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OPENING REMARKS:

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**MIREYA SOLÍS:** Good afternoon, everyone. My name is Mireya Solís. I'm the director of the Center for East Asia Policy Studies at the Brookings Institution. Thank you for joining our panel discussion today on the future of Taiwan. In January 2024, the people of Taiwan will elect a new president who will need to define priorities and confront several challenges in both domestic and international arenas. This new president will need to navigate ongoing cross-strait tensions while keeping up with domestic policy issues on the island. Moreover, the United States will have its own election later in the year with its own implications for U.S.-Taiwan relations. We're lucky to have such a distinguished panel of experts to help shed some light on what the future holds for Taiwan. Moderating the discussion is my colleague Ryan Hass the Koo Chair in Taiwan studies at Brookings, who is also joined by Brookings nonresident senior fellow Richard Bush and GMF director of the Indo-Pacific program, Bonnie Glaser. The three of them have just published a new book titled U.S. Taiwan Relations. Will China's Challenge lead to a Crisis which lays out the past, present and future of Taiwan in a shameless act of advertisement? I should let you know you can pick up a copy right at the bookstore or at any online realtor of your choice. Also on the panel is Shelley Rigger, the Brown professor of Asian studies and vice president for academic affairs and dean of faculty at Davidson College in North Carolina. Last, but certainly not least, is Kharis Templeman, Research Fellow at the Hoover Institution and the money manager of the Project on Taiwan in the Indo-Pacific region. He's also a lecturer at the Center for East Asian Studies at Stanford University. Following this conversation, we'll open the discussion to the audience for questions and answers. A quick reminder that we are live and on the record for those watching the program virtually. If you would like to submit your questions, please do so at the email [events@brookings.edu](mailto:events@brookings.edu) or on Twitter On Twitter using hashtag Taiwan Future. Ryan, over to you.

**RYAN HASS:** Thank you. Mireya asked today. Our plan for the next hour is to look at the Taiwan issue, starting at internal issues, then cross-strait issues, and then Taiwan, U.S. relations, as well as Taiwan's relations with the rest of the world. More or less to take an inside out approach to examining the Taiwan question. But before we do that, I want to first ask our distinguished panelists a question to help situate the conversation. And that is in a few words, How close do you think we are to the edge of crisis in the Taiwan Strait? Bonnie, why don't I start with you and maybe we can work our way down.

**BONNIE GLASER:** Thank you, Ryan. Recently, U.S. administration officials have been saying that a crisis in the Taiwan Strait is neither imminent nor inevitable. And I share that view. I like to associate myself with that phrase. I think that there are we need to understand that there are many variables that could lead to a crisis. And those variables are, of course, Chinese policy. But what shapes and might influence Chinese policy matters, too. And that means, of course, Taiwan's policy and U.S. policy. So I think that we should understand that China really does have red lines. We could talk about what those are. But if Taiwan actually declared independence, if the United States were to restore the U.S. Mutual Defense Treaty or say that we recognize Taiwan as an independent sovereign state, whether or not Xi Jinping believed that the play was ready, I think he would be under a lot of pressure to actually use force. But he has not made a decision to do so, in my view, is not set a hard red line. And of course, we wrote about that in our book. And so I think that we are not close to a crisis. And we should start by recognizing that although we could get to a crisis, a crisis is neither imminent nor inevitable.

**RYAN HASS:** Richard.

**RICHARD C. BUSH:** I just about always agree with Bonnie, so I'm not going to repeat anything she said. I would say that the prospects for a crisis are low to nil. I mean, one can imagine an accidental clash between a play aircraft and a Taiwan aircraft and sort of escalating out of control. But I, I doubt that that's going to happen. There has been a lot of military activity in the Taiwan Strait. Right by the play. I think that these should be regarded as mainly displays of force and not preparation for the use of force. This is part of a well-designed and calculated strategy on Beijing's part to deploy a variety of coercive measures against Taiwan, not just military by any means. One consequence of this is that the displays of force create anxiety in Taiwan. When American officials and experts talk about the imminence of war. As a result, that increases the anxiety even more So in a way, those commentators are doing the PRC work for them.

**RYAN HASS:** Shelley.

**SHELLEY RIGGER:** I guess I'm on the same general turf with Bonnie and Richard because I am very excited that my 22 year old daughter, who is going to be a D.C. public school teacher in the fall, is going to spend the month of July teaching at a English language school in Taiwan this summer, and that two of my favorite students just confirmed that they will be working at Donghai University for the school year coming up. So apparently I have high confidence that for the next 12 months everybody in Taiwan could.

