policy and recognition of Taiwan? Or an adjustment to the One China policy that better represents the existence of two legitimate governments on both sides of the Taiwan Strait? The wrong question is sure to produce a sub-optimal answer. The right question is how the United States should gradually normalize its relations with Taiwan, under its current ROC constitutional framework, in a manner that best serves U.S. interests in peace and stability in the Asia-Pacific region. Looking out to 2025, four schools of thought may guide U.S. policy.

The Accommodation School

The Accommodation School actively promotes an alignment of US policy with CCP positions on sovereignty in the Taiwan Strait. Abandonment comes in multiple forms, implicitly advancing the CCP's goal of unification under a One Country, Two Systems formula. In its purest form, accommodation would be achieved through revoking or amending the Taiwan Relations Act through striking its two security-related provisions. Some call for a halt on US arms sales to Taiwan. Others advocate accommodation of Beijing's interpretation of the 1982 Communiqué, and recognizing the PRC's right to use force to resolve sovereignty disputes.²³²

Support for accommodation often is grounded on calculations of power in the frameworks of cooperation or competition. Arguments are premised on Beijing's growing economic and military power and a relative diminishment in American power.²³³ Proponents argue that given the relative shifts in power, PRC willingness to tolerate U.S. policies regarding Taiwan is gradually diminishing. America has increasing overriding interests in good relations with the PRC, and marginal interests in its relations with Taiwan. In this view, long standing



policies toward Taiwan that are guided by the TRA, such as U.S. arms sales, will increasingly impede further development of bilateral relations between Washington and Beijing. Contained in these arguments are four assumptions:

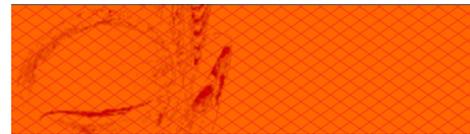
- PRC positions regarding sovereignty over Taiwan are legitimate and non-negotiable;
- No significant impediments exist to CCP ability to govern and lead the PRC in its continued rise;
- Democratically elected leaders on Taiwan could and would amend the constitutional basis of the ROC and formally concede to CCP authority;
- Congress and the Executive Branch in the United States would take the necessary legal steps to revoke or amend the TRA and, if successful, revoking or amending the TRA would have the desired effects for U.S. interests in the Asia-Pacific region.

In short, the narrative holds that China's rise as a great power is inevitable; U.S. interests require cooperative relations with the PRC; Taiwan is of little value to the United States and the international community; and, as the result, the United States should withdraw support for Taiwan's security.

There are a number of problems with realist explanations for abandoning Taiwan. First, realist balance of power considerations contributed to Taiwan's loss of diplomatic recognition in the first place. Fortunately, U.S. policy has arguably not been solely constructed by the realist school and other liberal and constructivist views have tempered with realist prescriptions for U.S. policy.²³⁴ Second, if Taiwan is to be assessed on an inevitable course toward unification on PRC terms, then its instrumental value to the United States would presumably diminish. U.S. support for Taiwan would be counterproductive and provocative in this context.

Third, the realist arguments fail to address challenges within China that limit its power. The PRC is the constitutional state of the Chinese Communist Party. Despite claims that it is communist in name only, the PRC remains a Leninist party-state through the CCP's monopoly on the military through the PLA; control of personnel assignments throughout the government and industry; and centralized control over media outlets and state propaganda. The party assigns senior personnel to ministries and companies, universities, and the media.²³⁵ Given the nature of party control, whether or not the political monopoly that CCP enjoys today can be sustained after the next few decades or whether China's "rise" is a sure thing in the long term are still uncertain and subject to many domestic factors that may prove to be challenges against party control. At a minimum, however, distribution of power within the CCP appears to be increasingly diffuse and unpredictable.²³⁶

Others, critical of DoD's Joint Concept for Access and Maneuver in the Global Commons, promote a unilateral declaratory policy of no interdiction against operational-level



PLA targets inside China. However, since the signing of the U.S.-ROC Mutual Defense Treaty in 1954, the option for conventional strikes against targets supporting an invasion of Taiwan has existed. Having the ability to interdict targets does not necessarily mean the capability would ever be exercised.²³⁷

The Status Quo School

The Status Quo School staunchly defends the TRA and opposes a major shift in U.S. policy. Status quo proponents are generally supported by mainstream KMT and arguably mainstream DPP, at least over the last eight years or so. The United States would continue to operate within the framework of the Taiwan Relations Act, the three Joint Communiqués, and the Six Assurances. The benefits of the status quo are that, in the short term, Taiwan continues to enjoy its independence, albeit without significant international political legitimacy. Furthermore, mainland China's growing economic and military prowess will increasingly limit Taiwan's freedom of action and unification between the two sides of the Taiwan Strait would become inevitable.²³⁸

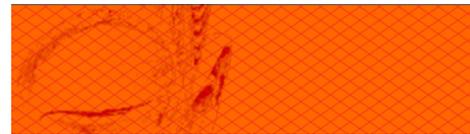
Successive U.S. administrations have viewed Taiwan independence as the most significant challenge to the status quo. Frequent pro-independence statements by former Taiwanese president Chen Shui-bian infuriated the PRC and prompted the United States to advise caution towards the Chen administration against pushing Beijing too far. Over the past ten years, however, the PRC has supplanted Taiwan independence as the most viable threat to the status quo with its 'use of force' policy and military buildup. The 2005 Anti-Secession Law demonstrates Beijing's fears, with Article 8 holding that:

"In the event that the 'Taiwan independence' secessionist forces should act under any name or by any means to cause the fact of Taiwan's secession from China, or that major incidents entailing Taiwan's secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity."²³⁹

The PRC, however, appears to be dissatisfied with the status quo. A number of actions and statements indicate an attempt to compel a shift in U.S. policy to abandon Taiwan.

The Normalization School

The Normalization School promotes a more normal relationship between the US and Taiwan. Members could be segmented into at least two groups. The most prominent and well-established proponent group advocates a fundamental review of the U.S. One China and acknowledgment of Taiwan as an independent sovereign state. Following this line of thought, a "One China, One Taiwan" policy argues that normalization is ultimately in the interest of both



the U.S. and the PRC. The objective is for the CCP to re-interpret its zero-sum vision of unification and welcome normalization with a peaceful and economically vibrant Taiwan.²⁴⁰

Another group associated with the Normalization School views Taiwan as an instrument in a broader military competition with China and call for an explicit commitment to Taiwan's defense. Advocates highlight Taiwan's potential role in U.S. defense strategy in Asia. U.S. commitment to Taiwan is rooted in America's alliances in the region. By normalizing relations with Taiwan, this would strengthen the 'first island chain' strategy and thus strengthen U.S. defense and security commitments in the Asia-Pacific.²⁴¹

