

US policy toward Taiwanⁱ

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Introduction

On May 21, 2015, Susan Thornton, the Deputy Assistant Secretary of the US Department of State responsible for China, Taiwan, Hong Kong and Mongolia, spoke on US-Taiwan relations and US policy toward the island and its government. Much of her address reviewed the breadth and depth of the bilateral relationship in the areas of business, education, global issues and security. However, she also presented the US stance on the relationship between Taiwan (the Republic of China; ROC) and the People's Republic of China (PRC).¹

The context was important: eight months later, Taiwan would have elections for its presidency and for the Legislative Yuan. Since the mid-1990s the island's domestic politics have been the main driver of relations between the governments on the two sides of the Taiwan Strait. Because Washington has a long-declared interest in peace and stability in the Strait, the outcome of Taiwan's elections can matter for the USA. As Susan Thornton remarked, "An important ingredient of that close cooperation [between the United States and Taiwan] in recent years has been the stable management of cross-Strait ties."² In effect, there is a linkage between Taiwan's cross-Strait policy and US policy toward Taiwan (The same holds for US policy toward the PRC as well).

Statements like Thornton's on the ends and means of US policy take on a special significance because Taiwan is a unique case for American diplomacy. Beijing asserts that Taiwan is a part of China and so is its internal affair. As a condition for establishing US-PRC diplomatic relations, it insisted that Washington have only unofficial relations with the island. President Carter's administration accommodated this desire by establishing the nominally private American Institute in Taiwan (AIT). Beijing also prefers that the USA should have only economic and cultural ties with Taiwan (and especially not have arms sales with the ROC). Successive American administrations have continued to sell arms, foster security relations, and show some degree of defense commitment to the island, though.

Given this novel set of circumstances, US public statements about Taiwan have a special importance. They are the most visible signal of American policy objectives and how Washington balances relations with Taipei and Beijing, and are subject to extraordinary (and excessive) scrutiny. US statements are also coded, even Delphic, in their expression. They usually please neither Beijing nor Taipei and leave each anxious about American intentions. Many observers believe, with some justification, that this American ambiguity is part of a strategic design to deter either side from misbehaving. One can make a case, however, that Washington's public statements are only one part of its diplomacy – a part that receives too much attention – and that US actions represent more important indicators of its policy.³

There is a litany of things that the US Government (USG) says publicly with regard to its Taiwan policy. Susan Thornton repeated part of that litany thus: "We have an abiding interest in the preservation of cross-Strait stability, and this interest informs our overall approach to cross-Strait issues. The USA remains committed to our one-China policy, based on the Three Joint Communiqués and the Taiwan Relations Act (TRA)." In addition, Washington opposes the use

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of intimidation, coercion and the threat or use of force. It opposes either side's unilaterally changing the status quo (though the definition of "the status quo" is left unclear), and urges the two sides to maintain dialogue. Concerning the resolution of the basic dispute between the two sides, the USG believes that it is a matter for the ROC and PRC to solve themselves and it has pledged (in the "six assurances" conveyed to Taipei in 1982) that it would neither seek to mediate the dispute or pressure Taipei to negotiate. The abiding US policy interest behind its litany of statements is preserving peace and stability in the Taiwan Strait.

A premium is placed on precise repetition of the elements of this litany and preserving a delicate balance among them (e.g. the three communiqués and TRA). Any deviation from past formulations only prompts questions and concerns. No element is ever discarded. If the litany is to be enriched it occurs by adding new elements. I managed to introduce a new element while I served as chairman of AIT: that is that the resolution of the dispute should occur not only peacefully but in a manner acceptable to the people of Taiwan. The Clinton administration regarded this as a simple acceptance of the fact that Taiwan was now a democracy, but the George W. Bush administration accepted Beijing's suggestion that the decision should be acceptable to the people on both sides of the Strait (The fact that Taiwan is a democracy and the Mainland is not negated the value of my point.).

For Washington, promoting its interests in peace and stability became more complicated after the early 1990s as Taiwan became a democracy. This transformation also complicated China's desire for an end to the political division between the two sides of the Strait. The main focus of this essay is on how the island's domestic politics have affected its relations with both the Mainland and USA, in particular the adjustments that Washington had to make to Taiwan's new political dynamic. It looks not only at what the USA says, but also at what it does, particularly on security policy, and concludes with a discussion of the 2016 election.

