Untying the Knot

Making Peace in the Taiwan Strait

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Security—or the lack of it—has bedeviled cross-Strait relations since the late 1940s. But the military equation changed significantly in the 1990s, as the People’s Liberation Army began to modernize in earnest. Beijing has since contemplated the use of force to stop what it has perceived (or misperceived) to be Taiwan’s leaders’ intention to mount a separatist challenge to unification. Meanwhile, Taiwan has struggled to acquire its own military assets to reduce Beijing’s temptation to engage in coercion or warfare. At the heart of the security issue, of course, is the United States, which since 1950 has undertaken a varying responsibility for Taiwan’s defense in the belief that any Chinese use of violence to determine Taiwan’s fate would affect the fundamental U.S. interest in peace and stability in East Asia. Cross-Strait militarization increases the danger of conflict—conflict in which the United States would likely participate. It augments the need for each party to display an appropriate mix of warnings and reassurances to the other in order to reduce that danger, and the situation will become more complicated as over time China gains the ability to project power toward Taiwan.

The security factor is not just a source of instability; it is also a key obstacle to crafting a solution to the Taiwan Strait dispute. If this were merely a misunderstanding over Lee Teng-hui’s and Chen Shui-bian’s intentions or an abstract argument over the status of the Taipei government after unification (or both), wise people on both sides of the Strait might—with the right kind of communication and a little creativity—come up with ways to clarify perceptions and bridge conceptual gaps. However, the impasse is not simply a function of too little diplomacy. It is also a consequence of the profound vulnerability that each side feels regarding the other, although for
China, that vulnerability is more political than military. If there is to be a settlement, reducing their mutual sense of vulnerability will be essential.

This chapter explores the nature of the security issue, the second substantive issue at the heart of the Taiwan Strait dispute, the second strand of the knot. Taiwan and China are caught in a security dilemma. Each side sees the power of the other and how it might be used and finds that power threatening. Each takes steps to guard against the perceived threat, only to trigger a hedging response from the other. Compounding the dilemma is the mistrust that the actions of each engender in the other. That mutual mistrust severely complicates any effort to resolve the dispute. Each side fears that if it is conciliatory, the other will exploit its generosity, leaving it more insecure. That makes it particularly difficult to craft a political settlement that would eliminate the security dilemma altogether and with it the danger of war. To complicate matters further, this particular security dilemma has two special elements. The first is that China does not fear Taiwan's military power but the political initiatives of its leaders. The second is the role of the United States, on which Taiwan is utterly dependent.

If China and Taiwan had nothing to gain from finding a common way out of this dilemma, then there would be no reason to find a way to resolve it. On the face of it, however, they both have much to gain from a situation in which they can maximize the economic cooperation that already exists and minimize or eliminate the sense of mutual vulnerability that politics and militarization create. If Taiwan did not feel threatened by the PRC's military buildup, if Beijing did not have to worry that Taipei might act to secure total independence, if each had confidence in the stated goodwill of the other, and if Taiwan were not so utterly dependent on the United States, then an enduring peace might be possible. How, therefore, might the two sides find a way out of the trap of mutual vulnerability?

The Security Dilemma

As developed by Robert Jervis and others, the concept of the security dilemma begins with the idea that international politics is fundamentally anarchic. "In such a world without a sovereign," Jervis writes, "each state is protected only by its own strength." And, John Herz observes, "Striving to attain security from ... attack, [actors] are driven to acquire more and more power in order to escape the impact of the power of others. This, in turn, renders the others more insecure and compels them to prepare for the worst." Three factors compound this vicious cycle and tempt states to choose war now over the possibility of greater danger later. First is the element of time: a state may fear that even if another state is friendly today, it may become an adversary tomorrow; the state may also fear that it will be less and less able to protect its interests as time passes. Second is the fact that many weapons systems can be used for offensive and defensive purposes, so that one side might regard any weapons the other acquires for its own protection as offensive arms. Third is an overlay of psychological factors. While one state may view the military buildup of another as reflecting aggressive intent instead of the desire for self-protection, it sees its own acquisitions as benign and ignores the possibility that the other may see them as hostile.

Jervis elaborated on the security dilemma by considering more fully the role of offensive and defensive status. When the offense has the advantages of geography and technology or both, then the security dilemma is exacerbated because the defense will fear quick defeat. If the defense has the advantage, the offense's capabilities will be relatively less threatening. As noted above, when weapons can be used for offensive and defensive purposes, vulnerability increases. When one state's weapons are solely defensive, an adversary will feel more secure. When a class of weapons is solely offensive, agreements to control them can enhance mutual security.

Arms are not the only way that states acquire the power to cope with a security dilemma. Having allies is another, and Glenn Snyder has explored the resulting dynamics. There are twin dangers in an alliance: abandonment and entrapment. The first refers to a state's fear that its ally will not fulfill explicit commitments, will not give support when expected, will adopt a neutral position, or will even align with its opponent. The second refers to a state's anxiety that its ally will draw it into a conflict in pursuit of interests that, to some degree, it does not share. The risks of these two dangers are inversely correlated. As one partner in an alliance has less fear that the other will abandon it, the other's fear of entrapment increases. A strong commitment to an ally will reduce a state's leverage over that ally. Important factors in the alliance security dilemma, all of which influence the risk of abandonment or entrapment, include the relative dependence of one ally on the other, the strategic interest that each has in defending the other, how explicit the alliance agreement is, past behavior, and how the stronger ally deals with the adversary. If it shows firmness, then the weaker ally will be reassured but more prone to entrap. If the stronger ally tries to conciliate the adversary, then the weaker will have greater fears of abandonment.

Finally, a state does not necessarily have a perfect view of its vulnerability to an adversary or of any dilemmas that its alliances may entail. Therefore it
may exaggerate—and act on—both the danger that an enemy poses and the commitment of a friend (this subject is examined in more detail in chapter 7).  

**Insecurity in the Taiwan Strait**

A security dilemma has dominated cross-Strait relations since 1949, when the ROC government moved to Taiwan. The PRC and the ROC read the worst into each other's efforts to build military power, and each probed the other's strength and resolve. Taiwan, of course, depended on its U.S. alliance, which had its own problems: Chiang Kai-shek feared American abandonment, and Washington was anxious about being entrapped in a war that it did not want.

In the 1970s, the United States saw anti-Soviet strategic value in rapprochement with the PRC, but Beijing demurred until Washington was prepared to cut its security ties to Taiwan. Among the PRC's preconditions was for the United States to end its mutual defense treaty with Taiwan, withdraw its remaining military personnel, and close its installations on the island, and the Carter administration accepted those terms. In Taipei's eyes, Washington had abandoned Taiwan in order to ally with its enemy. American support for Taiwan's security did not end completely, however. To compensate for the termination of the treaty, Congress sought to restore at least a modest, if not binding, defense commitment by passing the Taiwan Relations Act. And the Carter administration declared its intention to continue some arms sales to Taiwan.

Having weakened Taiwan's U.S. alliance in the hope that Taiwan would recognize its own growing vulnerability and capitulate, Beijing mounted a political offensive for unification under its one-country, two-systems formula. It also tried to further weaken the island militarily. In 1981, Deng Xiaoping reopened the issue of U.S. arms sales, which had not been resolved in normalization talks, and demanded an end to the transfers. His logic demonstrated a tough-minded approach to Taiwan's security problem. As he told Leonard Woodcock right before the normalization announcement, if Taipei continued to get arms from the United States, it would have no incentive to negotiate with China. By implication, Deng wished to make Chiang Ching-kuo feel as insecure as possible. He also sought to convince the United States that its own security interests would be best served by ending the arms sales. If the United States wanted the Taiwan issue resolved without force, as it said that it did, then it should deny Taipei the means to defend itself; Taiwan then would have no choice but to strike a deal. Deng warned that if Taipei were to refuse to negotiate because it continued to get U.S. weapons, Beijing would have to use force. It mattered little to Deng whether U.S. arms were offensive or defensive; transfers of any kind were a problem.  

Deng's logic no doubt was grounded in traditional Chinese statecraft and in the Chinese Communist Party's experience in the civil war. During the early 1949 siege of Beijing, for example, the People's Liberation Army had overwhelming power and the Nationalist armies under Fu Zuoyi lost all hope. They gave up without a fight; the use of force was unnecessary. Winning through coercion and intimidation was regarded as a "peaceful" outcome. Such an outlook ignores, of course, the possibility that Taiwan might negotiate only when it had a certain sense of security.

