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“China’s Relations with Taiwan and North Korea”
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Testimony before the U.S.-China Economic and Security Review Commission

Distinguished Commissioners, Ladies and Gentlemen:

I am grateful and honored to have this opportunity to testify before the U.S.-China Economic and Security Review Commission. The panel on which I am privileged to serve as a witness – on “Cross-Strait Military and Security Issues” – focuses on a cluster of issues of great importance to the United States and to the Asia-Pacific region.

Introduction

In my nearly 18-year career as a U.S. diplomat and my almost five years as a think tank executive, I have specialized principally in U.S.-China relations. Given Taiwan’s centrality in U.S.-China relations, I have also delved deeply into Taiwan-related issues. My views on cross-Strait issues are informed by visits to and stays in both Taiwan and mainland China dating back to 1984; tours of duty in the service of the United States in both Taiwan and mainland China; intensive consultations with experts and officials in both places, as well as in Washington; and in-depth policy research, with special emphasis on U.S. arms sales to Taiwan, conducted over the last four years in my capacity as a vice president of the EastWest Institute, a New York City-based foreign policy think tank that specializes in track 2 diplomacy.

In my testimony, I will focus mostly on the following four questions directed to me by the Commission:

1. Assess the strengths and weaknesses of the policy architecture governing U.S. arms sales to Taiwan. How can the United States improve this [architecture]. Please be specific and provide actionable recommendations.
2. How has China responded – publicly and privately – to previous announcements of U.S. arms sales to Taiwan? How might China respond to future U.S. arms sales to Taiwan, such as submarines and F-16s? What political and security effects have U.S. arms sales had on the U.S.-Taiwan-China relationship?
3. Assess the potential for China to reduce its deployments of short-range and medium-range ballistic missiles and dismantle missile infrastructure opposite Taiwan. How would this affect the U.S.-Taiwan-China security relationship?
4. The Commission is mandated to make policy recommendations to Congress based on its hearings and other research. What are your recommendations for congressional action related to the topic of your testimony?

I place special emphasis on these questions because they align best with the focus of my ongoing research and consultations on cross-Strait issues; however, I will also offer some thoughts on other questions salient to an assessment of cross-Strait military and security issues, including some of the other questions posed by the Commission. I will devote the most attention to the topic of the last question – my recommendations for Congressional action.

Overview of Cross-Strait Military and Security Issues

Before addressing the specific questions enumerated above, allow me to share my broad assessment of the overall cross-Strait military and security picture and articulate a few key framing assumptions I make as I look at the cross-Strait environment. And let me also note that the views I express in this testimony are my own and should not be construed as reflecting the views or positions of any other individual or organization.

In recent years, mainland China (hereinafter, “China”¹) and Taiwan have seen a dramatic improvement in day-to-day relations, with an explosion of cross-Strait linkages in many different fields, including, but not limited to, transportation, tourism, educational exchange and trade. This trend has led many analysts to conclude that an inexorable convergence between the mainland and Taiwan is taking place and that it will only be a matter of time before the linkages are so expansive and the centripetal pull so strong that reunification – presumably on the larger and more powerful mainland’s terms – becomes a foregone conclusion.

I see the situation quite differently. In my judgment, the linkages that have blossomed between China and Taiwan, while real and positive in their own right in many respects, have done nothing to ameliorate the profound and enduring differences that lie at the core of the decades-long China/Taiwan dispute; on the contrary, they may have cast these differences into even sharper relief, at least on the Taiwan side. These differences include, most fundamentally, diametrically opposing views as to whether Taiwan rightfully belongs to the People’s Republic of China²; the existential incompatibility of the juridical territorial claims of China and Taiwan more generally; China’s unwillingness to renounce the use or threat of force regarding the territorial issues mentioned above³; the existential incompatibility of the political and social systems of China (a

¹ Mainland China and Taiwan refer to themselves, respectively, as the People’s Republic of China and the Republic of China (Taiwan). In my testimony, for purposes of brevity, I will generally use the common short forms, “China” (for mainland China) and “Taiwan.” To the degree I make reference to Taiwan’s formal name, the “Republic of China,” I do so for the sake of technical clarity and do not mean to imply U.S. recognition thereof.

² Though, as a constitutional matter, the Republic of China (Taiwan) (ROC) still regards ROC sovereignty as extending to mainland China; and though the ROC nominally embraces the so-called “1992 Consensus,” which states that Taiwan accepts the geo-psychic notion of “one China” (with Taiwan being a part of that China), in actual practice, Taiwan has effectively relinquished any real claim to the mainland. China, however, has not relinquished its claim to Taiwan. This is why the question of whether Taiwan is part of the PRC is the operative question here; whether the mainland is part of the ROC is no longer in any real dispute (that is, few in Taiwan still argue that the mainland is part of the ROC).

³ See, for example, Anti-Secession Law, Order of the President of the People’s Republic of China No. 34, March 14, 2005: http://www.china.org.cn/china/LegislationsForm2001-2010/2011-02/11/content_21898679.htm. In particular, note the statement, “In the event [of Taiwan independence], or that possibilities for a peaceful reunification should be completely exhausted, the [PRC] shall employ non-peaceful means and other necessary

self-proclaimed “socialist” “people’s democratic dictatorship”) and Taiwan (a self-proclaimed “democratic republic of the people, to be governed by and for the people”) as they exist today⁴; and sharply, and perhaps increasingly, diverging senses of national identity and values, informed by both some of the preceding factors and also other considerations.⁵ Unless and until these core incompatibilities are reconciled, a fundamental state of tension will continue to exist between China and Taiwan, however many students are exchanged and however much trade is conducted. As deeply rooted as it is, and given the trajectory generated by existing policies as currently implemented, this fundamental state of tension could well outlive most of us in this room.