**RYAN HASS:** Kharis?

**KHARIS TEMPLEMAN:** Okay, I will agree with my senior colleagues here. I, I will rephrase the question a little bit. And the question I often get is, has Xi Jinping moved from a policy of deterring independence to compelling unification? And I don't think we have compelling evidence that he has done that. Another way to put this is I do not think maintenance of the status quo for the next few years is an existential threat to either Xi Jinping or the CCP to the CCP. We know it's not because they've existed since 1949 in power in China, with or without controlling Taiwan, and they continue to exist today in power, and they've actually prospered for the last 40 plus years without controlling Taiwan. So something would have to pretty fundamentally change in the cross-strait relationship to make this to make Taiwan's current status an existential threat to the CCP.

**RYAN HASS:** So now that we've established that baseline, I want to start working into the internal situation inside Taiwan. And Shelley, if it's all right, I'd like to start with you. Vice President Lai has been designated as the Democratic Progressive Party's candidate for the upcoming presidential election. He is going to try to carry on after President Tsai is term limited out of office. What is the case that he's going to make for why the DPP should continue to maintain its hold on power?

**SHELLEY RIGGER:** So fundamentally, he is going to make the case that Kharis Templeman is correct and the status quo by which we mean the state of affairs that prevails in the Taiwan Strait today, in which Taiwan is self-governing and autonomous but not legally separated from China, from the idea of China, although it is not part of the People's Republic of China as a state existing in the world today, it's not under the jurisdiction of the PRC. It is also not fully differentiated from the Chinese nation that this state of affairs can and should prevail into the future. And I think Vice President Lai candidate Lai's commitment is that that that if he is elected, that he will work toward the continuation of that status quo. So as far as cross-strait relations go, never posing any kind of existential threat to the PRC that would necessitate a more energetic reaction than we have seen already, although I agree with Richard that it's plenty energetic as it is. And I think at the same time, Vice President Lai also will be appealing to Taiwanese to look back on the last eight years of the Thai administration and observe Taiwan's economic and social performance over those eight years, which has actually been, I think, objectively speaking, pretty darn good. I was in Taiwan from September 2019 to the end of March 2020, so riding the early months of the pandemic with people in Taipei, and I will tell you, I was way more frightened in the Atlanta airport on March 25th, 2020, than I ever was in Taiwan because of the way that both the society and the government managed the early months of the COVID crisis. And I think that that is not out of alignment with how the Thai administration has managed a lot of aspects of Taiwan's economic and social development over these eight years. So that's not to say that it's a perfect administration, but I think there are accomplishments as well for Lai to offer as evidence that the DPP has done a good job and can continue into the future.

**RYAN HASS:** So that is the case. Kharis, help us understand what you expect your anticipated camp to you like what my tank's case will be for why they should win the upcoming.

**KHARIS TEMPLEMAN:** Right. Well, first and foremost, the DPP has now been in power seven plus years. They're the ruling party. They've controlled the legislature. And so anything that you don't like that's happened in Taiwan over the last seven years is the responsibility of the DPP. That's Taiwan is a robust liberal democracy. There's freedom of expression, freedom to form your political parties, freedom to make your case directly to the voters. And the KMT, first and foremost, just has to provide a clear and credible alternative to the DPP going forward. And there's an increasing number of people, as we understand in this country, after eight years in power, it's actually quite difficult to win a third term, especially with a new, new and untested candidate for the ruling party. And so I don't think you should exaggerate or underestimate the challenge that the DPP actually faces to win a third term. They have more partisans in the electorate, but the KMT first and foremost just has to be not DPP. Second, they have to nominate somebody who is, you know, not so scary or crazy or unpredictable as to be beyond the pale. And I think they've done that. They've chosen a pretty moderate candidate who's quite popular in Taiwan. And third, the cross-strait relationship has really deteriorated under the DPP seven years in power. And so the KMT can, I think, pretty credibly promise that they can restore some balance or a floor under that relationship, restore cross-strait communication. And they're the party that can work with Beijing. And so if you as a Taiwanese voter are worried about the possibility of a crisis in the next few years, the KMT can say, well, vote for us. We're the party that will make sure that there's no war.

**RYAN HASS:** Bonnie, I assume that Beijing has a preference in the outcome of the upcoming election. How, if at all, do you think they will try to exercise influence to shape the outcome of the election?

**BONNIE GLASER:** Plus, start by saying that I think that the Chinese are not only nervous about life and for reasons of some of the things he has said in the past, his party, of course, in particular being seen as pro-independence, but also was mayor of China. And that is he's seen as coming more from the more radical

