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CHINA-TAIWAN-UNITED STATES RELATIONS

Panel One:
Domestic Politics and Perspectives

Center for Strategic and International Studies
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PANEL 1: DOMESTIC POLICIES AND PERSPECTIVES

Moderator:

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Panelists:

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PANEL 2: CROSS-STRAIT POLITICAL AND SECURITY ISSUES

Moderator:

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LUNCH ADDRESS: AN UPDATE ON U.S.-TAIWAN RELATIONS

RAYMOND BURGHARDT
Chairman of the Board
American Institute in Taiwan

PANEL 3: IMPLICATIONS FOR THE UNITED STATES AND CROSS-STRAIT RELATIONS

Moderator:

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P R O C E E D I N G S

RICHARD BUSH: Ladies and gentlemen, if I could ask you to get any liquids that you want and then take your seat. I think we should get started. We have a little bit of a time pressure this morning.

I'm Richard Bush. I'm the director of the Center for Northeast Asian Policy Studies at Brookings, and it's my pleasure, along with Chris Johnson, to welcome you to our joint symposium today on China-Taiwan-United States relations. We're now almost at the five-year point of Ma Ying-jeou's presidency. We're about at the two-month point of Xi Jinping's total assumption of his various positions that add up to being the paramount leader. And so this seemed like a good time to assess where cross-strait relations and the American role are. We've assembled three good panels on various aspects of these issues, and I think we're going to have a really good discussion.

Before I sort of leave the stage I want to express my appreciation to the people who really made this happen, and that's the staff of two organizations. Kevin Scott and Aileen Chang on my staff and at the Freeman Chair, Nicole White did yeoperson's duty to help pull this all together. And Chris and I appreciate their efforts very much. So without further adieu, Chris.

CHRISTOPHER JOHNSON: Thank you, Richard. I'll just be very brief. Thank you all for coming. We really appreciate folks coming out and I think the turnout in the room is a good indicator that we picked a good topic today and that there's very strong continuing interest in cross-strait relations.

When I first talked to Richard about doing this we both agreed that with all of the other many issues that are kind of circulating and are the focus of attention in the region these days with the various island disputes and now again with North Korea and so on, we both sort of felt that it would be a helpful time to take a little step back and look at U.S.-Taiwan-China triangular relations and to get a sense of where it's all going now that we've had a complete turnover in all the respective leaderships and are moving forward and all of the key teams moving ahead.

So without further adieu what I'd like to do is welcome our first panel to come up and we'll get started on a very fruitful discussion. Thank you again for coming and we'll get going here. Thanks.

Okay. Well, let me just do a brief introduction of our speakers today and we will get things kicked off here.

We're going to ask Yun Sun to come up and kick us off with a discussion of China. She's a visiting fellow jointly appointed by the Brookings John L. Thornton Center and the Africa Growth Initiative, and she's focusing on China's relations with Africa and U.S.-China cooperation on the continent. In 2011, she was a visiting fellow with the Brookings Center for Northeast Asia Policy Studies where she focused on analysis of China's national security

decision-making system. So that's why we've asked her to come and talk to us today. She was previously a visiting fellow with the East Asia Program at the Stimson Center, and prior to that she was a China analyst for the International Crisis Group's Northeast Asia Project based in Beijing. Her expertise is in Chinese domestic and foreign policy and U.S.-China relations, and she served in a bunch of very prestigious past appointments.

Secondly, we're going to have Emerson Niou, a professor of Political Science at Duke University come and talk to us about Taiwan. He's the co-author of *Balance of Power*, which was published by Cambridge University Press in 1989, and has a series of other recent publications that you can see from his biography in your packet.

And then we're going to ask Tom Mann to come up and bat cleanup and try to explain our own mess here in Washington to us. And he is the W. Averell Harriman chair and senior fellow in Government Studies at the Brookings Institution. And between 1987 and 1999, he was director of Governmental Studies at Brookings. And before that he was executive director of the American Political Science Association. He has taught at Princeton, Johns Hopkins, Georgetown, the University of Virginia, and a few other very prestigious institutions. So we are very honored to have him with us today, and we're looking forward to a good discussion.

So without further adieu, I'm going to ask Yun Sun to come up and kick us off. Thank you.

YUN SUN: Thank you very much, Chris, for the gracious introduction and thanks to Brookings CNAPS and CSIS for inviting me here today.

My talk is going to focus on two aspects of the Chinese new leader. One is domestic politics -- what are the new things that Xi Jinping has delivered so far? And then I'm going to focus on the foreign policy front -- what are the new developments that we have observed as he is taking over the power as the top Chinese leader? So it has been almost six months since Xi Jinping was elected the general secretary of the Chinese Communist Party at the 18th Party Congress, and more than a month since his inauguration as China's new president. Given his personal background as a princeling his experience during the Cultural Revolution and his record of gradually rising to the highest office in China through climbing the bureaucratic ladder, people have had great hopes for him to bring changes to the existing system. The expectation was heightened and strengthened by the senior level scandals before the end of the Hu Jintao administration in 2011 and 2012, so there was an ensuring perception that the Chinese Communist Party regime has come to a point that it has to adapt and change.

The Chinese have an old saying that a new official must start his reign with something new, so perhaps we could start with an examination of the new things Xi Jinping has created in the domestic politics. So most importantly Xi Jinping has strived to create a new style of government that is low profile, frugal, pragmatic, and pro the people. Right after the 18th Party Congress, Xi Jinping took the first official inspection tour to Shenzhen in Guangdong province in December. For the trip, and like his predecessors, Xi Jinping ordered that there would be no red carpets, no extravagant banquets, no massive security preparations, and no

traffic control during his visit. For the Chinese people who are used to the long speeches of the top leaders, extensive all-coming ceremonies, including children presenting flowers, massive traffic due to the road blockage, Xi's new style sends a tacit but powerful message of major differences between him and the previous generations of leaders.