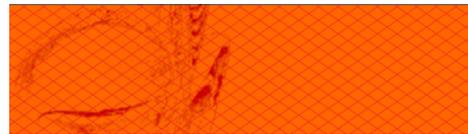
This view is generally associated with some proponents of the realism school in international relations who view Taiwan within a structured balance-of-power perspective.²⁴² For example, John Mearsheimer of the University of Chicago presented one perspective in the Fall 2001 issue of *Foreign Affairs*. He states, "The best way for any state to maximize its prospects for survival is to dominate its region of the world."²⁴³ A China that is strong enough to pursue greater power and influence in East Asia and beyond would be well-positioned for global hegemony. China's intentions can therefore be determined by its relative power. Mearsheimer's theory suggests value for an active U.S. strategy to complicate China's rise to power, in which Taiwan has a role.²⁴⁴ In a more recent article, however, Mearsheimer suggested that the United States eventually may have to "Say Goodbye to Taiwan," arguing that China's military and economic power is inevitably shifting the power balance in the region, and that it is in the U.S. interest to abandon Taiwan, which will eventually be absorbed by China's orbit and influence.²⁴⁵

A U.S. "One China, Two Governments" School

Perhaps the least developed school of thought regarding U.S. policy highlights popular sovereignty and the political legitimacy of the ROC within a broadened U.S. One China policy framework.²⁴⁶ Advocates of a U.S. "One China, Two Governments" policy begin with the premise that the status quo in the Taiwan Strait is the existence of two legitimate governments on both sides (e.g., the ROC and the PRC). As Representative Randy Forbes, co-chairman of the Congressional China Caucus, noted in the lead up to the 2015 visit of President Xi Jinping to the U.S.:²⁴⁷

The status quo in the Taiwan Strait is the existence of two legitimate governments. One, the Republic of China (Taiwan), is a liberal democracy. The other, the People's Republic of China, is an autocracy under the control of the Chinese Communist Party. Applying your One Country, Two Systems narrative to U.S.-Taiwan relations, how can you [PRC] claim the right to represent 23 million people on Taiwan who enjoy popular sovereignty?

Like the Status Quo school, "One China, Two Governments" does not challenge the basic U.S. One China policy. At the same time, proponents of soft balancing in the Taiwan Strait share the Normalization school's interest in moving toward a more normal relationship with Taiwan. Under a dual sovereignty policy, the United States would not actively support independence. Issues of independence or unification would ultimately still be left to both sides of the Strait to

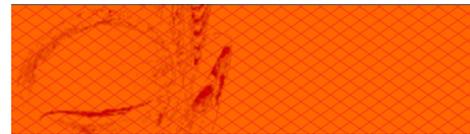


resolve, leaving both options open for the people on Taiwan. A more normal relationship between the U.S. and ROC would not compromise the U.S. One China policy, just as the dual recognition of East and West Germany did not compromise the sovereignty of both governments and allowed both to have equal participation in international organization. Between 1949 and 1979, dual recognition of both governments was viewed as the most stable *modus vivendi* possible.

With the minimum of raising representation to the level of a foreign diplomatic mission, Taiwan would become more appropriately integrated into the international community and multilateral efforts. Furthermore, to ease fears of the One China policy being abrogated, a new U.S.-ROC Joint Communiqué could be utilized to clarify America's policy.

Beijing, however, would be unlikely to gracefully accept a U.S. "One China, Two Governments policy," which in its view would be tantamount to an "Independent Taiwan." While distinct from "Taiwan Independence, an independent Taiwan is defined by the PRC as "advocating shared sovereignty, coexistence of equal entities with each side having its own administrative functions that is not subordinate to the other, and a status quo calling for 'mutual non-denial,' and highlighting unification as an option but not inevitable."²⁴⁸

While this policy option is not new, Taiwan has shown to be ambivalent to prospects of dual recognition. In recent years, neither the KMT nor the DPP have pressed on dual recognition of both the Republic of China and People's Republic of China, and likely would be hesitant to propose the concept barring a significant shift in PRC's cross-Strait policy. The PRC's reactions to "One China, Two Governments" would also be dependent on *when* it is brought up and what the PRC's interpretation of "One China" is at that point in time. Perhaps Hu Jintao's quote, "Under one China, anything is possible," is an indicator that with flexibility to mean that Beijing could be willing to accept a "One China, Two Governments" framework for U.S. policy under certain circumstances and leadership.



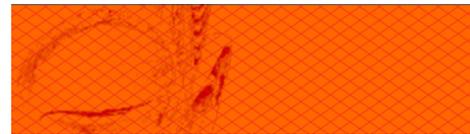
CONCLUSION

Taiwan is an anomaly blessed with an abundance of innovative energy and natural beauty. With 22 million people, compressed into an area roughly on a par with the Netherlands, Taiwan's diminutive size belies its power, influence, and shared values with the international community of democratic countries. It is at the cutting edge of globalization, and a driving force behind the revolution in information technology that is creating a flatter world order. But politically, Taiwan remains a global paradox. Under its current ROC constitution, Taiwan exists as an independent, sovereign state. However, acquiescing to demands of a CCP that views Taiwan's democratic system of government has an existential challenge to monopoly on political power, most of the international system does not recognize Taiwan as such. As is evident from their overlapping histories, the two sides of the Taiwan Strait share a common heritage and culture. Yet, Taiwan also shares notable historical legacies and interdependencies with the United States, Japan, and with the rest of the world, making it both a contested territory and a global political player.

The United States has significant interests in the future of Taiwan and an important role to play in helping to shape that future. U.S. policy toward Taiwan over the last 30 years has been shaped by its interests in managing the peaceful emergence of the PRC as a major power and peaceful resolution of differences between the two sides of the Taiwan Strait. U.S. cross-Strait policy has operated on the premise that we only have an interest in the process, as opposed to the outcome.²⁴⁹

Assuming the CCP is able to steer the People's Republic of China (PRC) in a positive direction in the foreseeable future, some resolution is possible. But forces shaping the future of cross-Strait relations transcend the simple reasoning that growing PRC power necessarily means a more compliant Taiwan. Power has limits, and Beijing's exercise of the power it has now and in the future can produce unintended consequences. Barring a fundamental or abrupt change in the PRC or catastrophic breakdown of political order on Taiwan, the ROC is unlikely to willfully subordinate itself to CCP rule. Indeed, the willingness of people on Taiwan and their elected leadership to subordinate the ROC to CCP authority is marginal, and likely to be even less in the future. The old ideological competition over legitimacy to govern a unified China is no longer merely between the CCP and KMT. That competition is now between the CCP on one side, and the democratic system that has emerged on Taiwan under the ROC constitution on the other.

The PRC and Taiwan are engaged in a political competition over legitimacy and existential values as sovereign nations. Both constitutions assert legal jurisdiction over the territory of the other. Yet Beijing's policies transcend mere constitutional principles, and are integrated into its national policies. While stated in its constitution, Taiwan has not been active in its claims of jurisdiction over China since abandoning use of force. Despite this, Taiwan is often cast as a survival issue for the CCP. In contrast, the CCP poses a real existential threat to the sovereignty of Taiwan.

