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WEBINAR

DIFFICULT CHOICES:
TAIWAN'S QUEST FOR SECURITY AND THE GOOD LIFE

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Opening Remarks

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P R O C E E D I N G S

MS. SOLIS: Welcome everyone. I am Mireya Solis, director of the Center for East Asia Policy Studies at Brookings. Thank you very much for joining us for today's virtual launch event for Richard Bush's book, “Difficult Choices: Taiwan's Quest for Security and the Good Life.”

Taiwan is largely viewed as a success story for its democracy, its real competitive elections, its protection of civil and human rights, and more recently, its triumphs in mitigating COVID-19 and its domestic impacts. However, Richard's new book highlights numerous challenges that its government faces. For example, it struggles to sustain high economic growth, care for an aging population and reduce inequality and specially coping with pressure from China is a major challenge.

Richard's new book also analyses the ways that Taiwan's political system can sometimes make implementing solutions to these challenges more difficult. He offers suggestions both for what Taiwan can do to help itself and what the United States should do to improve Taiwan's chances of success.

No one has more wisdom to share on these important issues than Richard who has had a most distinguished career. As long-time director of the Center for East Asia Policy Studies, chairman of the American Institute in Taiwan, having worked as well for the National Intelligence Council and the House Foreign Affairs subcommittee on Asia. Richard is a prolific writer with six other books under his belt. He is currently a nonresident senior fellow at the center and remains the soul of East Asian studies at Brookings and mentor to us all.

This is a very special day of celebration of Richard's scholarship. The conversation will be moderated by my colleague, Ryan Hass, senior fellow, the Michael Armacost and Interim Koo Chair in Taiwan Studies in the Foreign Policy program. Ryan, over to you.

MR. HASS: Thank you, Mireya, for that wonderful introduction of Richard and thank you to our worldwide audience for joining us today. We have already received several great questions for Richard in our conversation. If anyone has any additional questions, please feel free to submit them to us and we will do our best to run through them with Richard.

But now Richard, congratulations on the publication of your most recent book, “Difficult Choices.” Which I encourage people to go out and buy by the truck load. It is an excellent book. It is a significant addition to Richard's already tremendous legacy of scholarship on some of the most vexing challenges in Asia.

Richard in the past has written book on cross-Strait issues, of course, but also China-Japan relations, U.S.-Japan relations, Hong Kong. And whether by accident or by design, Richard you've written on many of the thorniest issues and often have done so in ways that have foreshadowed future events and offer prescient advice for dealing with those challenges.

So with that as context, this brings us to the topic du jour which is your book today. Why did you choose to write “Difficult Choices” and how did earlier phases of your career help prepare you to tackle this challenge?

MR. BUSH: Well Ryan, thank you very much for that kind introduction. Thank you, Mireya, for your kind words. Thanks to everyone in the audience for joining us today, particularly friends in Taiwan and Hong Kong and mainland China. Thank you for staying up this evening in order to watch this program, I really appreciate it.

Ryan, you hit on an important point and that is that this book in a way sort of brings my career full circle. My first job in government was on the staff of the Subcommittee on Asia of the House Foreign Affairs Committee.

My boss, the chairman, Steve Solarz took it as one of his projects to promote democracy and human rights in Taiwan. His basic point was Taiwan had had an economic miracle, it was time for it to have a political miracle. And moreover, Taiwan would have a better claim on American support if it was a democracy rather than an authoritarian government.

There are sort of hints that leaders in Taiwan bought that argument and so democratization started in 1976 and it was completed by 1994. So generally, this was a source of satisfaction to democratic governments around the world, and a small “d” democrat, and I was happy to have played a tiny part in it.

However, from the U.S. government's point of view, problems started surfacing as the result of democratization. You know, first of all, people in Taiwan wanted dignity. They resented being excluded from the international community and they took steps to sort of change that situation. And that raised issues about how the United States defines its One China policy. China misinterpreted some of the moves that Taiwan leaders made and they looked to the United States to try and restrain Taiwan.

So Taiwan nationalism, the desire for dignity sort of created unanticipated issues. Now from 2008 on, it seemed as if things were moving in a good direction. That the Taiwan public and Taiwan leaders had sort of drawn lessons from the previous decades experience. And President Ma Ying-jeou who was elected in 2008, offered a new path. And that was to preserve Taiwan's security by engaging China, by accommodating China and that worked for a while.

Then there was something of a breakdown because people in Taiwan began to worry that economic overdependence would lead to a slippery slope towards unification. Moreover, there were other issues. Taiwan was changing. The economy had matured, the number of retired people was growing. The psychology of young people was changing and this created new issues.

