

Cross-Strait Trends and Implications

By Randall G. Schriver
Founding Partner, Armitage International LLC and
President and CEO of the Project 2049 Institute
Prepared for the US-China Economic & Security Review Commission
18 March 2010

Good afternoon Commissioners. Thank you for the opportunity to appear before you today to convey my views on the current state of the cross-Strait relationship and the direction of important trend lines. And thank you as well for making me look good by association – I'm honored to sit on the same witness panel with both Dr. Rigger and Dr. Bush.

As this is the last panel of the day, and many issues associated with the cross-Strait economic and security environment have already been ably addressed, I'd like to keep my statement very brief. In that spirit, I'll forgo extensive discussion of where I see things stand today, and instead focus more on what I believe to be the major challenges to stability and progress in the Taiwan Strait going forward. I'd also like to take this opportunity to address the interests of the United States that are at stake and some specific policy recommendations.

Background:

Since the election and inauguration of Ma Ying-Jeou as President of Taiwan in Spring 2008, Asia-watchers have observed a remarkable rapprochement between the People's Republic of China and Taiwan. Significant progress has been made between the two sides in areas such as cross-Strait commercial air travel, tourism in both directions, an easing of investment restrictions, and even international space for Taiwan. Arguably, cross-Strait relations have never seen so much positive momentum, over such a short period of time in the modern era.

The future trajectory of cross-Strait relations, however, remains far from certain. A number of essential questions about China and Taiwan's collective future remain extremely difficult to answer. There are a large number of variables, each complex and fluid, that factor into the equation that will ultimately determine the health of China-Taiwan ties. While current trend lines remain mostly positive, there are increasing signs that the direction of cross-Strait relations could still change dramatically. The environment remains fragile and vulnerable to disruption from a variety of sources. As a result, the interests of the United States could be adversely impacted.

Potential Challenges:

There seems to be an emerging conventional wisdom that progress and/or minimal stability hinges upon effective leadership and governance by the current

Kuomintang (KMT) government in Taiwan. This is largely informed by Chinese government officials and academics who vociferously warn us of the dire consequences for cross-Strait relations should the Democratic Progressive Party return to power in Taipei. Yet the sources of potential challenge to stability in the Strait are far more complex, and have much more to do with the continuing insecurities of the Chinese leadership, Beijing's neuralgia associated with democracy on Taiwan, and a strategy that is fundamentally flawed by an over-reliance on coercion. While it's true there are two primary parties to the dispute and thus both sides contribute to the political environment, the threats to peace and progress emanate most acutely from the PRC side.

Let me try to be more specific. I believe leaders in Beijing have a grand vision for Taiwan and a strategy to get there. By some measure, this greatly advantages Beijing by virtue of the clarity of their view and their ability to sustain a disciplined approach to Taiwan and the outside world. While China has a strategy, Taiwan continues to lack consensus on even the most fundamental aspects related to the desired end state of relations between the two sides of the Strait. Thus Taiwan, and to a large extent the United States, are in a responsive posture, and are constrained to tactical maneuvering.

On the other hand, Beijing's strategy – which appears effective in the short term – may very well contain critical flaws that will ultimately inhibit China from achieving the political outcomes they desire. The dynamic we are witnessing, therefore, may actually be deceiving. We see rapid progress at the present, particularly in the economic sphere, but the political objectives could be subtly diverging. This, in turn, may test Beijing's patience, and may make coercive tools even more tempting to China's insecure leaders.

Beijing's vision is quite clear – they seek unification (which they refer to as “re-unification”) in political form under the rubric of “One China.” Their strategy is also clear, though rarely explicitly stated. Fundamentally, China adopts a version of the classic carrots and sticks approach to Taiwan. This was enhanced after President Hu Jintao came to power and was described by analysts as sweeter carrots (more economic inducements) and harder sticks (the Anti-secession Law and the military build-up). And despite their rhetoric, Chinese leaders also recognize the Taiwan issue has been “internationalized.” Therefore, they incorporate an international carrots and sticks approach to major outside players, as well as an aggressive perception management campaign designed for the consumption of the international community.

Beijing's strategy can thus be said to have seven core elements: (1) complete intransigence on the issue of “One China;” (2) economic and other inducements to attract the government and people of Taiwan; (3) military build-up as a tool of intimidation and coercion; (4) pursue overwhelming military advantage to make a variety of contingent scenarios credible; (5) isolate Taiwan from the international community; (6) a steady stream of positive and negative inducements for the United States in an effort to weaken U.S. resolve to support Taiwan; and (7) an aggressive perception management campaign that supports all of the aforementioned elements of their strategy.