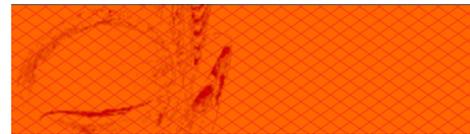


Taiwan's institutionalized democracy is of intrinsic, fundamental value to the United States, but also could be instrumental in influencing political reform in the PRC. While measurements of the effect of Taiwan's "soft power" are inherently subjective, Taiwan's influence on China presents a paradox. On the one hand, Taiwan's own democratic development could challenge the Chinese Communist Party's legitimacy in maintaining one party rule. On the other hand, the prosperity that Taiwan has helped to create in the mainland through business investments and manufacturing may have shored up the CCP's legitimacy. Taiwan may gradually influence the course of Beijing's own democratization, perhaps as an incentive for Taiwan and its people to achieve some form of political accommodation compatible with the interests of the people on both sides of the Taiwan Strait.²⁵⁰

The United States has an important role to play. Taiwan's value to the United States and the international community should not be assessed as a subordinate issue of balance-of-power theories or its relevance in U.S.-China relations. Taiwan is not an instrument in a great game. Nor is Taiwan an American asset that can be traded away to attain favor with Beijing. Taiwan is of intrinsic value to the United States simply because of its existence, historical significance, and importance to the international community. Taiwan, under its current ROC constitutional framework, is a state, despite the political obstacles that have obstructed dual recognition of both Beijing and Taipei. All states matter and should be accorded status (especially among those with shared values). The PRC and U.S. relations with China, are important, to be sure. However, if the democratic peace theory that posits that democracies are less likely to go to war with each other has any merit, China's democratization is a matter of utmost importance. Arguably, no other society is as capable as Taiwan in demonstrating democracy to the mainland with meaning and impact. Beyond this, Taiwan is valuable to the international community due to its economic role, support for international rules and norms, and humanitarian aid. Finally, Taiwan is valuable for Washington because of its history as a loyal friend to the United States.

The current cross-Strait status quo may not best serve U.S. interests over the long term. A proactive U.S. policy should create conditions for political resolution of differences between the two sides of the Taiwan Strait in a manner that best serves U.S. interests. Taiwan's role in China's peaceful transformation could be significant in setting these conditions. In addition to maintaining a robust and increasingly diversified relationship with Taiwan, it is in the interest of the United States to encourage China to become sufficiently confident to adopt more flexible political and military policies in order to enable resolution of political differences with Taiwan in a peaceful manner. Due to the PRC's implicit and explicit threats to use military force as a means of coercion towards Taiwan in order to gain a negotiated solution favorable to Beijing, the immediate focus of U.S. policy should be the demilitarization of cross-Strait relations. A political solution will take time. But in the short term, the U.S. can utilize positive and negative incentives to persuade China to reduce its military posture opposite Taiwan.

In a 2001 seminal *Foreign Affairs* article, David Shambaugh argued in favor of a more active role in assisting the two to arrive at a resolution and that "the concept of confederation

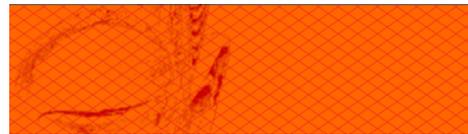


offers the best hope for an ultimate solution.”²⁵¹ He added that “to reach a solution, ultimately, will require a redefinition of China's status as a state in the international community, as well as a reconfiguration of the mainland's political system.” His remarks point to the remaking of the Chinese nation-state, which remains unresolved.

The most significant trends relevant to U.S. cross-Strait policy include expanding cross-Strait economic relations juxtaposed against China's growing military power. How PRC manages its political differences with Taiwan is perhaps the most important barometer of Chinese intentions in the Asia-Pacific region. As long as Taiwan remains strong, confident, and economically viable, it is uniquely positioned to influence the peaceful rise of China as a responsible member of the international community. Taiwan strives to be a leading global technology innovator and continues to contribute significantly to the global technology supply chain. As Taiwan's society faces one of the most severe challenges in natural disasters, it has the experience to evolve into a world leader in developing the means to mitigate the effects of climate change and environmental devastation.

U.S. policy towards Taiwan should be influenced by American principles of commitment, rule of law, sovereignty, ethics, and value for democratic governance; rather than cold calculations of power and competition that characterize the “realist” school of international relations.²⁵² To be sure, “realist” ideology influenced the eventual establishment of diplomatic relations with the PRC. However, the original intent and natural tendency of U.S. policy has been extension of diplomatic relations with both sides of the Taiwan Strait, moderated by sensitivities to domestic politics on both sides of the Taiwan Strait.

It is in the interests of the United States to gradually adjust its policy toward one that more accurately reflects the status quo in the Taiwan Strait. Without jeopardizing the basic framework of “one China,” a U.S. “One China, Two Governments” policy may warrant serious study. The PRC has the opportunity to enhance its legitimacy by demonstrating peaceful intentions; ROC and its democratic system of government would attain the international political legitimacy it deserves; and the United States would align its policies with objective reality. In short, soft balancing in the Taiwan Strait may be the optimal means of creating an environment conducive to a peaceful resolution of differences between the two sides of the Taiwan Strait.



ENDNOTES

¹ See, for example, Richard C. Bush, “Taiwan and East Asian Security,” *Orbis*, Spring 2011, pp. 274-289, at <http://www.fpri.org/orbis/5502/bush.taiwan.pdf>.

² For prominent guides on Taiwan’s relevance, see Shelley Rigger, *Why Taiwan Matters: Small Island, Global Powerhouse* (Lanham, MD: Rowman & Littlefield, 2011). Also see testimonies presented by Kurt Campbell, Peter Lavoy, Randy Schriver, June Teufel Dreyer, Rupert Hammond Chambers, and Nancy Bernkopf Tucker in hearings before House Committee on Foreign Affairs, June 11, 2011. For a detailed account of the U.S. One China Policy, see Shirley A. Kan, “China/Taiwan: Evolution of the “One China” Policy—Key Statements from Washington, Beijing, and Taipei,” *Congressional Research Service*, October 10, 2014, p. 53, at <https://www.fas.org/sgp/crs/row/RL30341.pdf>.

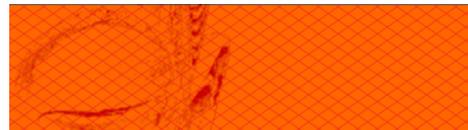
³ The May Fourth Movement, also known as the New Culture Movement, was an intellectual turning point in Chinese history that took place between 1915 and 1921 and introduced Western concepts of individualism and democracy. Proponents of these Western practices argued that traditional Chinese culture, particularly Confucian thought, impeded China’s modernization. Conversely, critics saw China’s traditions and values as an essential foundation for a modern Chinese nation, arguing that Western materialism and utilitarianism were inadequate avenues for development. Participants at the time, such as Hu Shi, referred to this era as the Chinese Enlightenment, due to the intense focus on science and experimentation. Overall, this period marked a sharp deviation from the cultural and political thought of two thousand years of dynastic rule and the subsequent overthrow of the imperial system in 1911. Among various sources, see Keith Schoppa, *Revolution and Its Past: Identities and Change in Modern Chinese History* (New Jersey: Pearson, 2010), pp. 177-178.

