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**RELATIONS ACROSS THE TAIWAN STRAIT:  
CHALLENGES AND OPPORTUNITIES UNDER  
NEW CONDITIONS**

**PANEL 3: WASHINGTON-TAIPEI-BEIJING RELATIONS**

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## PROCEEDINGS

GEORGE QUESTER: I am George Quester. I'm a retired professor from the University of Maryland. It's my honor and pleasure to preside over this panel this afternoon. We had two very excellent panels this morning, and we have another good one coming. I have three professors besides me, and we all know what professors are like, so I'm going to urge them to stay inside the limit of 12 minutes, though usually if you ask a professor to introduce himself, he takes 15.

The first presenter will be someone who is already known to you because he is from one of the organizations sponsoring this. He's also a *lao pengyou* for me because he was a student at the University of Maryland some years back, and I take some of his students around. So, some of my academic grandchildren are here, in effect. (Laughter) But without further ado, I will give the floor to Huang Kwei-Bo.

HUANG KWEI-BO: Thank you. Thanks again, Professor Quester for your kind introduction without mentioning about anything I did bad at Maryland. (Laughter) Also, I'd like to thank Richard Bush for your kind help and your great staff for making this whole thing possible. And on behalf of the Chairman Francisco Ou of the Association of Foreign Relations back in Taipei, special thanks goes to the Mainland Affairs Council of the Republic of China for facilitating the delegation from various institutions in Taiwan.

Today my job is to have a general opening on the theme on the trilateral relations among Taipei, Washington, and Beijing. Due to the very limited time, I would like to use very simple concepts and words to describe what I have observed on the trilateral relations.

First, I would like to talk about opportunities. There are one, two, and three. "One," in terms of trilateral relations presented here, the first opportunity stems from Taiwan, mainly China relations. That is, can we do, like this, one "something" [with] respective interpretations to seek at least temporary harmony and peace between the two sides of the Taiwan Strait.

Since we have "one China respective interpretations," can we have something like "one Ma-Xi meeting" either at APEC or some appropriate occasions with respective interpretations? What I mean here is that, yes, Ma-Xi meeting can be seen as diplomatic, but why can it not be seen as cross-Strait regardless of the location? Like "one China," it can be PRC, it can be ROC depending on your definition. So, Ma-Xi hui can be diplomatic, but it can be cross-Strait as well depending on your own definition.

And given this downside of current cross-Strait relations, I personally believe that a Ma-Xi meeting, either at APEC or some other occasion, could become a major boost for cross-Strait relations. And it could be very important for the solid foundation for future interactions between Taipei and Beijing. So, that's [opportunity number] one I talked about.

Maybe we can do something more creative by saying one "something" and different interpretations between the two sides as long as we can keep creative, keep open-minded. So, maybe some problems or political barriers could be temporarily tackled by this kind of creativity.

"Two" is two dreams. Here we have the Chinese dream. Professor Tsai this morning has talked about the Chinese dream. The Chinese dream, for me, is focused on national rejuvenation with modernization at various levels, including social, military, scientific, education, etc., etc. Will this kind of Chinese dream, being appropriately realized, be able to bring some greater commonality between the ways of living in both U.S. and mainland China? If there can be some kind of greater commonality in ways of living, then will there be some strong incentive for the two big countries to understand each other greatly?

Having that been said, I have to mention the American dreams that can actually help the two dreams coexist peacefully. American dream I don't want to put too much emphasis on the it because most of you have known the idea of American dreams, but maybe if the Chinese dream and American dream whose values or whose ways of living can converge to a certain degree, then I personally believe they could bring some hope for at least temporary peace between the two great powers.

Let me talk about "three." Right now we have three institutions that help stabilize cross-Strait relations and Beijing-Washington relations, and Taipei-Washington relations. The first institution is what I call informally formal Obama-Xi summits, which has been held last year and could be held this coming November back in mainland China. These summits have been held on an equal footing, and I think they can serve as regular channels to talk about agreements and disagreements between the two great powers. I think this summit pays more attention to the contents, the issue contents, rather than formality, which could be a good thing for the interactions between Beijing and Washington.

And between the two sides of the Strait, President Ma has emphasized his effort for institutionalization of cross-strait relations by signing of many functional agreements with Beijing. On the other hand, I think the Beijing authority has been willing to cooperate with President Ma to help stabilize cross-Strait relations in essence.

As for Taiwan and U.S., under the Taiwan Relations Act, I believe there has been a very solid, friendly interaction with mutual trust. Even though there might be some minor

twists and turns, but I don't think they do any harm to the foundation of U.S.-Taiwan political or economic or social relations. So, these are the One, Two, Three I would like to mention as big opportunities for U.S., Taiwan, mainland China relations in the near future.

As for challenges, they are A, B, C. Of course, it doesn't end with C. There could be more, but because of the constraint on time I'm going to talk about A, B, C only.

A is to try to keep ambiguity in politics and strategy. Ambiguity in politics and strategy. It's very important that this ambiguity has helped with the stability in the Taiwan Strait and with U.S.-mainland China relations. But I'm not saying that we just need to keep ambiguous in our own policies towards one another, but to argue that while we keep this kind of strategic and political ambiguity, we still need to prepare for the worst scenario.

Militarily, access denial carried out by the three parties could be a good idea because we cannot abandon our national defense. But access denial not in an offensive posture could help minimize those unwanted military dangers associated with any unfortunate incidents.

In addition to access denial in military, I think in politics we could have some sort of intention denial by giving clear political messages or dialogues and by strengthening bilateral, well, trilateral relations politically so that these improvements in trilateral, bilateral relations can lead to the giving up of the possibility of using force against one another. That's what I meant by intention denial in politics. Ambiguity's important, but some preparations for worst scenarios, again, is also a must.

The letter B stands for bottom-up influence. First, I would like to talk a little bit about social media and the other nontraditional ways of political communication as they are thriving, and not only in the U.S.. I believe in Taiwan and mainland China, social media might have caused some possible polarization of opinions and also caused some rapid spread of political information or rumors, which would bring greater barriers to decision makers' foreign policy decision.

These social media used in such an active way could have slowed down the capacity to make decision and act of U.S., of Taiwan, of mainland China. What is even more important that I do think that the three parties all have to conquer or deal with: The overwhelming interference of domestic politics in respective decision-making towards one another. For example, the U.S., bipartisan not only in Congress but probably in mainstream politics, has hindered U.S. decision-making towards the Asia Pacific or hindered the enhancement in mutual understanding between U.S. and mainland China to a certain degree.

In Taiwan, of course, Taiwan also has our bipartisan as described by Professor Hsieh this morning, and this bipartisan is associated with unification-independence divergence.

In the meantime, we also have a president with somewhat declining approval rate, which will make his foreign policy decision even more difficult.

In Taiwan we have a stronger identity. Taiwan identity sometimes represents the unwillingness to be sided with mainland China. Sometimes. I mean sometimes. Not to mention in Taiwan we have now what I call discontent citizens who would always like to fight with government policies. They will never be satisfied with government policies if they don't think these policies will benefit them directly.