end of the spectrum of his party. They're also uneasy, I think, about Hou You-Yi. He's Taiwanese. I think he reminds them of Lee Teng-hui. So they don't know him very well. They do no control because as mayor of Taipei, you know, he went did a lot of collaborative things with the mainland for the Shanghai Taipei conferences, meetings that that were held. So actually, I sense that they feel more comfortable supporting if he's supporting with quotation marks, that they would rather see him than the other two. That said, I think that they believe that the KMT, if it comes back to power in the form of Hou You-Yi, is certainly going to be better from their perspective than the DPP. So China has a growing toolbox of ways that they can, I think, influence Taiwan's elections, and it doesn't mean it will necessarily be decisive, but in some ways maybe overt, in other words, may be covert. So we know in the past, for example, they have flown large numbers of Taiwanese businessmen back to Taiwan to vote. Of course, when people go in the voting booth, you don't know how they're going to vote. We used to say that the numbers of Taiwanese in in the mainland was really uncertain. Some people say 1 to 2 million shall we may have a better idea. Nobody knows. But probably during COVID, some of those many of them may have gone back to Taiwan as the situation there was better than in mainland China. But of course, that's one thing they could do. They could fly some people back to Taiwan to vote. But I think more importantly, what I would be watching would be their influencing or attempts to influence the information space. During the last few years, we have seen China really adapt its capabilities to use misinformation, disinformation, which it's always used against Taiwan. Now it's really used globally. It's learned some things from Russia. And I think that's a space where we should be concerned about particularly promoting a narrative that the DPP has not delivered good governance and the US is an unreliable partner. So I think these messages potentially could resonate. As you know, there's already this narrative about U.S. skepticism in Taiwan that the United States is an unreliable partner. Always been there, But now they could amplify that. And then finally, I think we should pay attention to the subnational efforts. The Chinese have already told the KMT that they will lift, and I don't know if they already have, but perhaps they have some of the restrictions that were imposed on thousands of Taiwanese agricultural products after Speaker Pelosi visited Taiwan so they could find ways to perhaps support some of the groups, whether they be related to temples or pro-China groups that work locally in Taiwan. So I I'd look for that as well.

**RYAN HASS:** Richard, you've observed many Taiwan elections closely. As you look at the landscape of this upcoming election. Do you anticipate that the outcome will turn primarily on policy differences or will it be more driven by personalities and identity related issues?

**RICHARD C. BUSH:** I certainly hope that the election turns on serious policy issues. As a small Democrat, I think that what Taiwan voters really deserve at this point is a serious, substantive debate over conflicting visions of how to cope with the challenge from the PRC, but also how to address a number of domestic policy challenges. Shelley and Kharis have outlined what the policy platforms of both the DPP and the KMT might be, but it remains to be seen if the two parties and their leading candidates can make the center of the election stronger. Can you hear me? Okay. But I. Taiwan is not necessarily known for a good substantive campaign, but all the more reason to have one. Now, there's one group for which this debate will be important, and that's young people. They're kind of a swing bloc. And Taiwan elections not only in terms of what they think, but also whether they turn out at all. I'm told that William Lai is not necessarily the favorite, does not necessarily favor William Lai. And because the DPP has done best when it has attracted young people, this is this will be a challenge for him. There is the possibility that it will be more on identity and personalities for those candidates who don't necessarily see their future lying with engaging in a serious policy debate than identity and personalities are the alternative. The other factor we have to that that may get in the way of my hope for a substantively competitive campaign is the existence of the third party candidate Cohen. And I can't really predict how that's going to play out, but it could complicate things.

**RYAN HASS:** I want to turn to cross-strait issues, but before I do so, do any of you have any additions or rebuttals you'd like to make to our discussion about Taiwan's domestic politics?

**SHELLEY RIGGER:** I just want to make a recommendation for the Netflix television show from Taiwan called Wave Makers or Ranch Hand Run, which is about the inside of a Taiwanese political campaign. And I am afraid that it might substantiate Richard's claim that there is not a whole lot of substance sometimes on the inside. On the other hand, it is a beautiful representation of so many of the types and behaviors, activities, priorities and challenges that Taiwan's professional political activists face. You know, I think especially for people in Washington who are themselves perpetually engaged in political combat, it's a really great show and it's like our dissertations on Netflix.

**RYAN HASS:** So if you want to save time on not reading dissertations, wait makers is the way to go. Richard cross-Strait issues. Yes. There's a lot of discussion about Taiwan facing a growing threat, military threat from China. Why doesn't Taiwan spend more on its own defense?