Moreover, China's military buildup continued even though there was sitting in the office of the president in Taiwan, probably the best leader that China would ever have. And so, the number of issues that the Taiwan political system had to face was growing. It wasn't as easy as it was back in the 1990s.

And that's what I really wanted to address in this book. For sure, Taiwan, to borrow Abraham Lincoln, has government of the people and by the people. My question is, does it have government for the people? Is the political system responsive to people's needs? Let me finally say that I confess that I'm not really happy with the performance of the U.S. political system so I'm not singling out Taiwan here.

MR. HASS: Well thank you, Richard. That, I think, provides a really good foundation for our discussion. You talked about Taiwan's democratic performance. In the book, you often make a distinction between process and performance to talk about Taiwan's governance system. It's generally

true, isn't it, that Taiwan gets high marks as a model democracy, at least that's the perception of it. Can you help us understand how you think about these things?

MR. BUSH: Yes. In many respects, Taiwan has a lot of features of a really good democratic system. Elections are free, fair and competitive. Citizens enjoy guaranteed political freedoms. There have been three rotations of power which is a sign of a consolidated democracy.

Policy issues are the subject of intense, lively, even ruckus debate and this takes place in the legislature, in traditional medial and in social media. Moreover, there has been a concerted effort to create greater transparency both in the executive branch and the legislative branch.

So Taiwan has a lot to be proud of. No democracy is perfect. But a lot of the things that I've been sort of mentioning are the inputs in the political system. I'm worried about the outputs and whether they are adequate to the situation today. Polling indicates that people in Taiwan are pretty happy with their democracy and support democracy in principle. But still, there's this nagging question could this system do better, aren't the stakes high here and must it do better?

MR. HASS: So tell us a little bit more about the outputs. How did you structure the book, how did you organize your argument?

MR. BUSH: Well, I started as always with some introductory material, including setting a baseline for these issues and the values with which Taiwan people view the world. I then look at four domestic issues and the politics surrounding them. The first is the government budget which seems to be like a really boring topic. But actually, it is a set of political choices. It reflects the way the political system ranks its priorities and, you know, what I found was rather interesting.

Second is the economy. People in Taiwan understand that economic prosperity is very important for Taiwan's security and there are some imbalances in the economy right now. Third, is energy security which is a hardy perennial of Taiwan politics. And fourth was transitional justice and that's the effort of some in the Taiwan political system to secure greater accountability for the abuses of human rights that took place during the authoritarian period.

I then turn to the China issue that Taiwan faces. I examine China's goals and how

successful it's been. I look at Taiwan's views about how to better ensure security. I examined the role that defense has in the broader security problem. I look at a couple of more political ways in which Taiwan has tried to defend itself.

One is the stress on Taiwanese identity. The other is a sort of complicated discussion about the nature of the Taiwan state and how that relates to how China would like to solve the Taiwan problem. And then I look at the ways in which Beijing has tried to adjust to sort of the failure to persuade Taiwan people to resolve differences on China's terms, what I call coercion without violence.

I then take a deeper dive into Taiwan's political system and look at sort of issues of performance and the ways in which the political system itself sort of undermines performance. I conclude with a discussion on U.S. policy and some things that Taiwan might do to help itself.

MR. HASS: Well, you've clearly provided a really comprehensive survey for all of us to focus on these issues. I want to get to the China discussion but before I do so, I'd like to pull out one of the four topics that you identified in terms of Taiwan internally. You talked about energy policy. What is going on there and what does the debate over energy policy tell us about Taiwan's political system? How it works and what its challenges are.

MR. BUSH: Sure. This reminds me of the line in the Rolling Stones song, you can't always get what you want but if you try, sometimes you'll get what you need. Well, different Taiwan people want different things when it comes to energy policy and the political system has had a hard time reconciling those different demands.

The starting point is the fundamental reality that Taiwan for a long time has been dependent mostly on external sources of energy. In 2018, imported coal and oil constituted 78% of the energy mix. Now generally, government and society understand the damage that this does to the environment both locally and globally. And there is in principle, a commitment to do better on energy policy for the sake of the climate.

Complicating matters in Taiwan specifically, the DPP, the Democratic Progressive Party and the Kuomintang, KMT, have long argued over the role of the nuclear power. KMT governments back

in the '80s believed it was very important to create a domestic source of energy so that Taiwan wouldn't be so dependent on coal and oil. This was during the energy crisis and so, they looked to nuclear power. Three plants were built and a fourth was underway in the last two decades.

The DPP has long been opposed to Taiwan's reliance to some extent on nuclear power. This is partly for safety reasons because Taiwan sits on a fault, tectonic fault but it's mainly ideological. Taiwan or the DPP really is the green party. And it has campaigned relentlessly to stop the commissioning of the fourth nuclear power plant and shut down the other three as soon as possible.