Historical background

Taiwan's democratization was certainly not the first challenge that the ROC posed for American policy-makers:

- During the Second World War, the USA wanted Chiang Kai-shek, the Director-General of the Kuomintang (KMT), to focus solely on fighting the Japanese, but he chose also to keep his eye on the Chinese Communist Party (CCP).
- After the war, the Truman administration tried to mediate in the CCP-KMT dispute, only to give up in frustration. It subsequently judged that the KMT regime was too corrupt to beat the People's Liberation Army (PLA), regardless of the military aid Washington provided to it.
- Once the Mainland fell, Washington believed that Taiwan was doomed unless Generalissimo Chiang carried out reforms (he refused) or if the USA imposed a replacement (it failed).
- During the Cold War, the US-ROC Mutual Defense Treaty deterred the PRC most of the time from attacking Taiwan, but it did not stop Chiang from trying to exploit instability in the PRC in service of his quixotic goal of "Mainland recovery."

Domestic political forces restrained any US administration from going too far in the direction of abandoning the ROC and, after 1949, abandoning Taiwan. Madame Chiang Kai-shek had created too comprehensive a network of American political supporters. The ROC regarded the US Congress as a bulwark against the executive branch adopting pro-PRC policies and it perceived the more anti-communist Republican Party as a defense against less supportive

Democratic administrations. These political pressures affected the Kennedy and Johnson administrations particularly.

On the other hand, strategic dynamics placed limits on unqualified American support of the KMT regime. The reality of those dynamics and the dilemma they created were brought home to the Eisenhower administration during the very tense Taiwan Strait crisis of 1954-1955. Eisenhower reasoned that if the PLA was able to seize the ROC-controlled offshore islands of Jinmen and Mazu, it would be a severe psychological shock to Taipei. However, it was impossible to defend the islands with conventional forces against a determined communist attack, and the islands had no military value anyway. So, Eisenhower concluded, the USA would have to use nuclear weapons to defend its credibility, which might lead to war with the Soviet Union. Much to Generalissimo Chiang's disappointment, Washington began to recalibrate its support for Taiwan and open channels of communication with Beijing.

Since 1928, the ROC has been a fairly weak state and it was a small one too after 1949. It has always been at the mercy of what might be called the global strategic lottery and dependent on the kindness of strangers. When a great power values its support in its rivalry with other powers, the ROC benefits. That was certainly the case in the Cold War, despite differences in goals with the USA. The strategic lottery went badly against the ROC in the 1970s, though, when Richard Nixon (a Republican) and Jimmy Carter (a Democrat) saw a major strategic advantage in aligning with China against the Soviet Union. To do so, Washington had to end diplomatic relations and the Mutual Defense Treaty with Taiwan. American arms sales continued, the TRA preserved something of a security commitment, and ultimately the Reagan administration improved the tone of the US-ROC political relationship. All the same, America had played the "China card" and could not take it back. As long as neither Beijing nor Taipei tried to change the status quo unilaterally, the USA could maintain a degree of balance in its relations with both. That happy medium would change, however.

Democratization

Back in the 1980s, Chinese leaders still retained some hope that the unification of Taiwan with the Mainland was just a matter of time. After all, Taiwan's leaders then were Mainlanders who had moved to Taiwan after the end of the Second World War. Beijing could make appeals to Chinese patriotism and cite the prosperity and stability of Hong Kong, which reverted to the PRC in 1997, to bring Taiwan around. After all, unification was the KMT's long-term goal also; it just differed with Beijing over the terms.⁴ Beijing may also have assumed that if sweet persuasion did not work, leverage and intimidation might be more effective, particularly as economic ties deepened and if Taipei's cord to Washington frayed.

However, this strategy would succeed if, and only if, the authoritarian system that Chiang Kai-shek had created on Taiwan continued, because it denied the Taiwan public a voice in any negotiations. However, in 1986 Chiang Ching-kuo, Chiang Kai-shek's son and successor, dismantled authoritarianism and began a process of democratization.⁵ After his death in January 1988, his successor Lee Teng-hui gradually implemented political reforms. By 1996, it could be said that Taiwan's transition to democracy was complete. This transformation profoundly complicated matters from Beijing's point of view because it had two game-changing effects.