**RICHARD C. BUSH:** Good question. Let me lay out what the facts are to establish the foundation. Some people use the metric of defense spending as a share of GDP to sort of pinpoint what the issue is. I don't like that metric. I prefer, first of all, defense as a share of total government spending, because that reflects the priority that decision makers place on a particular task. And the interesting thing about defense as a share of Taiwan government spending over the last decade is that it's about 11% every year, 11%. The category that tends to go up is social welfare, and that's connected with the fact that this is an aging society. You would think that in an era that where Taiwan's military power is growing, that the defense share would increase. Now it is. Okay. Let me say that the other thing you should look at is the absolute amount that is spent on defense, because that is what really counts. In the end, it's not percentages, it's the amount. And here the news is a little bit better than for the last four years or so. While from 2017 to 2021, the period of the TY administration, the total amount spent on defense has increased by 21.9%, which is a pretty significant amount over five years. If you compare that to the 2013 budget year, which was in the middle of the administration, the increase was 26.8%. So there is a deliberate effort on the amount that is going to the military in absolute terms. Whether that money has been being spent on the right things is another question. Whether the increase is occurring fast enough to meet the changing threat is yet another question. The one answer to this Oh, I'm sorry, missed one point. Why is at least the share not changing? My answer to that question is that the Taiwan government does not tax its people enough that Taiwan tax revenue as a share of GDP ranges about 12 to 13%, which is pretty low by OECD standards. If defense were the priority that some of us think it should be. Maybe it's time for Taiwan leaders to make a compelling case to the public that they need to sacrifice for security. Finally, there is a suspicion in some quarters that the reason that defense doesn't get the priority it should be is that a lot of people in Taiwan assume that whatever happens, if there is a conflict, the United States would come to Taiwan's defense and it would be there on day two. Those are assumptions that are not necessarily valid. But whether the United States acts in that way depends a lot on how the war starts. But it does give people an excuse not to reach into their pockets and spend more for soldiers and weapons and so on.

**RYAN HASS:** So if I understand your argument correctly, you're basically saying that if the size of the slice of the pie is going to remain the same, then we need to grow the size of the pie in order to make sure that Taiwan's defense is resource the way that should be money. There's a ton of commentary and analysis in the Western press these days about China and China's approach to Taiwan, China's intentions towards Taiwan. How well do you think the Western media narrative is capturing the reality of China's approach and orientation towards Taiwan? And what might they be getting wrong?

**BONNIE GLASER:** Oh, I think there's lots of things that that the Western media and maybe even including some experts or even maybe in documents that that that we get wrong there. People suggest that Xi Jinping has fundamentally changed his strategy toward Taiwan. And, you know, Congress made the point earlier. I don't think there's evidence Beijing has abandoned its top priority of deterring Taiwan independence. We can debate how important promoting unification is, what kind of tools are being used, what the extent to which that is becoming more of a priority. But it hasn't become dominant. Xi Jinping, even the rhetoric, they use the word the term, you know, peaceful development across the Taiwan Strait created by Hu Jintao. So I think there's that we get or some people get wrong. The statement that really China has already concluded that time is not on its side, that it has already abandoned, you know, peaceful reunification. Peaceful, of course, includes coercion. We need to understand that. But I think that that's wrong and that the claim that China has now set a deadline for reunification I think is also wrong. So those are few examples, but I'll name one more that I think is really important. And that is the belief that some people have that the play itself thinks that it is ready to take over Taiwan by force. Now we don't know what the PLA is actually telling Xi Jinping. If asked, maybe certainly they will go if they have to. But if they are asked, are they ready? I mean, no military effort thinks that it has enough capability to achieve it. Its missions. But there is a large body of evidence that we that we see in China's official media, military and party media that indicates that there that they're civilian, civilian and uniform leaders recognize that there are significant shortcomings in warfighting and command capabilities of the play. They talk about things like the two incompatible as the five incapable, which I won't go through. But essentially they're stating that the players level of modernization doesn't meet the requirements for winning local wars under what they called informatization no conditions, and that its military capability doesn't meet the requirements of carrying out their missions. So I think this is something that, you know, we that people who study the play understand and it should be conveyed, I think, more to our public and non-experts that the PLA itself does not think that it's capable yet of seizing and controlling Taiwan.

**RYAN HASS:** Cause there's often a lot of discussion about the young generation in Taiwan having an identity that is separate and apart from China, not having a lot of exposure or experience with China itself, and that this could create, over time, a widening gap across the Taiwan Strait. How do you think about the role of identity and informing cross-strait relations these days and also going forward?

**KHARIS TEMPLEMAN:** Yeah. So identity, national identity, the question about whether you're Taiwanese or Chinese or both has traditionally been one of the most important drivers of voting behavior in Taiwan. And so if you identify as Chinese or Chinese and Taiwanese, you tend to vote for the blue cap. And if you identify as just Taiwanese, you vote for the green camp. Now, everybody under the age of 30 basically identifies as Taiwanese. That's if you ask a very kind of blunt binary question. If you ask, though, under different circumstances, they may shade towards Chinese, in some circumstances in shade, towards Taiwanese and others. And so I think the kind of standard trend that probably many, many of the people in this room have seen, where Taiwanese identity is just rising and rising forever is less and less useful as an indicator of voting behavior going forward. Everybody in Taiwan under the age of 30 has come of age in a liberal democracy. They've come up under a similar education system where the PRC was this thing over there. It wasn't Taiwan. But they're also coming up of an age in a situation where Taiwan's deeply integrated with the PRC economy and where there's economic opportunities over there for them. And so it's a much more pragmatic electorate than certainly the oldest generation in Taiwan, where that question was really much more kind of existential and determinative. Now, I think it's I would focus much more on the policy question of do you want, you know, closer economic ties with the PRC or do you want to balance against the PRC with closer ties to the U.S.? And so I, I, I would prioritize or play down the national identity question, and I actually play up some of the more concrete policy questions at this point.