The PRC's efforts in the area of perception management have grown increasingly sophisticated, but the core objectives have been remarkably consistent over time. PRC leaders seek to paint China as the responsible party, offering a reasonable political solution (Beijing assures that Taiwan need only to agree to "One-China" for all other things to be possible), seek to de-legitimize and vilify Taiwan independence seekers (Chen Shui-bian was always described by the Chinese as a "trouble-maker" who could bring about war), seek to place blame on outside parties who show any level of support for Taiwan (China describes U.S. arms sales to Taiwan as an obstacle to cross-Strait relations, while never making mention of their own aggressive build-up), seek to dangle the promise of better cooperation with other parties if core interests are respected (e.g. North Korea and Iran cooperation), and seek to ensure China's threat of war is credible (China refuses to renounce the use of force against Taiwan and has repeated the mantra "Taiwan Independence means war" so many times, that even former Deputy Secretary of State Zoellick urged members of Congress to understand during a hearing that "Taiwan Independence means war").

This overall approach from Beijing's perspective enables an ability to sustain a clear and consistent pursuit of their vision. Within their strategy, Chinese leaders have the latitude to make pragmatic decisions on economic and other types of activities with Taiwan, and can realize incremental progress in the overall relationship with Taipei. However, since the democratization of Taiwan, China's political goals may actually be more difficult to realize in the absence of outright coercion. Sweeter carrots and harder sticks may very well bring closer economic ties and greater people-to-people interaction, but support inside Taiwan for eventual unification continues to drop. This phenomena is not simply a result of generational change on Taiwan, it is a direct outcome of China's policy choices. But rather than re-cast her policy, at every juncture China seems to drive deeper into the cul-de-sac.

This is Beijing's conundrum. With Taiwan's robust democracy, the possibility of Taiwanese independence must be taken seriously. However, that which is necessary on China's part to prevent Taiwanese independence in actuality makes political reconciliation and unification much more difficult. Unless China is willing to change its political objective (highly doubtful), Beijing's options dwindle to a choice between having unlimited patience, or more aggressive isolation and coercion of Taiwan. Since unlimited patience carries some risk (Taiwan could slide further away and abandon the so-called status quo), the isolation and coercion tools become more understandable. This starts to explain why Beijing reacted so negatively to new U.S. arms sales to Taiwan even at a juncture when the cross-Strait relationship is so positive – they understand their ultimate political objective may remain out of reach unless they can effectively coerce Taiwan.

Current polling in Taiwan underscores China's dilemma. While it is true that a vast majority of people in Taiwan support the so-called status quo, this statistic belies other important trends. When asked what arrangement people would support for Taiwan in the absence of a military threat from China, the numbers supporting independence have been steadily growing, and those supporting eventual unification have been

dropping. When people are allowed to answer “status quo now” but something else later, according to the Mainland Affairs Council in Taiwan, those believing that independence should come after the status quo in Taiwan is on the rise while those supporting unification after the status quo is on the decline. This particular trend has developed even during the Ma Administration, and even after the economic outreach from Beijing.

Some may take away a degree of confidence that these trends prove Taiwan will not rush into an ill-advised political reconciliation with China. In my view, however, not enough analysts are paying attention to how these same trends may impact Beijing. It is truly a dangerous mix when Beijing refuses to renounce the use of force, continues to gain military advantage in the Strait, and over time sees the true fiction of the highly questionable narrative they had once embraced – that supporters of Taiwanese independence were the simple by-product a few troublemakers in Taiwan – it may see no alternative but to seek a coerced outcome.

I do not mean this to sound alarmist or to suggest that conflict in the Taiwan Strait is inevitable. We have policy choices going forward that can promote a more durable environment of peace, stability, security and prosperity. And while I recognize that mine may be a bit of a contrarian view, I do worry that acceptance of faulty analysis regarding the real challenges in the cross-Strait political relationship going forward will lead the Administration to poor policy decisions. Increasingly, respected people with significant professional stature suggest in public forums that our approach to the Strait should be either laissez-faire given how well the two sides are progressing, or that we should actually pull back our level of support for Taiwan. Many advocates of the latter approach hope to either gain Beijing’s cooperation in other areas, or speed along the inevitable political unification process. I strongly believe that a general trend of weakening U.S. support for Taiwan will make a coerced outcome – to possibly include the use of violent force – more likely, not less likely.

What is at Stake for the United States?

There are some who may disagree with my analysis above, and I welcome debate with anyone who can disagree without being disagreeable. But what I find quite troubling is that some U.S. Asianists may actually agree with my analysis, but might also be quite comfortable with the trajectory I’ve described above. There are those who are willing to see Taiwan sacrificed in the hopes that greater strategic cooperation can be forged with China. I believe this latter camp undervalues Taiwan and the U.S.-Taiwan relationship. I also believe they risk endorsing a false trade-off, and the promise of Chinese reciprocation for the U.S. abandonment of Taiwan would never materialize. Ironically, such a course would equate to *both* bad Taiwan policy *and* bad China policy.