But how do you do that if, and how do you fulfill obligations to the global commons if your energy mix is 78% coal and oil? Well, President Tsai when she came in, offered a plan to change the mix. And coal and oil was going to drop from almost 80% to 30%. Imported natural gas would increase to 50% which is a huge increase, renewables wind and solar would go from 0% to 20% and nuclear would decline from 5% to 0% and all of this by 2025. That's a massive undertaking.

So I examine in detail the electricity part of energy consumption. And here, different actors have different and conflicting policy issues and as I say, these are a burden for the political system. First of all, energy requires a reliable and ample supply of electricity. This is particularly true of the IT sector and the IT sector is the dominant economic sector. So if your energy policy does not match the needs of your star producer, you've got a problem.

Second, the public doesn't like blackouts, it doesn't like brownouts. It loves air conditioning and it loves low electricity prices which are set for political reasons not based on market forces. The people in industrial cities like Taichung and Kaohsiung don't like all the pollution that they have.

But there's another factor here and that's what's called veto groups. Small, single issue groups that are very passionate about one thing and in Taiwan, they've complicated things. So, for example, if Taiwan is going to increase natural gas to 50%, it needs a new receiving station to change liquid natural gas which has been shipped from somewhere into natural gas. It has been working on a receiving terminal in Northern Taiwan in Tainan county. But that receiving station happens to be near a

very old reef that is a living place for algae. And there are environmental groups in Taiwan whose only mission is to protect these reefs and they're getting in the way of sort of the core part of the solution to this transition.

Building wind farms in the waters off of the Taiwan coast is an important component. There are lots of technical problems to doing this but there's some optimism that that will be addressed. But standing in the way are environmental groups which are worried about the fate of the humpback dolphin, Taiwan humpback dolphin. And the fear is that the noise of the windmills is going to disturb this endangered species.

Solar power, there is one of these endangered species problems but also the Council of Agriculture which protects the interests of farmers is creating all kinds of obstacles to setting up efficient wind farms and to carrying out the policies of the president that to which the Council of Agriculture is subordinate to.

Taiwan's veto groups are really good at blocking what they oppose. They're not so good at sort of contributing to a comprehensive sort of policy approach that is good for society as a whole. The danger is that if President Tsai cannot fully achieve the sort of energy mix that she's put forward, the default will be to continue to rely on coal and oil and all of it will be for naught.

MR. HASS: So if I could just briefly follow up on this, how confident are you in terms of President Tsai and her administration getting to or getting close to the targets that she's set for 2025 which is very ambitious, that's only four years away. And also, how is the change in the energy mix effecting Taiwan's external relations if at all as they move away from coal and towards natural gas and renewables?

MR. BUSH: I think that the most ambitious part of President Tsai's plan was the speed that she wanted to do it. That certainly created a sense of urgency and that's what you need and sort of policy implementation. I expect that she will get part way there on natural gas and wind and solar and, you know, the nuclear will probably be shut down.

In order to be totally successful and changing the mix, I think there's going to have to be

a continuity policy into the next administration and the one beyond. You know, if the DPP remains in power, then probably there will be that continuity. If the KMT comes in and tries to restart nuclear or deemphasizes renewables, then you're back to sort of primary reliance on coal and oil.

MR. HASS: Great. So shifting to the next phase of your book, the China challenge which is a topic that gets a lot of attention in the United States and in Taiwan and elsewhere. How much agreement or disagreement exists across the political spectrum in Taiwan about the most effective defense against Chinese pressure?

MR. BUSH: You're right, this is the big issue and I spend about half the book on it. The basic answer is that there is a lot of division on this. On the other hand, there are some things on which Taiwan people agree. And these points of consensus are very important, I would say particularly for China because they are realities with which China will have to deal.

So point of consensus number one. Over 90% of those polls say that they are Taiwanese or they are both Taiwanese or Chinese. Less than 10% say they're Chinese. Second point of consensus. The people understand that Taiwan's prosperity is dependent on good economic relations with the mainland but they are also kind of wary about over dependence and how you strike the balance is important. But the main point is that they understand that economics is important.

Third, the public by a margin of about eight to one is opposed to unification, presumably on the terms that the PRC has put forward. They also understand by a significant majority that if they move to independence, it would probably bring about a war which is too risky. A majority just want to preserve the status quo. How they define the status quo is a different question but everybody is for the status quo.

So in the short term, the basic political conflict has concerned the proper balance between accommodation of Beijing and maintaining a degree of deterrence against military attack. This is similar to the policy problem that the United States faces or the policy debate. Are you for engagement or for containment or deterrence?