Secondly, Xi has made anticorruption a top priority for his government. This echoes people's resentment and frustration of the epidemic of corruption of the government officials across the country. Xi made a famous vow to strike both the flies and tigers, referring to corrupted officials both on the grassroots level and on the senior level, and there have been several dozens of officials removed, investigated, and arrested for corruption since Xi took office. A large percentage of these officials, they are at the municipal level or the department level in the essential government bureaucracy in terms of their ranking, so the highest case was the deputy party secretary of the Sichuan province. Li Chuncheng who was also an alternate member of the Central Committee of the Chinese Communist Party. So that is to say the anticorruption campaign under Xi has reached some senior level people but it has not reached the top level. So some people will argue that this corruption is not genuine or not meaningful unless it really targets and deals with corruption on the top level, but the scale and the results of his anticorruption campaign still is rather unprecedented in the Chinese domestic politics.

As a part of the anticorruption campaign, Xi made frugality a primary requirement for the government officials. As the government bans fancy banquets and extravagant high-priced traditional Chinese liquor, high-end restaurants and the liquor industry in China are taking a major hit. For example, the high-end restaurant industry in Beijing in general has seen the first negative growth in decades and some of the restaurants even have experienced a loss as high as 50 percent. And hotels, such as Shangri-La, which I'm sure many of you have stayed there, resorted to developing new menus to cater to the new reality, offering a $15 per person lunch option to the government agencies. But still, so far it has not attracted a lot of businesses.

Since taking office, Xi has inspected several PLA segments inside China. In December last year, he inspected Guangzhou military region, which is under the army. In February, he visited an air force base in western China, and earlier this month he visited the PLA naval force base in Zhangjiang of Hunan province. So, some argue that these trips were aimed at consolidating his control of the Chinese military. However, a key message that Xi Jinping has sent throughout these visits is that the Chinese military must be ready for combat, which is rather interesting. And given the challenging external environment that China faces in its periphery, people in China generally see this as an emphasis -- the new leader's emphasis on the military preparedness for the worst-case scenario.

So these new policies by Xi Jinping have been relatively well received by the general public in China. People seem to accept that Xi has created a new governing style, distinguishing himself from the previous generations of leaders. The expectation is genuine and high for him to address some of the most critical problems facing the Chinese people, such as high housing prices, pollution, and the corruption issue. And so far, people do not seem to be disappointed already. The relatively clean record of Xi's family members, the good image of his wife, all contributed to this positive outlook.

As for whether Xi will bring major changes to the system, such as political democratization, there are critics questioning whether Xi is only making cosmetic changes to the system, rather than addressing the core issue. The first controversy he had experienced was *Southern Weekly*, which is a Chinese publication from Guangzhou. It was *Southern Weekly's* New Year's edition calling for constitutionalism and how the censorship by the Department of Propaganda distorted the original story, hindering their freedom of information and free press. The Guangdong government was able to mediate a compromise in the end between the Southern Weekly and the Department of Propaganda, but Xi himself didn't seem to have played a major role in the resolution of this controversy.

Then following the controversial issue there were rampant hopes that Xi might signal bigger changes by releasing Li Xiaobo by readdressing the Tiananmen events of 1989, or even by the abolishment of the notorious re-education through labor program in China. But so far none of these have happened.

In my personal views, these are unlikely to happen in the near future because today's Chinese politics are characterized with different political factions, collective decision-making, and the wide existence of interest groups and political conservativism. So despite Xi Jinping's new style and his seemingly stronger powerbase compared to his predecessor, Xi, by himself, is still subject to the various constraints inside China. Especially as a new leader of the party, he could hardly afford to alienate either the leftists or rightists since the very beginning. In addition, in the near future, Xi Jinping also has more pressing tasks to tackle.

On the foreign policy front there are some more interesting developments. First of all, on the relationship with the United States, China seems to be more cooperative and conciliatory than before, but I'll listen to the expert advice from Chris. After the tense and contentious past three or four years, China, according to the people that I know inside China, China has come to the realization that such a confrontational posture is neither sustainable nor conducive to China's national interest. So therefore, since the beginning of the new Xi administration, Beijing has been eager to turn a new page of the U.S.-China relations, or in Xi's own words, to build a new type of big power relations.

Understanding that China would need to deliver something concrete to open the new page, China has chosen to be more cooperative on a key concern of the United States in northeast Asia, which is North Korea. In the most recent round of nuclear tests and the rhetorical provocations by Pyongyang, China has moderately adjusted its policy, lending support to the U.N. Security Council resolution and putting more pressure on Pyongyang than before. It is reported that China cut crude oil supplies to North Korea in February, possibly as a punishment for its nuclear test. Authorities in Beijing also issued warnings to several North Korean banks to operate within their permitted limits inside China. Although we are suspicious that these were more tactical moves aimed at building a better U.S.-China relation rather than representing a strategic shift of China's fundamental position on North Korea, still they would nevertheless turn out to be helpful to manage the tension on the Korean Peninsula.

On a similar case of the Iran nuclear issue, China's action has also been

promising. In 2012, China's crude imports from Iran dropped by 21 percent, compared with the previous year, so although we probably will never get Chinese officials to acknowledge that China was actually complying to the U.S. sanctions of Iran for its nuclear program, nevertheless, the end result does reinforce Washington's policy targets.

The aspiration for a new page of the U.S-China relations was also conspicuous during Secretary of State John Kerry's visit to Beijing last week. Many in China have blamed the problems of U.S.-China relations in the past three to four years on the positions and styles of the former Secretary of State Hillary Clinton, and therefore, there was a hope that a more moderate and pragmatic John Kerry would be good news for China. And indeed, the conclusion in Beijing is that he is.

