"The United States and Taiwan"

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This is a very big subject with a complicated past, a complex present, and an uncertain future. Perhaps the most useful service I can offer is to provide you an inventory of the U.S.-Taiwan relationship on a variety of dimensions: values, politics, economics, security, and so on. Through this exercise I come to several elementary conclusions. The first is that Taiwan is closer to the United States on some dimensions than others. Second, there has been a significant evolution in these relationships. For example, Taiwan was at serious odds with the United States concerning political values from the 1950s to the 1980s but with the remarkable democratization on the island over the last fifteen years it is now closely aligned. Third, because the international system is constantly changing both Washington and Taipei must work to ensure that alignments will continue to be close in the future and not diverge. And fourth, although Taiwan enjoys strong support in the United States, there are things that it can do to strengthen itself and thereby fortify the bilateral relationship.

International Security

Let me start with security, which is the foundation of the global order. And as the world's strongest power since World War II, the United States laid that foundation and has taken the lead to preserve and promote international peace and security. All other countries have had to adjust to the reality of U.S. leadership.

The United States' approach to security in East Asia and to Taiwan's place in it evolved over time. At the time that Chiang Kai-shek's forces were defeated on the mainland, Washington understood that the loss of Taiwan to the People's Liberation Army would hurt U.S. interests but it chose not to oppose that outcome. It did so partly because it lacked the resources to defend Taiwan and because it believed that some day China would split with the Soviet Union and it did not want to discourage that shift. Then the Korean War began and the U.S. definition of its strategic interests changed. In order to block the spread of communism in Asia it progressively built up a containment structure and Taiwan became part of that structure. That approach to the global security order lasted until the 1970s, when, in order better to contain the Soviet Union, the Nixon and Carter Administrations decided to align with China. In the process the United States had to make concessions concerning Taiwan and Taiwan no longer had a role in American strategic architecture. The Taiwan Relations Act, however, authorized the continuation of arms sales and stated a continuing concern for Taiwan's security.

In any alliance relationship, the junior partner fears that the stronger partner will abandon it. And the U.S. adjustments in the 1970s for the sake of an anti-Soviet coalition confirmed those fears. But in an alliance, the senior partner also has a fear, the fear that the junior partner will entrap it in an undesired conflict, that the tail will wag the dog. This was a regular problem in the U.S.-ROC alliance, and Washington sought to ensure that Chiang Kai-shek would not drag it into his efforts to re-take the mainland.

During the 1990s, the geopolitical wheel turned again. The Soviet Union collapsed and China began to increase its military power. For a time the United States focused on global chaos and regional trouble spots as the key threats to peace and stability. Increasingly, however, there was a concern that a stronger China might challenge the international order. The Bush Administration came into office with this

belief, and with the view that Taiwan might be a battleground between a revisionist China and a status quo United States. And the new Administration took steps to fortify the defense of Taiwan. (Ironically some in Taiwan worried that it was relying too much on the United States.)

Then the wheel turned again. The September 11 attack made terrorism and associated threats the key focus of American security policy. China was suddenly a significant partner in this effort. The growing tensions on the Korean peninsula only increased China's potential contribution to U.S. efforts. This shift posed a new challenge to Taiwan. There has been the natural fear that the United States might sacrifice the island's interests in order to secure China's cooperation, something that I am quite sure will not happen. This is not a zero-sum game and the Bush Administration understands that China's long-term course is not set yet.

To secure its position, Taiwan has taken steps to align itself with the Bush Administration's strategic priority. It provided significant assistance for relief and reconstruction in Afghanistan. It is doing and will do the same thing with respect to Iraq. President Chen was very clear on the reason: the United States was Taiwan's long-standing friend and had come to its aid in times of crisis. It was Taiwan's obligation as a friend of the United States to reciprocate. This attitude and actions that flow from it do not go unnoticed or unappreciated. The same logic should dictate Taiwan's response to the most serious crisis in East Asia today, North Korea.

Economic Interdependence

Economically, Taiwan has been linked to the United States for decades. This began in the late 1950s, when American officials convinced Taipei to shift from a policy of import substitution to one based on export-led growth. The combination of Japanese and American technology and capital plus access to the U.S. market fueled the island's economic prosperity. Until recently, the United States was Taiwan's most important export market, and the relationship between many leading American and Taiwan companies is very close. Each time that Taiwan has taken a step up the technology ladder, it has received an American boost.

