

## **The Taiwan Issue and the Normalization of US-China Relations**

Richard Bush, Brookings Institution  
Shelley Rigger, Davidson College

### *The Taiwan Issue in US-China Normalization*

After 1949, there were many obstacles to normalization of relations between the United States and the new People's Republic of China (PRC), but Taiwan was no doubt a key obstacle. The Kuomintang-led Republic of China (ROC) government and armies had retreated there. Washington maintained diplomatic relations with the ROC government and, in 1954-55, acceded to Chiang Kai-shek's entreaties for a mutual defense treaty. After June 1950 with the outbreak of the Korean conflict, the United States took the position that the status of the island of Taiwan—whether it was part of the sovereign territory of China—was “yet to be determined.” More broadly, PRC leaders regarded the United States as a threat to their regime, particularly because of its support for the ROC, and American leaders viewed China as a threat to peace and stability in East Asia and to Taiwan, which they saw as an ally in the containment of Asian communism in general and China in particular. It was from Taiwan's Ching Chuan Kang (CCK) airbase, for example, that U.S. B-52s flew bombing missions over North Vietnam.

By the late 1960s, PRC and U.S. leaders recognized the strategic situation in Asia had changed, and that the geopolitical interests of the two countries were not in fundamental conflict. Jimmy Carter and Deng Xiaoping not only reaffirmed that assessment but also recognized a basis for economic cooperation. Yet prior to normalization, the formal U.S. relationship with the ROC continued. Deng Xiaoping insisted that it had to end before PRC-U.S. relations could become normal across the board. In principle, the Carter administration agreed to meet that requirement.

The normalization agreement of December 15/16, 1978 addressed the “Taiwan obstacles” to normalization in the following ways:

- The United States recognized the government of the PRC as the sole legal government of China, and by implication accepted the PRC as the government representing China in international governmental organizations. That is, Washington forewent a “two-Chinas” or dual-representation approach. (In 1971, the United States had tried but failed to preserve the ROC’s UN membership under a dual representation rubric.)
- The United States terminated diplomatic relations with the ROC and established them with the PRC. It pledged to conduct relations with Taiwan on an unofficial basis.

These are the key elements of the U.S.’s “one-China policy.” Over time, Washington has redefined how, in a practical sense, to operationalize the conduct of U.S.-Taiwan relations, based on changes in circumstances. But the commitment to the essence of these two elements has been sustained.

At the time of normalization, there were a few ways in which U.S. relations with Taiwan appeared not to change fundamentally:

- The Carter administration took an ambiguous position on whether Taiwan was a part of China’s sovereign territory. This ambiguity predated normalization: Whether the geographic territory administered by the ROC state was within the sovereign territory of China – whether China was represented by the PRC or the ROC – had been undetermined since the beginning of the Korean War, and the normalization process did not reverse that position.

- President Carter reaffirmed the U.S.'s "abiding interest" that the differences between the two sides of the Taiwan Strait be resolved peacefully, a position that Beijing did not directly rebut.
- President Carter signaled that the United States would continue to sell arms to Taiwan, a position that almost derailed the normalization process.
- Congress in the Taiwan Relations Act (TRA) of April 1979 authorized continued arms sales to Taiwan and stated at least a U.S. political commitment to the island's security, if not a legal one.
- In August 1982, the Reagan administration agreed to a communiqué with China that Beijing and others believed included an American commitment to reduce the quantity and quality of U.S. arms provided to Taiwan and ultimately to terminate arms sales.

These continuities across the normalization process reflected an important factor for US policy makers: It was one thing for Washington to accommodate to Beijing's basic position on Taiwan's formal international role (or lack of one). It was another for it to significantly take sides on how to resolve the continuing dispute between the disputants on both sides of the Taiwan Strait. Moreover, U.S. administrations have consistently done the following: refused to endorse Beijing's formula for unification; pledged to Taipei that it will not to pressure Taiwan into negotiations with its adversary or seek to mediate the dispute; continued to provide defensive weaponry based on its view of Taiwan's defense needs; restated Washington's "abiding interest" in a peaceful resolution of cross-Strait differences by the parties themselves; and signaled the US was prepared to defend Taiwan from an unprovoked attack.