Beijing and Washington reached an agreement of sorts on arms sales in a communique in August 1982. On the basis of policy statements by the PRC pledging to "strive for peaceful unification," the Reagan administration agreed to limit the sophistication of the weapons that it sold to Taiwan and gradually reduce the total dollar value of sales. There was a fresh sense of abandonment in Taiwan, which Washington sought to allay through political reassurances and a new approach to helping Taiwan preserve a qualitative advantage in its weapons systems. The Reagan administration encouraged Taipei to produce advanced systems, such as fighter aircraft, indigenously. Rather than sell Taiwan finished systems, the United States would provide the necessary technology and Taiwan would build arms and equipment itself. At the same time, Chiang Ching-kuo tried briefly to hedge his security bets. He authorized resumption of a nuclear weapons program originally begun in the mid-1960s but terminated in 1977 under U.S. pressure. Washington discovered the later effort and shut it down in 1988.

By the 1990s, other trends that increased the security dilemma were in play. There were growing political conflicts over Taiwan's approach to the unification of China. Lee Teng-hui, as described in chapter 3, became increasingly frustrated over the constraints of the one-country, two-systems proposal and Beijing's refusal to adjust its approach. He believed that he had come part way to meet Chinese concerns, only to find that the PRC refused to concede on the questions of sovereignty and Taiwan's international role. In his mind, China had exploited his goodwill. He therefore became more active in trying to expand the ROC's international space. For its part, the PRC saw Lee's effort to reinsert Taiwan in the international system as a serious threat and an act of bad faith. A subsequent effort to resolve political issues only reinforced underlying mistrust. Thereafter, each side would be more cautious.
Security dilemma theorists have assumed that international security politics concerns merely defending sovereign territory from invasion and foreign acquisition. But to a large degree, the Taiwan question is one more of the island's political identity than of the PRC's territorial expansion. The danger to the PRC is that Taiwan might eventually move from de facto independence to legal independence, thus posing an affront to Chinese nationalism and a danger to regime stability in Beijing.11

There are other important political features of this unique security dilemma, aside from the challenge that Beijing believes that Taiwan poses to its security. First of all, during the 1980s and 1990s, each sought to acquire arms (or deny them to the other) not for the purpose of fighting a war but as political symbols that, it hoped, would weaken the resolve of the other side. This was not an arms race but an "awe race." Thus Beijing sought to end U.S. arms sales to Taiwan to make the latter feel weak and abandoned, leaving it with no reasonable choice but to negotiate on Beijing's terms. Taipei wanted to maintain defense cooperation with the United States to convey the impression to Beijing that it still had a powerful backer and therefore no reason to capitulate. The advanced systems that each side acquired in the early 1990s were as much political trophies as they were weapons of war. Whoever gained the advantage in this race to overwhelm the other would increase the other's insecurity.12

The second feature is the centrality of U.S. support for Taiwan and its impact on the political balance of power between Beijing and Taipei (a subject addressed in more detail in chapter 9). As former PRC Vice Premier Qian Qichen said in January 2001, "If foreign countries [that is, the United States] interfere in the Taiwan issue, the local Taiwan Independence factions will rely on this kind of foreign interference to stir up splits, and cause the Taiwan problem to drag on forever. . . . If the American Government takes a stance of supporting peaceful reunification, then it will be of very great use."13

It was these political vectors that created the crisis of 1995 and 1996, which at its core was a PRC coercive response to a political initiative undertaken by Lee Teng-hui and U.S. support of it.14 Lee's goal was to enhance Taiwan's international profile, which the PRC had worked hard over several decades to restrict, and to demonstrate his ability to secure U.S. agreement to his unprecedented visit. The PRC leadership believed that Lee's actions reflected his intention to pursue "Taiwan independence." In one line of argument, Lee was covertly pursuing independence while others were pursuing
that goal overtly. Lee's alleged covert approach was of particular concern, because it was designed to reduce the risk of Chinese military action.

Just as vigorously, Beijing concluded that Washington was complicit in Lee's effort to break out of the political constraints that it sought to impose. He would not be able to conduct his activities, the Chinese leadership believed, if countries like the United States did not help him. Some in China also believed that Washington was using Taiwan as part of a much larger plot to contain China—to prevent it from becoming a great power, economically, politically, and militarily. 15

Beijing regarded Lee's activities and U.S. complicity in them as a threat to China's vital interests. China's national mission, as the communist leadership defined it and propagandaized it to the public, was to complete the unification of the country, including Taiwan. As the leaders were fond of saying—to American officials and scholars, most often in private—they could not survive in power if Taiwan was forever "lost." And if Taiwan was actively seeking permanent separation with U.S. help, then Beijing had to act to stop it. As Ross puts it, this was a "question of war and peace." 16 So the leadership employed coercive diplomacy to demonstrate China's serious resolve regarding the drift of events, hoping thereby to compel Taiwan and the United States to reverse course and to deter other countries from following the U.S. lead.

From the perspective of the United States, the 1995–96 episode revived all its old fears of entrapment by Taiwan. Lee had used his government's access to the U.S. political system, particularly Congress, to create pressure on the Clinton administration to grant him a visa. His visit had caused a sharp deterioration in relations with China, which the Clinton administration was in the process of repairing after a rough start. Then, when the PRC undertook more aggressive exercises in March 1996, before the Taiwan presidential election, the administration felt compelled to act. It sent two aircraft carrier battle groups to the Taiwan area in order to prevent a war from occurring through accident or miscalculation, but it also sought to restrain Taiwan from any future destabilizing actions. 17

The key point here is that the insecurity that Taiwan created for Beijing was political, not military. It was the PRC's fear of "covert independence" and Washington's perceived willingness to facilitate that objective that drove it to take limited military action. That Beijing misperceived Lee's motives, as demonstrated in previous chapters, did not diminish the challenge that it thought his actions represented. Although the coercive character of its strategy was real enough, its targets were also political. It wished to reduce electoral support for Lee in the presidential elections and for his party in legislative contests; undermine the island's economy; and create psychological stress in the civilian populace. Sowing a certain level of panic among the people of the island would, Beijing hoped, bring home to Lee Teng-hui the stakes involved. China also wished to remind Washington that there were limits to its tolerance of Lee and that the United States had a responsibility to respect them.

Although tensions declined after Lee's inauguration in May 1996, the security dilemma in the Taiwan Strait continued. China accelerated its military modernization effort in order to try to deter future separatist actions. But the buildup only exacerbated anxiety in Taiwan, while China was disturbed by U.S. efforts, begun in the Clinton administration, to enhance Taiwan's military capability. And new political developments in Taiwan exacerbated anxiety in China. Lee Teng-hui's July 1999 "special state-to-state" declaration was followed by more aggressive Chinese air patrols over the Taiwan Strait, and the prospect of Chen Shui-bian's March 2000 election victory provoked a warning that Taiwan's independence meant war. Statements exchanged on May 20, 2000, the day of Chen's inauguration, manifested the security dilemma in concrete terms. As described in chapter 3, Chen pledged not to take certain steps that Beijing feared, but his pledge was subject to the condition that the PRC had "no intention to use military force against Taiwan," suggesting the fear that it had precisely that intention. A few hours after Chen's address, the PRC's Taiwan Affairs Office issued its own announcement, which, among other things, demanded that Chen allay China's concerns about his intentions by accepting the one-China principle and no longer engaging in any efforts to secure Taiwan's independence. It warned that if his government maintained the stance that Taiwan was a "sovereign and independent country," it would "provoke conflicts between compatriots across the Strait and within Taiwan, [and] endanger peace in the Taiwan Strait and the Asia-Pacific region." 18

Again, it was Taipei's political stance that Beijing saw as a threat to China's national security and as justification to not engage Chen. And again, each side refused to make any big concessions, fearing that its goodwill would be exploited. Because China thought it had found a way to contain Chen politically—not because the two sides had found a way to reduce their mutual sense of insecurity—the tensions created by Chen's election would decline temporarily. But they would increase again in late 2003 and early 2004, when Chen's reelection campaign proposals again raised China's fears.