The United States also contributed to the dramatic shift in Taiwan's economic policy that began in the late 1980s, that is, the movement of production facilities to the mainland. Washington did this by encouraging Taipei to appreciate the value of the New Taiwan Dollar, which created incentives for Taiwan companies to relocate factories across the Strait. That change also fueled a new spurt in the island's economy in the 1990s. Taiwan became a key middle link in global supply chains for all kinds of products, particularly in the IT sector. Taiwan companies provided key inputs such as management, design, finance, marketing, logistics, and so on.

Although globalization created new opportunities for Taiwan, it also created uncertainty. Being the middle link in a global supply chain always carries with it the danger that one of the outer links might try to displace it. That is, there is the potential that American companies might choose to deal directly with mainland counterparts rather than approaching them in partnership with Taiwan firms. Whether it does so, of course, depends on the contributions that the middle link – Taiwan – brings to the chain. Will it continue to develop core competencies that both the United States and China need but which China cannot provide?

This is related to the larger question of how Taiwan preserves its global competitiveness in the future. The OEM strategy that served Taiwan so well for so long (assembling products that embodied the technology owned by others) may have exhausted its potential. Finding a new competitive advantage, a new strategy, and new ways of employing people on Taiwan at attractive wages is very essential. Is it advanced manufacturing based on technology created in Taiwan (a knowledge-based economy)? Is it a service-based economy? Is it both? Whatever the case, Taiwan must continue to take aggressive steps to create the investment environment appropriate to the economic model it picks. This probably involves better protection of intellectual property, a more agile financial services sector, and so on.

Political Values

Politics is one of the realms in which Taiwan and the United States are closely aligned today. But it was not always this way. Not long after the KMT authorities arrived in Taiwan, they imposed a system that was quite antithetical to American political values. After the February 28 Incident, during the White Terror, and until the liberalization that began in the late 1980s, the Nationalist regime jailed anyone—whether leftists or Taiwanese nationalists—that it decided was a threat to its control. Under the provisions of emergency rule, also called martial law, dissent was treated as a criminal offense to be tried in military courts. The Taiwan Garrison Command deterred any challenge through an oppressive surveillance presence.

The KMT also limited political freedoms and electoral contests for power. The press was subject to censorship. New political parties and opposition activities like demonstrations were banned. Elections were conducted at the lower levels of the political system, ostensibly to train the people for democracy but also as a device to penetrate local society through manipulating rivalries between local factions. Only the Taiwan members of the legislature and the national assembly—and not the Mainlander members—were subject to regular election. The president was elected indirectly. Politics was basically demobilized and the only Taiwanese whose political participation was tolerated were those who were prepared to play by the KMT's rules.

For a complex set of reasons, President Chiang Ching-kuo decided in 1986 to open up the political system. One of those reasons was to create a new, values basis for relations with the United States. Gradually the policies of repression and their associate institutions were dismantled. Lee Teng-hui, Chiang's successor, accelerated the process so that by 1996 the island had a full, lively, and even raucous democratic system. These reforms culminated in the transfer of presidential power through elections of March 2000.

Taiwan's democratization had a profound effect on its relationship with the United States. Previously, American liberals had criticized the KMT for its repressive rule. Now the island was a poster child for American values, made all the more prominent by the fact that political repression was still the order of the day across the Taiwan Strait. Indeed, the necessity of consolidating U.S. political support was probably one of the reasons that Chiang Ching-kuo decided to take the risk of liberalization.

More broadly, Taiwan can be said to have switched sides in the world-historical struggle between the fundamental political value-sets of collectivism on the one hand (best represented today by China) and individualism on the other (best represented by the United States). The first three decades of KMT rule on Taiwan showed a bias in favor of

collectivism that was anti-communist in ideology but a mix of Leninism and fascism in practice. Since the late 1980s the trend was strongly in the direction of a liberal order. Again, that strengthened Taiwan's hold on the American imagination.

That both countries have democratic systems is certainly a significant part of the foundation of the bilateral relationship. At least one scholar, Thomas Christensen, has proposed that the United States make an unambiguous defense of Taiwan's democracy the basis for its security policy. Yet there are two factors that may devalue somewhat the asset that common political values and similar political systems represent.

First of all is the issue of Taiwan's penetration of the American political system, that is, its cultivation of congressional support to act as a check and as pressure on the executive branch. This began in the 1940s and has continued to this day. Given the ROC's status as the junior partner of the American relationship and its fear of abandonment, the desire to reduce that fear through a Capitol Hill strategy is understandable. (The United States does not seek to carry out a similar penetration of the Taiwan political system.) But this penetration does create problems. It creates some degree of resentment among executive branch officials and occasionally leads to a test of wills between Congress and the White House over policy towards Taiwan and China (Lee Teng-hui's Cornell visit is a case in point). This is a structural problem common in many alliance relationships (e.g. Israel). It can only be managed, never eliminated.