Washington came close to taking China's side in its dispute with Taiwan in August 1982, when the Reagan administration signed the arms sales communiqué with China. Beijing had

been fuming since the passage of the TRA over its provisions obligating the United States to provide arms to Taiwan and ensure its security. One of China's top priorities was to persuade Washington to end arms sales, in the belief that once Taiwan no longer had security support from the United States, it would negotiate on Beijing's terms. It raised the issue again and again, and in August 1982, the Reagan administration agreed to joint communiqué with China that stated, in part:

“... the United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution.”

This was perhaps the moment of greatest peril for Taiwan. Had the U.S. followed the letter of the communiqué, the military balance in the Taiwan Strait might have quickly shifted in Beijing's favor. But Washington did not do so and as a result, Beijing believes Washington reneged on its commitments. PRC officials argued that Taiwan would only be willing to negotiate seriously when Washington ended arms sales. Washington counter-argued (and continues to do so) that that only a militarily secure Taiwan would be willing to undertake political negotiations with Beijing and, moreover, that it was up to Beijing to convince Taiwan that its own unification proposal aligned with the interests of the island's government and those of its people. Meanwhile, American friends of Taiwan asserted that the limitations to which Washington had agreed were a retreat from the legal requirements of the TRA to transfer arms to Taiwan.

In short, the 1982 Communiqué has been a source of tension in U.S.-China relations almost since the day it was signed. Increasingly, however, the U.S. has justified continued arms sales because China has continued to acquire military capabilities that call into question the commitment it stated in the communiqué: that it would follow a “policy of striving for a peaceful resolution of the Taiwan question.”

Events in the early 1990s further complicated the relations among Beijing, Washington, and Taipei in ways that drew the United States and Taiwan together. First of all, the violent end to the Tiananmen protests badly hurt the PRC’s reputation in the United States at the same time that the image of Taiwan which, as we detail later in this essay, had begun the transition towards democracy, was improving. Second, the collapse of the Soviet Union created a buyer’s market for advanced weapons, one that Taiwan sought to exploit, with encouragement of its friends in the Congress. Also, with Congressional acquiescence, the Carter, Reagan and Bush administrations had placed strict limits on the conduct of U.S.-Taiwan relations because of the perceived need for China’s help in containing the Soviet Union. Once the USSR disappeared, American politicians began calling for positive changes in Taiwan policy.

But the real game-changer was Taiwan’s transition to democracy, which began in 1986 and was completed in 1996. For the first time, the population of the island gained a voice concerning the island’s future. Previously, the island’s authoritarian regime had built significant political support among American conservatives who shared its anti-communist ideology. Democratization provided a new, values-based rationale for U.S.-Taiwan relations that appealed to American liberals and conservatives alike. It also fundamentally changed the context in which Beijing and Washington had to address the Taiwan issue.

## *Taiwan's Transformation*

Taiwan's democratization reoriented the island's position in U.S. foreign policy, so it is important to understand the island's journey from authoritarian anti-communist bulwark to liberal democratic beacon and how that journey changed the calculus for American policy makers and citizens. The consequences of Taiwan's democratization included not only a shift in the logic of U.S.-Taiwan relations, but also new demands from Taiwan's society – including the expectation that Taiwan's government should prioritize Taiwan's autonomy and development over the once-sacred mission of national unification.

For several decades, Taiwan seemed unlikely candidate for democratization. The KMT-led Nationalist government first sent personnel to Taiwan in 1945, when the Japanese empire surrendered the island. The KMT took a heavy-handed approach, treating Taiwan as a territory in need of tight control, given its 50 year history as a Japanese colony. It also treated Taiwan, whose economy had weathered the war in relatively good shape, as a source of wealth to be exploited by the ROC regime in its struggle for postwar economic recovery and its ultimately losing struggle for power with the Chinese Communists. The KMT government's governing style quickly alienated many Taiwanese, and in early 1947 a violent conflict broke out between Taiwanese civilians and the Nationalist administration. This event, which came to be known as the February 28 (228) Incident, ended in a deadly crackdown on Taiwanese protesters and elites. The crackdown, which eliminated or silenced Taiwan's local elites, had the unintended but ultimately vital effect of smoothing the way to thoroughgoing, top-down political and economic changes on the island. Those changes included a land-to-the-tiller reform program that sparked a massive increase in agricultural productivity and enabled Taiwan's industrialization in the 1960s

and '70s. Still, seven decades later, the 228 Incident stands as the KMT government's original sin, a sin the KMT has yet to expunge.

