

1

Introduction

Taiwan has never had it easy. It is a relatively small place with little in the way of natural resources. Its size is slightly more than that of Maryland and the District of Columbia combined, somewhat less than Switzerland's, and about the same as Hainan Island, one of the smaller provincial-level units of the People's Republic of China (PRC). Its population is about 23 million people, which is 2 million more than the state of Florida, 2 million less than Australia, and about the same as Shanghai Municipality. With these limitations, it has never had the option to build a robust military, for example.

In addition, Taiwan has some large and sometimes predatory neighbors. For more than three centuries, successive governments of China have believed that controlling or dominating Taiwan—which lies ninety miles across the Taiwan Strait at the narrowest points—contributes to the security of China. The first was the imperial Qing dynasty in the late seventeenth century. The most recent is the PRC in the twenty-first century. Japan took Taiwan as its first colony in 1895 and ruled it for fifty years. The principal reason the island¹ has been so sought after is its strategic value: it is a middle link in the Asia-Pacific's first island chain, which runs from Japan to Australia and defines the security geography of East Asia. Since World War II, many American strategists have also regarded the first island chain as the United States' optimal security perimeter in the Pacific, demonstrating their understanding of Taiwan's strategic geography.²

In the 1950s, Taiwan's leaders developed a grand strategy—or more pre-

cisely, a survival strategy—to cope with the twin problems of the island’s small size and its dangerous neighborhood. To ensure security, they sought and received the protection of the United States. The relationship that developed was complicated and fraught with uncertainty for each party, but it has lasted for seventy years. To foster internal stability and encourage popular support for the regime, the government embarked on a program of export-led industrialization. That too succeeded beyond all expectations and over time fostered “the good life” for most of the island’s residents. In the 1980s, there was a decision to move gradually from the authoritarian regime that had been in place since the late 1940s to a full and now lively democracy. That transition also had a strategic impact, if not a strategic motivation.

Economy and Society: Success and Its Effects

Socially and economically, Taiwan’s strategy was a huge success, as figures from the CIA’s *World Factbook* and other sources delineate:

- In 2016 GDP (at purchasing power parity) per capita was US\$47,800, ranking thirtieth in the world. (Taiwan’s nominal GDP per capita was US\$22,497 for 2016, but its global ranking was probably similar).³
- In 2020 life expectancy at birth is 80.6 years (43rd).
- Only 1.5 percent of the population lived below the poverty line in 2012 (the last year for which data is available).
- The population growth rate in 2020 was only 0.1 percent (187th).
- The urban share of the population is 77.5 percent (45th).⁴
- The infant mortality rate is 4.3 deaths per 1,000 live births (187th).
- In 2016 agriculture contributed only 1.8 percent to GDP; industry accounted for 36.1 percent, and services 62.1 percent.
- Of the labor force, 59.2 percent works in the service sector, 35.9 percent in the industrial sector, and 4.9 percent in agriculture.
- Like other advanced economies, the rate of GDP growth has slowed to the range of 1–5 percent.⁵ The unemployment rate has risen in the past decade to around 3–5 percent after being 1–3 percent in the 1990s.⁶
- Virtually the entire population—98.5 percent—is literate. Around 20 percent of the population are in school at any one time, and more than 5 percent of the population (95 percent of secondary school graduates)

attend an institution of higher learning.⁷ Around 44.5 percent of the population have attended tertiary educational institutions.⁸

- There are 124 mobile telephone subscriptions for every 100 persons (43rd).
- There are five television networks and 171 radio stations islandwide.
- Eighty-eight percent of the population are Internet users (33rd).
- Facebook's penetration of Taiwan is at the top of its presence in Asian markets.⁹

Yet like other advanced economies, Taiwan in recent years has had to cope with the consequences of its past success. Real GDP growth has gradually declined, from 9.0 percent in 1983 to 8.5 percent in 1993, 6.9 percent in 2003, 6.0 percent in 2013, and 5.5 percent in 2018.¹⁰ The island's best companies continue to perform well, particularly those in the computer and information technology sector, but for others growth is sluggish. Moreover, not all residents of Taiwan are benefiting from Taiwan's growing prosperity and enjoy an upper-middle-class or upper-class lifestyle. Indeed, in recent decades, there has been a trend toward greater inequality. Regarding income, the highest quintile's average disposable household income in 1996 was 5.38 times that of the lowest. In 2010 it was 6.06 times. The Gini coefficient, a statistical measure of distribution often used to gauge economic inequality, was 0.317 in 1996 and 0.338 in 2015.¹¹