I would note that part of deterrence for Taiwan has included reliance on the United States

for its defense. That's a given. Part of accommodation of China has been a willingness on the part of some Chinese leaders to state explicitly certain principles about the relationship between Taiwan and the mainland. China in effect has set preconditions for good relations.

A Chinese diplomat that you and I know has made the more constructive suggestion that for diplomacy to succeed, you don't impose demands on your counterpart, your interlocutor that you know that they can't meet. In this case, it doesn't seem that China's doing it.

Now President Ma Ying-jeou was willing to emphasize accommodation over deterrence. He understood the need for deterrence but he believed that Taiwan could best preserve its security and prosperity by engaging China and accommodating China. Among other things, he was willing to explicitly accept the 1992 consensus which is a term for a rather ambiguous set of understandings that occurred back in 1992 about One China and Taiwan's relationship with it. But it was ambiguous. I would also note that Ma himself interpreted the 1992 consensus in a way that allowed him to say that his China was the Republic of China which I suspect that Beijing wasn't happy with but it was willing to tolerate.

Now Tsai Ing-wen has placed more emphasis on deterrence and less on accommodation but she understands economics. She understands the importance of the economic relationship and based on my research, I believe that she tried in her own way even before she was president to reassure Beijing about her intentions. That she was not going to challenge China's bottom line. She wasn’t going to respond explicitly to China's demands to state things in the way that China wanted but she was willing to address them in a favorable way.

I think there was an opportunity here for Beijing but it chose not to take it. Instead, Beijing has found various ways to punish her and punish Taiwan and so this created difficulties for Taiwan. But it was not enough to block her winning reelection in 2020 and by a better margin than she won in 2016.

Now I identify some points of consensus in my book. In most respects, these relate to what people oppose unification but they don't clarify how progress might be made in resolving at least some of the issues with China. And I think that if it would be in Taiwan's interest to think a little bit harder

about what is required to reduce the level of tension that exists and to set a floor on the cross-Strait relationship.

MR. HASS: Thank you. Now Richard, you rightly pointed out at the start of our conversation that Taiwan earns credit on the world stage for its democratic model and its strengths. But in order to continually improve, we also need to grapple with some of its vulnerabilities or weaknesses. Where do you identify the greatest weaknesses that are in need of addressing?

MR. BUSH: First of all, it's important to point out that there's a weakness that comes from outside and that is China's interference in Taiwan's political system. That includes support for certain political parties in Taiwan, usually small parities. It includes trying to build a united front of sort of anti-Tsai forces in Taiwan to try and undermine her position. It includes gaining a certain level of influence and control in Taiwan's traditional media but also playing in Taiwan's social media.

And this has an impact in at election time but it's a constant problem. This creates a problem for Taiwan. Do you restrict people's freedoms in order to block China's penetration, that's a tough one. But looking at the internal problems, there are some institutional ones. Some have to do with the legislature. I think that the legislature could have better rules of procedure and norms of operation and to avoid the spectacle that sometimes occurs of the opposition party seizing control of the chamber. So these norms could be improved.

Second, I think the political parties sometimes do a bad job of picking their presidential candidates. This has been true of the KMT on three or four occasions. But a good democracy requires an effective opposition party. The electorate of a democracy deserves a real choice between talented candidates. Taiwan isn't helped by having one candidate who is capable and another one who, you know, just doesn't measure up to what the public needs. I'm not going to name any names here but, you know, the same is true in our system. Taiwan could do a better job in deterring corruption.

Now looking at the political system performance, I would repeat what I said before. That the problems that Taiwan faces are really daunting. These are not easy problems to solve. If there were solutions, they would have been solved a long time ago and one can tick off some domestic ones. The

maturing economy, generational and class inequality, aged population and a low birth rate, tough choices on energy and so on and then there's China.

But I also see several obstacles to better performance. First of all, the government really doesn't have enough resources to handle all the tasks that they need to handle. The taxation as a share of GDP is only 12 to 13% which is pretty low when you compare with advanced economies. I can understand why people in Taiwan and companies in Taiwan don't want to pay taxes, you see that here. But, you know, at some point if the problems are going to be met, sacrifices are going to have to be made the taxpayer and taxpaying public. And Taiwan is not a poor society.

Second, the Taiwan political system, has been for some time, what political scientists call majoritarian. And that is that because of features of the electoral system, there is a tendency for a party that wins the presidency and the legislature to be overrepresented in the legislature. And so, it is sort of easier to sort of pass its program. But this has been true since 2008.

But it does create a polarization within the legislature. It does make it harder to fashion policy solutions that reflect a broad consensus and there are some issues on which you really should have a broad consensus, not just the support of the ruling party. This polarization also fosters mutual mistrust in which each major party views itself as the adversary and forgetting sometimes about the other adversary that's 90 miles across the Taiwan Strait.