As Commissioner Blumenthal and I wrote in our co-authored report “Strengthening Freedom in Asia” in 2008, “the United States has an interest in a free, democratic, prosperous, and strong Taiwan.” It is a large trading partner of the United States, and has proven to be a responsible stakeholder on global issues of concern such as climate change, counter-proliferation, humanitarian relief, and the promotion of

democracy and human rights. Again to cite our 2008 report, “if Taiwan is successfully coerced by the PRC into a settlement against the wishes of the 23 million people of Taiwan, Washington would not only lose a valuable international partner, but its interests and regional position would also suffer a severe blow... A coerced settlement against the wishes of the Taiwanese may carry even greater strategic significance over the long term. Chinese control of Taiwan (and presumably, the Taiwan Strait) could effectively deny the United States and its allies access to critical sea lanes during conflict. Mainland control of Taiwan would also significantly extend the reach of the People’s Liberation Army in the Asia-Pacific region.”

Naturally, the United States also has a strong interest in a constructive relationship with China. Instability in the Taiwan Strait, and the resulting tension with China could adversely impact our interests. But too often in the past when trouble arose, the United States chose to treat the symptom rather than the disease. Perhaps there is a practical logic at play. When facing tension in the Taiwan Strait, U.S. policy makers often chose to impress upon the party where presumably we had the most influence – in other words, we pressured Taiwan to change their behavior or actions because we had greater chance of success than had we tried to alter China’s behavior. But this type of action-reaction cycle only serves to obscure the real challenges to enduring peace, namely China’s profound discomfort with democracy in Taiwan, and her unwillingness to abandon a policy rooted in military coercion. And laterally speaking, analysts would be hard pressed to demonstrate where our pressure on Taiwan ever resulted in enhanced Chinese cooperation in other areas (quite to the contrary – historically speaking, there is absolutely no correlation between U.S. policy toward Taiwan and Chinese decision making on Iran, North Korea, etc.)

Policy Recommendations:

U.S. interests at first blush may appear complex due to the perception that we are faced with competing interests and policy trade-offs. I would submit, however, those are perceptions largely manufactured by Beijing who want us to believe such trade-offs are real. The reality may actually be the counter-intuitive. Given the fundamental flaws in China’s strategy toward Taiwan, and given our interests in both avoiding conflict in the Strait, as well avoiding a potential coerced settlement, we are not on the optimal trajectory as popular opinion might have us believe. I would advocate that we reorient our own policy objectives to more accurately address the long term challenges to peace, stability, security and prosperity in the Taiwan Strait.

As an overarching goal, the United States should be seeking to mitigate and/or remove the true obstacles to an enduring peace in the Taiwan Strait. And the true obstacle to peace is not a vibrant, flourishing democracy in Taiwan – it is the Chinese refusal to renounce the use of force, and an overall Chinese approach that is leading all parties in the direction of a coerced settlement. Specifically, I have six policy recommendations for the Obama Administration and the Congress:

-- The United States should resume strong calls for China to renounce the use of force against Taiwan, and should resume strong calls for China to pull back from its threatening posture opposite Taiwan in consequential ways. Doing so would be an appropriate counter to growing Chinese assertiveness.

-- The United States' military-to-military relationship with China should be scaled back until China is more responsive to our calls for constructive steps related to the security environment in the Taiwan Strait. After nearly 30 years of interaction, the U.S.-China military-to-military relationship has proven to be of very limited value to the United States. Ironically, when Beijing's leaders want to demonstrate pique over U.S. support for Taiwan, China pulls back from military to military exchanges. In such cases in the future, the United States should welcome China's decision. As China aggressively pursues military modernization and seeks a more professional force, choosing to limit interaction with the world's greatest military will actually hurt China more than the United States.

-- The United States should take a series of steps to enhance the U.S.-Taiwan relationship. Before the end of 2010, the United States should send a U.S. cabinet secretary to Taiwan, should reach agreement on extending Visa Waiver to Taiwan, and should conclude an extradition agreement. These steps would demonstrate that we see merit in a U.S.-Taiwan relationship in its own right, breaking free from the mindset that Taiwan is only important as a subset to broader U.S.-China relations.

-- The United States should pursue a Free Trade Agreement (FTA) with Taiwan. As the current political environment in Washington may not be favorable to any new FTA efforts, we should at a minimum re-start a robust TIFA process to promote bilateral trade. Such a step would not only support U.S. economic interests and strengthen U.S.-Taiwan ties, it would also help Taiwan to have a valuable hedge against PRC economic influence in Taiwan.

-- The United States should support a robust security assistance program for Taiwan. As a first step, the United States should accept a "Letter of Request" from Taiwan related to the follow-on F-16 purchase, and should ultimately approve the request for additional F-16s. If Taiwan has greater defense capabilities, it will have greater confidence to proceed with constructive dialogue with Beijing.

-- The United States should promote Taiwan in international organizations and should to promote Taiwan as an important issue with our key Asian allies such as Japan and Australia. Taking such measures may help counter China's attempts to isolate Taiwan.