The large number of high school graduates attending tertiary education institutions (seventy universities and eighty-seven technical colleges) may seem impressive, but it belies some problems. There is a growing consensus that Taiwan actually has too many universities. Some universities were built for political reasons, rather than for the needs of Taiwan's labor force. As a result, there is a mismatch between the number of school places and the number of students, as well as between the skills of college graduates and the availability of jobs. The unemployment rate for university graduates is 5.1 percent, which is higher than the average for the whole workforce (less than 4 percent).¹² Moreover, intense competition to get into the best universities fosters a contest to get into the best high schools, and so on. In this competition, the already well-off have a built-in advantage in passing opportunities along to their children.

Inequality is also serious in the availability of residential housing. The first fifteen years of the twenty-first century saw a rapid increase in the house price index, from 100 to more than 300, until the government took steps to

stabilize prices. The problem was particularly acute in Taipei City, where the house price-to-income ratio doubled between 2004 and 2014.¹³ Like other major metropolitan areas around the world, this run-up in property prices hits young adults the hardest and fosters the fear that they will not be able to achieve the same standard of living as their parents have. According to one estimate, the prospective buyer of an average-price apartment in Taipei would have to save more than fifteen years of income to make the purchase without leverage. In Taiwan as a whole, household indebtedness as a percentage of GDP has exceeded 80 percent since 2004.¹⁴

Demography creates its own kind of inequality in Taiwan, which has an aged society and a decreasing population growth rate. The population estimate for mid-2016 was 23.4 million people, which is about twice the figure in 1965 and 4 million more than that for 1985. And yet the population growth rate, which stood at 3.4 percent in 1965 and at 1.2 percent in 1985, has fallen to around 0.2 percent, which means that only a part of the older population is being replaced. The island's total population has thus peaked and will soon begin to decline. It is estimated that the current population will drop to 22.9 million people in 2035 and to 20.4 million in 2045.¹⁵

Consequently, the composition of the population will change. The share of people aged sixty-five and older was 8.3 percent in 1998 and an estimated 13.1 percent in 2016, but it is likely to rise to 27.4 percent in 2035 and 36.6 percent in 2050.¹⁶ Taiwan's working population, on the other hand, is on the cusp of a fairly steep decline: from 74.0 percent in 2014 to 71.4 percent in 2020, to 62.5 percent in 2035, and to 59.0 percent in 2044.¹⁷ An aging society creates a burden for a working-age population, whose size relative to the rest of the population is declining. In other words, there will be more children and elderly people depending on a shrinking number of people to support them.

Taiwan's social, economic, and political development has had environmental consequences. During Taiwan's period of rapid growth through industrialization, citizens had to tolerate the pollution of air, soil, and water. They either did not know the repercussions of environmental degradation or they were unable to complain about it because the political system was not yet open. However, after Taiwan's transition to democracy began, environmental advocacy became widespread and raised the salience of environmental protection in government policy. That task became easier as many industrial plants firms moved to mainland China and Southeast Asia to ensure business survival in the face of globalization. Yet pollution problems persist in a predominantly service economy, with polluting industries still fouling the air on parts of the island. Taiwan ranks forty-sixth in Yale University's global assessment

of environmental protection, trailing behind countries in East Asia such as Singapore, Japan, and South Korea.¹⁸

In short, Taiwan's emergence as a modern, prosperous society has created serious competition among priorities, as well as dilemmas in how to address them. It must figure out how to make tough choices among a variety of matters: between rising energy demands and environmental protection, between economic growth and economic equity, and between the needs of the young and the needs of the elderly.