First of all, elections for the Taiwan presidency and the Legislative Yuan would occur on a competitive basis and the results would reflect the general sentiments of voters. Competition meant that the KMT soon faced a challenge from the opposition Democratic Progressive Party (DPP), founded in 1986. The DPP was the principal political force that capitalized on resentment toward the KMT's past authoritarian rule and to the "Mainlanders" who dominated it. The DPP

drew support from some “native Taiwanese,” whose families had been on the island for generations. That the KMT, Beijing’s preferred interlocutor, might lose power to the DPP alarmed Beijing because it believed that the DPP was committed to *de jure* independence and that it did not acknowledge fundamentally that the territory of Taiwan was a part of China.

Second, political liberalization permitted political expression and activity in Taiwan that had hitherto been prohibited. Political parties could form. Demonstrations and rallies became common. Political expression was soon widespread and open. In particular, democratization released a long-suppressed, contrary view of who the Taiwan people were and where their island should go. Concerning their political identity, 26.2 percent of people surveyed in 1994 said they were Chinese, 20.2 percent said they were Taiwanese, and 44.6 percent said they were both. Two decades later, in 2014, only 3.5 percent of those polled said they were Chinese, 60.6 percent said they were Taiwanese (triple the 1994 share), and 32.5 percent said they were both.⁶

The formation of a Taiwanese identity among people who were ethnically Chinese, which was at first subterranean and later went above ground, had a unique cause. It had little to do with prior Japanese rule, which was what the KMT regime believed, and a lot to do with what the regime itself did to the populace. Its catalog of offenses included the predatory actions of the officials and soldiers that took over the island; the brutal suppression of the island-wide rebellion in February and March 1947 (“2-28”); the “white terror” of the early 1950s; government education and language policies intended to impose Chineseness from the top down; the repression of political activity that challenged political orthodoxy; and the denial of island-wide electoral democracy on the grounds that the civil war continued and the ROC was the government of all of China, not just Taiwan.

In response, most Taiwanese just sought to avoid trouble and make the most of their situations for themselves and their families, principally by taking advantage of the rapid economic growth that the ROC Government had the good sense to promote. A very small minority overtly provoked the regime, and lost their freedom in the process. Many other Taiwanese people resented the regime’s efforts to impose its version of Chinese national identity upon them. Their logic seems to have been, “If the treatment I have received is what it means to be Chinese, I am not Chinese but something else. I am Taiwanese.” It was dangerous to express this contrarian thought under authoritarian rule but, once repression was lifted, the seeds of Taiwanese identity germinated and quickly flowered.⁷ The mix of public attitudes revealed in the opinion surveys on identity was the result. Memories of the period of harsh authoritarianism had another effect, one that is relevant to PRC unification policy today, and that is a general fear of Mainlander outsiders. At least some Taiwanese who recall all the troubles that came with KMT-style unification are not eager to try a PRC version of it.

Promoting Taiwanese identity and feeding fears of Mainland China has become a staple of most presidential election campaigns, one that even the KMT has not avoided. Although Lee Teng-hui was the leader of the KMT in the 1990s, he used identity and fears of China successfully in his 1996 reelection campaign. DPP candidates tried to raise the salience of local identity. Parties and candidates that advocated unification got no traction. Candidates on the KMT side who saw value in improving relations with Beijing had to tread carefully in order to avoid any charge of selling out Taiwan. The opposition DPP, which had taken an explicit position in favor of *de jure* independence in 1991 during a radical phase, retreated to a less provocative but more ambiguous one in 1999.⁸ It made this shift in order to better secure electoral support from a populace that had no interest in either unification or independence (As far as Beijing is concerned, the Taiwan Independence objective is still a problem.).

In this regard, it is important to note that even as Taiwanese identity continues to strengthen, it does not translate into support for taking action to secure Taiwan Independence. In repeated surveys, respondents opt for a preservation of the status quo. In 2014, for example, 59.5 percent of those surveyed were wedded to the status quo, either forever or for a long time. 25.9 percent of respondents wanted to maintain the status quo for an undefined period and then move to an ultimate outcome: 18.0 percent were for independence and 7.9 percent for unification. Only 5.9 percent of respondents wanted to move toward independence right away, while 1.3 percent desired unification right away. These shares had not changed significantly over the previous decade.⁹ Although the options offered in surveys on ultimate outcomes are fairly general and undefined, the Taiwan public's strong preference for "the devil we know" is clear. This mainstream sentiment is a mixed blessing for Beijing: it serves as a bulwark against what China fears (independence) but remains an obstacle to what it has long sought – unification.