That inauspicious beginning set a tone that persisted for decades. Those who had been in Taiwan since the Japanese era (known as Native Taiwanese, or *benshengren*) found their hopes of a constructive integration into the Republic of China dashed. Two years later, in 1949, the Nationalist regime found itself driven from the mainland to refuge in Taiwan, bringing with it more than a million soldiers, government workers, and refugees. Suddenly, Taiwan *was*, in effect, the Republic of China, yet the KMT treated the island as enemy territory in need of stern management. It suspended the constitution, declared martial law, and instituted a single-party authoritarian state under KMT command, a state dominated by newly-arrived personnel from the mainland – the so-called 49ers, or *waishengren*.

President Chiang Kai-shek and his supporters believed their sojourn on Taiwan would be short, and that their mission was to return to the mainland, displace the Chinese Communist Party state, and reestablish the ROC's authority over the entire Chinese land mass. In their view, Taiwan and its people needed to be mobilized to support that mission. Economic development was thus a high priority, since Taiwan would need to be industrialized in order to mount a successful reinvasion. Rising living standards for the Taiwanese themselves were a welcome side effect of industrialization, but not its primary thrust. Democracy, on the other hand, to which the KMT had long paid lip service, was not a high priority. On the contrary, the KMT leadership believed that only a tightly controlled state and society could be harnessed to achieve its goals.

Despite its determination to retain unchallenged political control, the KMT also recognized the necessity to incorporate Native Taiwanese into its institutions, including the ruling party. From the late 1940s on, even as the ROC's national-level representative bodies

retained the members elected in the mainland in 1947, local offices, including village and neighborhood heads, local councils, municipal councils and even a provincial assembly in which nearly all Taiwanese were represented, were filled in competitive, regular elections. These elections effectively directed grassroots political energy into non-threatening, and even regime-supporting, channels.

During the Cold War, the U.S. was willing to overlook the authoritarian aspects of KMT rule on Taiwan. Helping Chiang's government resist the expansion of communism was a higher priority for Washington than insisting on democracy, and the Nationalists were happy to support U.S. operations in the region, including the Vietnam War. The mutual defense treaty with the United States ensured Taiwan's security, and while Chiang was frustrated at the lack of progress toward "recovering the mainland," his government was able to take advantage of two decades of peace to build Taiwan's economy. Here again, the U.S. provided much-needed support, opening its market to Taiwan's exports.

The Sino-American rapprochement that began in the early 1970s ended the ROC's privileged status in U.S. foreign policy, and raised the possibility that the Republic of China would not survive as a self-governing territory. Without the protection afforded by its position as the "bulwark against communism," it was hard to imagine how Taiwan could resist pressure from the PRC for unification on Beijing's terms. The normalization of diplomatic relations between Washington and Beijing was delayed by several years, because of Nixon's resignation in 1974 and Mao's death two years later. By the time President Carter took up the work of finalizing normalization, Taiwan's friends in Congress had mobilized behind the Taiwan Relations Act (TRA), which allowed the U.S. to complete normalization with Beijing while retaining substantive – albeit informal – relations with Taipei.



At the time, most Taiwanese viewed the island's loss of international recognition as a setback. But losing international recognition also liberated Taiwan to pursue a new course. Losing the ability to represent China in the international community – including in the United Nations, which the ROC left in 1971 – meant that the ROC's claim to represent all of China was no longer credible. That, in turn, undermined the logic by which the KMT justified its single-party authoritarian rule. After all, if the ROC was not China, what was the point of preserving political institutions designed to represent the mainland? Why should Taiwanese be subjugated to the task of recovering the mainland if the rest of the world – even the U.S. – had accepted that the People's Republic of China was not only a legitimate government of China, but *the* legitimate government of China?