Behind the scenes, Chinese officials were more frank about the military dimension of the Taiwan Strait issue. Vice Premier Qian Qichen, in a speech
to the Foreign Affairs College in the same month as Chen’s inauguration, reminded his listeners that “Comrade Deng Xiaoping used to say that we should use ‘two hands’ in settling the Taiwan issue and not rule out any of the two ways: Doing as much as we can with our right hand to settle the issue peacefully because the right arm is stronger. However, in case this does not work, we will also use the left hand, namely military force.” For his part, Chen Shui-bian thought that Beijing had exploited his goodwill. He had been led to believe that making certain statements in his inaugural statement would be taken as an implicit yet sufficient way of addressing the one-China issue and so result in the resumption of dialogue. He had made them, but nothing happened. As a result, he became more cautious.  

Indeed, the 1995–96 crisis, Lee’s 1999 demarche, and Chen’s election not only raised tensions and deepened mistrust but also transformed profoundly how the Chinese leadership, particularly the PLA, saw the role of military power in coping with the Taiwan question. That is, they began to feel that China could no longer use its increasing military advantage simply to deter Taiwan from undertaking provocative political initiatives through displays of force, no matter how imposing. Beijing came to realize that it might have to go to war to protect its Taiwan equities. The official PLA budget has grown at around 15 percent a year since 1989, and the increases have been offset by inflation only during the 1993–97 period. Moreover, the actual defense budget is at least twice the official one. The best, albeit rough, measure of China’s acquisition of advanced power-projection systems is its trend in spending on foreign military equipment. The Stockholm International Peace Research Institute estimates that foreign deliveries to China of major conventional weapons totaled $2.58 billion from 1992 to 1995, $3.59 billion in 1995 to 1999, and $10.26 billion from 2000 to 2003.  

China’s Military Posture  

Today, three elements of the PRC’s security policy foster both insecurity in Taiwan and concern in Washington. The first is the modernization of the People’s Liberation Army, which allows more effective power projection, giving the PRC the ability to damage the island of Taiwan and its population, armed forces, and commerce. The second is an evolution in the PRC’s intentions regarding the use of force. The third is growing evidence that the improvement in China’s military capabilities is facilitating a shift in strategy, from deterrence to coercion and blocking U.S. involvement. These have created debates in both the United States and Taiwan on how to respond, as well as problems of alliance management. (The following discussion draws on two reports, one the annual report on Chinese military power by the U.S. Department of Defense (DOD), which would be responsible for helping to defend Taiwan if that was deemed necessary, and the other by a panel of scholars and former officials assembled by the Council on Foreign Relations.)  

China’s Military Capabilities  

As China tried to cope in the 1990s with the political challenge that it believed Taiwan posed to its national security, it saw both an opportunity and a problem. The opportunity was the post–cold war buyer’s market in international arms. The problem was the revolution in military affairs, which became obvious during the Persian Gulf War, when U.S. forces equipped with high-tech arms and equipment handily defeated an Iraqi force structure very similar to that of the PLA. It was made more obvious by subsequent U.S. actions in Kosovo, Afghanistan, and Iraq.  

Since the early 1990s, therefore, China has carried out a military modernization program that American analysts have described as “ambitious” and “deliberate and focused.” The goal has been to acquire over time the capability to project military power outside its borders and to fight short-duration, high-intensity conflicts. In general, the program has involved a shift from a purely continental orientation to one that includes a maritime focus; from a strategy of in-depth defense and wars of attrition to one of “active peripheral defense,” offensive operations, and quick resolution; and from reliance on ground forces to developing air, naval, and missile forces. Increasingly, a particular focus has been to prepare to fight a war over Taiwan, a war that might pit Chinese forces against the United States.  

Funded by a budget that grew at a double-digit rate over most of the 1990s and that now amounts to between $44 and $70 billion (depending on how funds outside the official, published budget are counted), the PLA has gradually acquired more advanced equipment, including  

— about 500 short-range ballistic missiles of increasing accuracy and lethality  

— more than 100 fourth-generation Russian combat aircraft (the Su-27 and Su-30), with more on the way  

— two Russian Sovremenny-class guided missile destroyers, with two more on order  

— four Kilo-class Russian submarines, with eight more on order  

— improved air-defense facilities to expand the effective range of its combat aircraft
—improvements in command, control communications, computers, and intelligence.
—improvements in electronic and information warfare.\textsuperscript{24}
Cruise missiles and more advanced munitions also are under development.

The PLA has undertaken concerted efforts to improve personnel and training. The goal is to create a cadre of commissioned and noncommissioned officers who have the professional and technical qualifications to conduct modern warfare. Training has become more realistic, and it places greater emphasis on joint operations. Recent maneuvers have focused on small-scale specialized actions that address the type of high-intensity conflicts that the PLA would expect to fight, including defensive actions against a technologically superior foe. The navy has conducted longer sea patrols and exercises to prepare for airborne supply operations, antisubmarine missile attacks, and open ocean operations. Drills for amphibious landings are done on a regular basis. All of these seem designed to prepare for what China regards as the real possibility of war over Taiwan.\textsuperscript{25}

The PLA still has a number of weaknesses. The air force is limited in its ability to conduct ground and naval support operations, air-to-air interception, and ground attack. Pilot training, sortie generation, longer-range bombardment, in-flight refueling, command and control, and joint operations all need significant improvement. The navy’s various elements are not integrated, and they are vulnerable to a variety of enemy attacks. Modern amphibious assets are lacking.

So there are limits on what China can do today. As an expert panel commissioned by the Council on Foreign Relations concluded, "The PLA currently has the ability to undertake intensive, short-duration air, missile, and naval attacks on Taiwan, as well as more prolonged air and naval attacks." Increasingly, it would be able to inflict costs on any U.S. forces that intervened to defend Taiwan. The outcome of air and naval attacks would depend on American and Japanese actions and on Taiwan's political and military response. In assessing the various scenarios for a PRC campaign, the 2004 DOD report concludes that China's ability to conduct an attack from the air (with planes and missiles), a naval blockade, and information operations is improving. Both the Pentagon and the Council on Foreign Relations reports judge that the PLA would face major difficulties in attempting an occupation of the island.\textsuperscript{26}

Thus what China can achieve with its current capability is a function of several interrelated factors: its objective, Taiwan's vulnerability, how long it would take to achieve victory (which affects the ability of the United States to intervene, if it chose to do so), and the risks involved. If China's objective were to destroy the ROC's capacity to wage a war and even occupy the island through a strategy of attrition, Taiwan probably has sufficient layers of defense to hold out until U.S. forces arrived in strength. As Michael O'Hanlon notes, a successful amphibious assault requires an attacker to do three things: achieve air superiority; use maneuver, surprise, and strength to land forces in a place where they outnumber defenders and their firepower; and strengthen its initial lodgment faster than the defender can bring forces to bear.\textsuperscript{27} Moreover, if China could not meet those conditions, as would likely be the case, the costs of defeat, in terms of China's international position and the communist regime's legitimacy, would be profound.

A strategy of coercion, as opposed to domination, entails a different calculus. Here the target is not territory or Taiwan's war-fighting capability but factors like the population's will to resist and the military's command-and-control facilities. This strategy is more consistent with China's current capabilities, such as its increasingly accurate ballistic missiles and information warfare assets. Such a blitzkrieg strategy might succeed quickly (unlike a war of attrition in a domination strategy), before the United States could intervene. The rewards of a rapid victory would be high, but the risks of failure would again be serious.\textsuperscript{28}

The PLA understands its weaknesses and can learn from the successes of the world's most powerful military, which would likely be its major adversary in a conflict over Taiwan.\textsuperscript{29} It is serious about correcting its weaknesses over time, and the PRC government has demonstrated a willingness to commit significant resources to the modernization and institutional reform of the armed forces. China's military capabilities will only get better. Michael Swaine estimates that in the 2007–10 time frame, China could attain three significant power-projection capabilities that are relevant to a Taiwan scenario. It may be able to:

—attack a wide range of civilian and military targets in the East Asian region with as many as 1,000 ballistic missiles and several hundred medium-range bombers armed with conventional ordinance and cruise missiles
—transport one to two divisions by sea and air transport as far as Taiwan
—conduct limited air and sea denial operations up to 250 miles from China's continental coastline (that is, keep U.S. forces away from Taiwan).\textsuperscript{30}

China's Intentions
For decades, the PRC leadership identified a variety of circumstances that would compel it to use force against Taiwan. The constant was a declaration
of independence, and acquisition of nuclear weapons was cited fairly often. These conditions had the virtue of being steps that Taipei would or would not take. Whether it did so would be clear and unambiguous.