Domestic Transformation: External Political and Military Conflict

On the security front, Taiwan has reason to fear that the U.S. shield that has protected it for decades is losing strength. What has changed is not the PRC's goal of unification, which remains the same today as it was in 1949, but rather the ability of the People's Liberation Army (PLA) to achieve that goal. That has improved steadily since the late 1990s, both in terms of projecting power across the Taiwan Strait and in complicating any effort by the United States to come to Taiwan's defense. How Taiwan should address this new reality is a daunting challenge. Moreover, it is critical to understand that what is at play here is not simply the possibility of one state seizing the territory of another internationally recognized state, as Japan seized Manchuria in 1931 or Nazi Germany conquered countries in Western Europe in 1940. There is a special political dimension to this dispute that stems from decades of conflict on the Chinese mainland in the first half of the twentieth century, how Taiwan's legal character has been understood, and how its people define their identity. To clarify this very political dimension requires a short historical detour.

When the Qing or Manchu dynasty ended in 1911, a new government, which called itself the Republic of China (ROC), succeeded it. Yet it was soon a republic in name only, as contending military forces fought for territory and control of the façade that was the central government. Out of that conflict emerged two political and military forces that, in turn, established relative dominance. The first was the Nationalist Party, known conventionally as the Kuomintang (KMT). Under the leadership of Generalissimo Chiang Kai-shek, the KMT took over the ROC government in 1928 and sought to make it more effective. Its army eliminated some, though not all, of its remaining contenders for power. One that barely escaped elimination was the Chinese Communist Party (CCP) and its army, led by Mao Zedong.

Meanwhile, Japan embarked on aggression against the ROC. Six years after the seizure of Manchuria, full-scale war broke out in North and East China. Once the Japanese army had occupied those regions and penetrated into the center of the country, the ROC government moved inland. It survived through its own efforts and the aid first of the Soviet Union and then the United States. Meanwhile, Mao's CCP expanded from its main base area in the northwest into Japanese-held areas, building its military and administrative strength in the process. With the end of the war with Japan, and after two unsuccessful American attempts to mediate between the KMT and the CCP, civil war between the two armies began.

As the tide of fighting on the mainland increasingly went the way of the CCP, Taiwan became vital territory for the KMT. The island had been a frontier territory of the Qing dynasty since the seventeenth century, one that the imperial government began to develop only after other countries appeared to covet the island. In 1895 Taiwan became a colony of Japan, a prize that Tokyo took after defeating China in a war over Korea. During World War II, the allied powers decided that Taiwan should be returned to the ROC, and units of Chiang Kai-shek's armies accepted the Japanese surrender in the fall of 1945. With the civil war on the mainland lost, Chiang, the ROC government, and the ROC armies retreated to Taiwan, with Taipei as its new capital. On October 1, 1949, Mao Zedong declared the establishment of the PRC as the government of China, with its capital in Beijing, and the successor to the ROC. He also vowed to "liberate" Taiwan, an outcome that the Truman administration initially decided not to oppose.

Yet Taiwan did not fall to the PLA, primarily because the United States gradually resumed its support for the island's security. A military stalemate ensued, one that has persisted to this day. It was on a political battlefield that the two sides of the Strait then fought, hammer and tongs.

The first battle was over which government—the ROC or the PRC—was the legitimate representative of the state that the international community knew as China. At stake here was which would hold China's seat in the United Nations and other international organizations. A related issue was diplomatic relations with third countries. Should they recognize the PRC or the ROC? In which capital should their embassies be located? A very special case here was the United States, which not only continued to recognize the ROC as the government of China after 1949 but also concluded a mutual defense treaty with it in 1954, pledging to come to Taiwan's defense if attacked. But Taipei was fighting a losing political battle. It was forced to leave the UN in 1971, and by the early 1980s the PRC had effectively won the contest within the

international system. Beijing represents China in international organizations, and Taiwan participates only under special circumstances. Only fourteen countries and the Vatican maintain diplomatic relations with the ROC. As for the United States, it terminated diplomatic relations with Taipei at the end of 1978 and established them with Beijing on New Year's Day, 1979. The mutual defense treaty ended a year later, having been terminated according to its provisions. The Taiwan Relations Act, passed by the U.S. Congress in March 1979, created a framework for unofficial yet substantive relations going forward.