In short, the loss of international recognition that unraveled the KMT-led regime's case for its own power unleashed strong forces for change in Taiwan's society. In the 1950s and '60s, the KMT party-state had moved swiftly to suppress individuals and groups that dared to call for political change, but in the '70s, silencing dissidents became increasingly difficult and costly. Within Taiwan, there was a rising tide of opposition, expressed both in social movements and in local elections, where independent candidates began making bolder and more ideological challenges to the KMT. Pressure for democratization was mounting outside Taiwan, too, in part as a response to President Carter's human rights diplomacy. Congressional hearings called attention to human rights abuses in Taiwan and gave visibility to the pro-democracy movement.

Taiwan's oppositionists wisely defined democratization as the full implementation of the ROC's democratic 1948 constitution, which included broad protections for civil liberties as well as the institutions of representative government; they did not seek to overturn the ROC system entirely. Nonetheless, democratization was not their only goal. Part and parcel of the KMT's

approach to government were rule by an identifiable minority, the '49ers, and subjugation of Taiwan's interests to the KMT's ambition to return to the mainland. For Taiwan's political opposition, changing institutions was not enough. Majority rule and respectful, equal treatment of Native Taiwanese were inseparable from democratization. Finally, they believed that instituting true democratic governance would elevate Taiwan's own interests above the quest to recover the mainland.

Taiwan's democratization thus proceeded along two dimensions: the renovation of institutions to allow for genuine popular government, and the termination of discriminatory practices – including restrictions on citizens' right to advocate positions that contradicted the KMT's unificationist agenda. Nothing about democratization was easy for the KMT, whose leaders saw their own destiny as inextricably linked to their mission to restore what they saw as legitimate government in mainland China, but institutional changes were easier to accept than a change in the fundamental purpose and identity of the ROC.

In the '70s, elected local politicians had become increasingly brazen in challenging the KMT. Most of them held low-level offices, but there were high profile candidacies as well. Non-KMT politicians won mayoral elections in some of Taiwan's biggest cities (in response, the KMT converted the Taipei and Kaohsiung mayorships to appointive positions). Opposition candidates also ran for and won a handful of the "supplementary seats" added to the national legislative bodies in 1969 to reflect Taiwan's growing population (and to fill out the legislative ranks as the mainland-elected representatives aged). Although few in number, those positions gave opposition politicians two priceless benefits: a bully pulpit and legislative immunity.

Alongside the politicians running for office, writers, editors, and publishers pumped out a steady stream of pro-democracy publications in the '70s. Many of their magazines were seized

and destroyed before reaching readers, but their authors became expert in opening new outlets and staying a step ahead of the police. As the decade progressed, the writers and editors began providing ever-more open support to the non-KMT politicians. Together, the two groups formed the *Dangwai* – or “Non-Party” – Movement. Although they disagreed on many things (the writers tended to have more radical economic views, for example), their shared commitment to ending single-party authoritarian rule and securing equal rights for the Native Taiwanese majority allowed them to work together.

To many Taiwanese, the democratic activists seemed overly idealistic, even reckless. After all, the KMT had brought Taiwan more than two decades of sustained economic growth. As long as you stayed away from politics, life was good – and getting better all the time. It was hard for many to understand why someone would sacrifice a comfortable life to challenge the ruling party. Nonetheless, the message – especially the pleas for more respectful treatment for the Native Taiwanese majority – began to sink in. The public showed those feelings in the 1980 elections, when – in the wake of a ferocious crackdown on a human rights demonstration – candidates linked to the opposition movement won the largest share of the vote in a number of elections.

Another important driver of change was the KMT’s new leadership. After Chiang Kai-shek’s death in 1975, his son, Chiang Ching-kuo, succeeded him. The younger Chiang shared his father’s devotion to the idea of national unification under the ROC flag, but in the decade between 1978 and his death in 1988, Chiang Ching-kuo proved to be a far more flexible and pragmatic leader than his father. One of the most important things he did was to appoint a Native Taiwanese, the KMT politician Lee Teng-hui, to be his vice president.