Fourth is the role of veto groups which I've already talked about. They're good at blocking what they oppose but they don't contribute much to shaping solutions.

Fifth, we've seen in the last decade or so creative ways in which the elements of the public try to circumvent representative government. Now I happen to be a believer in representative government and the institutions that go with it and so I question whether the circumvention mechanisms are helpful.

One of these is mass protests like the Sunflower Movement of 2014. Another is the use of referenda which really don't require people to think about the downside of referendum proposal. And then third, is populism which seems to have burned itself out in Taiwan. I wish it would burn itself out

here. But all of these undercut the effectiveness of representative government which needs to be improved.

I think what is most needed to happen is a recognition by Taiwan's leaders that they really need to work together for the sake of Taiwan and for the people. Continued division from top to bottom of the two major political parties is not serving the Taiwan public well.

MR. HASS: Well thank you, Richard. We've been getting a wave of questions and comments from our audience around the world and I'd like to bring them in now. One of the questions came from a reviewer of your book, Kharis Templeman at Stanford University who, and I'm going to paraphrase, asks, does Taiwan's performance responding to COVID allay any of your concerns about the underperformance of Taiwan's democratic system? And are there any lessons from the pandemic that might give us optimism about Taiwan's resilience and governance in the face of the threats that it confronts?

MR. BUSH: Well, COVID is a really interesting case and I thank Kharis who is a really good, young political scientist for the question. First of all, I think that Taiwan's success in responding to COVID isn't simply because it's a democracy. I think that Taiwan's good response to COVID stems first from its failure in the last decade in dealing with SARS and it didn't do a good job.

But the agencies of the Taiwan government that are responsible for public health, they got the message that they had failed. And they went about systematically reforming their technocratic system so it would be ready to deal with infectious diseases. So this is a case in which a professional element of the Taiwan system has responded well. Now but there are some things going on that helped Taiwan.

First of all, Taiwan's an island so it's easy to control access. Most of Taiwan's cases, and they're not many compared to the United States, have come from outside. The amount of community spread is quite low.

Second, there's an issue of political culture and this is an element that we find not only in Taiwan but Japan, Korea, Hong Kong, mainland China. Is that when people get an upper respiratory infection of

any kind, they wear a mask. This is done out of their sense of obligation to their fellow citizens and their obligation, their sense of obligation to preserve public health. So it never became an issue of political freedom like it did in the United States. So from the beginning, Taiwan was able to sort of encourage full compliance with masks.

The next strength of Taiwan's response and it speaks to the larger performance issue is that this was an issue, I think, where leaders and politicians realized from the beginning that this was not an issue on which to play politics. This was an issue where the political system had to come together and set a tone, set an example and then work very well with the technocracy to carry out good public health measures.

In a way, COVID is the exception that proves the rule or rule proves the sort of more sort of common situation. And it suggests that in order to solve some of these other problems, what is required is sort of society pulling together, politicians pulling together to do what is best for all.

MS. HASS: Thank you, Richard. We have another question from another academic, Adam Liff at the Indiana University. Who asks, how important is it that a new generation of leadership within the KMT, how will that affect the KMT's electoral prospects and the future of cross strait relations?

MR. BUSH: Adam, thank you for your question. I think it's absolutely vital that the KMT present itself as something other than a party of older people. And, you know, there are complicated reasons why this is the case, some having to do with the norms of the KMT. But Taiwan is a young society. The most politically energized people now are young people and they feel strongly about policy issues.

The KMT has been slow to move younger people up into positions of leadership. We finally have a KMT leader, Johnny Chiang who is younger than President Tsai Ing-wen. And I think that presenting a good face to the younger parts of Taiwan society will be very important.

Now part of this will be coming up with a vision of for cross-Strait relations that is acceptable not only to the government in Beijing but also acceptable to the population in Taiwan. Ma Ying-jeou was able to do that but Ma Ying-jeou was running for president at a very different time. And it

remains to be seen the leadership of the Kuomintang can pull that off. Particularly for younger voters, if the KMT cannot thread that needle, they're probably not going to get KMT votes.

MR. HASS: Now I would like to ask a cross-Strait question and then I'm going to try to draw you out on U.S.-Taiwan relations afterwards. Wilson Wong from the Chinese University of Hong Kong has asked, how likely is Xi Jinping to start a military conflict in the Taiwan strait in order to boost his power and status in the coming year or two?

MR. BUSH: Wilson Wong was a visiting fellow at Brookings a long time ago. It's very nice to see him. He's one of Hong Kong's really outstanding political scientists and they're many. Wilson, thank you for your question. My answer is that the probability of a kinetic military attack on Taiwan is very, very low. Why do I say this?