⁴ In more recent years, observers such as Daniel Bell argue that “Communism has lost its capacity to inspire the Chinese people.” With repeated failures in recent history, communist policies have left the people to question the legitimacy of its ideological claims. In order to fill the void, the CCP launched a campaign to resurrect and promote Confucian themes, a strain of thinking that suggests that could function as a means to mitigate domestic pressure for a democratic transformation.

⁵ Among opinion leaders in China calling upon Roosevelt and Churchill to support China’s absorption of Taiwan was Sun Fo, son of Sun Yat-sen.

⁶ Cai Xiaoqian (蔡孝乾; 蔡孝干; 1908-1982) used Cai Qian (蔡乾/蔡前) and Yang Ming (杨明) as pseudonyms. Among multiple sources referencing the Taiwan Work Committee, see “Communist China’s ‘Taiwan Provincial Committee’ Incident” (中共“台湾省工委”事件), *Huaxia Jingwei*, June 5, 2003, at <http://www.huaxia.com/lasd/twzlk/zzsj/2003/06/475247.html>.

⁷ Key Taiwanese players included Zhang Bingyu, Wang Xiulan, and Wang Guanmin, Cai Xiao directed the training base. Cai Xiao was born in Tainan, and became involved in Chinese underground work during the civil war. In November 1949, Cai Xiao was given the responsibility for forming the PLA Third Field Army Ninth Corps Taiwan Cadre Training Regiment (台湾干部训练团). The training unit formally began instruction on April 8, 1950. After serving in the PLA Air Force education and training system, he was jailed for nine years during the Cultural Revolution. Afterwards, he was assigned to the GPD Mass Works Department and then GPD/LD deputy director in 1975. He retired from active duty, and then became chairman of the Taiwanese Alliance (台湾民主自治同盟) in 1978. Among various sources, see 蔡啸, 1919-1990, CCP News, at <http://cpc.people.com.cn/GB/7302326.html>. Also see 他为解放台湾光荣献身——回忆哥哥王冠民, at <http://qkzz.net/article/cb512017-6f43-4cc2-8e91-01b9ada15a7a.htm>.



⁸ “History of Constitutional Revisions in the Republic of China,” *Taiwan Documents Project*, at <http://www.taiwandocuments.org/constitution07.htm>.

⁹ In addition to Deputy Minister of Defense Wu Shi (吴石; 1894-1950), other senior operatives who were arrested included Nie Xi (聂曦; 1917-1950), Chen Baocang (陈宝仓; 1900-1950) of the KMT Revolutionary Committee, and Zhu Feng (朱谌; also known as Zhu Chengzhi).

¹⁰ See Steven J. Hood, *The Kuomintang and the Democratization of Taiwan* (Oxford: Westview Press, 1997).

¹¹ James C. Hsiung, “Diplomacy against Adversity: Foreign Relations under Chiang Ching-kuo,” *Asian Affairs*, Vol. 27, No. 2, 2000, pp. 111-123.

¹² Among various sources outlining U.S.-ROC relations, see John W. Garver, *The Sino-American Alliance: Nationalist China and the American Cold War Strategy in Asia* (New York: M. E. Sharpe, 1997).

¹³ “Aug 31, 1951: William O. Douglas Calls for Recognition of PRC,” *History.com*, <http://www.history.com/this-day-in-history/william-o-douglas-calls-for-recognition-of-prc>. Also see United States Relations with the People's Republic of China, Hearings before The Senate Committee on Foreign Relations, July 1971.

¹⁴ Arthur Dean, “United States Foreign Policy and Formosa,” *Foreign Affairs*, April 1955.

¹⁵ *Ibid.*

¹⁶ For a good historical overview of China's early reaction to Dulles' peaceful evolution concept, see Qiang Zhai, “1959: Preventing Peaceful Evolution,” *China Heritage Quarterly*, June 2009, No. 18, at http://www.chinaheritagequarterly.org/features.php?searchterm=018_1959preventingpeace.inc&issue=018.

¹⁷ “The China Lobby – Cold War and the ‘Two Chinas,’” *Encyclopedia of the New American Nation*, at <http://www.americanforeignrelations.com/A-D/The-China-Lobby-Cold-war-and-the-two-chinas.html>.

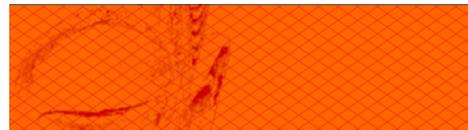
¹⁸ “Chronology,” *Mainland Affairs Council*, November 9, 2009, at <http://www.mac.gov.tw/ct.asp?xItem=67746&ctNode=6605&mp=3>.

¹⁹ When the talks began, the United States was represented by U.S. Ambassador to Czechoslovakia U. Alexis Johnson, and the Chinese side by Chinese Ambassador to Poland Wang Bingnan.

²⁰ See “Chinese Communist Capabilities and Probable Courses Of Action Through 1960” (NIE 13-56), *Foreign Relations Of The United States, 1955-1957, Volume III, China, Document 126*, at <https://history.state.gov/historicaldocuments/frus1955-57v03/d126>.

²¹ The Fuzhou Military Region consisted of the 31st Group Army, 29th Group Army, and other units. Ye Fei was dual hatted as the first commander and political commissar.

²² The content of the letters was leaked in the Hong Kong media, along with assertions that the two sides had begun secret negotiations and that Chiang had agreed to accept Taiwan's status as a self-governed autonomous region, but only after Chiang's passing. Denied vigorously by Chiang Ching-kuo, official U.S. reporting characterized the media reporting as a clandestine operation intended to create divisions within Taiwanese society and mistrust between the ROC and the United States. Another Beijing emissary, Zhang Shizhao (章士钊), allegedly delivered a proposal for a Third United Front through a Hong Kong-based KMT media figure, Xu Xiaoyan (许孝炎). In response, Chiang Kai-shek allegedly dispatched a representative (Song Yishan) to Beijing to assess CCP intentions.



Among various sources, see *Peking- Taipei Contacts: The Question of a Possible "Chinese Solutions"* (Wash DC: CIA Directorate of Intelligence, December 1971), POLO 34, declassified in 2007, at http://www.foia.cia.gov/sites/default/files/document_conversions/14/polo-34.pdf; and Foreign Relations Of The United States, 1958–1960, Volume Xix, China, Document 157, Telegram From the Embassy in the Republic of China to the Department of State, October 6, 1958, at <http://history.state.gov/historicaldocuments/frus1958-60v19/d157#fnref2>. Also see Valentin Chu, *Ta Ta Tan Tan: The Inside Story of Communist China* (NY: Norton Publishers, 1963), pp. 244-245; Gabe T. Wang, *China and the Taiwan Issue: Impending War at Taiwan Strait*, Lanham: University Press of America, 2006, p. 188; and (“第三次国共合作”流产的台前幕后), CCP News Network (中国共产党新闻网), September 11, 2011, at http://history.gmw.cn/2011-09/11/content_2619933.htm.