So, this kind of domestic politics, kind of, hinders Taiwan's policymaking and policy development towards U.S. and mainland China as much as the latter. In mainland China we just talked about that in the previous section. The power consolidation and anticorruption campaign conducted by the Xi government and the national rejuvenation with probably higher nationalism, things like that would constitute these domestic politics barriers to mainland China's proper decision-making towards Taiwan and towards U.S.. So that's why they're called bottom-up influence.

Letter C represents confidence and security building. I don't want to reiterate the importance of confidence and security building. Here I would like to point out that to say this is one thing; to do this is another. We all know the importance of confidence and security building, but in real politics I do think there has been some insurmountable difficulty for Taiwan, for U.S., for mainland China to carry out appropriate confidence and security measures.

Probably I can argue that incrementalism between Washington and Beijing could work in terms of promoting confidence and security building, but what about incrementalism between Taipei and Beijing? Before the Sunflower Movement and some big social protests this past March and this past April, I would say yes. But right now, there seem to be a doubt in my mind that whether or not incrementalism and building up confidence and trust between Taipei and Beijing could work. If it couldn't then do we need some major boost to help build confidence and security, trust between Beijing and Taipei?

What is more important is when Taipei and Beijing are conducting some sort of confidence and security building, how the region, Asia Pacific, and the U.S. would look at it. How would the region and the U.S. look at it? I think it depends largely on mainland China and U.S. relations, and it depends largely on mainland China and the Asia Pacific relations in general. That is, if U.S.-mainland China relations are in good shape, then probably confidence and security building between and Taipei and Beijing will not be seen as a potential threat to U.S.-vital national interests.

These issues are interlinked, interrelated, and which will, in turn, affect Taiwan's own policy decision-making towards whether or not Taiwan should engage with confidence and

security building with Beijing.

Concluding remark, I have to argue that domestic politics may have largely reigned in recent development of this trilateral relationship between Taipei, Beijing, and Washington. Second, still I would like to emphasize using some creativity and flexibility will help soothe the tension among the three parties. Lastly, but not least, I cannot give you a clear answer as to where such trilateral relations would go in the future because I personally don't see very strong reasons or factors to be optimistic or pessimistic. My answer would remain neutral because I still need to buy some time to see the result. Thank you very much. (Applause)

DR. QUESTER: Our second presenter is Professor Lu from the Department of Diplomacy at National Chengchi University.

LU YEH-CHUNG: Thank you, Mr. Chairman. Good afternoon, ladies and gentlemen and distinguished guests in this room. First of all, let me convey my gratitude to the AFR and also the CEAP at Brookings led by Dr. Bush and also Dr. Huang for making this event possible and also to give me this opportunity to present my preliminary observation about the trilateral relationship between Beijing, Taiwan, and Washington under the NAN, the US rebalancing policy to Asia. Also let me take this opportunity to Alan Romberg for accommodating me this summer at the Stimson Center.

It's always been challenging work to present after lunch, so I will do my best to lower my voice. (Laughter) As a scholar, I need to present this purpose of research, a very boring part in my research.

My presentation is actually trying to answer two questions. The first one: What is Taiwan's role in U.S. rebalancing strategy, and also I try to figure out what Taiwan can contribute to the overall U.S. strategy to Asia in terms of maintaining peace and stability across the Taiwan Strait and across the Pacific.

Here is a map. As you can see, this map is actually produced by the Center for a New American Security, and they collect all the data, including conflicts and skirmishes, in East Asia after the end of World War II. And then, as we can see, there's only one part, that is across the Taiwan Strait, that indicates no major conflict in recent years. This is very indicative, and I would like to encourage our knowledgeable audience to think about what makes this the case.

My point would be it is always and has been very successful U.S. coercive diplomacy in Asia that make this happen. A coercive diplomacy, there are lots of literature in international relations talking about this concept, but to me I would say it is very important to bear in mind that it is actually, to make coercive diplomacy work, we need to have two things: The first one is very effective deterrence, of course. The other thing is about strategic

reassurance.

However, when I mentioned strategy reassurance some people would argue that how do you know that your counterpart would reciprocate your goodwill? Then that will be very important for us also the make sure that those kind of strategy reassurance is verifiable. To try to build a certain kind of mutual trust across the Taiwan Strait or between any other counterparts, we need to be sure that there are certain kinds of mechanisms for us to detect the intention behind the scenes.

Basically I majorly borrowed this idea from Professor Thomas Christensen. I think he published a very interesting book in the year 2011. When he talked about these alliance politics, he draws our attention not only to the entrapment or abandonment issues, but also try to figure out what makes alliance politics work. And also, there are some other scholars back in Taiwan that are dealing with how to fit this Taiwan case into U.S. overall alliance politics.’

I think it is very noteworthy that the second one, the article published Edward I-hsin Chen, Chen I-hsin *jiaoshou* in the year 2012, when he mentioned that the growing threat of China actually increases alliance cohesion between United States and Taiwan in recent years. I think this is a very important idea at this moment.

When it comes to U.S. pivot to Asia, I would like to argue that following the concept of coercive diplomacy, actually U.S. pivot to Asia has its own value. I don’t want to bog you down with all the details about the background, the content of this rebalancing policy to Asia because I think everyone in this room is more knowledgeable than I am talking about this issue, so I will move quick to here.

I try to figure out what are the current complaints or controversies raised about this rebalancing policy of the United States. The first one is many people in the rest of the world are worrying about whether the U.S. would devote more resources in Asia but not in their own region, so that’s one thing.

The second thing I totally agree with Dr. Huang, my senior in my department. I always follow his footsteps to argue that domestic politics matter. So, how the United States would try to garner support from not only in the executive branch but also in Congress, that is very important.

The third thing is when it comes to rebalancing, many people, especially those experts in China, they think that it is targeted at China. And a renowned scholar in China, he just published a book talking about this U.S. rebalancing and China’s perception on it. He coined the term the “Clinton-Campbell axis.” It explains everything.



And then the last one is sometimes we would encounter, based upon the logic of alliance politics, that would be very difficult for the United States, a strong partner in that diatic relationship, to have a say or if not dominate the behavior of the junior partners. Sometimes we have this at the end of the day: China get out. That picture is from the Philippines when they were doing demonstrations in front of the Chinese embassy in Manila. Also, the China-Japan things.

These two graphs actually indicate the fundamental question. That is the U.S.-China relationship on the above. Then I am relatively optimistic about Taiwan's role in this U.S. rebalancing strategy. I argue that Taiwan is actually playing a contributing role to the stability and peace in East Asia under this U.S. rebalancing strategy.

First things first, I think it is fair to argue also that Taiwan actually plays -- maybe not so obvious -- an indirect role in this U.S. rebalancing to Asia because Taiwan shares the goal of peace, stability, and prosperity in Asia Pacific; that's one thing. Also, Taiwan helps to keep a relatively calm relationship across the Taiwan Strait; that's number two. But in the meantime, we also need to pay attention to that Taiwan can maybe play a relatively less role in the military part.