So first of all, the risks of doing so are not small. Xi Jinping would want to be fairly assured that he could win and accomplish his sort of political objectives through military means. That's not for certain. One of the risks, probably the major risk is that the United States would become involved, would intervene on Taiwan's behalf and assist Taiwan in resisting Chinese aggression.

Third, another risk is that even if China won military and took over the island, they would still have to rule it. And I think that this military conflict would include a significant aspect of urban warfare and that's a nasty business. You know, we don't want Fallujah on Taiwan.

The other reason that I think military action is unlikely is that China has an alternative to appeasement of Tsai Ing-wen on the one hand or accommodation to her and military action. It is what I call coercion without violence. A variety of steps to intimidate Taiwan, pressure Taiwan, marginalize Taiwan and the international community, interfere in Taiwan's internal politics.

And so, undermine the confidence of people in Taiwan in their government, in their democracy, in their ability to hold out. This was a theme in the 2020 election. This approach is not certain to succeed. It wouldn’t succeed quickly but the risk of doing so is a lot less.

MR. HASS: So Richard, you have handicapped the risk of military conflict as relatively low. How would you handicap the ability of Taiwan's friends and partners to help them diversify trade

ties? And specific to this, Bart Edes from CSIS has asked about the prospects of Taiwan joining the CPTPP. And Gary Sands from Wikistrat has asked about the chances of a bilateral U.S.-Taiwan free trade agreement.

MR. BUSH: To look first at the FTA, I think the chances, at least in the near term, are low. I think the Biden administration has not yet fully developed a trade policy. But the signals are clear that trade policy must go hand in hand with improving America's domestic competitiveness and a lot of things are involved here. But it comes under the slogan of a foreign policy or an economic policy for the middle class.

Also there's the technical problem that trade promotion authority expires in a couple of months and FTA's usually require or they're easier if you have an up or down vote that TPA allows. CPTPP, I think would be a really good opportunity for Taiwan as TPP was. But I think that there are a couple of conditions that would have to be met to improve Taiwan's chances. And what would block Taiwan from joining absent these conditions is that Beijing would pressure some of the member of CPTPP to block Taiwan from joining.

Now what are the conditions. Number one, the U.S. would have to join CPTPP. Because once the U.S. joins and maybe Korea joins, that's a really significant block of economies. And if we can do a similar agreement with Europe, they're in parallel the two represent a standard for trade and economics that is really important to meet, including for China. And that's the second condition that China wants to join CPTPP.

If you could have both these conditions, it sets up the possibility of what the Clinton administration was able to engineer in the late 1990s of using the possibility of Taiwan joining WTO to get China to negotiate and negotiate seriously. China wanted to be in WTO but it was just the terms. And Taiwan was a useful tactic in getting that to happen and so, the two entered at the same time. We could play that kind of game again.

Let me just say one more thing. I think also that at the same time we think about these big agreements, we should also be looking at smaller agreements that we could do with Taiwan that are

not so politically sensitive that would be easier to negotiate. They don't require as much bandwidth from the governments concern. Some wouldn't necessarily require congressional approval and they would help Taiwan's competitiveness. They would promote some structural adjustment.

So the issue of digital trade, this would be a good one for the United States and Taiwan to work out. And Taiwan's the sort of economy where digital trade is at the center of it.

MR. HASS: Your response dovetails very nicely with the next question which comes from Cristine Lin, the managing editor at the Commonwealth Magazine Group. Who asks, how U.S.-Taiwan relations may change during the Biden administration.

MR. BUSH: Cristine, thank you very much for your question. Thank you also to the Commonwealth Group for publishing the Chinese language version of “Difficult Choices” which I understand will come out in June. Your company is very kind to help me in this way.

The Biden administration is still reviewing its overall China policy and its Taiwan policy. What that will look like in finished form remains to be seen. But I think that we can see already that there is going to be a good bit of continuity in U.S. policy.

First of all, we have reaffirmed our security commitment. We say our relationship with Taiwan is rock solid and we rhetorically have warned China against being too aggressive. Second, the way we conduct our relationship with Taiwan is going to continue more or less in the ways that it did before. Some details will probably change.

What I hope will change is that the Biden administration sooner or later will undertake initiatives in the economic area such as an agreement on digital trade, maybe moving towards CPTPP. These were things that the Trump administration was absolutely opposed to doing.

I think one thing that the Biden administration will have to do is look very carefully at how Taiwan fits into U.S. policy on technology transferring to China. Because Taiwan is clearly involved in global supply chains that reach into China and involve computer chips and so on but we're very aware of this. But I think that Taiwan can have confidence that this administration is going to do well by Taiwan. We should recall that Joe Biden is one of the only American's still active in public life who voted for the

Taiwan Relations Act and he hasn't forgotten that.