The second issue between Beijing and Taipei began in 1979 and is still unresolved: that is, whether and under what terms the two sides might settle the political and legal dispute between them (the details of this are covered in later chapters). From 1949 into the early 1980s, Beijing and Taipei had agreed that unification should occur; they simply differed over which China would disappear as a result. In the late 1970s and early 1980s, however, Beijing changed the nature of the disagreement. It asserted that it wanted unification to occur peacefully, but it did not rule out the use of force. It also proposed a formula for unification of Taiwan, known as "one country, two systems." This was the same approach applied to Hong Kong, and, based on those arrangements, what this meant for Taiwan was that the ROC would disappear. Taiwan would subsequently become a "special administrative region" of the PRC, subordinate to the central government. Taiwan leaders would continue to manage internal affairs, but Beijing would control who led the island's government. Taipei rejected those terms at the time and has done so ever since.

New Directions

Beginning in the mid-1980s, the cross-Strait relationship changed in three significant ways that were relevant to the political dimension of this political-military dispute. The first was economic. Gradually, an array of Taiwanese companies, which had been losing global competitiveness by continuing to manufacture products on Taiwan itself, revived their businesses by relocating some of their operations to China. This shift was an immediate boon to the PRC because it put its people to work and led to the transfer of technology and management skills. But the government in Beijing, led as it was by Marxists, hoped that growing economic integration would lead ultimately to political unification. The process would take time, but it was enough at this time to put the one country, two systems formula on the table for future negotiations.

The second development was a decision in 1985 and 1986 by Taiwan's

president, Chiang Ching-kuo, son of Chiang Kai-shek, to open up the political system. The elder Chiang had imposed a hard-authoritarian regime on the island. His son softened the system and then decided that it was in the interests of the KMT and Taiwan to move gradually to democracy.¹⁹ From the late 1940s to the late 1980s, the public at large had no voice concerning who held power and what policies were best. From the early 1990s on, in contrast, they have been free to debate the dangers and opportunities posed by China, the pros and cons of dependence on the United States, and what kind of society Taiwan should be. In addition, they effectively gained a seat at the negotiating table if talks with Beijing ever began.

Democratization also introduced a new, third element into the long-running political disagreement between Beijing and Taipei. In addition to the issues of whether the ROC or the PRC would represent China in the world and how the dispute between them should be resolved, a new issue arose concerning the territory of Taiwan: whether it was a part of China at all. The constant view in Beijing, and the traditional view in Taipei, was that the island had legally been returned to China. (A small Taiwan independence movement had begun after the KMT takeover and was made up of overseas exiles who believed Taiwan should be its own country.)

Yet once people in Taiwan gained the right of free expression and free assembly, previously taboo ideas about the island's future became everyday topics of political discussion and advocacy. Only a small share of the population regarded themselves as exclusively Chinese, while an overwhelming majority saw themselves as Taiwanese or some undefined mixture of both. At the same time, some Taiwan people rejected the idea that Taiwan was part of a divided country (China). Instead, they said, it should become an independent country—a Republic of Taiwan—that had no legal connection with China. This was an outcome that Beijing and KMT traditionalists strongly opposed, and the PRC has warned repeatedly that independence would lead to war. These issues have created a mare's nest of complexity that the average Taiwan citizen or a member of the U.S. Congress does not understand. Yet these questions of political and legal identity are the fulcrum governing Taiwan's future and whether that future will be peaceful.

Before long, the KMT, which had remade itself to engage in democratic competition, and the Democratic Progressive Party (DPP), which was founded by opponents to authoritarian rule, established themselves as the main contenders for power and policy. By 2000, each major party led a coalition that included smaller splinter parties. These two camps became known as the Blues and the Greens, the respective colors of the KMT and DPP flags.

The Blues believed that Taiwan could reap the benefits of economic interactions with China without risking its political autonomy. The Greens perceived a greater risk that economic dependence would lead to political subordination to the PRC.

Both camps generally agree that they must rely on the United States to preserve Taiwan's autonomy, but the Blue camp has more confidence in its ability to manage the China risk. In addition, both camps have a spectrum of views that run from "deep" to "light." The Deep Blues tend to adhere to the ROC's early staunch anticommunist and anti-independence stance and favor unification of some sort, while the Light Blues are more comfortable with Taiwan's maintaining political distance from China, even as it secures benefits from economic relations. The Deep Greens favor a more radical approach to securing autonomy through measures that call for Taiwanese independence, while the Light Green are more concerned about the potential for conflict and are more comfortable maintaining some sort of status quo between the ROC and the PRC.