For the past few months, we can see the United States has continued to argue that Taiwan can play certain role in this context. It is very noteworthy that if we document all the official statements on U.S.-Taiwan relations lately, you can find that it's a relatively friendly environment to Taiwan. What struck me most is in terms of the so-called "Six Assurances," actually U.S. high-level officials are more willing to mention Six Assurances publicly. As we can see by public documents, Kurt Campbell in 2011; and [Evan] Medeiros, March this year; and [Daniel] Russel, April this year. These are all very positive progress in terms of U.S.-Taiwan relations.

Also, within Taiwan, the opposition party, they seem to agree that Taiwan should and play a certain role under this U.S. rebalancing policy, and some of them are actually sharing many consensus with me about what kind of role Taiwan can play. Maybe we can talk about that later in the Q&A part. Also, the perceived China threat is the key here, and then Taiwan also trying to institutionalize its relationship across the Taiwan Strait, and this, I believe, is welcomed by the United States and also in U.S. interest.

In the meantime, when people are talking about the role of economic interdependence, and they seem to worry that Taiwan is economically reliant on the Chinese market. That is true, but also, because my focus is on alliance politics, so what other U.S. allies in Asia do? Actually Korea in the year 2004, Australia 2005, and Japan and Thailand in 2007, their number one trading partner all converted to China. Except the Philippines. Right now the number one partner for Philippines in terms of trade is Japan.

The latest comments from State Secretary Kerry in August also praised the achievement between Taiwan and Japan on the fishery issues. These are all positive things for Taiwan.

The most important thing to me would be how the Taiwanese government makes sure that these kinds of positive things can go on and to constitute a very good cycle among the three, not only across the Taiwan Strait.

What is so important to me, I would say we want to make sure that deterrence on the one hand and reassurance on the other hand would work together to make sure everything can go on in order. When it comes to this kind of trilateral relationship in China, in Taiwan, and also the United States, I think management is the most important thing.

So here, What the U.S. and Taiwan can do is we can work together to prevent China from making willful mischaracterization. I borrowed this term for Medeiros comment earlier on. Also, the other thing is sometimes mainland China tried to perceive a U.S. consultation with mainland China as a sign of weakness. But I think dialogue and consultation is a way to facilitate cooperation, not a sign of weakness. This is a very important idea.

Some people are saying that if the U.S. and China want to have better cooperation Taiwan becomes an obstacle, especially over the arms-sales issues, so you got this. But to me, I think the U.S.-Taiwan-China relations can be looked like this: Everyone can work together. The key is -- not thank you for your attention, but here -- (Laughter) how Taiwanese people perceive PRC, mainland China, right now.

This is the latest survey conducted by the MAC. As you can see, since last year it seems that more and more Chinese people have perceived that China is holding certain kind of hostile views against Taiwanese government as well as Taiwanese people.

Two things contributing to this outcome, I would say. One survey, different interpretations, of course. But I would say the thing is first Taiwan's participation in international organizations. For example, ICAO was a big thing last year. The second thing is, of course, the Sunflower Movement. Ok.

I think my time is up. We can discuss in detail later. Thank you very much.  
(Applause)

DR. QUESTER: Our third speaker's Richard Bush, who doesn't need any introduction with his long career and also his role as a sparkplug for this event).

RICHARD BUSH: Thank you very much, George. I want to express my appreciation to all the other panelists. I hope I rise to their level. I want to speak of three levels. The first is the level of strategic triangle as an analytic device. The next level is the idea of power transition also as an analytic device, and the third is very concrete. It's about the 2016 election and what that does to relations among Beijing, Washington, and Taipei.

First, level one: Strategic triangles. If we think broadly and somewhat abstractly about the interaction among different sides of the triangle, a number of possibilities come to mind with respect to Beijing, Taipei, and Washington. Some of these are actually things we've seen in history.

The first, and this is in no particular order. The first would be that one party, and Washington is the one that comes to mind, mediates between Beijing and Taipei. Actually this, a version of this happened back in the 1940s when the United States, under George Marshall, tried to mediate between the Kuomintang and the CCP, and that effort failed, and that has forever given us an allergy to mediating in the future. Actually, it's U.S. policy that we will not mediate.

The second is that the United States basically decides to pull out of this three-way interaction or to reduce its role in a rather fundamental way. This also actually happened in the past. Thinking of late 1949, 1950 to June 25<sup>th</sup>, when President Truman and Secretary Acheson basically said, we're out of here. We're going to leave Taiwan to its fate. That will have strategic consequences for us, but we don't see that we can affect the outcome. Fortunately for Taiwan, Kim Il-sung invaded South Korea and the rest is history.

A third possible option is that the United States and Taiwan combine to balance against China, and that was what we saw from the 1950s through the 1960s until Kissinger and Nixon. You can see hints of this in discussions of rebalancing. I think Professor Lu had a much more nuanced treatment of the topic.

Fourth is the United States and China combine in some way to impose an outcome on Taiwan without it having a voice or to create circumstances where Taiwan has no choice. Some believe that this was the possible or likely result of the PRC-U.S. normalization from 1972 to 1979 even if it wasn't the intention of that process. I think given Taiwan's democratic system, such a scenario is now highly unlikely, if not impossible.

There's some other possibilities that are somewhat more abstract. One is that Taiwan and the mainland combine to balance against the United States. There's a, sort of, way that the Chinese dream could go that would give you that result.

The constant nightmare of the United States in Taiwan is another option, and that is the PRC seeks to solve this dispute and therefore transform the triangle by using force against

Taiwan. So, Washington has to decide what to do. I think it's been a key aspect of U.S.-China relations, U.S.-Taiwan relations of how to deter against that scenario. I think it's no more important today than it was in the past.

There are a couple of scenarios that describe recent events. One is that Taiwan, through political means, tries to move in the direction of de jure independence or is perceived to be doing that, and thus pose a challenge to both mainland and American interests and also transform the triangle. That is one narrative about what happened between around 1995 to 2008.

Another and my final scenario is that Taiwan and the mainland seek to stabilize their relationship economically, and perhaps politically, and that reduces the pressure on the United States to be directly and regularly involved in cross-Strait relations, although we still have an interest. Doesn't mean you're going to move automatically to try to resolve the fundamental dispute, but it's certainly different than some of the other things.

Now, there are lots of other scenarios, I suppose. My point is that which pattern we see in real life depends on the intentions of each government, how much each government perceives or misperceives the actions of the other's strategy that each pursues to protect its interest and advance its goals, the capabilities that each brings to the contingency, and so on.

Now, I think that in the current situation we have and given Beijing's long-term goals, it makes sense for Taiwan to position itself in the triangle so that it does three things: First of all, reassure Beijing about its intentions; number two, strengthen itself so it doesn't have to negotiate from a situation of weakness; and third, maintain good relations with the United States and pursue objectives that are congruent with American interest. That's level one. Let me move to level two.

I guess the point of departure is to note that we could talk about a lot of strategic triangles in Asia, and sorting them out is all, is very difficult. This particular one may not be the most salient, so maybe it's not a good mechanism for analysis. So Maybe power transitions is a better one, and you know the thinking behind this: That China's relative power is growing, U.S. relative power is in some decline, and the fear that animates a lot of strategic thinking today is that rapid power transitions lead to war. Fear is what's behind China's concept of the new pattern of great power relations. This fear is most appropriate in East Asia, and that's where China's challenge to U.S. hegemony is most likely.