MR. HASS: That's a very important point. President Biden has his own views on Taiwan and I think that they will guide America's approach. You have a question from Ambassador Kent Wiedemann who asks, what U.S. policies and actions are most essential to ensuring Taiwan's security while avoiding war with the PRC?

MR. BUSH: Ambassador Wiedemann, it's very nice to hear from you. I haven't heard from you in a long time but we had some good interactions back in the day. On the security side, first of all, I think it is quite necessary for the United States to continue to encourage Taiwan to do its part in strengthen itself militarily and so on.

If there were a war, the United States and if the U.S. president decided to intervene, we could not do it on day two of the conflict. It would take a while. And so, Taiwan is going to have to hold on. It is going to have to have the capabilities that would be required to counter the kind of military actions that China took.

And the U.S. and Taiwan have had a number of discussions about this issue for a good number of years. And this essentially goes to Taiwan's defense strategy. And I think there's been quite a bit of progress but we need to keep at it and the procurement of sort of weapons systems that Taiwan makes from the United States, they need to be matched to that defense strategy. Because Taiwan sort of doesn't have an unlimited amount of resources.

On that point, I think that we need to continue to encourage Taiwan to spend more on defense. And actually, Taiwan's spending on defense has remained pretty constant over the last decade or so. I mean, if you look at it in terms of the absolute amount, if you look at it also in terms of defense as a share of the government budget, those levels have not changed even as China's military capabilities have gotten more robust.

Now this is not because of an absence of will in the part of Taiwan's leaders or a failure to recognize the threat. I think it's simply because Taiwan people don't pay enough in taxes and if they want security, perhaps they're going to have to pay for it.

Another thing that we are encouraging Taiwan to do is to sort of beef up its reserve force. On our side, I think that we need to think very carefully about the kind of capabilities we would need that would be appropriate for the kind of war that Taiwan would be fighting. And the kind of capabilities that we would need to actually get into the fight. Because part of China's preparation for war is developing ways to make it very difficult for the United States to get into the fight. I am confident that at least some parts of our military establishment are doing this and they could do more.

MR. HASS: Richard, we have a question from Guy Saint-Jacques who is a former Canadian ambassador to China from 2012 to 2016. He asks, what role Canada can play to support Taiwan. And if I could, I'd just like to broaden the question a little bit further because there has been press reporting that Taiwan will be a future of discussion when President Biden hosts his Japanese counterpart later this week. What should the United States be asking or encouraging our friends and partners to do as it relates to Taiwan?

MR. BUSH: That's a good question. There is a tendency on the part of our friends and partners to sometimes free ride on issues like Taiwan and let us do the work. I guess the first thing that I would encourage is that countries like Canada and Japan look for initiatives to help Taiwan improve its competitiveness. So Japan, for example, has already done a financial services agreement with Taiwan and that's good. China wasn't happy but Japan did it anyway.

There are a number of other agreements of this sort like digital trade that form the building blocks of a 21st century economic architecture. And these could be wrapped up into an FTA but they could also be done in a more step by step way.

I think that because Canada has energy resources, there may be ways that Canada could help out in that way. I think that it is important for Japan and Canada and countries in Europe and the United States to remind China that Taiwan is a democratic system. That the people are sovereign and the people will decide in one way or another what their future is. That if China wants to achieve its political goals, it’s not going to be enough to convince a couple of politicians who happen to be at the top of the Taiwan government. They have to convince the public at large.

In fact, it's my view that any major change in Taiwan's legal identity would require constitutional amendments which are really hard, which require broad public consensus. So, you know, the fact that China has not been able to achieve its goals is not because of the United States, it's not because of Japan, it's not because of, that the DPP is pursuing goals that China finds very threatening because it's not. It's simply because China hasn't made the case and the United States, Japan and Canada have deep respect for Taiwan's democratic system and think that they should make the final choice.

MR. HASS: You've received several questions about the issue of willingness of the people of Taiwan to fight to defend themselves. And particularly after your comment about the percentage of the annual budget devoted to defense issues, you've received questions from Clayton Jones at the Christian Science Monitor as well as Matthew Carney. Asking about basically, what, if anything, should the United States be doing to encourage greater awareness or less complacency about the risks that Taiwan faces?

MR. BUSH: I think there are actually a lot of American politicians who sort of have emphasized the threat that China poses. Maybe they've overemphasized it. I think that at some point, Taiwan's leadership is going to have to have a come to Jesus moment with the Taiwan public about the existential nature of China's ambitions towards Taiwan and the evolution of the way China seeks to achieve those goals.