Political power in Taiwan has shifted back and forth between Blue and Green camps, as well as between light and deep within each camp. President Lee Teng-hui, who dominated the Taiwan political system during the 1990s, started out with a Blue stance and moved increasingly toward a Green one during his time in office. The DPP's Chen Shui-bian, who was president from 2000 to 2008, began as a Light Green leader and shifted to Deep Green after a couple of years.

In 2008 Ma Ying-jeou and the KMT swept the DPP from power. Ma believed that to preserve its prosperity, freedom, and security, Taiwan needed to maintain some degree of engagement with Beijing. That policy worked politically until around 2014, after which more and more people worried that Taiwan was becoming too dependent on China and that any benefits of that dependence were not broadly shared.

In 2016 Tsai Ing-wen and the DPP brought about the latest turn of this wheel. On January 16 of that year, Tsai won an easy victory in the presidential election and her party, the DPP, won an absolute majority in the island's Legislative Yuan (LY), a stunning reversal from only eight years earlier. Four years later, Tsai won reelection with a higher margin than in 2016, and the DPP maintained its legislative majority, but with fewer seats. Political competition is firmly institutionalized, and the voters have the final say.

The Dilemmas Posed by Taiwan's Democracy

Taiwan's democratization created dilemmas for both the PRC and the United States. For Beijing, achieving unification would be more difficult now that the public had a say in decisions concerning their fundamental future. Moreover, there was the danger that elements on the island who wanted de jure independence would exploit the more open system to achieve their goals, which in turn might lead the PRC to go to war to stop it. For Washington, cross-Strait conflict would require it to decide whether to come to Taiwan's defense. For Taipei, preserving security and the good life would be more difficult in a political system where contending forces all had a say.

For Beijing

Taiwan's democracy and open discussion of de jure independence have worked very much to the PRC's disadvantage. Once the island's people gained their political voice, it was no longer possible for Beijing to negotiate a deal with a small group of leaders in Taipei, as it no doubt had hoped. Most people identify to some degree with Taiwan and less with China, and a minority of people want a Republic of Taiwan. Support for unification is low. The people Taiwan voters have picked to be their presidents have not always been to Beijing's liking. Indeed, of the candidates elected since the first direct vote in 1996—Lee Teng-hui, Chen Shui-bian, Ma Ying-jeou, and Tsai Ing-wen—Ma was the one with whom Beijing was most comfortable, and his effort to stabilize cross-Strait relations and put the PRC and Taiwan on a mutually beneficial basis ultimately met strong opposition. That again called into question the PRC approach of working through Taiwan leaders to create circumstances conducive to unification. Then there is the reality that Taiwan is a constitutional democracy. That means, in my view, that if Beijing's approach to unification requires significant changes in Taiwan's political institutions and legal identity, as it would under one country, two systems, that would require amendments to the ROC Constitution. The hurdles involved in enacting those amendments are so high that passage is impossible unless the DPP and the KMT agree that the changes proffered are worth accepting.

Beijing has made its task more difficult by misperceiving the goals of the Taiwan leaders. It has branded Lee Teng-hui, Chen Shui-bian, and Tsai Ing-wen as proponents of Taiwan independence, who would use their power as president to bring about that goal. I argue that what Lee Teng-hui advocated was not de jure independence but PRC acceptance that Taiwan and its gov-

ernment were a sovereign entity both for purposes of Taiwan's international role and of any negotiations concerning unification. He did not oppose unification, just the terms that Beijing offered, which were contrary to the idea of a sovereign Taiwan. Chen Shui-bian was more complicated in his goals, strategy, and tactics, but he was constrained not only by Beijing but also by the KMT, the Taiwan public, and the United States. Given Tsai's moderate, cautious approach to the PRC, Beijing has been hard-pressed to make the case that her goal is what Beijing said it was. Ironically, Ma Ying-jeou was willing to accept the PRC precondition for productive relations, but he did so in a way that would have been a two-China policy, which Beijing opposes as much as Taiwan independence. Also, he deflected PRC pressure to begin political talks.