For Chinese foreign policy analysts, the U.S. rebalancing to Asia had been mostly about an enhanced military deployment in China's immediate periphery and surprising China's expanding geopolitical influence. So therefore, when Kerry emphasized U.S. economic leadership, competitiveness, and TPP, it was particularly comforting and reassuring for China. So *Global Times*, the famous government mouthpiece, openly claimed that U.S. adjustment of its China policy eases China's anxiety about its external strategic environment in the past few years. For Beijing, a new era of improved U.S-China relations seems to have begun.

Another interesting development of Xi's foreign policy is the emphasis on the developing countries and its neighbors. So for his first overseas visit, Xi visited Russia, three African countries, and attended the BRIC summit in South Africa. So as usual, Xi brought packages of infrastructure projects, and unusually China committed to the establishment of a BRIC Development Bank modeled after the China Development Bank. The choices of destinations actually reviewed the international quagmire that China is in. In the past 10 years, so basically the 10 years during the Hu Jintao administration witnessed unprecedented growth of the Chinese economy, but it was also accompanied and paralleled foreign policy challenges. So as many Chinese analysts observed, China's actual environment did not improve as the result of China's rise. Instead, it has worsened. China has become richer but less respected. It has more transactions with the world than ever but also less friends.

So therefore, Xi's trip to Russia, to Africa, and the BRIC summit, genuinely reflects China's strategic moves to break away from this predicament. It seeks to reconsolidate friendship with Russia also antagonized by the West, with Africa to reinforce China's developing country's identity and a solidarity with the developing world and with emerging economies such as BRIC's nation to align for their collective power. China learned the lesson that it is yet to be strong enough to challenge the existing international order alone. Alignment with other rising powers, like in the case of BRICS, and reinforcing its friendship base among developing countries would be a new emphasis of China's foreign policy and Xi Jinping in the foreseeable future. Thank you. *(Applause)*

MR. JOHNSON: Fantastic. Thank you so much. That's a great way to kick off. Emerson, please.

EMERSON NIOU: Good morning everyone. I have prepared some slides to

share with you.

The theme today I'm going to talk about is the China factor in Taiwanese politics. I'm going to focus on three aspects of this question. Actually, I will focus mainly on the first one -- the views in Taiwan and how Taiwan should approach and engage China. And the second one is fairly easy -- what do Taiwanese want? Taiwanese want security, prosperity, and dignity. So that's easy to answer. The third one I'm going to ask for your help, because either I will run out of time before I get to that or because you are more experienced than I am in that area. All right, so let's move on.

To talk about the main views in Taiwan I use survey data. Why? Because Taiwan is a democracy. We need to know what the people want. So probably you won't hear me talking about what Ma Ying-jeou thinks. I don't know, but I can tell you what Taiwanese voters think they want. And I've been doing surveys on this topic since 2003, and I have six survey datasets and they are open to the public. So we can talk about how you can obtain this data later. All right. Let's move on.

First, some softball questions. We asked Taiwanese how do you like Americans -- not Americans -- do you think the United States, Japan, China? All right. So sure, on average, Taiwanese feel the warmest toward the United States, Japan second, and China last. But we can extract more information from these questions. We can find out how much -- like, who ranked the USA first -- A means America, right -- who ranked USA first, China second, Japan last? Who ranked America first, Japan second, and China last? So we can have preference rankings given these three scores. So, well, you can see that the USA is ranked at the top by many responders, and Japan -- China -- well, we can take a look at these more aggregate statistics.

But here you can see that X means the United States. Use the United States as an example. Twenty-eight percent of the respondents ranked the United States at the top, but the U.S. shared the first position with every other country. And about 10 percent ranked the U.S. at the bottom. And you can see that in Taiwan, among these three countries, China is ranked at the bottom by more than 50 percent of the responders. So at least in Taiwan among these three countries, Taiwanese feel the least warmest towards China and the most warmest toward the United States.

And also, we all know that Taiwan and China have very strong ties, but just to give you some statistics. I think this is amazing. More than 40 percent of eligible voters in Taiwan have visited China. Many of them, about 20 percent of them have visited China more than three times. And since 2003, the increase is about 10 to 15 percent increase of visits, and also, how many people in your family are doing business in China? Sixteen percent. That's a huge number. Among the eligible voters, about one-sixth of them have family members doing business in China. Let's say a rough estimate is one million businessmen in China. Each person's income affects a whole household's livelihood. On average, that's about three votes. So that's three million votes, and Taiwan has about 12 million eligible voters. That's a quarter of the eligible votes related to personal business, employment in China. So that's a huge number.

The statistics I obtained from the Statistics Bureau show you the trade between China and Taiwan, just amazing. Last year it hit $169 billion. To give you a reference point, the U.S. and Germany's total trade last year was only less than that -- 158 billion. The largest economy and the fourth largest economy, total trade between then is 158. But the trade between Taiwan and China is 169. 132 means Taiwan's export to China and 32 means China's export to Taiwan. So you can see that Taiwan's economy really depends on China. More than 20 percent of Taiwan's exports go to China and only about 4 percent of China's exports go to Taiwan.

So, of course, you ask Taiwanese do they worry about the strong trade relation with China? So we say some people believe that if Taiwan's economy overly depends on China, then China might use its economic leverage to cause Taiwan to make political concessions. Do you agree with this view? Two-thirds of them agree. They have this worry. This economic leverage can be used for political purpose. But then you ask them do you want to trade more with China? Fifty-five percent, 56 percent say yeah, we need to trade even more with China. So, on the one hand they worry about China using this economic leverage. On the other hand, they feel the necessity to expand trade further with China. That's like a conundrum for a small power. It's like they don't want to be coerced but sometimes they just have to do it.