I've already mentioned the, you know, the needs concerning defense strategy and defense spending. I've come across an interesting polling result and that is that a fairly low percentage of the Taiwan population believes that the armed forces would do a good job defending Taiwan. There's not a lot of confidence in that and so that has to be corrected. It's partly a job for the armed forces but there's a public responsibility as well.

If there were a war, I think that it would be necessary to mobilize reserves and be confident that those reserves could actually fight. This sort of brings me to a larger question that for those Taiwan young people who serve in the armed forces their tour of active duty is not that long. Their

amount of training is sort of not that great.

I was in the U.S. Army myself and I know how incapable I was at the end of the basic training to do any sort of serious fighting. And I think that perhaps Taiwan needs to rethink the decisions it made concerning the ending of creation of a volunteer force and shortening the list, the duration of military service. I think that Taiwan is not Canada. It's not Norway. It faces a serious adversary.

MR. HASS: Richard, you've received a question from a reporter at the Voice of America who is curious for your comments on the announcement yesterday about the planned travel of a presidential delegation to Taiwan that will be led by Richard Armitage, Jim Steinburg as well as former Senator Chris Dodd. What roles do these types of delegations play? How should we understand these types of trips and from your own personal experience being in the room, can you share with us anything about how they usually take place.

MR. BUSH: Well, I was sent on some of these mission during the time that I was chairman of the American Institute in Taiwan and there were a couple of different types of trips. One was a trip of reassurance and these I did after Jiang Zemin's visit to the United States in 1997 and President Clinton's visit to China in 1998 where he uttered the so-called three no's.

And any time there is this high level engagement between China's president and the U.S. president, there's high anxiety in Taiwan about the implications for them. And so, it's important, I think, for someone connected with the U.S. government, someone who can speak for the U.S. government to give a good read out of what happened in those summits.

And I remember on one occasion, I was sort of giving my brief to the Foreign Minister of Taiwan and he later told the press, you know, Richard Bush's report, it was as if he was under the table in the meeting taking notes. But I think more than then the content of the report is the act of being seen reporting to our friends on Taiwan. That we felt that it was important enough to give them a full readout.

There's another kind of trip and that is to deal with difficult situations. And to sort of make sure that Taiwan leaders understand what the highest levels of the U.S. government feel. And I was on one of those trips. It was in July of 1999 after President Lee Teng-hui's surprise statement that cross-

Strait relations was a special state to state relationship.

Don't ask me to explain what that meant but this was alarming to China, it was unnerving to the United States. There was a fear that the tensions created might lead to some kind of conflict. And so, there was a need to sort of make it clear to Taiwan what we felt.

So it was decided to send me and I had a very precise set of talking points about our views. I made sure before I left that I could say that I was speaking for the president of the United States. And we had a series of frank conversations about this but we also had some constructive meetings about where to go from here. So I think it was helpful in sort of setting some guardrails and conveying to the Taiwan public what sort of basic view of the United States was.

You know, I don't know what the mission here is. I think it's probably mainly reassurance and so that leaders of Taiwan and the people of Taiwan can hear from these veterans of U.S. diplomacy, these starts of U.S. diplomacy, what the sort of key points of U.S. policy are. There will probably be an opportunity for some more private messages and also too so that there's not a lack of clarity on the part of anybody in Taiwan about where we stand.

MR. HASS: Thank you. Well Richard, you've provided a tour de force in helping all of us deepen our understanding of events relating to Taiwan. We have two minutes left and unfortunately, too many questions from me to be able to get to all of them. But I just wanted to use the chair's prerogative to ask one final question in the two minutes we have. You've been looking at Taiwan issues for decades. Is there anything in your writing or researching for this book that surprised you or forced you to reevaluate your thinking?

MR. BUSH: Let me give you one polling result. There's a lot of things I could mention but as you say, we don't have time. If you ask people in Taiwan, do you want a final outcome of unification either right now or sometime in the future, the number of people who say yes is between 10 and 15%. Pretty low. It's the lowest of the outcomes that Taiwan people want.

If on the other hand you ask people, what are the odds that unification will occur in the future, the answer breaks down that it's almost 50/50 that unification will occur. So a lot of people don't

want unification but they think it's going to happen. That suggests a lack of confidence in Taiwan's future, maybe a lack of confidence in Taiwan's system. And it suggests that there is some homework that needs to be done to sort of enhance the sort of positive psychology of Taiwan people about the island that they live on and its future.

MR. HASS: Well, to help in that effort, I hope that everyone takes the time to purchase and read this fantastic volume. It's called, “Difficult Choices,” by Richard Bush, out this week. Thank you, Richard for taking the time to spend with us to walk us through the important arguments in your book. And to our global audience, thank you for joining us. Have a good day or night.

MR. BUSH: Thanks very much, Ryan, for hosting.

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