In short, the PRC faces a more serious problem than the unwelcome policies of this or that Taiwan president. Over a four-decade period, it has not been able to convince Taiwan's leaders and the island's people to accept unification or even to begin political talks that might lead to unification. Its formula for unification—one country, two systems—has never had a market on Taiwan, particularly after the democratic transition. The public may not support *de jure* independence, but their identification with Taiwan, where, by now, most of them were born and raised, is strong. Cross-Strait economic interdependence sustained Taiwan's prosperity, but it did not change political attitudes appreciably and instead created fears of overdependence. Beijing had hoped that successful application of the formula in Hong Kong would encourage Taiwan citizens and leaders to accept it. But growing political conflict in Hong Kong in the 2010s, capped by violent protests in the summer and fall of 2019, and Beijing's May 2020 decision to impose a national security law only strengthened Taiwan citizens' opposition to unification. This has left PRC leaders with a difficult choice. Do they accommodate to the Taiwan public's opposition to unification based on one country, two systems and try to make the best of the status quo? Do they formulate an approach to unification that is more compatible with the views of the DPP, the KMT, and the public at large? Do they roll the dice and go to war to achieve their objective, and then have to rule an unhappy populace?

For Washington

The United States had strongly supported Taiwan's democratization as evidence of the triumph of American values at the end of the Cold War. Washington was not so pleased when the policies of Taiwan's elected leaders ran

contrary to its long-stated abiding interest in peace and security in the Taiwan area. In particular, U.S. officials worried that Presidents Lee Teng-hui and Chen Shui-bian were taking Taiwan in a direction that would provoke Beijing, destabilize cross-Strait relations, and increase the possibility of a conflict that was unnecessary in Washington's view. For this reason, Washington distanced itself from Lee's and Chen's destabilizing initiatives in an effort to restrain them.

On the other hand, the United States had a more positive assessment of Ma Ying-jeou, and it shifted its approach to Taiwan accordingly. Similarly, Tsai Ing-wen has maintained good relations with the United States. Once she became a candidate for the 2016 election, she worked hard to reassure the Obama administration that her cautious approach to mainland China was compatible with the U.S. interest in cross-Strait stability. After Tsai was elected, Washington disagreed with Beijing's argument that she was changing the status quo. In a speech at the Brookings Institution in October 2017, James Moriarty, chairman of the American Institute in Taiwan, offered this judgment: "My interactions with President Tsai have reaffirmed my conviction that she is a responsible, pragmatic leader. The United States appreciates her determination to maintain stable cross-Strait ties in the face of increasing pressure from the PRC on a number of fronts."²⁰ Tsai understood that it was in her administration's interest to maintain a close alignment with the United States. Moreover, Tsai had worked in both the Lee Teng-hui and Chen Shui-bian administrations and saw what happens when Taiwan's leaders followed policies that Washington viewed as challenging its interests and ignored the risks of getting on Washington's bad side. Consequently, through her first four-year term, Tsai did nothing to create credible suggestions that she would do the same.

For Taiwan

Under the island's democratic system and with the support of the United States, Taiwan's leaders and its public have rejected any consideration of Beijing's plan for unification, even as they enjoy, with some anxiety, the benefits of the economic relationship. But this success has only blocked what Taiwan wishes to avoid. It has not defined clearly how it is that Taiwan should seek to survive in a dangerous world and preserve the good life, and how to accomplish that. Vigorous debates on the very meaning of political and legal identity continue. Are there two Chinas, the PRC and the ROC, or just one? Is Taiwan a part of the sovereign territory of that China, whichever Chinese

government represents China internationally? Is Taiwan its own state, legally distinct from China?

Taiwan could better achieve those objectives if leaders, institutions, and the public forged a domestic consensus on grand strategy that is based on a realistic assessment of the island's strategic environment. They must then iterate the ends and create the means to implement this grand strategy to its full potential. Yet democratic systems often have a particularly difficult time effecting internal consensus, since contending political forces can disagree about the dangers they face and how to adjust to them.