**RYAN HASS:** Shelley, Kharis was just talking about economic connections across the Taiwan Strait. So I think that Beijing has long relied upon deepening economic integration to provide a certain gravitational pull to pull Taiwan in its preferred direction. How salient do you think that is going forward? And do you think that Beijing will continue to place its bets on the idea of economic connections providing gravitational pull going forward?

**SHELLEY RIGGER:** Yeah. So there's always been a kind of two sides to the economic relationship. One is the more instrumental side where. Actors in the PRC are trying to use economic ties to gain leverage over Taiwan or to woo support from Taiwanese because they have some economic opportunity or benefit at the same time that folks in Taiwan are also trying to sort of operationalize these economic ties in various ways. And then there's the other dimension, which is just business. And I think what we have seen over time is that it's really hard to use the economic relationship in an explicitly political way. So Bonnie talked about, you know, shipping Taiwanese businesspeople back from the mainland to Taiwan to vote in an election. But at the end of the day, you don't know who they voted for. You might have just paid a couple of thousand people to go vote for, you know, the side you were not favoring. So and in very short order, Taiwanese businesspeople figured out that it is that there is nothing to be gained by being openly political. It poisons you in Taiwan and it poisons you in the mainland. So they've gotten very good at that, at least appearing in most cases, to be apolitical. What I think has always driven the relationship, the economic relationship, is business and economics and money and opportunity and the inherent logic of Taiwanese companies going to the mainland to do those parts of their manufacturing process where the PRC, labor and tax and other sort of and the ecosystem in the PRC is good for certain things. And that has not changed that much. The biggest driver of Taiwanese getting out of the PRC for business is actually U.S. policy. You know, the Trump tariffs raise the cost, put a 25% premium on everything you were making in in China as a Taiwanese business. So some Taiwanese businesses started to sort of. Not necessarily leave the mainland, but their growth. They focused outside of mainland China, looking for places where they could manufacture at a lower cost without all of the sort of complications of being in the mainland. But many of the business models that Taiwanese companies use and the prime example of that is in my pocket, it's probably in all of your pockets to write the iPhone the way this thing is made. It's a whole business model that was invented by a Taiwanese company in mainland China that really can't be replicated anywhere else because there are not 600,000 people in any town anywhere in the world who will go live on some campus and eat in some cafeteria three meals a day and get up at 4:00 in the morning to go make iPhones, etc.. And that business model didn't exist before Foxconn created it in mainland China. So it's not easy to just decide we're getting out. But it's also clear that the sort of international policy complications, also the cost of production in the PRC is increasing a lot. And then there are these kind of political vulnerabilities that Taiwanese companies are feeling in the mainland. So I think the business logic is still working when it's working to hold Taiwanese companies in the PRC. But the idea that that's going to have a big political overhang or benefit to Beijing for enticing Taiwanese to prefer a unification over the status quo, I don't see that happening.

**RYAN HASS:** Interesting. I want to move us on to Taiwan's relationships around the world. But before I do leave us from cross-strait issues, is there any final comments that you'd like to offer?

**KHARIS TEMPLEMAN:** I'll just make a brief comment. So since Tsai Ing-wen took office in 2016, trade between Taiwan and the PRC is up quite a bit. 25 to 30%, I think are the numbers. But direct investment in the mainland is down from about nine and a half dollars Billion a year to five and a half. And I was really struck by that when I was looking at the numbers recently. So there's been a deliberate kind of pullback from

Taiwanese investors on new projects in the PRC. They're really trying to diversify supply chains away from an overreliance on the mainland. So to the extent that plugged into international supply chains, the increasing concern about relying on PRC production is being manifested in their investment decisions now.

**RYAN HASS:** Well, I think that'll be an important space for us to watch as value chains shift. Does that affect Beijing's calculus over the leverage that they feel like they believe that they have over Taiwan? Bonnie, in your role at the German Marshall Fund, you spent a lot of time in Europe talking with European officials. Help us understand how European views towards Taiwan have been evolving in the period that you've been watching.