When we talk about Taiwan, Taiwan independence, this issue is unavoidable, but we know that most people in Taiwan want to maintain the status quo. But that's fine then, under what conditions they will move away from the status quo? According to other statistics, surveys, they show you 90 percent of Taiwanese want to maintain the status quo. All right. Let's ask them under what condition you will move away from the status quo towards independence and towards unification. So some hypothetical questions.

So if a declaration of independence by Taiwan will cause China to attack Taiwan -- in Chinese it's (speaking in Chinese) -- do you favor -- that might be the closest translation I can come up with -- favor Taiwan independence? So the majority of them don't favor Taiwan independence if it means war. But if you ask them if a declaration of independence by Taiwan will not cause China to attack Taiwan do you favor independence, then 70 percent say yes; let's go for it. So you can see the switch. So those missiles deploy along the Fujian province. They take home points. Say, God, those missiles really work. Clearly, they deter a lot of Taiwanese.

So we can use these two questions to divide the respondents into mainly three categories -- those who answer yes to both questions -- at any cost I will support independence. And no-yes means I will only support independence if there is no war. So they are conditional. We don't want war, but if there's no war then I'm willing to support it. And these respondents, they do not accept independence at any cost. They don't care whether it means war or no war. So we can divide -- classify respondents into those three groups.

So you can see that a lot of respondents have conditional preferences in that category. Since 2003-2012, we conducted six surveys. You can see that those in the middle group, those who have conditional preferences, stay fairly constant. But what happened the last two years? Because clearly those who said no decreased. Those who said yes increased by at least 5 or 6 percentage points. Remember, yes means those strong independence supporters. Only if no war is the conditional independent supporters. No means they don't support

independence. And we can do the same to the respondents by asking them other questions on unification. That is hypothetically again if there is a significant difference between Taiwan and Mainland China, political economics and social conditions, do you favor unification? Big difference. No. Seventy-seven percent say no, we don't want unification that way. But if you ask them, hey, if the two sides, the political economics and social conditions become more similar do you favor unification, then more respondents favor unification. But still, under no condition they will want unification is more than a majority now. Fifty-four percent of the respondents say under no condition we will support unification.

And to show you, this is a big shift because when we started conducting the survey asking these questions, the percentage was 29 percent. Over the last 10 years it increased, almost doubled. They switch from conditional to just no, not even maybe. There's no maybe for a majority of the respondents. Now it's a majority of them. Is this trend reversible? It's easy to deter Taiwan from moving toward independence but it's very difficult to facilitate unification, to win their hearts, to have unification. Let's move on.

That's what they want. But we also asked them -- we said some people believe that China and Taiwan will become united in the future and some people believe that Taiwan will eventually become independent from China. Which position do you agree with more? That is realistically do you think that Taiwan can become independent or the two sides will become united? Your preference is one thing but your estimate, your expectation of what will happen in the future is the other thing. It turns out, know the bottom part first. Still, a majority of respondents say unification is more likely to happen, although a majority of them don't want unification. That's a small power's conundrum. They don't want it but they think it's going to happen anyway. 52.7 percent of the respondents say, hey, unification is more likely to happen. Even those strong independent supporters, more than one-third think unification will happen. Those conditional independent supporters, more than -- about 60 percent think that unification will still happen.

So their preference tells you something, and their expectation sends you a different message. So that's something that China can work on because something is driving the difference between preference and expectation. And we can ignore this. It shows you how politics sometimes are so beautiful. Those independent supporters -- no, people's position on independence. We say, okay, ask them the likelihood that independence can be achieved -- 11 point scale, 0 to 10 -- 10 is the most likely, 0 is the least likely. The green line means those strong independent supporters. Still, most of them don't think. I'm not very optimistic. The Taiwan independence unification issue is the hottest issue in Taiwan, but you ask them is it likely to achieve your goal? No. But they still want to fight about it. Even strong independence supporters don't think independence can be achieved but they still go to the alley and knock down the door of the justice. Anyway, it's politics. Politics is beautiful.

So preference and expectation diverge. I think a lot of studies can be done in that area. What's driving the difference? Some questions just to share with you. Let's go over this.

How to deal with China's military threat. Taiwanese, they say, wow, let's not confront China. Let's take more moderate policies. Let's not have an arms race with China.

Very conciliatory. If China withdraws its missiles along the southeast coast, do you favor reduction in arms purchased from the U.S.? Yes. Let's not provoke China.

Do you think our military is capable of defending Taiwan? No. Ninety-one percent don't think Taiwan's national defense is strong enough. Taiwanese voters are just so honest. They don't think Taiwan can withstand.

Do you favor an interim agreement? Yes, 82 percent. You can see they are very -- okay.

This is interesting. Some people believe that Taiwan is already an independent country. Its name is Republic of China and there's no need to seek further independence. Do you agree or disagree with this view? And about three-quarters, yeah. There's a slow increase.

And is the current relation between China and Taiwan peaceful or hostile? I only included this question -- I started in 2011, so only two trends. So in 2012 compared to 2011, more people think the two sides are more peaceful. So overall, Taiwanese think that the current relation between China and Taiwan is peaceful, and Taiwanese are very conciliatory and try not to be confrontational toward China.

And these two questions are also on the survey. If Taiwan declares independence -- the perception -- whether China will attack Taiwan. Still, more than 60 percent say yes, but there's a slight -- over the years, over the last 10 years there's a decrease, about 10 percent. So actually less -- fewer Taiwanese find China's threat credible now.