In February 2000, one month before the Taiwan presidential election that Chen Shui-bian won, the PRC offered a new approach to the use of force. In a white paper on Taiwan policy, it announced: “However, if a grave turn of events occurs leading to the separation of Taiwan from China in any name, or if Taiwan is invaded and occupied by foreign countries, or if the Taiwan authorities refuse, sine die [without a clear timetable], the peaceful settlement of cross-Straits reunification through negotiations, then the Chinese government will only be forced to adopt all drastic measures possible, including the use of force, to safeguard China’s sovereignty and territorial integrity and fulfill the great cause of reunification.”

This declaration is interesting for several reasons. First of all, there is the substance of the conditions, all of which Beijing might deem to apply today. The first condition refers not to Taiwan’s declaration of independence but to circumstances that lead to the “separation of Taiwan from China in any name.” Presumably, one of the names under which that separation might take place would be the Republic of China. The second condition seems inapposite, until one recalls that “invasion and occupation” were the words that the PRC used to describe the U.S.-ROC security relationship when the United States intervened in the Taiwan Strait at the beginning of the Korean War. By inference, there is a point at which the current U.S.-Taiwan military-to-military relationship might again meet that description and, in Beijing’s mind, become the functional equivalent of a defense treaty. The third condition is Taipei’s refusal after an indefinite period to settle the dispute with Beijing through negotiations. Apparently, Beijing rules out the possibility that Taipei might have objectively legitimate reasons not to accept its terms for such a settlement.

The second point of interest is that what actions by Taiwan might trigger the PRC’s use of force are not clear-cut. In all cases, Beijing has the discretion to decide whether the conditions have been met. Third, at least the third condition is met not by Taipei taking an offending action (such as declaring independence) but by not taking action (settling the dispute).

The PRC did not repeat these conditions through most of Chen’s presidency. In late 2003 and early 2004, concern mounted in China concerning Chen Shui-bian’s project for a new constitution, which it saw as tantamount to declaring independence. Beijing worried that neither the political opposition on the island nor the United States would have the will or ability to stop Chen. Wang Zai-xi, a vice-minister at the PRC’s Taiwan Affairs Office, reiterated these “three ifs” in a speech to a Chinese-American audience in New York City in January 2004.

Thereafter, momentum built in Beijing for a more authoritative expression of China’s intentions concerning Taiwan, one that would show its seriousness and resolve. The result was the antisecession law passed in March 2005 by the National People’s Congress. The relevant proviso (Article 8) reads as follows: “In the event that the separatist forces of Taiwan independence 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 the possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect the country’s sovereignty and territorial integrity.” As with the “three ifs” of February 2000, the conditions under which force would be employed are not clear-cut; they depend only on Beijing’s subjective interpretation. With regard to the second condition (“major incidents”), Beijing no doubt did not wish to be too specific on what it opposed, for fear that leaders on Taiwan might do something provocative that had not been considered. In the process, however, Taipei had little guidance on where to show restraint. Whether enshrining these positions in law would actually change Chinese behavior was another question.

Military Strategy

There is a good bit of disagreement among experts on Beijing’s strategic calculus concerning Taiwan. The expert panel of the Council on Foreign Relations, for example, concluded that “the PLA is acquiring military capabilities designed to defend Chinese sovereignty and territorial interests and, in particular, to pose a credible threat to Taiwan in order to influence Taiwan’s choices about its political future or, failing that, to prevent Taiwan from achieving political independence. These capabilities are also intended to deter, delay, or complicate U.S. efforts to intervene on behalf of Taiwan.” Specifically, Beijing might try to compel Taiwan to resume dialogue on the PRC’s terms or, in a crisis, undermine the island’s economy through some sort of blockade. The Department of Defense basically agrees: “The PLA is focused on developing a variety of credible military options to deter moves by Taiwan toward permanent separation . . . . A second set of objectives, though no less important, includes capability to deter, delay, or disrupt third-party intervention in a cross-Strait military crisis.”
But the Pentagon report goes further. On the basis of the character of the PRC's military modernization, it concludes in effect that Beijing no longer seeks just to deter Taiwan from taking overt actions that China wishes to avoid but "if required, to compel by force the integration of Taiwan under mainland authority. . . . The PLA's determined focus on preparing for conflict in the 'Taiwan Strait . . . casts a cloud over Beijing's declared policy of seeking 'peaceful reunification.' China's strategy is "fundamentally coercive." The most likely goal of Chinese force development is "to compel Taipei's acquiescence to a negotiated solution by promising swift and effective retaliation if it does not," both to crush the island's will to fight and to preclude U.S. intervention. As military modernization continues, China's ability to intimidate Taiwan will increase. A number of specific operations can be imagined: a sudden violent attack, including elimination of Taiwan's senior civilian and military leadership ("decapitation," in military jargon); gradual escalation of military pressure; information operations; an air and missile campaign; a naval blockade, and so on.\(^{35}\) (Note the impact of a shift in strategy for the security dilemma. If Taiwan concludes that it needs to be able to defend against coercion with missile defense and antisubmarine warfare assets, China will conclude that it is actually preparing to secure the political initiative that China is trying to prevent.)

**Taiwan's Response**

Although it is difficult to predict how Taiwan's people would react to a Chinese strategy of intimidation, the PRC's military buildup and the growing possibility that its assets have more than a symbolic purpose have caused some anxiety on Taiwan and spawned a cottage industry of conferences and publications on the topic.\(^{36}\) The Ministry of National Defense's July 2002 white paper offered a detailed official assessment. It hit many of the same points that the Pentagon report did (equipment procurement, a strategy of quick victory and area denial vis-à-vis U.S. forces, and so forth). It outlined the mounting military danger that China poses to Taiwan but also emphasized that the threat takes political, economic, and psychological forms as well. In short, it concluded,

The urgency of resolving the 'Taiwan Issue' has prompted the PRC to redirect its military attention toward southeastern coastal areas—an act creating worries among the people on Taiwan and seriously affecting the ROC's psychological defense. . . . Thus, our survival and development are confronted with gruesome threats. . . . Under the cir-

A report issued by the ruling DPP at the end of 2003 (in the midst of an election campaign) warned the public that Beijing was assembling the capabilities to launch a sudden strike against the island that would paralyze command-and-control operations, seize control of its air space, and so allow an amphibious landing—all before the United States would have a chance to intervene.\(^{38}\)

The concern about the China threat is shared by civilian policy experts on Taiwan. In the summer of 2004, the Foundation of International and Cross-Strait Studies issued its "Quadrennial National Security Estimate Report," which reflected the consensus among leading scholars concerning Taiwan's national defense and foreign policy issues. The report concluded that the PRC is embarked on a "stunning" program of military modernization designed to project power into the western Pacific and restrict U.S. access to Taiwan in a conflict. The PLA has improved both its conventional capabilities (against which Taiwan has some ability to defend itself) and those termed "asymmetric" (against which there is little or no defense). Examples of the latter are electronic and information warfare and, of special concern, China's improving arsenal of missiles. These have "made it impossible for Taiwan to put up an effective defense. . . . even to the point of being helpless against them." The report estimates that the PRC will become a "world level" military power by 2029 at the latest and that "by that time, [it] will be able to capitalize on the missile threat to force Taiwan to the negotiating table [and] seek to hold off any potential intervention by U.S. or Japanese forces." An attack strategy of "chopping off the head" [eliminating the civilian and military leadership and so wreaking havoc with command and control] cannot be ruled out. The report warns that Taiwan is not facing this threat squarely. Part of the public lacks "a sense of urgency" with regard to security issues, and its "defense consciousness" in a crisis is open to question. Growing public debt will limit the quality of future arms acquisitions. Finally, Taiwan's own actions affect the PRC's intentions: "The key factor that may determine the cross-Strait relationship is how Taipei strikes a balance between an emerging new Taiwan identity and the realities of world politics."\(^{39}\)

The Taiwan public's sense of vulnerability is harder to gauge because of methodological limitations, but what information is available indicates that its fear is not insignificant. One indicator is a series of telephone surveys sponsored by the Mainland Affairs Council on whether the PRC is hostile to the Taiwan government or the Taiwan people (see figure 5-1). Over the six
years between April 1998 and April 2004, respondents (Taiwan adults ages twenty to sixty-nine) felt a fluctuating degree of Chinese hostility toward both Taiwan's government and its people, usually correlating with the actual level of tension in the relationship at the time. As few as 38.3 percent acknowledged Chinese hostility to the people in February 2002 (just following Beijing's offer to have some contacts with DPP members), while 66.7 percent did so in August 1999 in the aftermath of Lee Teng-hui's special state-to-state announcement. Perceived Chinese hostility to the government was lowest in December 2002 (56.8 percent of respondents) and highest in August 1999 (88.5 percent). On average, 48.5 percent (almost half) of respondents believed that the PRC was hostile to the Taiwan people and 66.8 percent believed that it was hostile to the government. Hostility toward the government was always deemed to be higher than hostility toward the people, with the difference as low as 8.1 percent in August 1998 (when preparations were under way for Straits Exchange Foundation chairman Koo Chen-foo's visit to the mainland) and as high as 23.1 percent in July 2002 (when the PRC was able to steal away Nauru, one of Taiwan's erstwhile diplomatic partners). This series of polls makes sense: the public's perception of China's hostility to Taiwan's people will always be less than its perception of China's hostility toward Taiwan's government because the positive economic and social benefits of the relationship are realized in the people-to-people arena. And the opinions expressed, of course, are highly influenced by events.  