**BONNIE GLASER:** Well, first, I would say that we don't we should not underestimate the impact of Russia's invasion of Ukraine on European thinking about Taiwan. The idea that a major power could invade a sovereign state in it again after what had transpired in Europe in the last century, this was really a wake up call for Europeans. And many of them, as many people around the world, didn't expect that Putin would do so because he acted irrationally. And now people say, well, maybe even if we think that Xi Jinping should understand the risks, that maybe he will, too, will act irrationally. And so there is a concern that deterrence may not hold. And we know there has been a study that was published earlier this year. It was done last year by that by the Rhodium Group in New York that tried to come up with the estimate of what the impact would be on the global economy if there were. This is the lowest end scenario possible. We all know if there would be war, it would be worse. But they take the scenario of just PRC blockade around Taiwan with no shots having been fired and calculate that the impact on the annualized impact on the global economy would be over \$2 trillion and the Russian impact. Russian invasion of Ukraine has caused a lot of economic pain in Europe, and it's far smaller than over \$2 trillion. So I think that that that has really captured the attention of Europeans. And I think that there's a lot of discussion in the European Union and in specific countries about what role they can play to strengthen deterrence in the in the Taiwan Strait. And the willingness of countries to step up varies. And so we of course, we've had more public statements warning that use of force to change the status quo should not be they should not be used. There's certainly statements we saw as early as June of 2021 when President Biden signed a joint statement with the European Union just about the preservation of peace and stability in the Taiwan Strait. And we've seen that, of course, South Korea, Japan, lots of other public statements. There's also private warnings that are being given to Sea Jinping by leaders that warning him not that there might be even sanctions that could be imposed on China if trying to use force against Taiwan. And then there's, I think, company countries that are quietly permitting their companies to sell components to weapons systems for Taiwan that in the past they were unwilling to do. And of course, there's willingness of many countries to send parliamentary delegations. More and more countries in Europe are sending parliamentary delegations to Taiwan and some willingness to talk to Taiwan about creating resilient supply chains. And there's third, you know, chip for Alliance, you know, would be sort of one another example that involves several countries. So I think, you know, there really there has been very much a a wake up call, a willingness to recognize that the actions of Europe, the statements that they make, the things that they do could make a difference and that they do need to step up and contribute to preventing that catastrophic war from taking place.

**RYAN HASS:** Well, picking up where he left off, there is a view that's popular in certain parts of Washington Congress that it's necessary to hype the threat of war in order to weaken the world to the risk that Taiwan faces. Can you help us sort of think through whether this is helpful or harmful for Taiwan?

**KHARIS TEMPLEMAN:** So short answer, it doesn't help. And I understand I know some of the people who make these arguments that the US government is a really awkward, clumsy machine and you have to create a sense of crisis in order to get it really to turn to change direction. And I understand that argument. But the people who make this argument don't usually think about the impact on Taiwan in the short run, and they don't think about the impact on kind of understanding of the kind of trends in cross-strait relations in the long run. And I worry that by hyping the threat of a PRC invasion of Taiwan, you're actually doing, in some sense the CCP work for them. They it's in their own interest to have the world believe that they will bear any burden and pay any price to reclaim Taiwan, reclaim being their word, and sooner rather than later, because they want the rest of the world to think the price is too high, we will capitulate. And they want the Taiwanese to believe that as well. And so the greater the sense of crisis and the sense that Xi Jinping will pay an enormous price to take Taiwan, the more likely it is the rest of the world thinks it's not a problem we want to deal with and we're just going to capitulate. And so I, I reject that argument. I think, you know, there's good reason to believe that we can maintain peace and stability across the Taiwan Strait for the foreseeable future. And I think our own discourse in this country about the threat needs to I understand, again, the need to create a sense of urgency to increase our own readiness and increase the readiness of the Taiwanese. But we also need to be aware of the negative consequences in Taiwan. And the last thing I'll say is the impact on the upcoming election. There have been people who've asserted that there may be a, you know, a war over Taiwan as soon as 2027. And the U.S. That's actually a fairly common talking point in some circles

here. 2027 is with. Then the term of the next president of Taiwan. And so if you really believe that as a Taiwan voter and you think war is coming unless we choose the right candidate, you've just made a case for electing a KMT candidate as the next president. And I don't know if the people here in the US making this argument are fully aware of the potential impact on Taiwan's domestic politics.

**RYAN HASS:** Because just observed the possibility of a KMT candidate winning the next election. Congressman McCall has warned publicly about the risk of a KMT candidate winning in the next election. The suggestion that the KMT candidate will be beholden to Beijing. Richard, how concerned should we be about this prospect and how should U.S. leaders be thinking about and talking about Taiwan's upcoming election?

**RICHARD C. BUSH:** Well, I was really disappointed by Congressman McCall's statement. The KMT is a really complicated institution. It has a long history. It's a bunch of factions, but it's also accommodated itself to Taiwan's democratic system. It knows that it has to get at least a plurality of votes in a three person race and over 50% in a two person race. And so it has to accommodate to the preferences of the Taiwan public and not to the preferences of the Communist Party in Beijing. So based on that analysis, I don't think the United States should be worried if a KMT, if the KMT candidate becomes president. Nor should we be worried if somebody else was elected. Our position for a long time, going back to the 2000 election at least, is that it's not for us to decide who should be the leader of Taiwan. It's the Taiwan voters, and we will respect that outcome. We will try as hard as we can to work with whomever the Taiwan voters pick. What is important for the United States is how the elected leader in Taiwan defines Taiwan's interests and acts on that definition. And whether that the that leaders approach coincides with how US leaders define their interests in East Asia and the Taiwan area. If there's a good overlap and assuming good communication, there is no problem if there is some divergence. We have plenty of ways to talk about it. So I think we should have confidence in the US Taiwan relationship and the ability of leaders in both places to work well together in support of peace and stability.