Now, scholars and pundits think about power transitions in terms of material power. I think what's also important is the interactions that have occurred and will occur between the United States and China on a number of specific points of tension for good or ill. The lessons learned in each of these areas in a cumulative way will inform the conclusions that both the rising power, China, and the challenged power, the United States, reach about the

other's long-term intentions and how the other will act in the future. Third parties will also draw their own conclusions.

So, relations between the United States and China are likely to be marked by a series of specific test cases where interests collide and where frictions are likely. If frictions predominate, then the conclusions drawn, in a general way, will be negative. This list of test cases is not short. It includes: North Korea, East China Sea, South China Sea, Iran's nuclear program, how to respond to the Arab Spring, Afghanistan, the future of Pakistan, cyber security, the global economy, climate change, and so on, and Taiwan's another one.

Particularly in Chinese perceptions, Taiwan has been an integral part of the U.S. effort to contain, constrain, or disrupt China's rise. Material power's certainly at play, but Taiwan is the issue on which mutual U.S.-PRC learning has been the longest and the most intense. And for China especially, the lessons that it has drawn from this interaction have been negative, and the conventional lesson is that Americans have used Taiwan to check and contain China's rise. I don't believe that, but my views don't matter.

Now, an important point here is that Taiwan may have been a passive actor in this, but it is not a passive actor anymore. It's been an active participant in the last two decades. It doesn't determine the conclusions that Washington and Beijing come to, but it shapes them through its actions. American and Chinese views tended in one direction from the early nineties until 2008, and then it moved in a somewhat different direction then.

The question before us is how the shaping of these conclusions will evolve in the future, and what Taiwan might do to shape them. I think that, for the next couple of years, cross-Strait relations are basically stalled, and we've had a lot of discussion about why that's the case.

I think it's worth noting that Taiwan can have an impact on issues other than cross-Strait relations in which the United States and China interact. I think President Ma's East China [Sea] Peace Initiative is one of those. The agreement that was reached between Taiwan and Japan on fisheries is part of this picture, and it sets an example to others, particularly China, can emulate.

Let me go to level three, which is my most concrete and least abstract, and that's the 2016 election. It could change the role that Taiwan plays in U.S.-PRC interaction. It could alter the nature of the U.S.-China-Taiwan triangle. Whether it does or not will depend on which party wins the presidency. The policies that the new president will pursue, the state of executive-legislative relations, and the public mood.

I think it's way too early to predict the results of the 2016 election. Current polls are probably pretty meaningless. The outcome will depend on factors that cannot accurately be

judged at the current time; these include the quality of each of the candidates, the ability of each camp to raise money, the effectiveness of each campaign in energizing its core support, and attracting swing voters, and the relative salience of various policy issues. The Kuomintang and the DPP have different strengths in these areas. I think the key variable will come down to which camp is better in controlling the agenda.

Now, we've discussed whether the DPP will somehow alter its approach to the mainland, and I think in the interest of time I'll skip over that. It's hard to say anyway, so I won't spend time speculating.

What I am prepared to say with some confidence is that the U.S. government, at some time and in some way, will express itself on the implications of the 2016 election for U.S. interests. Now, I recognize, because I lived this at one time, that Washington is caught in a bit of a dilemma here. On the one hand, we have a general principle that it's the voters of friendly democratic countries who should be the ones to pick their leaders at the ballot box, and that the United States should not try influence their votes by expressing a preference for one candidate or the other. On the other hand, the United States does have interests in the policies of any elected leadership, whether it's Taiwan or a lot of other places.

So, in spite of this dilemma Washington has not been quiet. And let me just let me give you a few examples. 1996: the Clinton Administration, through its actions, made a statement of sorts. In December 1999, I myself made a public statement in Taiwan where I sort of laid out both sides of our view about Taiwan's democratic election. Almost exactly four years later, another person named Bush made his statement and that was clearly critical of Chen Shui-bian's policies. In September 2007, actually seven years ago yesterday, my friend Tom Christensen made a long and detailed critique of the Chen Administration's policies and the DPP's strategy for the 2008 election. Almost exactly four years later, September 2011, the Obama Administration conveyed its views through the *Financial Times*. So this is something we do. We feel there is a need for us to express our views on how our interests will be affected by Taiwan's elections. And to say nothing, as some in Taiwan might want us to do, is actually to make a statement as well.

Thank you very much. (Applause)

DR. QUESTER: Our fourth speaker is Professor Min Ye at Boston University, and she is the Director of the East Asian Studies Program and the Frederick Pardee School of Global Studies. She has a book coming out with an absolutely fascinating title, *Diasporas and Foreign Direct Investment in China and India*, published by Cambridge University Press this year. The floor is yours.

DR. YE: Thank you so much. I really want to thank Dr. Bush for inviting me to

this occasion. This is a great break from my hectic household and from my work at the BU. But I do feel a little bit uneasy sitting here and talking to the real experts on Taiwan.

Myself, my research area is really outside of Taiwan, but in two books that I published, *The Making of Northeast Asia* and *Diasporas and FDI in China and India*, Taiwan featured heavily. So, I think, I feel quite compelled to offer my observation here. But these observations might just be impractical and unrealistic and perhaps irresponsible, but my heart is at the right place. I mean well.

So, first I feel that the Taiwan issue and the cross-Strait relationship or the triangular relationship thoroughly studied and discussed insecurity, identity politics, party politics, electoral politics. I feel like the development issues have been forgotten or haven't been paid more attention. This has led to two dangerous tendencies in my view.

The first tendency that I see is what I call a deafening developmental defeatism in Taiwan. I'll explain. Again, it's not based on thorough research. It's more from interactions with residents of Taiwan and reading the surveys of Sunflower Movement. Also sometimes I feel the government of Taiwan has the same tendency; that they feel that in interacting with the mainland in economic terms Taiwan would lose out no matter what, and Taiwan's economic future is not bright. So, that's what I call development defeatism. And I want to argue this is just not true.

Taiwan is a very successful economy, and this actually I'm quite confident because my PhD degree from Princeton, I researched, actually learned all these great accomplishments in Taiwan. The 1950s to 1970s, the labor intensive manufacturing. Think about Taiwan in a really, really, very bad state and yet to becoming the major manufacturer and exporter 1980s to 1990s in the high-tech sectors. Taiwan was again a successor, a very successful case in East Asia.

And then in the recent 10 years I'm just amazed by how much progress that Taiwan achieved in public health, social development, environmental protection; all those challenges from later development that currently China is struggling with, and India and other developing countries and emerging markets are all struggling with. South Korea is still struggling. But Taiwan has accomplished a great deal.

But relating to this history, I just feel Taiwan, if it puts the development together or the development first vision, then Taiwan has a very bright economic future. Taiwan's economic development prospect, in my views, are brighter than perhaps in China.

The second tendency I feel is in the mainland. The sense that, I call a sense of favoritism on the mainland part. Again, not based on public surveys, just in speaking to people on the mainland and the online web writings, the mainlanders feel that they are doing Taiwan a

favor by signing ECFA, by signing service trade agreement, by sending all these investments or purchasing orders to Taiwan.