Second is the dilemma that occurs when leaders in Taiwan, responding to popular pressures, take steps that the U.S. government believes are inconsistent with its own interests in peace and security. Washington's role as Taiwan's sole defender only exacerbates this dilemma. (Again the Lee Teng-hui visit is an example.) This American fear of entrapment is also a structural problem, one that can be managed through good communication but that never goes away.

International Governmental Institutions

It is in this arena that the United States and the ROC most diverge. It was the United States, more than any other country, that created the institutions of the postwar international system (even though we do not always like the way those institutions work). The ROC on the other hand is now excluded from most of those institutions. By and large, this arena has been a you-win-I-lose competition between the PRC and Taiwan and Taiwan has lost out. The United States government would certainly welcome the ROC's re-entry into this part of the international system, but it is not going to mount a major challenge of the PRC in order to get it.

To be sure, Taiwan has a strong moral case that it should participate in these institutions. Unfortunately, the international system does not usually operate according to morality. Moreover, Taiwan faces daunting conceptual, historical, and political obstacles to breaking the PRC's international blockade against it.

The conceptual obstacle is the long Westphalian legal tradition that states are the primary actors in the international system. Primary in the sense of major, and primary in the sense of first. Before there were international organizations, there were states. States created international organizations and in many cases restricted membership to states. New states came into being by and large through the actions of existing states or with their assent.

For example, there is a state called China. Even in the years of division after the 1911 Revolution, when first warlords contended to be the government of China and later Nationalists and Communists fought a bloody civil war, China existed. The ROC government was recognized as the legitimate government of China after 1928 and represented China in the League of Nations. The ROC was one of the founding members of the United Nations in 1945 and represented China until that right was transferred, by action of the United Nations in October 1971. In most international organizations that I can think of, there is a member named China.

So the United States' statement in the joint communiqué establishing diplomatic relations between with the PRC that it "recognizes the Government of the People's Republic of China as the sole legal government of China" had profound implications for how we handle representation issues in international organizations. Washington no longer recognized the ROC as the government of the state China, and did not assert that the ROC or Taiwan was somehow a separate state. So how, the logic went, could the ROC possibly enter – at least as a member – those many organizations that had statehood as a prerequisite for membership? Bill Clinton's third no – that the United States did not support Taiwan's membership in such organizations – had its origin and basis in the U.S. declaration on December 15, 1978. He was only making explicit what had been implicit for twenty years.

Thus, the long-established rules of the international system, and the fact that existing, recognized states usually have the final say over who gets to join their club, works against Taiwan's desire to secure a presence in international relations. The only exception to this unhappy situation are organizations like APEC and the WTO, for which membership was not restricted to states but deliberately opened up to economies and special customs territories, so that Taiwan could join.

The second obstacle to Taiwan's participation in IGOs is history. Upon its founding, the government of the PRC began what turned into a long struggle to displace the ROC in those organizations. The ROC won that struggle through the 1950s but the tide began to turn around 1960 as de-colonization spelled the emergence of a number of new countries that were more ideologically inclined to Beijing. Taiwan had to leave the United Nations in 1971 and suffered a series of losses thereafter. It is the PRC that now has diplomatic relations with most of the countries of the world and membership in all state-based international organizations.

There are several interesting features about the struggle. The first is that Taipei relied first and foremost on the United States in the time-consuming battle to preserve the ROC seat in the United Nations. Second, Washington did not get much help from its allies. Third, the United States tried to promote a number of ideas that might have kept the ROC in the U.N. and other international organizations while admitting Beijing. That it failed to do so was because of the rigidity of Chiang Kai-shek, who believed that allowing the PRC into the United Nations on an equal basis was morally wrong and a big blow to his own legitimacy and his rationale for denying political freedom to the people of Taiwan. So we have the ironic situation that in the 1960s the United States was flexible on the ROC's status in international relations when Taiwan was rigid. When Taipei began proposing flexible approaches in the 1990s, the United States was locked into its view that the PRC was the sole legal government of China.

The third obstacle is political. Beijing is not easily going to give up the gains it has achieved. It remembers how hard it was to attack its adversary's well-fortified positions, positions it is now defending. For better or for worse, the PRC government has defined membership in state-based international organizations as its monopoly. It has further defined Taipei's effort to break that monopoly as splittism, and therefore something to be opposed.

It is hard to deny that the PRC has the advantage in defending its position against Taipei's more recent efforts. One cannot over-estimate the value of the PRC's being in these organizations and having leverage over many of the important members. Also, the United States values the PRC's participation in these institutions, and we occasionally have an agenda of our own to promote, for which it is useful to have Beijing's support.