Taiwan has a vibrant democracy, albeit sometimes an unruly one. Civil and political rights are protected. At all levels of the political system, the chief executive and legislators are picked by well-run competitive elections. There is an independent judiciary, which frees the courts from improper influence. Civil society plays an increasingly important role in politics. However, democratic systems also institutionalize conflict. Politics in Taiwan is polarized between the Blue and Green camps, making differences of opinion common and compromise difficult to reach. Furthermore, it is easier for opponents of a policy initiative to block it than for its proponents to build sufficient support to enact it. The media in Taiwan prefer sensation and scandal to policy substance. None of Taiwan's political institutions work perfectly, and there is a serious debate about the value of representative versus direct democracy. The public has periodically disapproved of the performance of both the DPP and the KMT, leading to regular transfers of power. Perhaps most serious is that political leaders have a severe aversion to being straight with the public on the need to choose between competing priorities regarding both domestic policy and how to cope with China and to work in a more bipartisan way to make authoritative choices.

The two levels of Taiwan's policy dilemma—navigating postindustrial democratic development, on the one hand, and managing the challenge from an increasingly powerful and revisionist PRC, on the other—reinforce each other and make meeting them all the more complicated. Even if China, with its dreams of unification, were 9,000 miles away from Taiwan, instead of just 90 miles—and even if the PLA were not enhancing its military capabilities to prepare to fight a war over Taiwan, as it is—Taiwan would still face major policy questions, for which answers are not always obvious. But China is ninety miles away, and its military capabilities are growing, complicating Taiwan's ability to defend itself against Chinese attack and the ability of the United States to come to its aid. Generally speaking, Taiwan's democratic system may appear to perform well in comparison with others, including the

United States. However, the stakes involved and the high costs of failure require a proportionately higher level of performance on the part of the island's elected leaders. Taiwan has little margin for neglect and even less margin for error.

The Aim of this Book

The primary focus of this book is not simply Taiwan's relationship with China. It is, rather, the dilemmas that Taiwan faces as a society and the difficulties that the political system has in reconciling those dilemmas. Furthermore, it gives special emphasis to the public's views of the issues at play in these dilemmas. The following chapter sets a baseline for what is known about public opinion on the domestic issues in play. The next four chapters look at domestic policy issues and the debates surrounding them: the government budget, the economy, energy security, and transitional justice. The six chapters that follow look at various aspects of cross-Strait relations. Chapter 7 presents Beijing's policy toward Taiwan, why it has failed so far, and its options to address that failure. Chapter 8 presents the contending Taiwan approaches to its security problem, and chapter 9 examines its defense strategy. Chapters 10 and 11 examine competing views that Taiwan citizens have about the nation with which they identify and how they might define Taiwan's statehood, key points of contention with Beijing. Chapter 12 describes China's efforts to weaken the island through means that are coercive but not violent. Chapter 13 discusses Taiwan's political system, the obstacles to creating consensus on admittedly difficult issues, and the consequences of not doing so. Chapter 14 examines implications for U.S. policy toward Taiwan and China, and chapter 15 offers ideas on how Taiwan can preserve security and its "good life," in spite of the dual dilemmas it faces.

Taiwan's democracy is an issue of special interest to me, since the arc of my professional and intellectual career parallels Taiwan's recent political history. I first lived in Taipei in 1975 in the middle of research on my Ph.D. thesis, when the authoritarian system still maintained strong control. However, my main interest in the late 1970s and early 1980s was the establishment of diplomatic relations between the United States and the PRC, a development that was a bitter blow to Taiwan. But Taiwan became the center of my attention in the summer of 1983 when I became a staff person on the House Committee of Foreign Affairs. Representative Steve Solarz, for whom I worked for most

of the next decade, wanted to promote democratization and human rights in Taiwan, and it became my job to help him. Not long into my tenure as a staff person, Taiwan's president Chiang Ching-kuo made the decision to start the process of democratization.