Taiwan's transition to democracy accelerated quickly in the late 1980s. In 1986, the *Dangwai* activists declared the founding of the Democratic Progressive Party (DPP). Technically, founding a party was illegal move, but the government took no action. A month later, President Chiang announced his intention to lift martial law, a promise that was fulfilled in July of 1987. That same year, Chiang ended the prohibition on Taiwanese traveling to the mainland.

Although the stated rationale for allowing Taiwanese to visit the mainland was humanitarian – aimed at allowing elderly 49ers to visit the families and hometowns they had left behind in the '40s – Chiang's decision had far-reaching consequences. Taiwanese visitors immediately recognized the PRC's potential as an investment destination. This discovery was especially welcome because rising land and labor costs were eroding Taiwan's comparative advantage in manufacturing. Moving labor-intensive industry to the mainland reinvigorated Taiwanese traditional manufacturers and allowed Taiwan to shift its economy to high tech manufacturing for the burgeoning information technology industry.

Within a few years of the opening, Taiwanese manufacturers were in the mainland in force, propelled by rising costs in Taiwan and enticed by local governments eager to get a piece of the "reform and opening" action. Since the end of the Civil War, Beijing and Taipei had had minimal contact, but the arrival of Taiwanese investors, or Taishang, ended their mutual isolation. Taishang needed basic services – mail delivery, telephonic connections – and both governments saw it as in their interest to provide them. To facilitate communications and secure binding agreements on these matters, each side created a quasi-official organization to carry out negotiations.

In 1992, Koo Chen-fu, representing Taiwan's Straits Exchange Foundation (SEF), met with his counterpart, Wang Daohan of the Association for Relations Across the Taiwan Strait (ARATS) in Hong Kong. Their meeting opened the door to a robust semi-official relationship between the two sides, one which reached its apex in the 2015 meeting between PRC president Xi Jinping and his Taiwanese counterpart Ma Ying-jeou. This relationship was based, fundamentally, on an agreement between Koo and Wang to highlight their shared conviction that Taiwan was part of China while setting aside the question of which side represented "China." This work-around was later labeled the "1992 Consensus."

In 1988 President Chiang Ching-kuo passed away, and his Taiwan-born vice president, Lee Teng-hui, assumed the presidency. Lee had been Chiang's choice, but he was not much loved by many others in the '49er group. To solidify his position, Lee turned toward the island's Native Taiwanese majority. Under his leadership, Taiwan accelerated the implementation of democratic institutional reforms, including, in 1991 and 1992, comprehensive reelection of the national legislative bodies. At long last, the mainland-elected '49ers were forced to retire, and new representatives, elected by Taiwan's voters, took their places.

The final step in Taiwan's institutional democratization took place in 1996, when it held its first direct presidential election. Lee Teng-hui's landslide victory affirmed his decision to cast his lot with democracy, despite the lingering doubts of many senior KMT figures. His victory also revealed the limited popular support for hardline views on either side of the political spectrum. Hardline supporters of unification were decisively defeated, but voters also rejected the hardline pro-independence position staked out by the DPP candidate, Peng Ming-min. Peng's vote share was well below that of DPP candidates running in other races, showing that while Taiwanese were eager for democracy and majority rule, they were not interested in testing

Beijing's resolve with a bid for formal independence. Peng was the first and last Taiwanese major-party presidential candidate to run on an openly pro-independence platform.

### *Cross-Strait Implications*

For the United States, Taiwan's evolution from a hardcore anti-Communist authoritarian state to a liberal democracy gave the island a much stronger purchase on American sympathy and support, and raised the cost to American politicians of turning their backs on the island. More significantly, it made the Taiwan public, with its competing views about China and the United States, a central actor in cross-Strait relations. No longer would Beijing have the option of cutting a deal with a small group of KMT leaders over the island's future. Politicians were now free to openly debate a range of options, including *de jure* independence. The mass media provided intense, 24/7 coverage of cross-Strait relations and U.S. policy. Taiwan became one of the most polled polities in the world. The quality of the debate and the coverage wasn't always high, but the net result of democratization was the burden it imposed on leaders to balance the conflicting priorities of domestic politics on the one hand and policy towards both Beijing and Washington on the other.