I think this is quite dangerous because once you have this “I’m doing you a favor, and then you do not appreciate this.” This led to the disillusionment, I feel, on the mainland part. The public, in the beginning, they supported the favor, and then later on they become quite disillusioned. This leads to a very, a widening perception gap between the two sides of the Taiwan [Strait].

To the mainlanders, my reaction is -- again this actually is based on serious research -- that Taiwan has contributed significantly to the mainland industrialization, globalization, and high-tech developments from the 1980s to the current period. So, it’s the mainland that owes greater recognition of Taiwan’s contribution rather than this kind of “I’m doing a favor” posture. Besides, I think if we compare, look at the strengths in Taiwan’s economy, economic exchange across Strait would be very beneficial to the mainland.

I actually forgot to mention one point on the defeatism side. I think part of the reason that Taiwan has this development defeatism is the scare strategy that’s been employed by both parties, and they say it’s an outrageous accusation. But I do feel both the KMT or the DPP. The KMT, in promoting deepening economic exchange, is getting the message that if the voters do not elect KMT, then Taiwan would have been just so worse off because the relationship with the mainland is so critical, so important to Taiwan’s development future. DPP, on the other hand, scared the voters: If you vote for engagement exchange with the mainland, then you’ll be engulfed by the mainland’s power.

Both rhetorics are entirely different, but the message apply to the same. I think it’s a kind of scare strategy they are trying to paint to the voters, but this enhances the same insecurity among the public.

Now, moving forward, what can we do? Again, quite impractical suggestions, I think, but from the U.S. point-of-view, this may be my wish list. From the United States, I think as an opinioned leader, the U.S.-based specialists should encourage and help Taiwan form a new development vision and to shift or diversify the discourse on Taiwan affairs. There should be a serious study of Taiwan’s development again, and think of Taiwan not as trouble, but an asset for later development.

Second, I think the United States should support Taiwan’s independent development by opening its market further to Taiwan and transferring technology. Lastly, I think in the bilateral negotiations in the region Taiwan should be included. At a collective level, this enhances Taiwan’s development discourse and visions for the next stage.



In Taiwan, I think the government or the parties ought to rearrange its priority from politics to development and shape the dominant discourses on the island from independence versus unification to how to grow Taiwan in the next decades.

Today in the morning panel the discussion was on the China dream, but in fact, in China there's another document that's also quite important: It's "China 2030" put together by the World Bank and the Li Keqiang who is the premier of China. Maybe Taiwan is not Taiwan 2030, but perhaps a vision of sorts like "Taiwan 2020," expecting what Taiwan want to accomplish in 2020.

When you focus on the development first, Taiwan first, then the discourse will change from how to deal with the mainland to how mainland feature in Taiwan's vision. This will foster other ties in the region. It may be very difficult to do. I don't I'm not sure that the ruling parties are willing to make this shift, but the party that succeeds in leading this dialogue, leading this discourse, may capture the mainstream voters in the island because I think residents of Taiwan share the interests in a prosperous and quite a well-developed Taiwan.

Then the third actor, of course, is the mainland. But I think if Taiwan's government plays it well, the mainland would welcome the shift. "Independent development" sounds much better than "independence movement." Facing the backlash from Taiwan society, facing the backlash of the independence movement, the mainland might be quite susceptible to this move in relation to Taiwan's development.

On the other hand, I think the mainland policy should focus on the social aspects rather than, "I give you the benefits. I give you the material investment, the material welfare." Instead they should focus on repairing the social gap across Straits. The first step, I think, is to recognize Taiwan's past and current contribution to the mainland more fully and recognize that Taiwan has made a great contribution to the mainland's development success.

The second is to revive and strengthen those grassroots social organizations, the hometown associations, the Taiwan affairs offices at the grassroots level because in the eighties and the nineties those were actually very important in receiving, encouraging Taiwan's investments and manufacturing industries on the mainland. Now, perhaps, those can serve, on the one hand, as social channels, on the other, may channel some of the real private investors from the mainland to Taiwan rather than the heavy-handed local governments buying spree that we are seeing that the Taiwan public is really resisting. I will end here, and I welcome criticism. (Applause)

DR. QUESTER: Let me congratulate the panel. I think it is, again, very good. I feel I've personally learned an awful lot by being here right through the day. I do have a personal list of open questions, questions that I think that were raised, but I think many of you might agree

with me can be probed further or aren't settled yet. I'll run them by you and then go to your questions from the floor.

First one is a big one: How central is Taiwan to American policy and to our own relations with China? Richard Bush made a very plausible list of issues that can come up between us and China that don't relate directly to Taiwan at all. On the other hand, I know some people to say, if it weren't for Taiwan, our ability to cooperate, which I know in all these other issues, it'd be much greater. That this is, sort of, a catalyst for a lot of back and forth about why did the Chinese not restrain arm sales to a country like Iran, for example.

Douglas Paal this morning made the case that there isn't that much concern around Washington with the Taiwan issue at the moment, and we're concerned with many, many other things, and what does that mean in terms of our relations with China? But whether what we're talking about here is really central to American foreign policy, whether American foreign policy is centrally involved in this is one open question.

A second one that was raised well by Huang Kwei-Bo and raised several times this morning is the role of other issues on Taiwan besides relations with the mainland. What really determines who's going to win the next election? What really determines the approval ratings for President Ma or any other incumbent in Taiwan? It's often issues of corruption. It's often issues of efficiency. Who did the best job on the last typhoon? That's something we can probe some more that says does the average person in Taiwan each morning say, how are we doing vis-a-vis with mainland, or is that, sort of, low on his list of concerns?

There's a reflective issue with that. it came up in the last panel, the second panel, and what about people in China who aren't facing election each 4 years but themselves have an agenda, and how does is that agenda changing, and how much of that is related to the future of Taiwan or how much of that is related to many, many other issues.

A third open question very well-addressed by Professor Yu just now is the role of economics. I've always personally believed that economics is a great help here. That letting people in Taiwan get richer and letting people on the mainland get richer, and they do it cooperatively by trade eases a lot of other concerns and builds bridges.

But there is a counter which we see all around us that says no one is ready to celebrate what they just got. They're always ready to say, what have you done for me lately? I'll give a personal note: I can remember immediately after the introduction of Deutsche Mark in Germany getting letters from my German aunt complaining about the way the Deutsche Mark was affecting her, and my reaction in retrospect is to say this is one of the greatest things that ever happened to Germany, ever happened to Europe, is the freeing up of trade that came with that.

The European Union and North American Free Trade Areas have all been great, except everyone's grumbling about it. The Union's not alone in grumbling about it; The River demonstration now in Taiwan of people saying, hey, we're not doing so well because we're trading with the mainland. The sheer data of the number of people from Taiwan going to the mainland to do business I always find fascinatingly positive, but there's this undercurrent of saying is it really as positive as it should be.