The substance of identity has evolved over time. As economic opportunities on the Mainland grew and as democracy was consolidated, younger generations adopted a less strident type of Taiwan nationalism. Their fears of PRC outsiders diminished somewhat as they realized that job opportunities were greater on the Mainland than in Taiwan.¹⁰ This was not a fundamental or irreversible trend, however. Most of Taiwan's residents had no doubt that the island was their home and that the Mainland was a different society. Furthermore, fears that China might swallow up Taiwan have gained recent currency in some parts of society, particularly among young people.¹¹

The USA adjusts to Taiwan's democratization

Washington, which before 1990 had been accustomed to dealing with a small circle of Taiwan decision makers, faced a whole new task in coping with the more open and competitive political system that emerged thereafter. Some of the steps that Taiwan's leaders took to remain popular were inconsistent with the guidelines that Washington had set for the conduct of US-Taiwan bilateral relations. Elections brought politicians with totally new ideas to power. China usually concluded that these changes affected its fundamental interests in a negative way. It then often tried to get US assistance to counter changes in Taiwan, sometimes successfully.

President Lee Teng-hui's intended visit to the USA in 1995 was the first big challenge for American policy. Technically, senior Taiwan leaders did not "visit" the USA; they only made a "transit" there on the way to somewhere else, and they limited their activities while on American soil. But Lee wanted to visit in order to give a public speech at Cornell University, his alma mater. This was part of his effort to expand Taiwan's international space and to improve his prospects for Taiwan's first direct election in 1996. Beijing, however, regarded "travel diplomacy" as part of a Taiwan Independence plot and mounted an all-out initiative to pressurize the Clinton administration into rejecting Lee's USA visit. Lee hired a Washington lobbying firm to advance his cause and it made the case successfully that China's objections to the visit were mean-spirited and unacceptable. In the end, President Clinton ignored the pressure and Lee made his visit.

The result was that relationships on all three sides of the US-China-Taiwan triangle deteriorated. Beijing downgraded bilateral relations with Washington, suspended the unofficial dialogue with Taipei, and undertook unprecedented military exercises conducted to intimidate Taiwan in the second half of 1995. It was not until the time of the election in March 1996, when Beijing undertook even more provocative exercises, that the Clinton administration signaled its support for Taipei and issued deterrence warnings to China by sending two aircraft carrier strike forces to the waters around Taiwan.

Washington then moved to improve political relations with both China and Taiwan (with Taipei it urged a policy of “no surprises”). The USA also urged the two sides to resume semi-official dialogue, and there were economic reasons to do so as Taiwan companies continued to move production and assembly operations to the Mainland. Still, there was almost no progress in cross-Strait relations because of profound differences over basic principles. The two governments argued about the nature of their political relationship and specifically whether Taiwan was a sovereign entity (Beijing thought not; Taipei thought it was). To prepare for political talks, Lee created a research group to craft a more precise definition of Taiwan’s political and legal identity. The result was the formulation that cross-Strait relations were a “special state-to-state relationship,” which Lee, jumping the gun, announced publicly in July 1999. Both Washington and Beijing were blindsided. China concluded that this was a new move toward Taiwan Independence and heightened military tensions. The USA worried that the tense situation might deteriorate by accident or due to miscalculation and so sought to contain it. (As chairman of the AIT, I was the public face of the effort directed toward Taiwan.) Then, after a couple of months of tension, including military tension, Beijing and Taipei used a severe earthquake in central Taiwan as a reason to back down.¹²

The next episode was the 2000 Taiwan presidential election. The race was going to be competitive because the Kuomintang could not unite around a single candidate. Ultimately, Vice President Lien Chan was the official nominee and James Soong Chu-yu ran as an independent. Chen Shui-bian had solid DPP backing and won, but only with 39 percent of the overall vote.

As early as late 1997, the USG understood that Chen would be the DPP candidate and that he might win. So it intensified its communication with Chen and his circle, particularly through its diplomats in Taipei. Also, Chen visited Washington in the spring of both 1998 and 1999, and had the opportunity to exchange views with officials who managed Taiwan policy. Engaging Chen early on made sense, partly because he might be the next president and because he was running as a Tony Blair-style “third way” candidate. Both he and Washington had an interest in his pursuing moderation.