The fluctuations in views on the single issue of differences in Beijing's hostility toward Taiwan's people and toward its government reflect a broader public disagreement. No one on the island denies the PRC's military buildup, but some sectors still view those developments through a nonmilitary lens. In a sense, Taiwan has shifted more slowly than the PRC from viewing security issues in purely political terms. Some observers on the island argue that economic interaction is a far more important indicator of the PRC's intentions than weapons acquisitions. Moreover, they believe that the policies of Lee Teng-hui and Chen Shui-bian have provoked China into acquiring advanced military equipment and that Chen aligned too much with the United States during 2000 and 2001. This contrarian view has obstructed the effort to build support in the Legislative Yuan for funding the purchase of weapons systems approved by the Bush administration. Others accept the threat as real but remain unconvinced that it is necessary to build up the island's defenses to prepare for a possible war. They are confident, given Bill Clinton's dispatch of carrier battle groups in 1996 and George Bush's expres-
sions of support in April 2001, that the United States will come to Taiwan's aid under any circumstances. Still others believe that Taiwan should ensure its security by relying on the United States, which will provide only defensive weaponry, but by the indigenous production of offensive systems that could attack targets on the mainland and so, it is thought, deter Beijing.

Complicating matters is the need to reform Taiwan's defense establishment. Long dominated by ground forces that received preferential access to resources, in the late 1990s the armed forces began a multifaceted reform to tailor the force structure to meet the need for air and sea defense, giving greater budget priority to the air force and navy, where the priority should have been. Streamlining command and control; rationalizing strategic planning and equipment procurement; and restructuring personnel management, logistics, training, and other functions to match the variety of advanced weapons systems were additional, complementary goals.

Disagreement at the political level over how much defense to acquire and the inevitable difficulties of simultaneously reforming Taiwan's military institutions has retarded the creation of a force that can match military modernization in China. The PLA faces many of the same challenges regarding institutional reform that Taiwan's armed forces do, but it faces fewer resource constraints and political obstacles. Taiwan is making progress, but it is not assembling defensive equipment as fast as China is assembling offensive equipment, and it lags behind China in transforming its equipment into capabilities by improving its military doctrine and training. As Michael Swaine concludes, "Yet it remains far from certain that [this progress] will reduce the threat of conflict with Beijing. The improvements in Taiwan's deterrent and war-fighting capabilities might not be large enough to influence greatly Beijing's overall political, diplomatic, and military strategy toward Taiwan—nor even to affect in any major way a specific decision to apply coercive measures or outright force in a crisis or military conflict."42

A more comprehensive and sophisticated poll, conducted in June 2004, provides probably the best sense of the Taiwan public's attitudes on the security situation.43 By more than a two-to-one margin (59.3 percent and 26.6 percent), respondents believed that Taiwan lacked the power to "resist Chinese aggression" on its own. This sense of vulnerability was positively correlated with education and inversely correlated with age: 72 percent of college graduates and 74.6 percent of people 20 to 29 years of age agreed that Taiwan lacked the capacity to defend itself. On the other hand, only a small fraction—11.2 percent—believed that war was likely in the next three years without provocation by Taiwan; 64.5 percent thought it unlikely.

Views shifted when the poll factored in Taiwan actions that Beijing might regard as a casus belli. When asked whether war would occur if a new constitution is promulgated in 2006 (a Chen proposal during the campaign for the March 2004 election), 28.1 percent responded "yes" and 38.3 percent responded "no." If the provoking event was a declaration of independence, the proportion of those who thought that war would be likely rose to 58.3 percent, while 21.4 percent demurred. The concern that Taiwan's actions could provoke a war increased with the level of education. Those who identified themselves only as Taiwanese were much less worried that the promulgation of a new constitution would provoke a war than those who identified themselves as Chinese or both Taiwanese and Chinese.44 Pollsters found that the older and less educated the respondents, the more likely they were to give a "don't know" response.

Furthermore, 47.6 percent of the public was unwilling to wage a war against China if independence was declared (34.7 percent was willing). Men were evenly split, but women were opposed by more than two to one. The young and the well-educated were evenly split. Concerning identity, 49.1 percent of those who identified themselves as only Taiwanese approved; of those who stated a dual identity, 58.6 percent were opposed, as were 65.7 percent of those who saw themselves only as Chinese.

Not surprisingly, therefore, a clear majority (52 percent) thought that the best way for Taiwan to survive in this complicated security environment was to maintain "friendly engagement" with both the United States and China. The public was divided over the issue of "the government spending large sums of money procuring weapons from abroad": 42.5 percent approved while 43.1 percent were against it. There was general confidence (52 percent versus 23.3 percent) that the United States would send troops to defend Taiwan. Unfortunately, the survey did not explore whether the United States would do so if Taiwan provoked the conflict.

In sum, the poll suggests that the Taiwan public does not treat the threat that the PRC poses to the island as seriously as defense officials and the scholars cited. It acknowledges that whether there is war or peace is a function of Taiwan's own actions and that it is in Taiwan's interests to maintain good relations with Washington and Beijing. Views on the need to acquire expensive weapons systems and the wisdom of fighting after a declaration of independence are mixed.

Not too much can be read into the results of a single survey, given the fluidity of the Taiwan public's opinions. Some results may simply have reflected the island's political polarization, and the use of hypothetical situations is
always questionable. Yet both surveys demonstrate that the public understands the benefits of economic and social convergence with China—and, by extension, of a solution to the cross-Strait dispute—as long as Taiwan’s security is protected. And both polls as well as government and scholarly views suggest that concerns about the PRC’s capabilities and intentions will complicate any search for settlement.

Extrapolating forward, Taiwan’s sense of vulnerability will likely deepen if it continues to lag behind the PRC in relative growth of military power. Taiwan need not, of course, match the PRC plane for plane, ship for ship, and defensive missile for offensive missile. What it must be able to create through its defense modernization is the confidence that it can do three things: deter Beijing from engaging in coercion; if deterrence fails, sustain a defense until the United States comes to the rescue (if it chooses to do so); and, if negotiations occur, conduct them without fear of intimidation. The belief of some on Taiwan that offensive capabilities could provide a sufficient deterrent is an illusion. Taiwan probably lacks the technological and budgetary resources to produce such weapons, and it would certainly lack the intelligence resources needed to use them effectively. Because the United States is the ultimate guarantor of its security, Taiwan must ensure that there is no strategic divergence that might lead Washington to conclude that its de facto ally is entrapping it in a conflict it prefers not to fight.

U.S. Views

The PRC’s military modernization has also fostered a debate in the United States on how to calibrate policy actions in order to preserve stability and prevent both sides from miscalculating the intentions of the other or the risks involved. The 1995–96 crisis led some observers to urge Washington to restrain Taiwan’s political initiatives. Robert Ross asserted that if the United States and China are going to “deal with” the Taiwan Strait issue satisfactorily, “Washington cannot permit American ideological support for Taiwan’s democracy or Taiwan’s democratic politics to undermine the politics of war and peace… To avoid policy drift, future administrations will have to make policy that is in the interest of the United States, not Taiwan.” Chas. W. Freeman wrote: “U.S. policy can no longer hope to deter war exclusively by keeping Beijing at bay. The United States must also discourage decisions and actions by Taipei that could leave Beijing with little choice but to react militarily.”