Now, the next issue on my list is ethnic feeling. We've heard the polls several times starting through the morning about what's your long-term preference; the status quo or this or that. There used to be another poll that I think they still exist. I would love to see the current data on how do you rate yourself? Are you Taiwanese, are you Chinese, or are you both? That used to swing back and forth. Whenever there were missile threats from the mainland, a whole lot of people in Taiwan would no longer say, I'm Chinese. They would say, I'm only Taiwanese. As soon as the missile threats ended, they would swing back to saying, I'm both, and a fair number of people saying, I'm Chinese. I'm not Taiwanese. I'm just Chinese.

That relates to what an associate of mine who is at Beida has described as what he fears about nationalism in East Asia, that Chinese, young Chinese, feeling very nationalistic, young Japanese, young Koreans feeling very nationalistic, and how will that all play? His vision is that it reminds him of Europe before 1914 but there aren't all the institutions that have been created since 1945 to get people past this.

But how this affects Taiwan I find interesting. One of the papers noted the contribution of Taiwan to easing tensions or easing disputes about fisheries with Japan. There was a time where the Kuomintang was ready to play the One-China card big time by supporting the mainland's claims to the South China Sea, and supporting the mainland's claims to Diaoyutai and so on. And I'm curious what's happened there.

It used to be not just the Kuomintang, but the ROC military was ready to beat the One-China drum. But I think -- Richard Bush can correct me if I'm wrong -- there was one point that Taiwan was actually talking about sending reinforcements to help the PLA in case there's a dust-up with the Philippines about the islands in the South China Sea. I think we put some pressure on to talk the ROC military out of that, saying, that's going a little bit too far to show unity with the mainland.

The point I would raise is that being a go-between between China and Japan may be very useful from our humane points-of-view, from an American point-of-view. Is it necessarily optimal in terms of building bridges with the rest of China given all that we see all the time about resurgences of Japanese forgetfulness about World War II and the indignation that tends to produce all around East Asia.

These are my personal list of questions which I'll throw out. They don't take priority. I'm going to leave them simmering here, and it's now my role to shut up and take names of people who want to raise questions. Yes, sir. Right here.

QUESTION: Scott Harold from RAND. Two questions, one for Huang Kei-Bo, George Quester and Ye Min and then one for Richard.

There's a lot of description just now of people who are not happy with the government in Taiwan or with trade or economic relations with the mainland as people who really just don't understand how much this is benefitting them or people who are just always going to complain no matter what. This is the common portrayal of antitrade people as ignorant. I just wonder, it just strikes me as a rather -- pardon the term -- arrogant description. I suspect a lot of these people know what they're talking about; it's their jobs on the line, but maybe I'm wrong. But I guess I'd really like to push -- Ye Min was very democratic in saying, push me, criticize me if this description is not right. It just struck me as a little bit too simplistic to just paint these people as fools who don't know what the real story is.

Richard, when it comes to the mainland we have no problem here in the United States talking about human rights problems or criticizing governance, but we don't really do that very much with Taiwan today. You were very active in doing that in the early 1980s when Taiwan was a very authoritarian society, and there's been a lot of criticism of Taiwan now, under the Ma Administration, for politicization of the judiciary, for the consolidation of the media under the control of large corporations that are heavily invested in the mainland.

As you know from Hong Kong, this is an enormous vector by which the mainland tries to influence the development of society in Hong Kong. It's also suspected of trying to do that in Taiwan where there's also been a heavy reliance on organized criminal elements and most notably Chang An-lo, the White Wolf, who's come back from the mainland and who the Taiwan government has dropped all charges against. He's now parading around and intimidating democratic protestors

So I wonder if the picture of U.S.-Taiwan relations under the Ma Administration, while largely shaped in the DC mindset through a positive narrative about the reduction in the possibility of cross-Strait war, which is good for U.S. which is focused on Middle East and other areas, is in any way being undermined, eroded by failures of governance by the Ma Administration and/or a movement into a somewhat more authoritarian or autocratic direction?

DR. QUESTER: Why don't we for the moment do one question at a time, and then when we get short we'll group the questions. There's a question about economics and about is the democracy imperfect on Taiwan.

DR. YE: Thank you for criticizing me, and this gives me an opportunity to clarify my position. I do not claim that everything is fine in Taiwan for everybody. I have no such knowledge, and I don't think anybody has such knowledge. That's precisely the reason we haven't seen good, empirical research like what kind of investments have come to Taiwan; what are the impacts; what are the sectorial impacts; what are the group impacts? I was encouraging Professor Lu, who is in Taiwan, to find even some good, even just a locality or even some group of people to figure out exactly how the exchange is affecting people.

What I argue is a switch of priority. If the ruling parties can focus on development, focus on the public's development and their wellbeing and incorporate real research, real evidence in their strategy and then draft, craft a "Taiwan 2020." If there are negative impacts then address them. But I also argue that the defeatism is unwarranted because Taiwan has the capacity to do much better if there are downsides.

DR. BUSH: Thanks a lot for your question, Scott. I think President Ma would probably find your remark about Taiwan becoming more autocratic highly amusing because I suspect that he feels like the least powerful person on the island in terms of being able to push his agenda forward. One cannot dispute these things happening, but I have the strong impression that Taiwan remains a very lively democratic system. Actually, I have not been shy about describing the problems in Taiwan's political system and my belief that that system is not serving well the people that it's supposed to serve, and my belief that unless that system is reformed it will be very difficult for Taiwan to do a lot of the tasks that it needs to do for its own survival. I think you target a very important point and one that we shouldn't lose sight of. Thanks.

DR. QUESTER: David.

QUESTION: I wanted to pick up on your question, George. How important is the Taiwan issue? I'm looking at the testimony of Assistant Secretary Danny Russel, April 3, 2014, the Senate Committee on Foreign Relations, and he answers that question. I wondered if our two Taiwan panelists could respond to how they interpret what he meant, and then I'd be interested in what Richard had to say. The operative sentence is in the second paragraph: "Strengthening our relations with Taiwan and our longstanding friendship with the people of Taiwan remains a key element of the U.S. strategic rebalance to Asia." I just wonder how people understand that statement.

DR. HUANG: If you ask me the question whether Taiwan is central to U.S. policy towards Asia, my answer would be unfair because I am from Taiwan. I would definitely say yes. But the fact is yes, Taiwan is important for U.S.-Asia Pacific policy. I tend to argue that Taiwan cannot participate physically in U.S. rebalancing in Asia strategy, but in many, many

other ways, implicitly, Taiwan has been very helpful for the U.S. to conduct such a rebalancing strategy in this region.

As I presented just now, sometimes ambiguity keeps things more harmonious. I think Danny Russel's statement indicated that U.S. does take Taiwan seriously, but how would U.S. incorporate Taiwan into its rebalancing strategy? I think maybe we cannot tell that from the wording but the deeds. I think that probably the next round of arms sales to Taiwan and the continued support from the U.S. for Taiwan's greater national space, etc., would mean something, and that would indicate the significance of Taiwan in U.S. policy towards Asia.

DR. LU: Thank you very much, Dr. Lampton, for your question. I think for that comment made by Russel, I think it is really important. And it is, to my knowledge, it's welcomed by most people in Taiwan, including the opposition party. I'd say the Six Assurances, those points are very important, and also, it is very important to acknowledge that people-to-people exchanges between the United States and Taiwan are quite important as well. Thank you.