If the 1996 presidential election marked the completion of the democratic transition, the next dozen years were a time of growing tension in cross-Strait relations. Presidents Lee Teng-hui, who left office in 2000, and President Chen Shui-bian, who served for the eight years thereafter, bear some of the responsibility for this trend. They did not accurately assess in advance how their policy initiatives on cross-Strait relations would be interpreted in Beijing. Nor did they consult about these steps with the U.S. government, Taiwan's only protector, which led American leaders to push back and criticize them,

Yet another reason for the deepening tensions was how China interpreted the intentions behind Lee's and Chen's initiatives, which included":

- Lee's effort in 1994-95 to undertake a public visit to the United States (in contrast to the low-profile transits through America that Taiwan leaders periodically made on their way to other countries in Latin America and the Caribbean).
- Lee's announcement in July 1999 that cross-Strait relations were "special state-to-state relations," a formulation designed to define the legal relationship between the Beijing and Taipei governments.
- Chen Shui-bian's proposal in 2003 that Taiwan write a new constitution and approve it by a referendum, and his specific authorization of a referendum on Taiwan's security to be held on the same day as the 2004 presidential election.
- Chen's proposal for a referendum to be held on the same day as the 2008 election regarding Taiwan's participation in the United Nations and the name it should use.

The PRC interpreted all of these initiatives as clear evidence that Lee and Chen were determined to carry out *de jure* independence for Taiwan. Beijing understood that Lee or Chen would not try to achieve that goal through a single, public act á la July 4, 1776 in Philadelphia, but through a series of incremental, covert steps, always covering their tracks with benign explanations. It mattered not for China that some observers made plausible arguments that some of these moves were aimed at improving electoral chances (Lee's U.S. visit and Chen's election-day referenda), or that they were done to prepare for political talks with Beijing on how to resolve the fundamental dispute (Lee's special-state-to-state announcement). Whatever the factual explanation, it didn't matter. Beijing had concluded that first Lee and then Chen had challenged China's fundamental interests and that a firm response was necessary. In all these

cases, Washington either agreed with Beijing substantively or worried that a cross-Strait spiral of action and reaction would inadvertently lead to a conflict that no party desired. Taipei became increasingly isolated.

It was Taiwan voters who rendered the defining verdict on the Lee and Chen initiatives and the uncertainty and instability that they created. In March 2008, by a wide margin, they elected Ma Ying-jeou, the chairman of the KMT, to the presidency. In his campaign, Ma had been clear that he was prepared accede to Beijing's requirement that he accept the 1992 consensus, an ambiguous understanding that Beijing and Taipei reached to facilitate talks noted above between Koo Chen-fu and Wang Daohan. But Ma engaged in a bit of sleight of hand by defining the consensus to be "one China, different interpretations" and then stating his interpretation that "one China" was the Republic of China.

Beijing actually disagreed with both those points but was prepared to let Ma make them because it trusted him to take a different path from Lee and Chen. That path included explicit opposition to Taiwan independence, normalization and expansion of cross-Strait economic relations, and the possibility of moving at some point from economic exchanges to political talks. For its part, the United States welcomed Ma's policies because they aligned well with U.S. interest in peace and stability. As a result, American respect and deference to Taiwan's democracy got a new lease on life. The true significance of Ma's election, however, was that it clarified explicitly what had been implicit in the previous three presidential elections – that Taiwan voters would not support a candidate who openly advocated independence and that they preferred a leader who would credibly seek to capture the benefits for Taiwan of constructive cross-Strait relations (particularly in the economic realm), maintain good relations with the United States, and simultaneously resist any outcome with Beijing that did not enjoy broad



public support. DPP presidential candidates, too, became more nuanced and responsive to voters' preferences in the way they discussed China policy.