And how about the U.S. security commitment to Taiwan? There's a line missing here. So those who answer yes; those who answer don't know. The third line is those who answer no. So still, most Taiwanese think the U.S. will come to help Taiwan.

When I have time I will start to play with this. There's a decrease in this uncertain group. That is, fewer Taiwanese are uncertain about the U.S. security commitment now.

So I'll give you a summary of the empirical findings from the survey. The first is bilateral relations between China and Taiwan are going stronger. It's going stronger but somehow Taiwanese feel still low affinity with China. And Taiwanese are very conciliatory and not confrontational toward China. And most people -- most Taiwanese want to strengthen economic relations with China but meanwhile they also worry that China will use its economic leverage.

The Taiwanese, the majority of them don't want to unite with China but they think unification is more likely. And a lot of respondents have conditional preferences on independence and unification. The last point, the U.S. security commitment becomes more credible in the minds of Taiwanese and China's threat becomes less credible.

That's my presentation. In the Q&A if you have questions about my presentation,

don't ask tough questions; instead, help formulate some policy ideas, insights. That's the part I don't have time to get to, although I prepared something. *(Applause)*

THOMAS MANN: My colleagues have been very informative and very optimistic. They've set a high standard for anyone who's supposed to talk about American politics. That is for sure.

The question I'm going to put in all too brief a time with you this morning is can the Obama administration conduct an effective foreign policy, especially in Asia during its second term, in light of America's utterly dysfunctional politics? And the answer, to stay in the spirit of the panel thus far, is yes. Our dysfunctional politics will continue. It is not morning again in America. The 2012 elections did not transform American politics. We do not have the makings of broad bipartisan consensus. No efforts to charm republicans by President Obama will make a damn bit of difference, nor will additional columns by Maureen Dowd. The fact is we, in our domestic politics, have moved from a permanent campaign to a partisan war, a hot war between the political parties, which begin in a position of intense ideological polarization. But because they're operating at a rough level of parody, meaning either party can win the White House, can take the majority in the House or the Senate, they act inside Congress in a very strategic fashion. That is they legislate not to solve problems but they legislate to gain electoral advantage in the upcoming elections.

We are, in other words, caught in a very unfortunate mismatch between our political parties, which by the way the framers of the U.S. Constitution never anticipated, but which have become parliamentary-like, ideologically polarized internally, homogeneous, and acting in a very sort of oppositional mode -- just what Madison didn't have in mind. He anticipated the differences but fought to design a set of institutions and incentives for people to engage in serious negotiations across the Houses of Congress and across the branches of the executive and legislative branches, yet the parties exist now in a fashion in which the one in the minority acts as a vehemently oppositional party, as a parliamentary party would do. But sadly, they operate in a political system that makes it very difficult for majorities to act.

So a seniority system that constrained policymaking in the past and sometimes brought together agreement between the parties now is a veto point with the routine 60 votes required to get anything done as we just saw in the effort to pass stricter background checks for the purpose of weapons, a very sad outcome. So you've got parties that are parliamentary but a governing system that is a separation of powers where majorities are not able to act. The ingredients for inaction, for gridlock, and for strategic politics -- that's the number one problem facing American today.

The second problem -- and this is the one people don't like to mention in polite company -- is that the parties are not equally implicated. We have what I call asymmetric polarization; that is to say there were times when it was the democratic party who veered off the main stream, the center of -- the median voter, if you will, in the '60s and '70s, but today there is no question that it is the republican party that has become the radical insurgent force in our politics. Ideologically extreme, contemptuous of the inherited policy regime going back all the way to Teddy Roosevelt, scornful of compromise, dismissive of ordinary concerns about facts,

evidence of science, and basically not accepting of the legitimacy of its political opposition.

We've lived through an extraordinary period, of manufactured crises of threats of a public default, of an almost mindless debate over fiscal policy that we're now seeing play out. I have to run out to catch a plane at a national airport in a few minutes and I don't know if there are going to be enough air traffic controllers to allow my flight. Now, think about it. We're the greatest country in the world and look at what we're doing. That experience is multiplied hundreds of times around the government budget, but a simple agreement to set aside that sequester, which was originally conceived as a fallback that would force agreement on a more rational basis, has failed because republicans embrace Grover Norquist's "no new tax" pledge. It's as simple as that. A great country cannot govern by having a "no new tax" pledge, and a party cannot be a constructive participant in policymaking if it embraces that.

Now, that is the sorry truth and the sorry state of our politics. We see some green shoots. Look at what's happening with immigration now, with the Gang of Eight and a serious effort to bring the stakeholders in this debate together. We've got unions working with the Chamber of Commerce, sort of many other -- it's sort of pragmatic reasonable problem-solving politics at its best. Well, why is it happening with immigration but not happening on economic policy or gun control? It's very simple. Republicans are worried about becoming politically marginalized in presidential elections for the foreseeable future because every nonwhite group in America and their share of the electorate is growing with each passing year supports the democratic party. And particularly true with respect to Latinos, it's even more true actually with Asian Americans. And therefore, republicans believe that if they fight a comprehensive immigration reform, they're writing their ticket to political oblivion. So they're giving on this. It's still going to be hard to get through because of the House, but it's a sign at least that under certain circumstances things can be done.

Listen, the reason I'm ending on an optimistic note is twofold. One has to do with the fact that in spite of these dysfunctional politics, we've gotten quite a bit done. We dealt with the financial crisis and a deep economic recession. One way or another, depending on the Fed at times, other times on unified party government, we've managed to take steps after exploring all other alternatives that would actually be constructive and we're frankly doing a lot better than Europe. We've avoided the most mindless of austerity strategies but not without a fight here. And the efforts to pursue such strategies as witnessed by the sequester continue but the fact is sentiment is changing about all of that. The public's interest is in jobs and growth rather than in deficits and debt. Our debt has a good chance of being stabilized -- that is the deficit to debt ratio. The deficits have declined dramatically as the economy begins to increase. There are some republican senators who are tired of playing opposition politics and want to get something done.