Even so, Washington faced a dilemma. On the one hand, it would have been improper for Washington to favor one candidate over another in an election in a friendly democratic country, both as a matter of principle and practically because it would have to deal with the winner, whoever that might be. On the other hand, the policies of the person elected may affect US interests for good or ill. To remain silent about those interests denies information to voters that they might consider relevant to their choice.

US practice concerning this dilemma has varied. In December 1999, in my capacity as AIT chairman, I met with the three Taiwan presidential candidates and relayed the following message from the Clinton administration: the USA does not take sides in Taiwan’s election; it will seek to work with whoever the voters elect. If the policies of the elected leader conform to US interests, there will be no problem; if they do not conform, then Washington will seek to resolve the differences.

The formulation deployed for the 2004 and 2008 elections were different, because circumstances had changed. From 2000 to 2002, Chen Shui-bian had tried to engage both the KMT and Beijing but each rebuffed him. Anticipating a tough reelection campaign, he shifted strategy from making moderate appeals to middle-of-the-road voters to pursuing the mobilization of his base. He did so by making proposals that Beijing perceived to be steps toward independence. For both the 2004 and 2008 elections, Washington became convinced that danger loomed. In December 2003, President George Bush himself effectively stated the

USA view on the election by asserting that Chen's statements and actions "indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose."¹³ Chen won reelection anyway. In 2008, the administration faced a similar situation. Even though Chen was ineligible for another term, Chen still dictated a mobilize-the-base strategy for his party's candidates. The USA came down harshly against Chen, with a public statement that accused him of unnecessarily putting the island's security at risk.¹⁴

The beneficiary of this criticism was Ma Ying-jeou, the KMT's candidate, who campaigned on the idea that, rather than provoking China, Taiwan should engage the PRC economically without hurting its political and security interests. He won by a large margin in 2008 and easily again in 2012. For the USA, Ma's policies were a boon because Taiwan was taking responsibility for maintaining stability, thus removing a serious point of friction with Beijing. The only comment it made during the 2012 campaign, when Tsai Ing-wen challenged Ma, was an expression of "serious doubt" that cross-Strait stability would continue under a DPP Government.¹⁵

Which brings us back to Deputy Assistant Secretary Thornton's speech. She made several points relevant for the 2016 Taiwan presidential election:

- the USA welcomed the two sides' efforts to reduce tensions and improve their relations;
- it encouraged the continuation of dialogue "on the basis of dignity and respect";
- both sides have a responsibility to summon the flexibility and restraint needed to preserve productive cross-Strait relations, and neither should make "unilateral attempts to change the status quo";
- both sides should appreciate the benefits that stable cross-Strait ties have produced and "work to establish a basis for continued peace and stability"; and
- close communication and a "no-surprises, low-key approach" will allow all parties to demonstrate restraint and flexibility.

The unstated corollary of Thornton's remarks was that each side should take the interests of the other into account and neither should impose on the other its definition of what would be required for continuity.

US security policy concerning Taiwan

The cross-Strait tensions that Taiwan's democratic politics and Beijing's responses to it have created have tested the US interest in peace and security and how to preserve it. At Beijing's insistence, the USA ended its Mutual Defense Treaty with Taiwan at the time it established diplomatic relations with the PRC. The TRA, which Congress passed in March 1979, contained clauses which suggested that the USA retained a security commitment to the island even though it no longer had diplomatic relations with the ROC Government. Yet the TRA lacks a legally binding and treaty like requirement to come to Taiwan's defense, so the commitment is more political than anything, but it is still meaningful as long as it is sustained (Actually, the strongest reason the USA would have for defending Taiwan would be the fear that a failure to respond to an unprovoked attack would be a serious blow to American credibility around the world.)