**RYAN HASS:** Shelley, Taiwan has become a rival to Israel, is attracting the most congressional visits. And as more and more leaders of Congress and prospective presidential candidates choose to travel to Taiwan. What advice would you give them on how to think about talk about, observe and understand what's going on in Taiwan?

**SHELLEY RIGGER:** My advice would be stop talking and start listening. They go to Taiwan and they make speeches. What are they? Why do you go to Taiwan? To make a speech. You can make a speech in your home district. You want to go to Taiwan. What you should be doing in Taiwan is you should be seeing who is there. Who are these actual human beings with complex interests and beautiful stories and deep moral lives. And you should be asking yourself, my God, how can I protect these people? Not pontificating about how Taiwan is somehow standing between the US and China and a and an instrument to be used, an object to be deployed in pursuit of US competition or even confrontation with the PRC. So, you know, I think when they when they if they if they feel the need to go to Taiwan, they should make use of their time there to actually learn something about the place and not simply reinforce their preexisting notions in which Taiwan is not a real thing. It's just an object toward some other goal. Sometimes it's competition with China, and sometimes, as far as I can tell, is it's just simply showing some kind of toughness. In U.S. domestic politics.

**RYAN HASS:** Well, that's a powerful statement, and I think it's very good advice. With that, I want to preserve time for you all to ask questions to our panelists. We have 10 minutes left. If anyone has a question, please raise their hands. Oh. May we take this question first from the lady with the pink shirt?

**AUDIENCE MEMBER:** Thank you. My name is from the World on Pension, and we talk with the fund managers quite a lot. And today we didn't really touch upon one company, very important company, the Taiwan Semiconductor. And this is a leading company in the chips industry in. But to be honest, on the company level, they don't have incentive to build factory in Arizona here. But they even said that because of the pressure from the US incarnate, the chips produced to here is still like one generation behind the one that produced in the quarter. But once that catch up, do you think that will change any incentives for the U.S. on the policy in Taiwan?

**KHARIS TEMPLEMAN:** I can take that. So I want to thank you for the question. I want to use this opportunity to plug a report that the Hoover Institution is doing on this exact question that's going to come out in about two months now on semiconductors and U.S. interests and Taiwanese security. And one of the big takeaways from that report is that the TSMC's investment in the United States that I just note, it's driven as much by their own customers demands as it is by incentives that the U.S. has provided. So Apple, for instance, is not particularly excited about having their entire supply chain reliant on factories within Taiwan. And so TSMC is also responding to customer demand to diversify a bit. The other point I'll make is that long



before TSMC even existed as a company and even ten years ago, you know, I studied Taiwan for my entire career. I didn't know what TSMC was ten years ago. I'd never heard of it long before it existed. Taiwan was still a critical security interest of the United States. The US got involved in effectively the end of the Chinese Civil War in June 1950, and we've been out there ever since. And so the US interest in seeing Taiwan develop and prosper and remain secure far predates TSMC and it will probably continue far past the time that TSMC is a distant memory. I don't think the Assembly is going to be around forever. So yeah, I don't think TSMC is actually a the central piece of US interest in Taiwan now. And frankly it's not China's central interest in Taiwan either. The Taiwan China confrontation far predates TSMC and it will probably continue past.

**RYAN HASS:** I think that's very well said. I would just add to it that we had a Congressman recently suggest that the United States should blow up TSMC if China were ever to invade and it's a Democratic congressman from Massachusetts and that doesn't disincentivize China's interest in Taiwan, all it does is poison the US Taiwan relationship. So this type of sort of uninformed, loose talk by elected leaders is really harmful.

**BONNIE GLASER:** Add that to the list of things that are misunderstood.

**RYAN HASS:** So Ambassador Burkhart, former AIT chairman.

**AUDIENCE MEMBER:** The question about the election and the economic factors. There have been some reports talking about drop in GNP and GDP in Taiwan. Was it the fourth quarter or the first quarter compared to a year earlier and that that might have an effect in the election? About youth unemployment is down. Youth unemployment is way up. Ko Wen-je appeals a lot to young people. Looking back historically, I guess 2016 and some other years when the party in power had these kind of problems unemployment, youth unemployment. JP Brown the party out of power tended to win. I mean, this is, you know, random observations of recent articles, but they're intriguing. Any funny comments?