Other American observers, including many individuals who became part of the Bush administration’s foreign policy team, took a very different view. They believed that the Clinton administration had been slow to arm Taiwan in response to the improving capabilities of the PLA; moreover, it had given reassurances to Beijing that it should have given to Taiwan and shown resolve to Taiwan that it should have shown to Beijing. In the week after Lee Teng-hui’s state-to-state formulation, they issued a statement that in view of the PRC’s threats, “it [had] become essential that the United States make every effort to deter any form of Chinese intimidation of the Republic of China on Taiwan and declare unambiguously that it will come to Taiwan’s defense in the event of an attack or a blockade against Taiwan, including against the offshore islands of Matsu and Kinmen… The time for strategic and moral ‘ambiguity’ with regard to Taiwan has passed.”

It came as no surprise, then, that the Bush administration took several decisions to reorient U.S. policy just three months after Bush took office, in April 2001. First, to deter Beijing from attacking Taiwan and to improve the ability of the ROC armed forces to fight should that become necessary, it approved the sale of a number of advanced weapons systems to compensate for the PRC’s improvements: Kidd-class destroyers for maritime air defense, P-3 Orion aircraft for antiaircraft warfare, diesel-powered submarines, mine-sweeping helicopters, and a mix of missiles and torpedoes. Moreover, it conducted a number of assessments of what further improvements were needed.

Second, it allowed closer collaboration between the U.S. and Taiwan defense establishments, expanding a process begun in the Clinton administration designed to ensure—through reform of areas like military doctrine, training, command and control, and logistics—that U.S. weaponry would be well used in the event of a conflict and that the two militaries could fight together effectively. The interaction now went well beyond that narrow orbit. As summarized by the Washington Post: “U.S. military representatives, once almost completely banned from visiting Taiwan, are currently involved in dozens of programs on the island, including both classroom seminars and training in the field. U.S. officers are advising Taiwan’s military at all levels in policy, implementation and training… In addition, the two militaries have established a hotline for communicating in case of an emergency…” Meanwhile, hundreds of Taiwanese military personnel are now undergoing training and education in the United States.”

Third, to reduce the chances that Beijing might miscalculate U.S. resolve in response to a PLA attack, the president signaled that the United States would come to the island’s defense under just about any circumstances, which enhanced the confidence of Taiwan’s armed forces that they would not have to fight alone.
Still, as of early 2004, the Bush administration remained concerned that Beijing's systematic modernization program not only was creating options for the use of force but also "casts a cloud over Beijing's declared preference for resolving differences with Taiwan through peaceful means.... Taiwan's relative military strength will deteriorate, unless it makes significant investments into its defense." The sophistication of the PRC effort "calls for more strategic harmonization between the U.S. and Taiwan."^49

Developments on Taiwan: Chinese and American Views

As might be expected in a security dilemma,China watched the U.S. initiatives with serious concern, for they foreshadowed a new military calculus should there ever be a conflict: Taiwan itself would be better able to resist, and the PLA would likely have to fight against the United States. Even in the absence of a conflict, closer ties between the U.S. and ROC militaries were unwelcome. As Vice Premier Qian Qichen said in early 2001, as the Bush administration was coming into office: "We must recognize that an attitude of enmity and considerable tension still exists across the Strait. The United States arms sales are just pouring oil on the fire. There was always a flicker of conflict there in the first place, and if you add to it, will that spark not flare up?"^50

Beijing, of course, worried about the impact of U.S. arms sales on Taiwan's military capabilities relative to its own. For example, a robust missile defense for the island would negate to some degree the effectiveness of the PRC's arsenal of short-range ballistic missiles, its main tool for deterring any separatist moves. But the main focus of Chinese criticism was the integration between the U.S. and Taiwan militaries and how total U.S. security cooperation would affect the political intentions of the island's political leaders. A July 2002 article in the Chinese journal Shijie Zhishi began with a stark lead paragraph: "Everything that the U.S. government does makes the 'one China principle' hollow. This de facto military alliance between the United States and Taiwan causes reunification and the security environment to face grave challenges." The author, Wang Weixing of the Academy of Military Sciences, went on to catalogue, on the basis of press reports, all the indicators of a de facto alliance: increased arms sales; linking of command centers that would facilitate joint operations; a congressional mandate for a DOD plan on joint training; intensified exchanges, at a higher level; U.S. observers at Taiwan exercises; more Taiwan officers in U.S. military education institutions; congressional designation of Taiwan as on a par with NATO allies for certain programs; ending strategic ambiguity concerning the use of force; enhancing deployments in East Asia and the Western Pacific; building up facilities on Guam; and so on. The author concluded, "Obviously, the Americans are taking the Taiwan military by the hand to help them complete all predetermined plans." The United States was now "brazenly" violating the spirit of the commitment it made at the time of normalization concerning its security relationship with Taiwan. The American goal was to "publicly bolster 'Taiwan independence' forces, encouraging them to 'use arms to resist peace' and 'use arms to resist reunification,' thereby hindering the great cause of China's peaceful unification." (The use of the phrase "defend independence by force" became a staple of PRC analysis of Taiwan's defense policy, specifically its intentions, after 2000. The phrase, used no doubt to challenge the strong U.S. opposition to the use of force, also reflected China's anxiety about the shifting Taiwan challenge to its security.)^51

Another Chinese commentator took some of the same evidence and drew conclusions about Chen Shui-bian's motives in "willingly playing the part of a 'generous moron' and the 'pawn' of the United States." He wanted to increase his political capital for resisting reunification and seeking independence, because "the 'Taiwan independence' elements regard the elevation of U.S.-Taiwan military relations as the best protective umbrella for pursuing 'Taiwan independence.'" In addition, he wished to build support for his reelection effort. Wang Weixing charged in 2003 that Chen had used these various links to "manipulate" the Taiwan armed forces so that they "have gradually degenerated into forces for 'Taiwan independence.'" Whether or not the evidence in these accounts is factually correct or the conclusions deduced from it are valid, they reflect the sense of greater insecurity that China feels about these trends. As Wang concluded in his 2002 article, "for a considerable period of time in the future, our strategic environment will have no cause for optimism."^52

It was the Chen administration's political intentions that the PRC watched most closely, since the threat from Taiwan that China perceived was political (separatism), When Chen was elected, Beijing announced that it would take nothing for granted and vigilantly "listen to his words and watch his deeds" (ting qi yan, guan qi xing). Having been tripped up by Lee Teng-hui's "covert independence," China observed Chen like a hawk to ensure that, emboldened by American support, he did not challenge China's interests in an irreversible way.

One staple of the Chinese view of the issue was to assert a strong degree of continuity between Lee and Chen. Yu Keli, a scholar at the Taiwan
Research Institute of the Chinese Academy of Social Sciences, took this tack in arguing that the core of Chen's mainland policy was Lee Teng-hui's formulation, announced in July 1999, that cross-Strait ties were a "special state-to-state relationship." Yu found evidence to support his hypothesis in the Chen administration's opposition to unification, doctrine of integration (because it would freeze the status quo), efforts to "de-Sinicize" Taiwan (to create a Taiwan identity), support for overt proponents of independence, and efforts to secure U.S. support. The state-to-state relationship and independence were two sides of the same coin; the former was merely less provocative than the latter. As a result, "cross-Strait relations . . . remain strained" and "a serious crisis lies latent between the two sides and this aggravates a series of conflicts on the island"—a reference, no doubt, to the polarization that had occurred between Chen's political coalition and that of the opposition.53

Xu Bodong, an intellectual whose views are on the margin of the Chinese mainstream, took this logic one step further. He described how Lee Teng-hui had deviated from "the one-China principle" in the latter part of his administration and then played a key role in shifting power to Chen and the DPP in 2000. Once in office Chen was more conciliatory than the feisty Lee, but he "held on to his 'Taiwan independence' stance" and took advantage of Beijing's tolerance. Xu found this situation quite dangerous. "This means that the Taiwan side intends to change its original position toward itself and national identity. In other words, the Taipei authorities intend to unilaterally overturn the rules of the game between the two shores, abolish the prerequisite for 'peaceful unification' and, on the question of war and peace between the two shores, which is a major issue of principle, wittingly or unwittingly and foolishly opt for war."54