As long as China lacked the military capability to threaten Taiwan seriously and as long as the two sides' naval ships and air force planes kept their distance from each other, the ambiguous American commitment was never in question. However, that situation changed in the 1990s. As discussed above, Taiwan's democratization produced proposals and initiatives that Beijing regarded as a challenge to its interest in unification (whether they actually were or not). In the

belief that its deterrent against Taiwan Independence was insufficient, the PRC leadership authorized the building of military capabilities that would hopefully dissuade Taiwan's leaders from going in that direction, and to impede the USA from coming to its defense (The resources spent on those latter capabilities indicate that the PRC's military has no doubt about USA's commitment to intervention.). To make matters more dangerous, when mini-crisis occurred military ships and planes operating in the Taiwan Strait had a tendency to get a little bit too close to each other. Thus, Washington concluded that the greatest danger of cross-Strait conflict would stem from accident or miscalculation.

The security policy that Washington adopted was essentially dual deterrence. It was dual in two senses. First, it was directed at both Beijing and Taipei, since each had a responsibility to keep the peace. Second, the US policy was to mix warnings with reassurances. Toward Beijing, the basic USA line was to warn against attacking Taiwan but to reassure that Washington did not support Taiwan Independence. Toward Taipei, the message was to warn against political steps that would unnecessarily provoke a Chinese military response, but to reassure that the USA would not sacrifice Taiwan's interests for the sake of good relations with Beijing. The relative mix of warnings and reassurances given to each side depended on the circumstances, and operationalizing them was not easy, in part because each side thought that it could manipulate Washington into taking its side.

There are two related issues in US security policy. The first is whether Taiwan is spending its scarce defense resources on the right advanced equipment. The view is growing in the USA that Taiwan's past strategy of defending the island by gaining sea and air control of the Taiwan Strait is no longer viable because of the PRC's growing power-projection capabilities. Based on this view, it makes less sense for Taiwan to acquire advanced fighter aircraft, large diesel submarines, and main-battle tanks. Because Taiwan's armed forces would have to hold out for a certain amount of time in the event of an attack by the PRC until the USA could come to its defense in force, a strategy that seeks to make the island invulnerable to invasion through "innovative and asymmetric" capabilities is now thought to be more appropriate to the threat environment and sounder for the island's budget. A transition is occurring in this strategic direction, but some resistance continues.¹⁶

Then there is the question of whether a military attack is the most likely way in which Beijing might compel Taiwan to submit to unification. I have argued that the greater threat is a PRC resort to intimidation, playing on the sense in Taiwan of growing weakness – economic, military, political and diplomatic – and a lack of confidence in the island's ability to resist. Addressing this dilemma would require a major effort at self-strengthening in all these areas, which in turn would restore confidence and make intimidation less likely in the first place. Getting the needed policy changes through Taiwan's presently dysfunctional political system does not seem likely, though.

The 2016 election

Dual deterrence faded during the presidency of Ma Ying-jeou, for the simple reason that Taipei and Beijing were doing much more to reassure each other about their basic intents. Neither needed the USA to protect its interests so much then. Yet dual deterrence may have to return in 2016, because Tsai Ing-wen, the DPP's presidential candidate, won the election in January of this year. With her having won, the factors that are relevant to preserving peace and stability are as follows:

- To what extent will Tsai meet Beijing's requirement that she oppose Taiwan Independence and adhere to the "1992 consensus," the core of which is a recognition

that Taiwan and the Mainland both belong to one China? (She has given no indication she will, and instead only promises to preserve the status quo – as she defines it).

- To what extent will Beijing interpret an unwillingness on Tsai's part to meet its rhetorical requirements as tantamount to a fundamental intention on her part to pursue Taiwan Independence and so challenge the PRC's interests? (Whatever her basic intentions, she lacks a domestic political reason for moderation. She will likely calculate that her electoral position is strong enough that she does not need to accommodate Beijing in order to attract votes and that to do so will cost her the support of the DPP's most ardent backers).
- How much will Beijing "punish" Taiwan for electing Tsai? (The expectation is that it will take political and economic steps to show its displeasure, but not military ones).
- To what extent then will each side seek US support for its stance? (The PRC might try to pressurize Washington to encourage Tsai to make a significant accommodation, while Tsai might say that Beijing should not be allowed the right to define what she must do to preserve the status quo).
- To what extent can the two sides find a mutually acceptable way to reassure each other on their own that is not necessarily the same ameliorative approach of the Ma administration, but is still effective? (Tsai would likely be willing to have that conversation as long as Beijing does not impose politically difficult conditions, while Beijing might say that it would not talk to a political party that it believes has the goal of independence).