²³ Among various sources, see “U.S. Report Urges Close Ties with Red China,” *The Age*, November 2, 1959, at <http://news.google.com/newspapers?nid=1300&dat=19591102&id=aJ8UAAAIBAJ&sjid=5KgDAAAIBAJ&pg=4924,24518>. For another summary of the Conlon Report and general public policy debates of the 1960s, see James C. Thomson, Jr., “On the Making of U. S. China Policy, 1961-9: A Study in Bureaucratic Politics,” *The China Quarterly*, No. 50 (Apr. - Jun., 1972), pp. 220-243.

²⁴ “Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Parsons) to Secretary of State-Designate Rusk,” December 28, 1960, *Foreign Relations of the United States*, Vol. XIX, Doc366,China, at <http://history.state.gov/historicaldocuments/frus1958-60v19/d366>.

²⁵ “Quick Thoughts on China,” Memorandum From Robert W. Komer of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy), March 1, 1961, *Foreign Relations Of The United States*, 1961–1963, Volume XXII, Northeast Asia, Document 8, at <http://history.state.gov/historicaldocuments/frus1961-63v22/d8>.

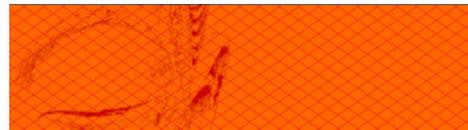
²⁶ Michael Lindsay, “A New China Policy: Difficulties and Possibilities,” *The China Quarterly*, No. 10 (Apr-Jun., 1962), pp. 56-63.

²⁷ Robert Scalapino, a professor at UC Berkeley, set the conference’s intellectual agenda, while AFSC’s Cecil Thomas served as the principal organizer. Scalapino and Thomas held highly contrasting views, with the former labeled as a “realist” and the latter an “idealist.” The speakers ranged from pro-PRC British Journalist Felix Greene to fervent critics of the PRC, Clare Booth Luce and Henry Luce. The conference venue was filled to capacity at 1,000 people, with another 500 turned away due to limited space. Richard Madsen, *China and the American Dream: A Moral Inquiry* (Berkeley: University of California Press, March 8, 1995), p. 33-34.

²⁸ See Lincoln P. Bloomfield, “China, the United Nations and United States Policy: An Analysis of the Issues and Principal Alternatives with Recommendations for U.S. Policy,” *International Organization*, Vol. 20, No. 4, Autumn, 1966, p. 713.

²⁹ Among various sources, see Madsen, *China and the American Dream*, p. 41.

³⁰ In an April media event in Washington, Secretary of State William Rogers declared that the United States “shall take initiatives to reestablish more normal relations with Communist China and we shall remain responsive to any indications of less hostile attitudes from their side.” A CIA paper outlined potential effects of two general policy options, one involving intensified deterrence and isolation and the other reducing points of conflict and isolation. In a May 1969 interagency policy review meeting, National Security Advisor Henry Kissinger expressed frustration over the options being presented. He stressed the need to envision what we want China to be like, and what U.S. policies would be most effective in bringing this about. His general predisposition was not necessarily one of accommodation. The policy review took place as border skirmishes raised tensions between China and the USSR.



Among various sources, see “National Security Study Memorandum 14,” February 5, 1969, Foreign Relations of The United States, 1969–1976, Volume XVII, China, 1969–1972, Document 4, at <http://history.state.gov/historicaldocuments/frus1969-76v17/d4>; “Summary of the CIA Response to NSSM 14,” *Foreign Relations Of The United States*, 1969–1976, Volume XVII, China, 1969–1972, Document 12, at <http://history.state.gov/historicaldocuments/frus1969-76v17/d12>; and “Minutes of the Senior Review Group Meeting (China Policy),” May 15, 1969, *Foreign Relations of the United States*, 1969–1976, Volume XVII, China, 1969–1972, Document 13, at <http://history.state.gov/historicaldocuments/frus1969-76v17/d13>.

³¹ A number of other steps, such as the cessation of ship patrols in the Taiwan Strait, resumption of talks in Warsaw, and potential issuance of a visa to a well-known dissident on Taiwan, Peng Min-min, further raised anxiety in Taipei. Initially refused, the U.S. released two submarines in April 1971 as a consolation prize the ROC’s loss in the United Nations. See “Transfer of Submarines to the Republic of China, Memorandum from John H. Holdridge of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger), October 6, 1972, in *FRUS*, VOL XVII, China, 1969–1972, Document 255, at <https://history.state.gov/historicaldocuments/frus1969-76v17/d255>.

³² “Two-China UN Membership OK Urged By Nixon Group,” *Daytona Beach Morning Journal*, April 27, 1971.

³³ David Lawrence, “The Seating Controversy,” *The Sumter Daily Item*, April 29, 1971, at <http://news.google.com/newspapers?nid=1979&dat=19710429&id=mYciAAAAIBAJ&sjid=hKoFAAAAIBAJ&pg=5891,8282965>.

³⁴ Information Memorandum From the Deputy Assistant Secretary of State for International Organization Affairs (Herz) to Secretary of State Rogers” (July 28, 1971), *Foreign Relations Of The United States*, 1969–1976, Volume V, United Nations, 1969–1972 (Document 384), at <http://history.state.gov/historicaldocuments/frus1969-76v05/d384>.

³⁵ Robert I. Starr, Memorandum to Charles T. Sylvester, “Legal Status of Taiwan,” July 13, 1971, at <http://www.tkacik.com/content/state-department-legal-advisor-legal-status-taiwan>.

³⁶ See “Lobby Highlights: 1971 Collisions Set Stage for '72,” *Congressional Quarterly*, at <http://library.cqpress.com/cqalmanac/document.php?id=cqal71-1252493>. For a good summary of one scholar’s view of the U.S. public policy community, see Stephen D. Lerner, “Pye Sees Ardent Maoism After Succession Struggle For New Chinese Regime,” *Harvard Crimson*, July 8, 1966.

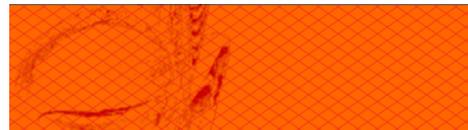
³⁷ “Statement of the Ministry of Foreign Affairs of the People’s Republic of China,” August 20, 1971, *Peking Review*, August 27, 1971, pp. 5–6.

³⁸ See Jeffrey A. Engel, *The China Diary of George H. W. Bush: The Making of a Global President* (Princeton, NJ: Princeton University Press, 2008), p. 424.

³⁹ “Shanghai Communique Issued (Feb. 27, 1972),” *PBS*, at <http://www.pbs.org/wgbh/amex/china/peopleevents/pande08.html>.