Chen Shui-bian's proposals during his campaign for reelection caused a quantum leap in PRC concerns that he would take political initiatives that would so challenge Chinese equities that it would require a military response. Beijing regarded Chen's August 2002 statement that there was one guo (usually translated "country") on each side of the Taiwan Strait (yibian yiguo) as worse than Lee Teng-hui's state-to-state relations, and it quickly responded to what it perceived as a threat to the national interest. An authoritative commentary by the Xinhua news service and Renmin Ribao (People's Daily) labeled Chen's comments as "gravely separatist 'Taiwan independence' remarks" and a "deliberate provocation to the compatriots on both sides of the Strait" that belied his supposed attempt in his inaugural speech to reassure China and others about his intentions. The commentary alleged that his statement followed a series of steps "to attain his 'Taiwan independence' goal in incremental fashion" and that "yibian yiguo" was a "vain attempt to change the status quo and split Taiwan from China and push Taiwan toward war," something that the PRC would not tolerate. "We warn the Taiwan independence forces that you are facing the choice of what kind of your own road' to follow, whether to stubbornly follow the road of 'Taiwan independence' or to rein in on the brink of the precipice." Retrospectively, Beijing concluded that its "get-tough" policy toward Chen was successful because it forestalled the "serious consequences of Taiwan independence."55

Chinese anxiety about Chen's intentions rose again during the fall of 2003, as he advocated a new constitution and referenda to mobilize the support of his base voters. Seeing a dangerous trend, Beijing began to issue stern warnings that Chen's political initiatives were encroaching on its "bottom line" and that if he crossed it, China would have to respond forcefully. Major General Peng Guangqian of the Academy of Military Science warned in early December, "We would pay whatever price we need to pay" to defend China's sovereignty and territorial integrity. China, he predicted, would be willing to give up the 2008 Olympic Games, the 2010 World Expo, plus, temporarily, foreign relations, foreign investment, the safety of coastal cities, and the country's economic development: "All these prices are affordable. It is worthwhile to earn the complete reunification of the country and revitalization of the nation by making temporary, localized sacrifices. If the 'Taiwan independence' elements and the international anti-China forces [that is, the United States] wanted to take a gamble, they would inevitably have to pay heavy prices and end in ignominious defeat."56

Chen's initiatives prior to the 2004 election also unnerved Washington, in the broader context of the Bush administration's revised assessment of China's strategic role. Up to that point, it no longer believed that a rising China would likely challenge a status quo United States, with Taiwan being the first point of conflict. Particularly after the September 11 attacks, it had come around to the view that it could work with Beijing and other powers to resolve difficult security problems that threatened their respective interests. North Korea and South Asia were the prime examples of this more cooperative approach, which provided U.S.-China relations with a strategic rationale, which they had lacked for more than a decade. The Bush administration worried that Chen might provoke China into a coercive response (through miscalculation or otherwise) and draw the United States into a conflict that it did not need (given North Korea, Iraq, and so on) with a country with which it wished to cooperate. Taiwan of course denied any provocative
intent, but the U.S. fear of entrapment ultimately led President Bush in December 2003 to warn, "We oppose any unilateral decision by either China or Taiwan to change the status quo. And the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose."³⁷

At the same time—and not inconsistently—the Bush administration worried that Taiwan was not moving fast enough to modernize itself to meet the PRC challenge. In February 2004, Richard Lawless, the deputy assistant secretary of defense responsible for Taiwan matters, complained, "Economic trends, the domestic debate over defense strategy, national identity issues, service parochialism, all complicate Taiwan's force modernization, training, and jointness." Defense spending had declined in real terms and as a share of GDP over the prior decade. Many of the systems approved by President Bush in April 2001 had not been acquired by the end of his first term. The Pentagon believed that Taiwan needed to assign higher priority to readiness, including personnel management, logistics, maintenance, and training. It needed to strengthen its processes for strategic and force planning and foster interoperability among its services and those of "the United States and other potential defense partners."³⁸

On the surface, these two concerns seem in conflict. Yet if Taiwan's leadership assumed that the U.S. commitment was unqualified and that it would come to the island's defense whatever the *casus belli*, there would be less reason for it to speed up its military transformation and little reason to exercise political restraint.

The Security Dilemma and the Cross-Strait Stalemate

The China-Taiwan security dilemma is relevant in two ways to the stalemate between them. It certainly aggravates the difficulty of maintaining stability and minimizing tensions in the current context. But it also complicates any effort to resolve the dispute in a mutually acceptable manner. Each side will be concerned that if it takes a step to reduce the other's sense of insecurity, the other may exploit the concession and leave it more vulnerable. If there is to be a settlement, the parties will need to find ways to assure each other that its goodwill will be reciprocated and that neither will use its power (military or political) to put the other's interests at risk. Given that the U.S. security commitment to Taiwan is the key to the island's assessment of the risks it might face, what would China have to offer Taiwan to convince it to cut that cord?

There have been attempts in the past to address the cross-Strait security dilemma, but their effect has been limited. Take, for example, Taipei's longstanding demand that Beijing renounce the use of force, which was an element of the first stage of the three-stage process laid out in Taiwan's National Unification Guidelines. Lee Teng-hui reiterated the need for China to renounce force on a number of occasions thereafter. Chen Shui-bian pledged that he would not declare independence or take other steps that Beijing found extremely provocative only "as long as the CCP regime has no intention to use military force against Taiwan." China has sought to reassure Taiwan on this question, but only up to a point. Jiang Zemin declared in his January 1995 statement that "Chinese should not fight fellow Chinese," but Beijing has also been explicit in its refusal to renounce force. Jiang explained that Beijing's refusal was intended to guard against "the schemes of foreign forces to interfere with China's reunification and to bring about the 'independence' of Taiwan." Later authoritative PRC statements would also cite independence as a reason. The logic was that if Beijing renounced the use of force, then Taiwan would certainly declare independence. As Jiang told the *New York Times* in August 2001, "We cannot renounce the use of force. If we did, a peaceful reunification would become impossible."³⁹ Beijing believes that if it makes this concession, Taipei will take advantage of its goodwill.

There is also the concern on each side that the proposals of the other that purportedly would increase mutual security might actually contain traps that would leave it in greater danger. For example, Beijing has proposed that the two sides conclude an agreement to end the state of hostilities that has existed since the ROC lost the mainland in 1949. That offer was repeated on various occasions thereafter—for example, in Beijing's statement right after Chen Shui-bian's inauguration in May 2004. Early on, Taiwan responded positively to this proposal, most authoritatively in the National Unification Guidelines and Lee Teng-hui's 1996 inaugural address. But it got cold feet once the PRC began in January 1995 to insist that the discussions on such a pact be held under the one-China principle. From Taipei's point of view, to accept that principle might undermine its negotiating position on the issue of sovereignty. Conversely, Taiwan began to talk occasionally in the late 1990s in terms of a peace agreement. In July 1998 Lee Teng-hui told the National Unification Council that the two sides should sign "a peace agreement, thereby ending the state of hostility." For Taipei, that modality was consistent with its view that the dispute was between two equal sovereign entities. But Beijing believes that the conflict is a civil war between
two belligerent forces, of which it is the only sovereign entity—which is why it did not respond to Lee’s offer.60

The United States is often part of this conundrum, as illustrated by an offer that Jiang Zemin put forward when he met George W. Bush in Texas in October 2002. Jiang reportedly offered a trade-off: China would redeploy its missiles targeting Taiwan in return for a reduction in U.S. arms sales to the island’s military. This was a significant innovation on Beijing’s part, because it acknowledged a link between China’s military deployments and U.S. arms sales to Taiwan. Still, there were a number of substantive problems with this offer. For example, the missiles in question are mobile and once redeployed could be deployed again. Also, the PLA has other assets that threaten Taiwan (advanced fighter aircraft, submarines, and so on). Most significant, however, is the very fact that Jiang was seeking to deal directly with Washington and so reduce the Chen government’s confidence in its ally. Redeploying missiles would, to be sure, reduce Taipei’s insecurity to some degree, but the price Taiwan would pay—in terms of fewer American weapons and fears of U.S. abandonment—would only render it more vulnerable and subject to intimidation by the PRC.61

The mutual mistrust that frustrates these failed efforts to stabilize the current situation would be multiplied many times in any effort to address security issues as part of a future overall settlement. The PRC’s objective in such a project would be to minimize or eliminate Taiwan’s freedom to again pursue what it regards as a separatist agenda. That is the core of the one-country, two-systems formula: Taiwan accepts the status of subordinate unit of the People’s Republic of China and gets home rule in return. A likely corollary of that bargain would be the end of Taiwan’s security relationship with the United States. In Chinese eyes, it is that tie that allows “separatism” in the first place. Yet even after such an agreement China would be unlikely to rest easy. There probably would be political forces on the island that—even if they did not harbor the goal of changing the status quo—remained highly suspicious of Chinese intentions, and Beijing would likely exaggerate their impact. That has certainly been the case in Hong Kong, where the PRC was unwilling to leave much to chance and imposed limitations on home rule in order to exclude the Democratic Party from significant power and where the advocates of greater democracy put Beijing on the defensive in 2003 and 2004. It would probably do the same in Taiwan. Moreover, if Taiwan were to retain residual security ties with the United States, Beijing would probably view them with some paranoia. So it would naturally seek safeguards as it negotiated an agreement.