So I think there are some green shoots, some opportunities for avoiding the worst of self-destructive steps in economic policy, but it does mean that as we shift to foreign policy that the Obama administration has every interest in one fully exploiting the opportunities that exist in international economic policy, and that's why you see the very aggressive efforts to move ahead in the cross-Pacific agreements as well as in a U.S.-Europe free trade agreement. We know defense cuts are coming. It's inevitable but there's some thinking going on about how

to tailor those to changes in strategy which in my view will not lead to any diminution in the U.S. presence in Asia, which is seen as of paramount importance.

Thirdly, as has been mentioned already, John Kerry, who had relatively little experience in Asia, relative to the rest of the globe, is actually off to a good start and the environment within Asia itself is encouraging.

The final point here is republicans have as many differences within their party as they do with the democrats on matters having to do with aspects of foreign policy, especially in dealing with Asia and China and Taiwan. And therefore, my view is the administration really has the room to conduct a sensible, intelligent, aggressive activist foreign policy in Asia. And that's why I end on the same note as my colleagues. Complications and Taiwan attitudes of what they want and in the changes in China, we've got a mess in our domestic politics, but in spite of that we can carry on and the incentives and the resources, though constrained, are there to get the job done.

I want to thank you for giving me an opportunity to participate, to be here, and beg your forgiveness for having to run off right now to have any chance of making my plane. Let's hope an air traffic controller or two was not furloughed today. Thank you very much. *(Applause)*

MR. JOHNSON: Okay, thank you, Tom. I appreciate it. Good luck. Okay. Now we're going to take some questions for the panel. As usual, with our standard practice here, we're going to have you identify yourself and please do limit your comments to a question. I will enforce that very vigorously.

We're going to start off with Bonnie here up front.

BONNIE GLASER: Thank you. Bonnie Glaser here at CSIS. Emerson, I have two questions for you. There's no free lunch so I'm going to try to draw out some of the policy implications. I'm wondering if you could address the issue of what you think would change the attitudes of the people of Taiwan toward reunification and make them more supportive.

And the second question is you, of course, didn't talk much about President Ma, but as we all know, his poll ratings have been quite low, and I'm wondering if you would speculate on why you think his poll ratings remain as low as they are. Thanks.

DR. NIOU: Can we accumulate more questions? I need to think.

MR. JOHNSON: Here, please.

QUESTION: Hi, Eric Liu with the Free Op Server. My question is since you talk about the realization of the Taiwanese to expect unification to take place even though they might not want that to happen in a very realistic way, so what are the expectations, the scenario they are thinking about would happen? Or do they have an expectation would China be reformed to a certain extent that they would accept more favorable to a unification? Thank you.

MR. JOHNSON: Do you want to take one more or are you ready to go? Let's take one more right here and then we're going to put you on the spot.

QUESTION: Chenyang Xiao, American University. Again, with Emerson, a very interesting presentation. Just along Bonnie's question but push a little bit harder, that is you basically present what but you didn't answer why. And with the past decades, from today's conference we can see there are three factors -- Taiwan factor, China factor, United States factor. So how do you analyze whether any of those make the situation develop along the lines you just presented? And also, how do you put -- even though you prefer to not talk about Ma Ying-jeou, but how do you put President Ma Ying-jeou into those different categories? What is your analysis of his attitude toward independence or toward unification? Thank you.

DR. NIOU: I have to –

MR. JOHNSON: Time to step up to the plate.

DR. NIOU: You know, on the unification, again, if I use the survey data, actually, younger generations think unification is more likely to happen than the older generation. More educated people actually think unification is more likely to be the outcome. These two variables stand out. It doesn't matter how I try to manipulate the data. So the younger generation, I think they see the reality. It's inescapable. China is such a powerful magnet. It doesn't matter whether they like it or not; they have to find a job in China. It doesn't matter whether they like the Beijing fog; they have to live in Beijing. That's the conundrum, a small potato, a small power that often has to live with.

So unification, to doesn't matter whether they want to or not. They think China is such a powerful player and they don't have a choice. I think it's not something they -- what can China do or Taiwan do in order to win Taiwanese hearts? I think try softball. Try softer approaches. Don't use, like, I don't know, when Chen Chu, the Kaohsiuing City mayor tried to invite Dalai Lama to Kaohsiuing City and the Chinese government ordered Chinese tourists not to visit Kaohsiuing, that drove the hotel owners, restaurant owners just crazy. They want business. China knows how to use economic power to punish, sanction Taiwan, even at such a micro level. And Taiwanese, they feel the coercion already. They feel the coercion. They don't think they can escape from that.

I cannot give you a more insightful policy. It takes time. I think the trend is reversible. If I continue I'm going to really -- China. What has China been doing? Political reforms. What are the political reforms? They only talk about anti-corruption. Corruption comes from somewhere. You cannot just fight the corruption. You have to change your system, but they don't want to deal with it. They say democracy takes time. All right. Show us the time table. Show us the blueprint. They don't even talk about -- they don't even want a discussion of the timetable, the blueprint. You have to give Taiwanese voters some hope. You cannot just show you have dollars, you have money. Come and make money. Dignity. You have to show they you are ready to make some political reforms. I just don't see that at all. That's the part that I think Taiwanese are really turned off.

MR. JOHNSON: Thanks. In the back there.

QUESTION: Jeffrey Lin from Senator Angus King's office.