**KHARIS TEMPLEMAN:** Yeah, I have thoughts. I'm glad you raised that because I forgot to make that point. But yes, fourth quarter of last year, first quarter of this year, both saw a decline in GDP. So Taiwan is technically in a recession right now. That's a bad place to be if you're an incumbent party asking for voters to return you to a third term in power. Right. So, yeah, I don't want to overstate the point, but the DPP is facing some serious economic headwinds and this may just be a short term blip. They may come back up, but I think that's a challenge. Low wages have been a consistent problem and now the DPP ran on criticism of the KMT economic policy eight years ago and swept into power. Some of those same problems still exist today and the KMT can just turn the same playbook around and use it against the DPP. So I think there's a lot of economic challenges that are overshadowed a bit by the cross-strait tensions that may actually be decisive for younger voters, especially.

**KHARIS TEMPLEMAN:** Shelley, Richard, Bonnie, do you have anything you would like to add to that?

**SHELLEY RIGGER:** No, it's a really pro-business society. It's a really pro-business state, and that's why the taxes are low. That's why the wages are low. You know, it's very, very, very hard to make policy and to push through legislation that is what we would call progressive on economic issues. One other thing to note about youth. You know, the people often think of the DPP as the party of the youth, but for many young people, the DPP hasn't been in government as long as they can remember, and so the DPP has that has taken on the kind of identity as the status quo party, not like cross-strait status quo, but just like they've been in power forever. So the KMT might not feel like, you know, young and fresh to us. But, you know, if you're if you're 25 and Taiwan's been president since you were in middle school, the KMT actually might feel young and fresh to you.

**RYAN HASS:** All right.

**AUDIENCE MEMBER:** I am a fellow of the National Endowment for Democracy. I am interested in the Chinese influence in Taiwan's elections. Taiwan is at the front line of China's influence warfare. So the objective is very clear, which is to promote unification and discredit independence views. And so in the 2020 presidential election, some of the specific narratives is democracy is a failure and the Chinese model is better than democracy. And so the 2024 presentation is only seven months away. So what do you think China will do to manipulate the public opinion in Taiwan? And what can Taiwan do to push back the Chinese influence in this regard? Thank you.

**RYAN HASS:** Well, thank you. I know that Bonnie has already weighed in on this question. Do either of the three of you have any additions that you would like to offer? We have only a couple of minutes left, so we may take one more question, Richard.

**RICHARD C. BUSH:** Just briefly, I mean, aside from whatever the PRC might be doing sort of below the surface, I think that there will be a sort of larger message that is conveyed in one way or another, and that is that Taiwan has a choice. It can keep the DPP in power and suffer the problems and coercion that they've experienced over the last seven plus years. That's what they want. So be it. Or they can say there's a different way that through engagement with the mainland, through emphasizing what the two sides of the strait have in common rather than what their differences are. That's another outcome. And that's not they're not explicitly saying vote for the KMT. They may not want to say that, but they're certainly saying don't vote for the DPP.

**RYAN HASS:** I think that that sharpens the philosophical divide that is going to define the upcoming election or that may. There's a one question here. We have one minute left, so we'll be very brief.

**AUDIENCE MEMBER:** Thank you. Jeff Steel at the American Legion. The new Chinese ambassador arrived in the United States this week and he observations on what to expect from him as opposed to the prior ambassador who is now the foreign minister. Thank you.

**RYAN HASS:** Question on Xi Fung's arrival and Chen Gang's departure.

**BONNIE GLASER:** Well, I think it's interesting that just in his first 24 hours here, you know, Fung made a statement in New York and then apparently, obviously, these statements were prepared in advance, but they released a statement to all of the Chinese PRC compatriots living in the United States and students who were studying here from China, encouraging them to do what is necessary to support the mainland and its interest in quoting Xi Jinping. So I think that's noteworthy. And the embassy is watching you and and encouraging people to do the right thing and not do the things, of course, that that they don't want to see. So I think that that's one one thing. Secondly is I would just say that I think Xi Fung is very experienced. He has been in charge of U.S. affairs for a long time. He knows many of the players who will be his interlocutors here, and he knows how to be effective. And he has worked in some ways that have, I think, been helpful. I will cite an example that did not involve the United States, but he was one of the players who helped to bring across the finish line the final release of the two Michaels back to back to Canada. Obviously, a decision made much higher than him. And with the release of Meng Wanzhou, which was obviously part of that deal. But, you know, some people term him to be a real wolf warrior, you know, and any Chinese diplomat knows how to defend China's interests when they need to. And we should fully expect that he will do that as well.

**RICHARD C. BUSH:** I mean, I would only add that Ambassador Scheer, whom I know and respect, he will be an implementer of Beijing policy. And if there is an understanding at the highest levels of the United. It states government and the PRC government that it is time to stabilize our relationship. The time to lay a solid floor. Then he will be a good implementer of that approach, mainly because he is so well known here and already is acquainted with many of the people in the US government with whom we would have to deal.

**RYAN HASS:** With that, I'm afraid that our time is up. Please join me in this panel.

**RICHARD C. BUSH:** So what are you going to think it's going to be doing at?