In my view, the contribution of outsiders such as Solarz to both the start and completion of that transition was relatively modest, less significant than that of the opposition forces inside Taiwan (the *Dangwai*, which became the DPP) and of reformers within the regime. But the American role was not trivial.²¹ Most significant was the result: the Taiwan people gained a say in their own affairs after being denied that say for decades. Before this, the U.S. government made decisions affecting the interests of the people of Taiwan without consulting them. It is because Taiwan's democratic transition was the pivot point of its political history that I try as much as possible to include information on public attitudes about policy issues.

Washington was in for something of a surprise once Taiwan politicians began taking advantage of their new-found freedom to advocate for policies that had previously been taboo and offering novel views on Taiwan's legal status and its relationship with China. American officials struggled to understand what was behind Taipei's moves even as they focused on priorities in U.S.-PRC relations.

One example that highlights how Taiwan began to perturb the United States occurred in the summer of 1999, amid diplomatic complications between China and the United States. At that time, Washington was trying to close its bilateral negotiations with China regarding its entry into the World Trade Organization while dealing with a firestorm of Chinese criticism over the U.S. accidental bombing of the PRC embassy in Belgrade in May. Two months later, Lee Teng-hui suddenly announced his view that cross-strait relations were a "special state-to-state relationship." The PRC feared that Lee was establishing a legal basis for independence, and PLA jets flew farther out into the Strait than normal. There was actually a substantive basis for Lee's viewpoint, but U.S. officials did not fully understand it at the time.²² Looming on the horizon were the March 2000 presidential elections in Taiwan and the real possibility that Chen Shui-bian of the DPP, which was associated with the goal of independence, would become president. Chen did become president, and as time went on, he played up Taiwanese nationalism and announced proposals without consulting with the United States about his potentially provocative initiatives.

In short, from about 1994 through 2007, the United States continued to

state its admiration for Taiwan's democracy but was frustrated by the actions of Taiwan's democratically elected leaders. That situation changed in 2008, when Ma Ying-jeou became president and undertook policies to engage China economically and bring some stability to cross-Strait relations. This was very much in line with how both the Bush and Obama administrations defined U.S. interests in these matters. However, Ma's push to create a free trade regime with China was increasingly unpopular in Taiwan, and the KMT's failure to find a successor to run in the 2016 elections led to the DPP's Tsai Ing-wen's winning the presidency. She not only won that contest handily but was able to credibly reassure the United States that she wanted to preserve the status quo. Tsai and the DPP suffered a serious setback in the November 2018 local elections, but she rebounded over the course of 2019 to win reelection in 2020. When it comes to picking a president, it seems, Taiwan voters usually have the last word.

Yet there are other signs that some political forces are unhappy with Taiwan's representative democracy. First of all, since 2008 young people have engaged in demonstrations and protests, some of which were quite large, owing to the multiplier effect of social media. The Sunflower student movement of early 2014 was a high tide of this type of political action and reflected in part a desire on the part of activists to have a greater say in the discussions of policy relative to the executive and legislative branches. Second, Deep Green elements had long pushed for greater use of initiatives and referendums in formulating public policy. After the DPP won control of the government in 2016, it pushed forward changes in the referendum law to make such direct-democracy mechanisms easier to employ. However, the KMT and its allies soon sponsored referendums that complicated DPP governance. Third, populist candidates emerged as possible contenders in the 2020 elections. Only one, Kaohsiung mayor Han Kuo-yu, ended up as a candidate for the KMT. But he soon found that running for mayor is easier than running for president, and against a sitting incumbent at that. More generally, policy initiatives were often obstructed in several ways. It was easier to stop proposed actions than carry them through.

Given my personal connection to Taiwan's democratization, I hope that the island's public and leaders will find ways to work together to address the dilemmas that the society faces. Yet it is hard to avoid the conclusion that Taiwan's democratic political system is performing at only a suboptimal level and is not meeting its original promise. That would be too bad, because if any people deserve to have an effective political system it is the people of Taiwan—because of the policy challenges the island faces and the incredibly

high stakes of not meeting those challenges. If priorities are in conflict, it is through politics that differences will be mitigated. If the system is polarized, it is through politics that divisions will be muted. If active minorities exercise vetoes, it is through a different kind of politics than what exists now that majorities will form. And if China is an increasingly serious challenge, it is through democratic politics that a broadly supported consensus on securing the country will emerge.