I was wondering given that you noted that despite Chinese military modernization over the past 10 years that the percentage of Taiwanese who actually believe that China will attack has dropped somehow. And also on a more related note is rising Taiwanese belief or at least consistent Taiwanese belief and U.S. security guarantees sort of account for decreasing Taiwanese defense expenditures and the abolition of conscription? Thank you.

DR. NIOU: I don't have a lot of answers. I'm just showing you some empirical facts. There is, I think, the U.S. security commitment to Taiwan is extremely critical. So you can see there's a slight increase in Taiwanese perception of the credibility of the security commitment of the U.S. And that corresponds to the slight decrease of their perception of the China threat. So these two variables are correlated. So the U.S. security commitment does matter. I don't have anything else to share with you on that.

MR. JOHNSON: Michael.

QUESTION: Mike Fonte. I'm the liaison for the DPP. Thanks for the presentations. I have a policy implication for you, Dr. Niou. You said in your presentation that Taiwanese, the vast majority feel they are already independent under the name Republic of China, and no need to declare independence. That as you know is the DPP's position, right? We're already an independent, sovereign nation. And I think -- I guess my policy implication for you is when you look at the data it's clear where the Taiwanese people stand and I think that it shows that there is no problem in the stability across the strait from the Taiwan side. People want reconciliation, conciliation. They know where they stand. The problem is on the Chinese side.

So my policy implication for that is the next time around in the presidential election in Taiwan, I hope the United States will stay neutral because the last time, having walked Dr. Tien Hung-mao for visits and listening to various reports from the Financial Times, it's clear the United States said the problem for stability was Tien Hung-mao, DPP. I think your data shows that's not true. So the next time around I hope the United States will stay neutral. Thanks.

MR. JOHNSON: Is there a question in there? Up front here.

QUESTION: Thank you very much. Shanghai Institute for International Studies. I'm a visiting scholar at CSIS. I have a comment to Yun Sun's speech and I have a question to Professor Niou. For Yun Sun's speech, I think you just give us some examples, some shortages about Chinese new leader's domestic politics and foreign policy. But you have no conclusion. I would like to know what implications from your speech to the relations of bilateral cross-strait relations and the trilateral relations between China mainland, Taiwan, and the United States.

And for Professor Niou's presentation, I think learned a lot from your presentation, but I have a short comment about Chinese political reform. Actually, in China now

there are many debates. Some scholars put forward that we must increase political reform and some conservatives think that we must keep incremental space -- incremental peace. But I think we can reach a consensus on this issue because reform is a big transition.

I have a question to you. How do you think about the United States factor from public opinion of Taiwan and more closed relations between China mainland and Taiwan? Thank you.

MR. JOHNSON: Yun, why don't you kick off?

MS. SUN: Thank you. Thank you for the great question. As to the cross-strait relations and the U.S.-China-Taiwan trilateral relations, my argument is it is an interaction process. So the reason that I didn't join in concluding this is because a lot of factors are still in flux, and although we could see some signs of China's foreign policy or China's cross-strait policy coming into shape, but still it is subject to a lot of changes and a lot of factors.

For example, one issue that the Chinese media pointed out last week when John Kerry was visiting Beijing is the health or the status of U.S.-China relations very much depends on what the U.S. depends to do and what the U.S. policy is. Of course, the claim unfairly puts the responsibility of the bilateral relations on the shoulders of Washington, but it does reflect some of the reality. What China is going to do depends on what Taiwan is going to do and what Washington is going to do.

For example, one key concern that I have learned in Beijing about Taiwan is, yes, so far in the past five years cross-strait relations have been relatively peaceful and stable, but how about the next election? And what if in the next election the DPP comes to power again and there might be future problems for China again? So I would say that Beijing's policy depends on the variation and the evolution of these factors. Thanks.

DR. NIOU: I think the U.S. plays a tremendously important role, not just the security commitment, although it's ambiguous, but at least it exists. But I think the U.S. security commitment to Taiwan, the U.S. assurance to Taiwan is so critical because on the one hand we want Taiwan to approach China, to reach out to China, but Taiwan is afraid. Taiwan has fear. There's fear inside us. On the one hand we want to reach out but we want to hold onto something really firm when we reach out, and that thing is the United States. If the U.S. is unwilling to give that kind of assurance to Taiwanese, Taiwanese will be very reluctant to reach out to China. That's the role the U.S. can play. It's not like stronger security commitment is no longer needed. It's even more important now because we want to push Taiwan. You want to try to deal with China. But Taiwanese are afraid. So you need to give them some assurance. I think the U.S. plays a very, very important role there -- can really help China facilitate unification. And don't try to say, hey, the U.S. is interfering in domestic politics. No, Taiwan needs that assurance from the U.S.

QUESTION: Thank you, China News Agency. My question is for Professor Niou. In the survey you show us Taiwanese people who favor independence increase sharply after 2009. Why do the people favor unification decrease significantly also after 2009? How

would you interpret this phenomenon? Do you think it is evidence that Ma's administration policy of cross-strait relations is actually helpful for the kinds of hidden independence just as many Chinese people mention? Thank you.

DR. NIOU: I don't think Ma Ying-jeou has any hidden agenda on that issue. He might have a hidden agenda on independence. It's a curious empirical finding. Do I have an explanation? I don't have a good explanation for this. Why in the last two years this surge for at least those who choose not to support unification, even conditionally. The increase in independence is a few percentage increase, but the increase in not supporting unification even conditionally -- over 50 percent, that's alarming. For China, that's alarming. You are losing Taiwan. I hope China does something, otherwise, forget about it.

MR. JOHNSON: Back there.