The danger is that the two sides will not find a method for mutual accommodation through either private dialogue or a public exchange of declaratory positions, and that Beijing will decide to impose some sanctions on Taiwan because, in its view, Tsai poses a challenge. Possible actions include suspending semi-official cross-Strait dialogue, limiting the implementation of agreements reached during the Ma administration, restricting the flow of Mainland tourists to Taiwan, and getting some of Taipei's diplomatic partners to switch diplomatic relations to the PRC. Those actions could well inspire anger among some in Taiwan and place political pressure on the Tsai administration to take responsive action. A tit-for-tat interaction would create a negative spiral and bad relations for the duration of Tsai's presidency.

In the event of such an impasse, Washington will have to judge which side is more responsible for damaging the positive state of cross-Strait relations that it has valued. Both Beijing and Taipei will try to blame the other and each will appeal to different principles to make its case. Beijing will cite the USA's declared non-support for Taiwan Independence and Taiwan will assert that Tsai's policies reflect the will of the people as expressed through democratic elections. Each will have its own narrative about how the other is at fault. Each will seek to find points of leverage with Washington.

In my view, Beijing risks causing a downward spiral more by locking itself into positions that limit the sort of creativity and flexibility that the USA has urged. This tendency is related to how the PRC assesses the threats against it. If it views what Tsai said and did in the past when she worked in the Lee Teng-hui and Chen Shui-bian administrations in a negative light, and if it over-interprets what she has said during the last electoral campaign, it is liable to write off any possibility of a mutual accommodation. If, on the other hand, it looks at what she says in her inaugural address, at the point when she becomes responsible for the interests of Taiwan as a whole, as opposed to the views of the DPP campaigning for power locally, then greater restraint may be possible. Furthermore, if Beijing waits to see what she actually does when carrying out her electoral mandate, it may be possible to avoid a downward spiral in communication and preserve the stability of cross-Strait relations. Perhaps the Obama administration is urging Beijing in this direction.

Complicating matters on the PRC side is the nature of decision making under President Xi Jinping. There is a strong impression that on Taiwan, as with many other issues, Xi has cut himself off from the institutional mechanisms that in the past have conveyed expert advice upwards to decision makers. It is true that while he served in Fujian and Zhejiang provinces, Xi had contact with Taiwan businessmen who had operations there, which is more exposure to Taiwan citizens than his predecessors as paramount leader ever had. Yet arguably those businessmen were not a representative sample of Taiwan opinion. There have been rumors that Tsai has a private communications channel into the CCP leadership which, if effective would be a sounder means of reassurance than any public statements she might make. Where exactly that channel goes and how it is used will determine its effectiveness.¹⁷ All of these factors complicate any predictions about how Beijing – that is, Xi Jinping – will respond now that Taiwan’s voters have picked Tsai Ing-wen as their president.

Notes:

- In addition, Taipei shared the conviction with Beijing that Taiwan had been returned to China after the war and that the territorial scope of China (whether PRC or ROC) was both the island and the Mainland. Not all people on Taiwan agreed.
- For Beijing’s anxiety about Taiwan’s democratization (see Bush, 2005, pp. 204-210).
- This shift was similar to one that occurred later in Hong Kong (see, chapter 5).
- For a summary of Taiwan’s post-war political history (see Bush, 2005, pp. 142-161). The seminal analysis of the formation of Taiwanese identity is given in Wachman (1994).
- For the 1991 position advocating a “sovereign Taiwan Republic,” (see Rigger, 2001). The 1999 position, which was still operative in July 2015 reads as follows: “Taiwan is a sovereign and independent country. In accordance with international laws, Taiwan’s jurisdiction covers Taiwan, Penghu, Kinmen, Matsu, its affiliated islands and territorial waters. Taiwan, although named the Republic of China under its current constitution, is not subject to the jurisdiction of the People’s Republic of China.”; DPP (1999).

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¹¹ Gold (2014)

¹² Bush, (2005), pp. 54-57

¹³ Xinhua (2003), "President Bush says US opposes Taiwan leader's independence efforts," December 9 (OSC JPP20031209000168).

¹⁴ Rigger (2006)

¹⁵ Wachman, A.M. (1994), *Taiwan: National Identity and Democratization*, M.E. Sharpe, Armonk, NY.

¹⁶ Xinhua (2003)

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