⁴⁰ Nancy Bernkopf Tucker, *Strait Talk: United States–Taiwan Relations and the Crisis with China* (Cambridge, MA: Harvard University Press, 2009).

⁴¹ See “Presidential Review Memorandum/NSC 24,” National Security Council, April 5, 1977. Also see “Memorandum From the President’s Assistant for National Security Affairs (Brzezinski) to President Carter;” “Memorandum From Secretary of Defense Brown to President Carter;” Memorandum From the Chairman of the



Joint Chiefs of Staff (Brown) to Secretary of Defense Brown,” February 1977, at <http://history.state.gov/historicaldocuments/frus1977-80v13/d9>. Also see the April 1977 Presidential Review Memorandum (NSC 24).

⁴² See <http://history.state.gov/historicaldocuments/frus1977-80v13/d12>.

⁴³ Robert S. Ross, “U.S. Relations with China,” in Ezra Vogel, Ming Yuan, and Akihiko Tanaka (eds.), *The Golden Age of the U.S.-Japan-China Triangle, 1972-1989* (Cambridge: Harvard University Asia Center, November 30, 2002), pp. 89 – 90.

⁴⁴ Hsiung, “Diplomacy against Adversity,” p. 118.

⁴⁵ Richard C. Bush, “Thoughts on the Taiwan Relations Act,” *The Brookings Institute*, April 2009, at <http://www.brookings.edu/research/opinions/2009/04/taiwan-bush#>. For an AIT summary of post-normalization Taiwan published in September 1979, see <http://history.state.gov/historicaldocuments/frus1977-80v13/d276>.

⁴⁶ *Ibid.*, p. 119.

⁴⁷ *Ibid.*

⁴⁸ See Wen Qing, “‘One Country, Two Systems’: The Best Way to Peaceful Reunification,” *Beijing Review*, May 26, 2009, at http://www.bjreview.com.cn/nation/txt/2009-05/26/content_197568.htm.

⁴⁹ Xu Shiquan, “Origin of the One China Principle,” *Taiwan Affairs Office of the State Council*, December 18, 2012, at http://www.gwytb.gov.cn/en/Special/OneChinaPrinciple/201103/t20110317_1790075.htm. Also see “An Idea for The Peaceful Reunification of The Chinese Mainland And Taiwan,” *Selected Works of Deng Xiaoping*, June 26, 1983, at http://archive.org/stream/SelectedWorksOfDengXiaopingVol.3/Deng03_djvu.txt.

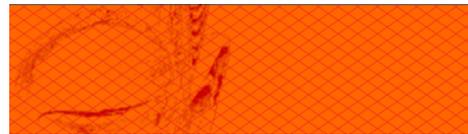
⁵⁰ Huang Hua (黄华); also known as Wang Rumei was Ye Jianying’s *mishu*, and adopted a clear foreign affairs portfolio.

⁵¹ Nancy Bernkopf Tucker, *StraitTalk: United States-Taiwan Relations and the Crisis with China*, (Cambridge: Harvard University Press, 2009), p. 166.

⁵² Yu and Chung, *Dynamics and Dilemma*, p. 92.

⁵³ Bin Yu and Tsungting Chung, *Dynamics and Dilemma: Mainland, Taiwan and Hong Kong in a Changing World*, (Hauppauge: Nova Science Publishers, 1996), pp. 91-92.

⁵⁴ For background on the All China Federation of Taiwan Compatriots (中华全国台湾同胞联谊会; 全国台联会), see the organization’s website at <http://www.tailian.org.cn/n1080/index.html>. Wang Yifu was born in Tainan in 1950. *Tailian* also manages the “Voice of Taiwan (台声). See “The ‘Voice of Taiwan’ 2013 Second Period Programming” (‘台声’ 2013 年第二期目录), *Tailian* website, February 26, 2013, at <http://www.tailian.org.cn/n1080/n1110/n1489/1287936.html>. The responsible GPD/LD bureau-level director at the time was Chang Yansheng (常燕生). See “Singing to Leap Across the Taiwan Strait” (长歌越海峡), *Zhongguang Network*, November 2, 2006, at http://www.cnr.cn/zhuanti1/2005tq/zqzy/200512/t20051227_504147176.html. In July 2012, *Tailian* sponsored more than 1000 Taiwanese for a summer program in Beijing. See http://english.people.com.cn/english/200006/03/eng20000603_42208.html. *Tailian* Director, Wang Yifu, met with Lien Chan during his February 2013 visit to Beijing. For reference to the Lien Chan visit, see



<http://www.tailian.org.cn/n1080/n1110/n1444/n1506/1288438.html>. One other prominent *Tailian* authority is Liang Guoyang (梁国扬; b. 1951).

⁵⁵ Yingzhi Guoa, Samuel Seongseop Kim, Dallen J. Timothy, Kuo-Ching Wang, “Tourism and reconciliation between Mainland China and Taiwan,” *Tourism Management*, 2006, p. 999, at <http://web.ntnu.edu.tw/~gordonwang/indexfile/Tourism%20and%20Reconciliation%20between%20Mainland%20C hina%20and%20Taiwan.pdf>.

⁵⁶ See Steve Chan and Cal Clark, *Flexibility, Foresight and Fortuna in Taiwan’s Development* (New York: Routledge, 1992).

⁵⁷ “The ‘Six Assurances’ to Taiwan,” *Taiwan Documents Project*, at <http://www.taiwandocuments.org/assurances.htm>.

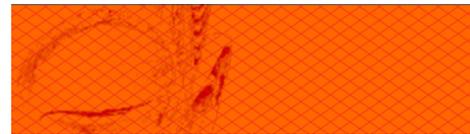
⁵⁸ For skeptical account of Lee Teng-hui, see Tie Wee Tan, “Consolidating Separation: The Lee Teng-hui Administration and The Political Status of Taiwan,” *Stanford Journal of East Asian Affairs*, Vol. 3, No. 1, Spring 2003, pp. 19-38.

⁵⁹ A number of incidents, including murders of Lin Yi-hsiung, Ch’en Wen-cheng, and Henry Liu, further enraged democracy advocates and supporters in the U.S.

⁶⁰ Shen had retired from the ROC Army in 1980 and moved to Hong Kong. Between June 1986 and March 1987 alone, Shen made seven trips to Beijing. For background on Shen Cheng (沈诚), see Jing Huang, *Inseparable Separation: The Making of China’s Taiwan Policy* (Singapore: World Scientific Publishing, 2010), pp. 115-116.