QUESTION: My name is Gerrit van der Wees, editor of Taiwan Communiqué. I have a question for Yun Sun. You really did an excellent presentation. I really enjoyed that and to see how Xi Jinping is actually changing the way of doing things in China. You did not touch on the issue of Tibet and East Turkistan. Do you have any indications how Xi Jinping might change policies there? And a corollary to that, isn't the way China deals with Tibet and East Turkistan in a sense a distant mirror of how China could deal with Taiwan if it really had its way in the future?

MS. SUN: Thank you. Thank you. Difficult question. First of all, I would say the Tibet and Xi Jinping issue have been categorized in the category of national security issues for China. And to a great extent not only is the internal instability that these two issues have created inside China but also I'm sure that you are aware that Beijing has always emphasized its interference of the foreign forces in these two issues. So in my studies of China's national security decision-making, those two issues are put in the category of national security and with strong linkage to foreign powers.

As for what Xi Jinping might do differently, so far we have not seen great indication of a major policy change because, well, for one, we know that the conversation or the dialogue between Dalai Lama and the central government has not been resumed. And as for the Shenzhen issue, there is no dialogue between Chinese authority and the weaker groups in exile at all. And so far what we see in China is on one hand the government is putting a great emphasis on the maintenance of the stability through either eschewed apparatus or through security buildup. And on the other hand, Beijing also emphasized I'm sure as you're very well aware, emphasized economic development in the ASEAN minority regions because Beijings do see the economic development as a key solution to the conflicts between the ASEAN minorities and the Hun population and the central government. There seems to be a belief that once these ASEAN minorities become richer, they have a better life, they will be happier with the government in Beijing. And whether that's going to turn out to be true, we don't know, but we will observe with great interest. Thank you.

MR. JOHNSON: Let me just add on that last point. I think this is the problem of expectation in some ways that Xi Jinping faces as the new leader as Yun pointed out in several

aspects of her presentation. There was a similar expectation because of his father's relationship with the Dalai Lama and so on that there might be some sort of a breakthrough there, but I think the issue is with all these things that we've just been talking about that he's facing, is he going to be able or willing to spend political capital to try to advance those issues? Probably not in the near term is my opinion. Up here.

QUESTION: Hi, my name is Jan Bates, private citizen. I have a question for Yun Sun. I'd like to know what you think the Xi administration's attitude is to direct election of the chief executive in Hong Kong, whether it will happen; and if so, when? And for Professor Niou, would more evidence of democracy in Hong Kong help allay the fears of the Taiwanese people?

MS. SUN: I have not done much research into the situation in Hong Kong, so I'm sorry, I don't have an answer to your question. Thank you.

DR. NIOU: I'm sorry, more democracy in Hong Kong?

QUESTION: Yeah. That is to say if there was direct election of the chief executive, which the Hong Kong people have been asking for for a long time. Would that make the Taiwanese people feel a little more comfortable if actually democracy would come to China?

DR. NIOU: My personal opinion -- and this is just personal -- I don't think so. I can elaborate on that a little bit. I think the Chinese government, the official line is there's multiparty competition. It's a western idea. It's a blind alley that China doesn't want to venture into. But I want to remind you that the Chinese communists were very good at winning elections. In the '40s, in the guerilla area, after they formed a united front with the Nationalist Government, they couldn't kill the landlords anymore. They have to win support from the peasants. So they introduced secret ballots. So the KNP was defeated by the commoners first by ballots in those areas, so the Communist party won people's hearts before the civil wars. In those, what we call guerilla area, they didn't talk about communism ideology. They talked about anti-Japanese. They talked about democracy. But they knew how to conduct elections fair -- free and fair and democratic elections. But once they gained power, they just changed that just a few years ago in 2007. In their National Assembly, National People's Congress, only those who chose to abstain or vote against had to vote. Those who agreed in favor, they don't have to vote. So that's power. They wanted to become a Communist party member. You have so much power you really could manipulate things. That kind of feeling. It's difficult for them to give away that power. I'm complaining too much. Sorry.

MR. JOHNSON: Right over here.

QUESTION: Mike Masnick, PBS Online News Hour.

In the islands dispute we've seen both Taiwan and China play the Japan card, although in slightly different ways. Every time that there's a burst of Japanese nationalism or an apparent one like the Sunday visits to the shrine, doesn't this tend to push China and Taiwan closer together on things like the island dispute, which is a small nightmare for U.S. policymakers?

DR. NIOU: Sorry, I don't have a direct answer to your question but on the survey I did ask -- I did include some questions on that. So the Taiwanese respondents, they wanted their government, Taiwanese government to take a tough position toward Japan. But they also wanted the Chinese government to take a very tough position against -- towards Japan on the island dispute issue. So at least on this issue the two sides had to form a united front again. So that's what the survey data shows.

MS. SUN: I would agree with you that Japan's position on the disputed islands does tend to push Beijing and Tibet together on the same front, although I would argue that a few weeks ago when Taiwan reached the fishing agreement with the Japanese government, that was perceived as quite a deviation from that position in Beijing.

MR. JOHNSON: I would just add that I think the Ma administration has been pretty clear that they don't want to be seen as aligned necessarily with the PRC government on the subject.

QUESTION: Brantley Womack, University of Virginia. Emerson, thank you for those wonderful statistics. I'm sure we'll have nightmares about them for a while. And what occurred to me in trying to make sense of the differences between expectations and preferences on unification is that perhaps unification in that question carries a fair amount of baggage as unification meaning melting into the rest of China whereas maybe on the expectation question is seen as convergence versus divergence. And of course, this is the type of question that statisticians don't like because it questions the categories and therefore the compatibility of data. But it seems to me that just in my one personal opinion that that might explain some of the differences between those two answers.

MR. JOHNSON: Well, in the interest of time and to keep things moving along and to give you guys a short break, please join me in thanking the panel. And we'll take a 15-minute break. Thank you. *(Applause)*

[Recess]