Taiwan, of course, would seek to preserve its defense ties with the United States—the ultimate guarantee of its security—even more than Beijing would wish to end them. China will not stop acquiring advanced military capabilities if significant progress occurs on unification. That those capabilities are growing and that China has a history of using them for purposes of intimidation would create fear that China might use them in the event of a serious unanticipated conflict. How could Taiwan ensure that a stronger Beijing would not exploit its weakness in the absence of U.S. aid? How could negotiations even begin on unification if there were uncertainty about future Chinese intentions?

Note again the asymmetry of this situation. The threat that Beijing perceives from Taiwan is mainly political, whereas the threat that Taiwan perceives from China is primarily military. U.S. security support for Taiwan is absolutely vital for the government and people of Taiwan, whereas it is simply a source of frustration for China.

Note also that in any settlement between Taiwan and China there is an important link between the ultimate legal identity of the Taipei government—the focus of the last chapter—and how the ongoing security dilemma is addressed. If Taiwan accepted Beijing’s position that Beijing is the exclusive sovereign of the national union and that Taipei possesses no residual sovereignty, that would likely discourage other countries from intervening in what the world would have come to see as a domestic matter.62

Beijing and Taipei have given relatively little attention to security issues as part of a settlement, in contrast to the sovereignty issue, which has been the focus of discussion for almost two decades. The only exception has been Beijing’s proposal regarding the future of Taiwan’s armed forces after unification. In his nine-point statement on unification of September 1981, Ye Jianying promised that Taiwan could retain its armed forces. Deng Xiaoping reiterated that pledge in June 1983, offering three elaborations: first, the central government would not station PLA troops on Taiwan; second, the Taipei authorities would administer “party, governmental, and military systems”; and third, the armed forces could not be a threat to China. In May 2000, Qian Qichen stated that Taiwan may have armed forces “of a certain size.” In January 2001, echoing Deng, he said that “if the army in Taiwan can maintain national defense and security, then there is no problem.”63

An ancillary question is how the Taiwan armed forces would equip themselves. Due to Beijing’s pressure, few countries are willing to supply Taiwan militarily, and the United States is the only one that matters. There have been Chinese suggestions that the island could continue to acquire weapons
systems from external sources. For example, a People's Daily article in July 1991 stated that "Taiwan may ... purchase necessary weapons from other countries after establishment of a Special Administrative Region." However, that offer has never been made by a senior PRC official. And there are indications that Beijing would place limits on the implementation of this offer. There was Deng's proviso that the Taiwan military could not threaten the mainland, and the 1991 article mentioned above made clear that Taipei's postunification arms acquisitions "shall not harm the interests of the unified country." All this suggests that Beijing, as the exclusive sovereign under the one-country, two-systems proposal, would assert its right to authorize Taiwan's arms purchases and would be unwilling to allow the sort of weapons that would make Taiwan more secure. In short, Beijing's pledges are unlikely to reassure the island. If, hypothetically, unification was to occur, only to be followed by a major dispute, then Taiwan would be more vulnerable to PRC intimidation than it is today because its armed forces would be weaker and the PLA's stronger. Whether Beijing would actually engage in such intimidation cannot be known, of course. Yet what is important here is what the people in Taiwan would fear, Chinese reassurances to the contrary notwithstanding, and whether they would believe that trusting Beijing's promises was a risk worth running.

To address the security dilemma in the context of a settlement would be easier if the two sides were conscious that it exists. Yet that understanding is limited. When Taipei takes actions that, by any objective standard, China could reasonably regard as provocative and demanding an aggressive response, it often assumes that Beijing will give it the benefit of the doubt and respond in a measured way. And Iain Johnston concludes that China's leaders probably do not appreciate or accept the dynamic of the security dilemma either. That is, they do not realize that overtures that they craft as positive appeals to the Taiwan public do not always get a favorable response—that they actually are perceived as threatening—because they were not well designed. "Security dilemma arguments rarely had appeal inside China because they require a recognition that China's own behavior has been counterproductive and has undermined its own security."

A Game Theory Metaphor

The last chapter sought to illuminate the cross-Strait sovereignty conundrum through the metaphor of the duplex house. This chapter closes with a well-known "game" that international relations specialists have used to elucidate the security dilemma and explore why adversaries who have an objective reason to resolve their dispute (to "cooperate") refuse to do so because of mutual mistrust. This is the Prisoners' Dilemma.

In the Prisoners' Dilemma, the police have under arrest two individuals whom they suspect of having committed a major crime, but they have only enough evidence to convict the two on minor charges. They hope to induce one or both to incriminate the other on the serious charge. As the payoffs of the game are structured, if both prisoners remain quiet (if they cooperate with each other), each will get a light sentence. If both squeal (if both "defect" from cooperation), then both will get a moderate sentence. If only Prisoner A chooses to incriminate Prisoner B then A is freed and B gets a heavy sentence (in the language of game theory, A "defects" and B "cooperates"). If Prisoner B alone chooses to incriminate A, then the rewards and punishments are reversed. In a one-round game, therefore, both A and B, each assuming that the other will talk, invariably squeal and take a moderate sentence rather than remain silent and trust the goodwill of the partner. The risk of being exploited is too severe. It is the combination of greed (the desire to go free) and fear (the anxiety that the partner will squeal) that produces a suboptimal outcome. What is the rational course of action for each individual produces an outcome that is less positive than the one that the two could obtain together (if there were honor among criminals). The game is illustrated in figure 5-2. The scores represent the positive reward to each criminal (a high score equals a low sentence). For each criminal, the preference ordering is DC>CC>DD>CD. Each player stands to gain the most by defecting, whatever the other does. Consequently, both will defect, even though the theoretical rewards of mutual cooperation are greater than those of mutual defection. The outcome of their interaction, therefore, is mutual defection.

How does this metaphor apply to the quest for a solution to the China-Taiwan dispute? In the language of game theory, mutual cooperation (CC) represents a settlement, an outcome in which China and Taiwan agree to abandon mutual hostility and form a political union to supplement their economic interdependence. Mutual defection (DD) is the current situation, wherein the two sides get the economic benefits of the relationship but are locked in a stalemate concerning political ties, in part because they mistrust each other. Even though each understands the abstract value of cooperation, each will give into the temptation to defect mainly because it fears that if it takes the initiative to cooperate, the other will exploit its goodwill and secure a political outcome that works to its disadvantage. Sometimes each gives in


In this real-life "game," China and Taiwan both appear to have a compelling incentive to opt for an uneasy status quo instead of a mutually beneficial settlement. When it comes to solving the cross-Strait dispute, mutual defection is more attractive than cooperation. Chapter 10 returns to the subject of how the two sides might extricate themselves from this dilemma of mistrust and conflicting interests.

because the temptation of exploiting the other is difficult to resist. For example, Taiwan fears that the one-China principle is a trap; if it accepts, China will turn the tables and impose a solution that leaves Taiwan in a weak, subordinate position, without U.S. protection. Conversely, China fears that if it makes concessions (such as renouncing force), Taipei will pocket them and so bring about permanent separation, making China look foolish in the bargain. And there are actors on each side who are eager to take advantage of the other. In these two outcomes (CD and DC), it is the fear that each has of being exploited by the other that leads it to prefer the status quo, mutual defection. Taiwan's fear of exploitation and its temptation to defect are magnified by its dependence on the United States. For Taipei, "cooperation" comes with high risk because it means giving up the American ace-in-the-hole in the event that China reneges on its commitments.