Again, the exception to the PRC's monopoly are the non-state-based organizations like APEC and WTO of which it was not already a member, where the United States can use its control over the PRC's terms of entry in order to leverage access for Taipei on a reasonable basis.

The reality of near PRC monopoly applies both to membership and observership. Even if Taipei can make a case that observership is allowed in an organization like the WHO, and even if we stipulate that observership is qualitatively different from membership, that really doesn't change the political game. The PRC regards a status like observership as just a half-way house on the road to membership, so it will oppose it just as strongly as it would membership. Far better from Beijing's point of view to keep Taipei out than to let it part way in.

The Bilateral Relationship

In the 1950s, the United States recognized the ROC government as the government of China, maintained diplomatic relations, and supported the ROC's membership in international organizations. With the normalization of relations between the United States and the PRC in December 1978, Washington established diplomatic relations with Beijing and committed to conducting its relations with "the people of Taiwan" on an unofficial basis, which was less than the PRC had had with a liaison office from 1973 to 1979. There were created two organizations, the American Institute in Taiwan and today's Taipei Economic and Cultural Representative Office, which are authorized by the two governments and through which the two countries conduct their relations and perform the functions of embassies.

Under this elaborate, institutionalized framework, U.S. relations with Taiwan today are robust in their substance if not in their form. Washington has richer ties with Taipei on an unofficial basis than it does with many countries with which it has diplomatic relations. Taiwan, for example, is one of the United States' major customers for defense articles and services. This is not, to be sure, satisfactory for the Taiwan side, since it has the perfectly understandable view that symbols of diplomacy themselves possess substance. But it is a framework that has worked far better than anyone would have predicted at the time of normalization.

Conclusion

This inventory reveals that the United States and Taiwan are closest in the areas of international security, political values, economic interdependence, and the substance of

bilateral relations. Even here, there are points of difference, usually caused by shifting circumstances. It is in the area of international governmental organizations and the form of bilateral ties that the two most diverge, because of the pledges that the United States made at the time of normalization. And in these cases, Washington has made adjustments to compensate.

Moreover, the points of convergence and divergence have changed over time. In the 1950s and 1960s, the two countries maintained diplomatic relations and a defense alliance, and the United States supported the ROC in international relations. On the other hand, the ROC maintained a political system that was at odds with fundamental American values. Now the situation is somewhat reversed. The relationship is stronger in its substance and undergirding values than in its form.

The People's Republic of China is an obvious factor in all these arenas. It was to create a strategic partnership with China that the United States ended diplomatic relations and the defense treaty with the ROC. It is because of Beijing's resolute opposition that Taipei has a limited role in the international system. China's economic reform and growth is a reality to which Taiwan must respond in order to survive and finding the right response is not easy. The potential for China to become a revisionist power is bringing Taiwan and the United States back together in the security realm.

A related issue is the so-called one-China policy of the United States. People in Taiwan worry that this policy will *ipso facto* undermine the relationship on which their country relies. That anxiety is understandable, yet the one-China policy is not simply a set of rigid principles that deductively create dangerous policy outcomes. It is partly that, as we have seen in the U.S. approach to China's membership in international organizations and the form of Taiwan's relationship with the United States. But the one-China policy is also a set of many elements that are not necessarily mutually consistent but which Washington combines flexibly in various permutations and combinations in accordance with our interests and the circumstances of the times. These elements include the three communiqués, the Taiwan Relations Act, an insistence on peaceful resolution, the so-called three nos, arms sales, the so-called Six Assurances, and a recognition of the need for the assent of the people of Taiwan for any cross-Strait solution. And the one-China policy is also a set of operational guidelines that govern the conduct of American policy. All are designed to preserve peace and avoid war and include preventing an imbalance between China and Taiwan, encouraging restraint, discouraging provocation, restraining overconfidence and under confidence, and maintaining public support in the United States for its policies.

Public support is an important bulwark of U.S. relations with Taiwan. A combination of opposition to communism, favoring democracies, historical friendship and a dense web of shared interests combine to form a political commitment that sustains Taiwan in the absence of diplomatic relations. Because of that political commitment, and to preserve its own foreign policy interests, the United States is not about to sacrifice Taiwan for the sake of relations with China. At the same time, because our respective interests are not identical and because our respective roles are different, it is important to maintain good communication to ensure mutual understanding and concerted action.

For the future, Taiwan can strengthen its relationship with the United States by strengthening itself. Economically, politically, militarily, and psychologically there are ways that Taiwan can and should fortify its position so that it is preserves what is

successful about the island and leaves it better equipped to deal with the PRC, whatever may come. Those steps will simultaneously enhance an already strong, substantive relationship with the United States.