⁶¹ Jia Yibin (贾亦斌) chaired the KMT Revolutionary Committee, a CCP-approved party. He also was a member of the CPPCC. On January 31, 1988, he met with Nan Huai-jing (南怀瑾) in Hong Kong. Nan was a neo-Confucian scholar and Buddhist scholar with contacts with former students, Su Chih-cheng (苏志诚), Cheng Su-ming (郑淑敏), and Yin Yan-liang (尹衍梁), all with close ties with Lee Teng-hui. On April 21, 1989, Jia escorted Yang Si’de (杨斯德), director of the TALSG Office to Hong Kong to meet with Nan. Finally, in December 1990, Su Chi-cheng Cheng Su-ming traveled to Hong Kong for meetings with Yang Si’de and Jia Yibin. Among various sources, see Su Chi, *Taiwan’s Relations with Mainland China: A Tail Wagging Two Dogs* (New York: Routledge, 2009), pp. 7-11; Sheng, Li-jun, ‘China’s Perception of Taiwan,’ in *China’s Dilemma: The Taiwan Issue*, (London: I.B. Tauris, 2001), p. 95; and Cheng Chian Teng, “Conflict Management in East Asia: the China-Taiwan-North Korea Conundrum,” in Jacob Bercovitch, Kwei-Bo Huang, and Chung-Chian Teng (eds.), *Conflict Management, Security and Intervention in East Asia: Third-Party Mediation in Regional Conflict*, (London: Routledge, 2008), p. 44.

⁶² The chairman of the Chinese People’s Political Consultative Committee (CPPCC) was dual-hatted as the CCPPR director, and the CCPPR deputy directors are vice-chairmen of the NPC Standing Committee and CPPCC. The CCPPR secretary general is dual hatted as United Front Work Department (UFWD) deputy director. Background on the Chinese Council for Promotion of Peaceful National Reunification (CCPPR; 中国和平统一促进会; 中国统促会) can be found on its website, at http://www.zhongguotongcuhui.org.cn/bhjs/201210/t20121011_3169352.html. In addition to international offices, the council oversees at least three subordinate departments responsible for comprehensive planning (综合部), research (研究部), and liaison (联络部). As an example of how organizations within the united front system are connected, Hang Yuanxiang (杭元祥) wears at least three hats: UFWD executive deputy secretary general, CCPPR executive deputy secretary general, and secretary general of the Huangpu Association. Song Wei (宋为) is another CCPPR deputy secretary general.



⁶³ For background on the National Society of Taiwan Studies (NSTS; 全国台湾研究会; or 全国台研会 for short), see its website at <http://tyh.chinataiwan.org/>. Deputy directors include TALSG Office Deputy Director Sun Yafu; former CASS leader Zhu Jiamu (朱佳木; b. 1946); and former TAO Deputy Director Sun Xiaoyu (孙晓郁). Zhou Zhihuai (周志怀; b. 1956) serves as secretary general. CASS Taiwan Institute Deputy Director Cao Zhihou (曹治州) is NSTS executive deputy secretary general. Yang Zhijian (杨志坚) and Yang Lixian (杨立宪; b. 1954) are deputy secretary generals. Among a long list of directors are Yu Keli (余克礼; 1952); former CASS Taiwan Institute Director Xu Shiquan (许世铨; b. 1942), and Xin Qi. Zheng Qingyong (郑庆勇; 1965) is NSTS Liaison Department director. For an example of a NSTS conference co-hosted with All-China Federation of Taiwan Compatriots and CASS, see “Symposium on Cross-Straits Relations Ends,” *China Daily*, July 25, 2008, at http://www.chinadaily.com.cn/china/2008-07/25/content_6876949.htm. For a joint symposium with SIIS, see “No Need for Taiwan to Work with China on Diaoyutais: Scholar,” *Want China Times*, September 29, 2012, at <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20120929000035&cid=1101>. Also see “Scholar Calls for DPP Participation in Cross-Strait Dialogues,” *Xinhua*, August 20, 2013, at <http://english.cri.cn/6909/2013/08/20/2701s782971.htm>.

⁶⁴ See Zhang Xiaozhong (ed), *Sharpening the Spear, Molding the Spirit* (砺剑铸魂) (Beijing: PLA Cultural Publishing, 2004); and Zhang Yanping, Zhang Xuan Jie, and Li Guoli, “Life in the Missile Business – Yang Yegong in the Eyes of His Comrades” (把生命融入导弹事业——战友眼中的杨业功), *Xinhua*, July 28, 2005, at <http://www.cgw.cn/html/news/7/2009/0326/25654.shtml>.

⁶⁵ “Inauguration of President Lee Teng-hui,” *Federation of American Scientists*, June 7, 1990, at <http://www.fas.org/news/taiwan/1990/s900607-taiwan2.htm>. <http://www.fas.org/news/taiwan/1990/s900607-taiwan2.htm>.

⁶⁶ Chronology (1912-1990), Mainland Affairs Council, October 9, 2009, at <http://www.mac.gov.tw/ct.asp?xItem=67746&ctNode=6605&mp=3>.

⁶⁷ Ibid.

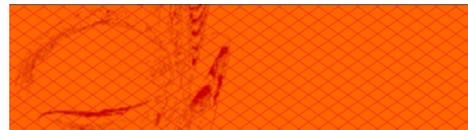
⁶⁸ The NUC was approved by Executive Yuan in March 1991 and established guidelines specifying how to 1) end the “state of hostility” between China and Taiwan; and 2) establish a “democratic, free, and equitably prosperous China” under the principle of One China through peaceful and democratic means. The guidelines advocated “not denying the other’s existence as a political entity,” effectively recognizing that there are two separate political entities ruling China and Taiwan respectively.

⁶⁹ By acknowledging the existence of two separate political entities on both sides of the Taiwan Strait and asserting that “the mainland is now under the jurisdiction of the Chinese Communists, and this is a fact that we must face,” President Lee had departed from the ROC government’s 40-year commitment to regaining control of the mainland.

⁷⁰ Su Chi, “Important Statements regarding the Consensus of 1992: The Significance and Contribution of the “One China, with Respective Interpretations” Consensus,” *National Policy Foundation Backgrounder*, November 4, 2002, at <http://old.npf.org.tw/PUBLICATION/NS/091/NS-B-091-023e.htm>.

⁷¹ Li Jing, Wang Ruilin, and Zhu Dunfa chaired the meeting. See John W Garver, *Face Off: China, the United States, and Taiwan's Democratization* (Seattle: University of Washington Press, 1997), p. 60.

⁷² “Jiang Zemin’s Eight-Point Proposal,” *Taiwan Affairs Office of the State Council PRC*, January 30, 1995, at http://www.gwytb.gov.cn/en/Special/Jiang/201103/t20110316_1789198.htm; “The One-China Principle and the



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⁷³ Kan, “China/Taiwan,” p. 54.

⁷⁴ Parris Chang served as the first DPP representative to the United States. See Jim Mann, “Taiwanese Opposition's Independence Drive Shows Need for New U.S. Policy,” *LA Times*, April 17, 1995, at http://articles.latimes.com/1995-04-17/news/mn-55703_1_american-policy.

⁷⁵ James C. P. Chang, “U.S. Policy Toward Taiwan” (Cambridge: Weatherhead Center for International Affairs, June 2001), pp. 11-12, at <http://programs.wcfia.harvard.edu/fellows/files/chang.pdf>.