MR. QUESTER: Richard,

DR. BUSH: I confess that I'm not exactly sure what Danny meant, but let me have a try. I think that Taiwan is, first of all, a quiet beneficiary of rebalancing. Frankly, I don't think the rebalancing is that new. I think it is an adjustment in a very longstanding policy of the United States towards East Asia. The adjustments have been required all along to take account of new circumstances, and we do have new circumstances. I think a United States that is deeply involved and active in the affairs of East Asia is good for Taiwan. Our emphasis on the necessity of preserving peace and security in the western Pacific is beneficial to Taiwan.

I also think that Taiwan is a quiet contributor to the rebalancing policy in the sense that when it and the mainland together manage cross-Strait relations well, this is a boon for the United States because it removes one item on the list of things we have to worry about as much. We don't have to engage in dual deterrence with Beijing and Taipei if Taipei and Beijing are doing a good job managing their own relations.

As I said, there are cases where the actions that the ROC has taken on other issues also contribute to our objectives. I think the agreement between Taiwan and Japan on fisheries is actually quite significant because it targeted the most immediate danger or the most immediate and proximate trigger for some kind of conflict between Taiwan and Japan. Once you remove that trigger or disable that trigger, it makes it a whole lot easier to manage larger issues. And would that, the parties to some of the other maritime issues in East Asia took that kind of approach. Thanks.

DR. QUESTER: We have about 15 minutes left, so we'll group some questions now and then have the panel answer them. Yes, sir.

QUESTION: This is not really a criticism or comment or something; just a clarification. Actually I have an argument in my own studies previously in that when we try to look at Taiwan's mainland China policy, we can see this as kind of a policymaking in a two-dimensional space. Two dimensions include one is the national identity, independent versus unification and so on. This will affect how people see how to deal with China.

On the other hand, there's also another dimension that I call economic interest versus security concern. For many people in Taiwan actually that's probably least imagined or real, and that too much dependence on the Chinese market will hurt Taiwan security. I think that's a very important concern for a lot of people. When we see people debate about whether they should go to, to utilize fully the Chinese market and so on, this is also something in mind for many voters in Taiwan.

You can see that these two dimensions oftentimes can collapse into only one because most likely for people on the independence side, they are very much concerned for our security. For those people on the unification side, they seem okay to do business with China. Actually I have looked at the survey data, and so I do see that this is a tendency over there. I think for many people in Taiwan they know what they are talking about, and this is the reason for the tradeoff between economic interest on the one hand and national security on the other.

DR. QUESTER: Right over here.

QUESTION: Good afternoon. Lieutenant Colonel Scott McDonald, the Strategic Initiatives Group at the headquarters U.S. Marine Corps. As many of the panel alluded to in some of the questions it stated, we have a hard time understanding each other. PRC can't understand what Taiwan and the U.S. is saying. U.S. can't understand what PRC or Taiwan is saying. Hell, we even have trouble sometimes figuring out what we're saying. Given all of that and how much that leads to the chance of misperceptions, has the time for strategic ambiguity passed? Are we not making ourselves less secure by hiding what we're going to do in given situations? Thank you.

QUESTION: One dimension that has not been quite discussed which I'm curious about is the domestic political development of Taiwan; the impact on China, mainland China itself. I know that it's hard to study the public opinion in mainland China about Taiwan. I don't recall, Professor Lu, you had that survey of Taiwanese. You look at how they look at mainland, but I think the reverse is not quite -- at least not studied. It's probably difficult. But what's interesting is as I've observed, this is not scientific, in recent years as the rise or emergence of social media in China, there is also that some Taiwanese politicians now open Weibo on Chinese Weibo, which is very interesting.

There are two events, I thought, in recent years have some sort of impact on Chinese public opinion over how they look at Taiwan. The first one is 2012 election, that when President Ma Ying-jeou made that speech. Actual campaigning was actually live-covered online. A lot of mainlanders saw that, and that actually had quite some impact. I followed it a little bit, and the quite positive they look at this democracy at work, if you will, because it's the first bastion of democracy in a Chinese-culture world. They look at that in that lens now.

The second event is the Sunflower Movement. When it started out as occupation of the Legislative Yuan, it's actually kind of -- I know that as a result destroyed, damaged some image of a solid democracy, a procedural democracy, in the eyes of the mainland Chinese, including some public intellectuals. Those two events, which is, you know, now, of course, it's not scientific, but I observe that there's some sort of impact. I wonder if our Taiwanese scholars sort of have some views on that, that domestic political development of Taiwan on the mainland. Of course, now we know in Hong Kong, the Sunflower Movement had some impact on Hong Kong as well.

DR. QUESTER: We'll get about two or three more questions and then let our panelists respond. Over here?

QUESTION: I'm Chih Chin. I'm from Taiwan. I'm from University of Maryland, sociology. I have a question for when Taiwan is dealing with a country like China where massive capital is owned by the state, you can never really separate economics development from political influence just like we saw in Hong Kong and also in E United Corporation in China, a huge Chinese corporation. They have a massive economic tie with the Chinese government.

What happens when you only think about economic development while the Chinese government can still influence their political power through economic power, how do you deal with that? How do Taiwanese people deal with that? Also, regarding to what Professor Ye was just talking about, the defeatism, I don't think that's really true because economic development is not just a singular, numerical number. It's also about who earns that money.

Sometimes a lot of people go to China, but a lot of other people cannot go to China; who cannot earn that money. How do we deal, What do we do with these people? These people are about seventy-something percent of Taiwanese employment, and what do we do with these people? Especially with the Service Trade Agreement, mostly the financial, the banking sector, the real estate sector, they are the ones earning money, and they are already rich. What do we do with those people who do not enjoy those economic developments? Thank you.

DR. QUESTER: We'll take one more and then let the panel respond. Right back there.



QUESTION: Hi, I'm Peter. I'm a second-year Masters student from the Elliott School, George Washington University. I just have a quick question. I was wondering how the U.S. should keep a balance between its armed sales to Taiwan and its, if I can say so, aggressive or active military behavior around China. Last August we know that a dangerous air encounter happened in the South China Sea, and this, I think this might affect Ms. Susan Rice's mission to China for paving the path to the potential Obama-Xi meeting. Thank you. Because I think Taiwan plays a really important role in U.S. pivot to China, and it needs to enhance ability for self-defense. Thank you very much.

DR. QUESTER: What I'll do is start with Professor Ye and just move along here.

DR. YE: Again, as I said, my observations are not mainstream. From the questions, it also shows. But what I argue: I'm not doing advocacy. There are a couple things, I think, I indicated in the questions. One is belief. You believe in advocacy. I'm not doing this, I ask for a change in discourse and serious research on Taiwan's development.

The second, what do we call it -- disclaimer? That I'm not advocating for deepening economic ties between Taiwan and the mainland. I'm not advocating for the Service Trade Agreement and neither am I against it. What I argue is independent development of Taiwan; the discourse and research on the real independent Taiwan development. Just separate the idea of Taiwan's development from economic exchange with the mainland. I think that tie is just so dominant in any discussions of development. If you talk about development, it's about the relationship with the mainland. That's not the case.