Confirmation of this latter trend came with the campaign and election of DPP leader Tsai Ing-wen as Ma Ying-jeou's successor in 2016. In her campaign, Tsai repeatedly promised that she would "preserve the status quo" of cross-Strait relations and hoped for a productive relationship with China. Although she would not accede to Beijing's demands that she explicitly accept the 1992 consensus and the principle that Taiwan was part of the sovereign territory of China, she sought to address these issues in an ambiguous way. Although she has been under pressure from pro-independence elements both inside and outside her party to get tough with China, she has maintained a cautious and moderate course. Beijing, on the other hand, was unwilling to give Tsai the benefit of the doubt and based its policy on a judgment – incorrect, we believe – that her intention was de jure independence. It soon embarked on a campaign of political, diplomatic, and military measures to squeeze Taiwan and pressure her.

Polling in Taiwan since the early 1990s reveals the emergence of two points of broad political consensus. The first is a strong identification with Taiwan: for the last decade, over 90 percent of those polled have said they are either both Taiwanese and Chinese or simply Taiwanese; only the small remainder admit to being Chinese only. The second point of consensus is a strong preference for the status quo, either permanently or for a considerable period of time. Taiwan politicians must navigate between these two poles: affirming voters' sense of being Taiwanese but also accommodating to their status-quo preference. The question is whether Beijing is willing to navigate between them as well.

After the normalization of U.S.-China relations, there was an understandable expectation in China that the Taiwan issue was on its way to being resolved. The formal cord between Taiwan and Washington had been cut and the island faced further international isolation. Declining American arms sales pursuant to the August 1982 communique would increase Taiwan's military and political vulnerability. China's new economic policy of reform and opening up would create an economic basis for unification. Beijing's one country, two systems formula for unification seemed generous, at least in its own eyes. And the KMT regime was firmly in power with leaders who were dedicated Chinese nationalists. Some Americans had similar expectations.

Beijing soon experienced a series of rude awakenings. Washington enhanced its political, economic, and even military support for Taiwan, and affirmed that all its steps were within its definition of its one-China policy. It refused to sacrifice Taiwan for the sake of better U.S.-China relations. Taiwan's democratization both empowered the electorate to set limits on cross-Strait policy and denied any leader the power to impose on the public a solution to the dispute with China, whether independence or unification. A stronger Taiwanese identity, a preference for the status quo, and widespread opposition to "one country, two systems" all put a mutually acceptable compromise apparently out of reach. Even growing economic interdependence became a political liability: Tsai Ing-wen's electoral prospects were boosted by the Sunflower Movement, which rejected a draft agreement on trade in services that the Ma administration had struck with Beijing, and by growing sentiment that economic dependence on China was increasing the risk of political incorporation on the PRC's terms.

Forty years after normalization, several realities are evident. First of all, most Taiwan voters have proven to be clear-eyed pragmatists about the geopolitical reality in which they find

themselves. China will always be 90 miles from Taiwan and will only gain economic and military power in the future. Yet they will remain committed to their Taiwan identity and to some version of the status quo, which includes democracy.

Second, although Taiwan's democratic system is not perfect, it possesses significant guard-rails to prevent destabilizing initiatives by demagogic politicians. Constitutional amendments, which would be required to change the legal and political status quo in any fundamental way, are very difficult. No serious politician has made the case as to why changing that status quo would be worth the risks and yield a more beneficial situation. China's military power *and* its authoritarian political system are deterrents to radical change on Taiwan. Finally, the United States has made clear its preference for continuity and moderation.

Third, U.S. arms sales *are not* a significant obstacle to unification. The idea that continued U.S. security support for Taiwan leads Taiwan leaders to resist negotiations has been proven wrong by the experience of the early Lee Teng-hui period and Ma Ying-jeou's presidency. Instead, two other obstacles impede the progress the PRC seeks. One is the public opposition to unification on China's' terms ("one country, two systems"). The other is Taiwan's view that it is a sovereign entity for purposes of unification, a view that is inconsistent with the fundamental premise of "one country, two systems".

Fourth, therefore, if the PRC wishes to promote its cause of unification without coercion or violence, it will have to offer a new formula for resolving the fundamental cross-Strait dispute that is more responsive to Taiwanese aspirations and concerns. "One country, two systems" was formulated not long after the normalization of U.S.-China relations and has remained a constant since then. But in the interim Taiwan has changed in ways that have transformed cross-Strait relations. Is China prepared to change as well?