⁷⁶ “Always in My Heart,” Lee Teng-hui Speech at Cornell University, June 9, 1995, at <http://taiwanauj.nat.gov.tw/ct.asp?xItem=13324&CtNode=103>.

⁷⁷ Andrew Scobell, “*China’s Use of Military Force: Beyond the Great Wall and the Long March* (Cambridge: Cambridge University Press, 2003), p. 171, at <http://iis-db.stanford.edu/pubs/10091/scobell.pdf>.

⁷⁸ “The Republic of China yearbook 2012: Cross Strait Relations,” *Executive Yuan*, 2012, at <http://www.ey.gov.tw/en/cp.aspx?n=A9A791A000CA8566>.

⁷⁹ Overall, discussions at the NDC reflected healthy and fierce democratic competition between the KMT, the Democratic Progressive Party (DPP) and the New Party (NP). Agreements were reached on the functions and responsibilities of the Executive, Judicial, and Legislative branches of government, in addition to increases in company privatization, tax reforms, and with regards to cross-Strait relations, promotion of additional bilateral exchanges and Koo-Wang meetings. They ultimately concluded that “When the time is appropriate, [we will] urge both sides to discuss and sign treaty a peace treaty.”

Jungug Choi, John Higley, Tong-yi Huang, and Tse-min Lin, “Elite Settlement and Democratic Consolidation in Korea and Taiwan,” in Chung-in Moon and Jongryn Mo (eds.), *Democratization and Globalization in Korea: Assessments and Prospects* (Seoul, South Korea: Yonsei University Press, 1999), pp. 89-110.

⁸⁰ See Weiling Liu, “New Party Members on Visit to Mainland,” *Taiwan Today*, February 13, 1998, at <http://taiwantoday.tw/ct.asp?xItem=16041&CtNode=122>; and ““Chinese States’ Concept Debated,” *Taiwan Today*, February 27, 1998, at <http://taiwantoday.tw/ct.asp?xItem=16071&CtNode=122>.

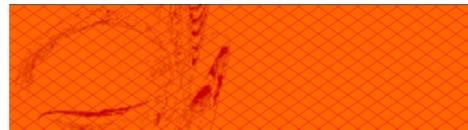
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⁸³ “Cross-Strait Relations,” *Executive Yuan*.

⁸⁴ “Clinton Publicly Reiterates U.S. “Three No’s” Principles on Taiwan,” Embassy of the People’s Republic of China in the United States of America, June 30, 1998, at <http://www.china-embassy.org/eng/zmgx/zysj/kldfh/t36241.htm>.

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⁸⁶ “DPP Resolution on Taiwan’s Future,” *New Taiwan Ilha Formosa*, May 8, 1999, at <http://www.taiwandc.org/nws-9920.htm>.

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⁸⁸ See “How We View Beijing's White Paper "China Principle and the Taiwan Issue," Mainland Affairs Council, February 22, 2000.

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⁹⁰ Christopher MacDonald, “Turning to the Constitution on the ‘One China’ Issue,” *Taiwan Panorama*, December 2000, at http://www.taiwan-panorama.com/en/show_issue.php?id=2000128912063e.txt&table=2&cur_page=1&distype=.

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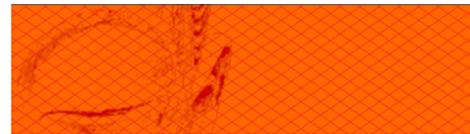
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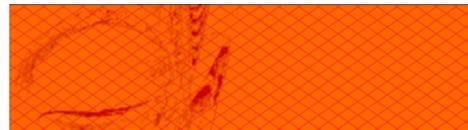
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In late March/early April 2005, Chiang had been the first official KMT representative to have visited China since 1949. Chiang’s nephew, Chen Ching-pin, is a close business associate. The Taiwan delegation was led by KMT Vice Chairman (and chairman of the Taipei-based Sinocon Industrial Standard Foundation) Chiang Ping-kun, with 40 representatives from industry.



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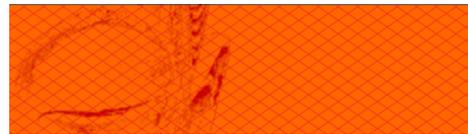
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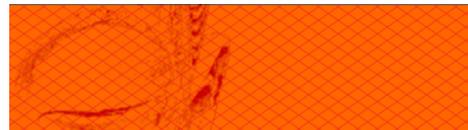
¹²⁹ “World Oil Trade Chokepoints,” U.S. Energy Information Administration, August 22, 2012 at http://www.eia.gov/countries/analysisbriefs/World_Oil_Transit_Chokepoints/wotc.pdf. http://www.eia.gov/countries/analysisbriefs/World_Oil_Transit_Chokepoints/wotc.pdf

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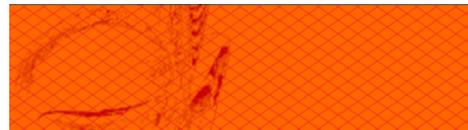
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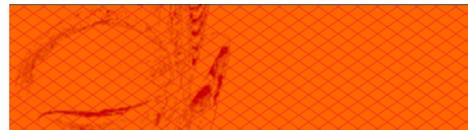
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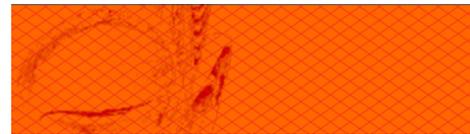
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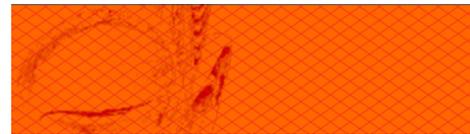
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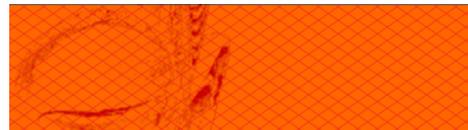
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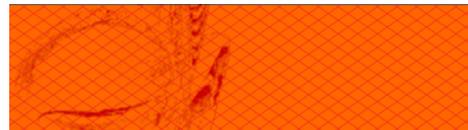
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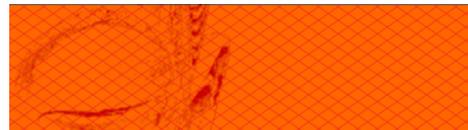
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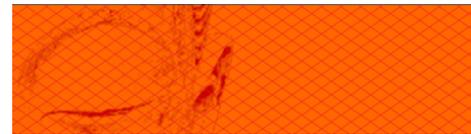
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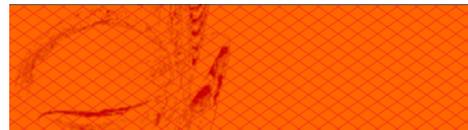
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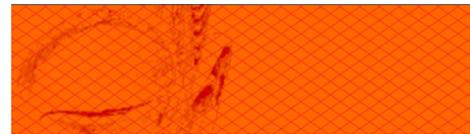
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