I appreciate your comments, but I welcome your interest in this topic. I hope you do serious research and then find out exactly what would be the Taiwan general public interest and make a comment not based on belief, but based on research. The second point is, again, based on research. We all know, we are all scared of state on enterprise, but I did serious research showing that SOEs are coming to Taiwan. I don't think so.

Also, in China, SOEs are the pillar industries, but they are not the dominant economic actors on the mainland. I was thinking if they divert investments from the small investors, from Zhejiang, these localities, that have lots of social connections with Taiwan, have lots of complementarities with Taiwan, and when they come, welcome. Otherwise, Taiwan has the right to decide what kind of investors you want to come. But do not just equalize China's investors with SOEs. SOEs are not the main economic actors in China.

DR. LU: I can take very quickly on Professor Lü [Xiaobo]'s question. I think the Sunflower Movement or the overall political development in Taiwan is playing a certain kind of positive role on China. As I recall, six months ago many of students were sitting in front of the Legislative Yuan. At that time, it seems to me that they have developed a certain kind of A, B, C

mentality: Anything but China. They can accept those kinds of things, but just not coming from China.

Later on I figured out that they tend to think about their own future, and many of them are trying to figure out the answers by themselves. This is a new, great step forward for the younger generation back in Taiwan nowadays.

I would say toward the end of this year, I think the big election will be a very notable benchmark for Taiwan's democracy because this younger generation, many of them would have their first vote in their life, so let's see. Thank you.

DR. QUESTER: The last two comments come appropriately from management, so they can respond to the questions and also say what else they're saying here.

DR. LU: I'll go first. Just briefly to Professor Lü [Xiaobo]'s question about Taiwan domestic politics and its impact on mainland China. Let me say it this way: We used to say that Taiwan can serve, can act as a beacon of democracy for mainland China's political future, but I would say that probably before Taiwan was seen as a beacon of democracy for mainland China remotely; looking from a remote distance.

Nowadays, I would argue Taiwan is still a beacon for mainland China democracy but with a closer look. Now mainland China's people would think, oh, okay. Maybe Taiwan's democracy is not that perfect, but still it can serve as a beacon for us. At least we can move to that direction to make our political system better. That's my personal understanding about that.

Based on my contacts with my mainland Chinese friends, I think some of them still appreciate Taiwan's democracy while others would feel worried about Taiwan's democracy. They're not used to the so-called Taiwan model to mainland China.

The question about the possible political and economic influence exercise by China and its interaction with Taiwan, the only thing that I can say that the -- to my best understanding, the Ma Ying-jeou administration, of course, know the associated opportunities and dangers when dealing with mainland China politically and economically. But it's unrealistic to argue that Taiwan shouldn't deal with mainland China if there is some political risks.

Here is what we in Taiwan are doing. That is, we try to diversify our engagements with mainland China and other countries. On the one hand, we must face mainland China. We must do business with mainland China. For peace and stability in the Taiwan Strait, we have to deal with mainland China politically.

On the other hand, we need to approach the other countries under the pressure of

Beijing to talk about further economic cooperation, to talk about further people-to-people exchanges, to make Taiwan as a hub of something important in the region of Asia that can guarantee Taiwan's safety once there is some obvious disagreement between Taiwan and mainland China in the future.

It's a very uneasy task for any leaders in Taiwan to face such a rising mainland China and such an urgent need from Taiwan's people to walk out, to touch the world by engaging in more international activities, by participating in more international organizations. Very difficult, but I just can tell you that I believe that no Taiwanese leaders would downgrade the possible dangers if mainland China doesn't abandon its use of force against Taiwan.

DR. BUSH: First of all, Xiaobo, I thought you were answering your own question, and it's a two-part answer: Number one, what mainland people think about Taiwan's political system depends on which part of the political system they're looking at. If you're looking at the electoral system that actually works pretty good to register public sentiment. Another, I think, thing that happened in Taiwan that was approved very positively in the mainland was Tsai Ing-wen's concession speech at the election, which reflects a mentality that's very different from "you live, I die."

Second, this is an issue that is highly contested within the PRC political system. The regime has an interest in emphasizing the negative attributes of Taiwan's political system, and others have an interest in emphasizing the positive, and we know who's winning.

Colonel McDonald, on strategic ambiguity, I think that bumper sticker -- and that's all it is -- is passé. I would say methodologically, first of all, a lot of the analysis of this is based on public statements of the U.S. government and not on all the private things that are said diplomatically about our intentions in a crisis situation.

I think the real test of whether our declaratory policy is ambiguous is what the PLA thinks we do. Do they have any sense of ambiguity about our intentions? I think you can see from the way that they have built capabilities and exercised their forces and developed doctrine, they have no question that we would intervene in a Taiwan contingency. Actually, they may be more certain about our intervention than we are.

On the question about Taiwan arms sales and our surveillance activities, I think that these stem from the same source. They are responses to a complex of actions by the PRC side. For over 20 years, well not 20; over 15 years, the PLA is building up its capabilities to deter independence and maybe at some point have the ability to compel unification.

It is very important for us to know in detail about the development of those capabilities and how they are being used at the current time to give us a better sense of what PLA

activities are. We do this in international waters and international air space where we believe very strongly we have the right to be. We believe and assume there are good ways for the target of that surveillance to respond to our activities and our presence. We get very concerned when those norms are not being followed.

The arms sales part of this is that China's buildup of capabilities, even as Taiwan is pursuing a policy that includes reassurance to China about its intentions and a desire to improve cross-Strait relations, creates or continues a sense of vulnerability in Taiwan. Why is China continuing to build up even as Taiwan has tried to take a peaceful and responsible approach?

As a result of that vulnerability, we then get requests from Taiwan for help in the form of arms sales to improve their deterrent capabilities and to reduce the risk that Beijing might actually use those capabilities against Taiwan. As was suggested this morning, we haven't seen the last of the arms sale decisions that will occur, but the source is ultimately in China. Thank you very much.

DR. QUESTER: My schedule says closing remarks are coming now. I assume those are coming from Richard or -- do you want to go first? No. Okay, thank you. Well, I'm not sure there's much more to be said. I'm not sure what I should say.

I do know that I should say thank you, first of all, to you in the audience. Thank you to the staff of both organizations. Thank you particularly to Kwei-Bo for all of his outstanding efforts. Thanks to all the participants, particularly those who came from further away than Bethesda or Fairfax, Virginia.

I think this has been a really stimulating conference and some really rich presentations. I think we've done a good job in assessing the state and prospects for cross-Strait relations in a fast-moving and fast-changing East Asian environment. Thanks.

DR. HUANG: I'm making my last word. The Association of Foreign Relations was newly established last December aimed at promoting Taiwan's external relations with all possible parties in the world. This is our very first big event outside of Taiwan, and hopefully in the future we can get more resources and have more similar conferences here either in Washington, D.C. or in some other major countries. Thank you very much.

DR. QUESTER: The conference is adjourned. (Applause)

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