The cross-Strait relationship and its attendant military and security issues directly implicate the interests of the United States for reasons of which the Commission is well aware – but not least, because of the Taiwan Relations Act (TRA), which states, inter alia, that “it is the policy of the United States... to consider any effort to determine the future of Taiwan by other than peaceful means... a threat to the peace and security of the Western Pacific area and of grave concern to the United States.”⁶ More specifically, the TRA mandates that the United States “make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.”⁷ U.S. arms sales to Taiwan are thus a central feature, though not the only feature, of U.S. involvement in the cross-Strait security situation. In short, for reasons of both law and policy, the United States is a critical factor in the cross-Strait equation. Accordingly, there are three vital stakeholders in cross-Strait military and security issues: China, Taiwan and the United States.

Against this backdrop, and as a preface to the remainder of my testimony, I would offer the following framing points for the Commission’s consideration.

First, for reasons I will discuss in some detail in a moment, the current cross-Strait security situation – with the issues at its core still very much unresolved – is suboptimal from the standpoint of all three stakeholders. Most to the point for purposes of this hearing, it is suboptimal from the standpoint of the United States.

Second, there can be no meaningful improvement in the cross-Strait security situation without the buy-in of all three stakeholders: China, Taiwan and the United States. In the long run, there is no such thing as a “way forward” on, let alone a “solution” to, cross-Strait military and security issues that is unacceptable to one of the three stakeholders.⁸ In this sense, the cross-

measures to protect China’s sovereignty and territorial integrity.” Effectively, this is a “by a means necessary” doctrine.

⁴ See Article 1 of each side’s constitution: http://www.npc.gov.cn/englishnpc/Constitution/node_2824.htm; and <http://english.president.gov.tw/Default.aspx?tabid=1107>, respectively.

⁵ In this testimony, when I use the term “national” to describe Taiwan or some aspect of Taiwan, I am seeking to speak to the issue at hand in the way that people in Taiwan would; the 23 million people of Taiwan regard themselves as hailing from a nation now commonly known as the “Republic of China (Taiwan).” As noted above, I do not mean to imply U.S. recognition of Taiwan as a nation, however.

⁶ <http://www.ait.org.tw/en/taiwan-relations-act.html>

⁷ Ibid.

⁸ Here, and throughout this testimony, I will cite or adopt language, as appropriate, from the 2013 EastWest Institute (EWI) policy report I co-authored with my EWI colleague, Ms. Piin-Fen Kok, entitled, *Threading the Needle:*

Strait security equation is probably best thought of as a “systems” problem that requires a “systems approach” to address. I will come back to this point later in my testimony.

Third, U.S. arms sales to Taiwan, which China construes as a major contributor to – if not the primary source of – cross-Strait tensions, are not, in fact, the core problem in the cross-Strait equation, but rather, a derivative symptom of the much deeper problems described above. It seems clear to me that U.S. arms sales to Taiwan will continue precisely as long as the core issues remain unresolved. And thus, though the United States is clearly a stakeholder in cross-Strait issues, it is not the primary mover on them; China and Taiwan are. Similarly, strategic mistrust between China and the United States is not the primary impediment to resolution of the Taiwan issue; strategic mistrust between China and Taiwan is.

Fourth, notwithstanding the various joint statements and agreements between the sides – some of which will be mentioned later in this testimony – that suggest consensus on certain key issues, the fact is, these agreements actually paper over a fundamental difference between China and Taiwan (and the United States) on the matter of Taiwan: namely, that China’s ultimate goal is Taiwan’s reunification with the mainland on the mainland’s terms, while Taiwan’s (and the United States’) paramount goal is Taiwan’s security – and, concomitantly, the protection of Taiwan’s current political and social system – vis-à-vis the mainland.⁹ No side in this equation sees these two goals as entirely reconcilable; this fact is at the root of the cross-Strait problem’s evident intractability.

Fifth, in my judgment, China faces a profound conundrum in its approach to Taiwan – a conundrum of which Chinese policymakers seem to me to be increasingly aware: by threatening the use of force to resolve the Taiwan issue, China deeply alienates the very people to whom it is trying to sell reunification; but if China were definitively to renounce the use of force and take military action off the table in a credible way, Taiwan would almost certainly go independent. This suggests that, from China’s vantage, an optimal approach would be to keep force on the table at the doctrinal level, but to relax, rather than ramp up, its military posture toward Taiwan in an operational, and optical, sense.¹⁰

Sixth, Taiwan faces its own conundrum: Taiwan’s paramount goal is its own security and the preservation of its cherished way of life, but, for a variety of reasons, it can neither provide the desired level of security for itself nor procure itself out of its security dilemma with the mainland through the purchase of defense articles and services from the United States, Taiwan’s only major external supplier of arms.¹¹ Or, to couch the same point in terms of U.S. policy, the

Proposals for U.S. and Chinese Actions on Arms Sales to Taiwan; see: <http://www.ewi.info/idea/threading-needle>, p. 44.

⁹ Officially, the United States characterizes its goal with respect to Taiwan differently – namely, that the United States is for “peaceful resolution” of the cross-Strait issue in a manner that is acceptable to the Chinese on both sides of the Strait. But what this means in reality is that the United States is committed to the goal of ensuring that Taiwan’s chosen way of life is not jeopardized or sacrificed in a reunification scenario. After all, if the two sides’ political and social systems were identical, it is unlikely that the rift between the sides would still exist.

¹⁰ I stress that, here, I am attempting to look at the issue from a PRC perspective. Needless to say, Taiwan and the United States understandably reject and repudiate the notion of China using force to resolve the cross-Strait issue.

¹¹ The two main reasons for this state of affairs are: 1) the United States does not appear to be willing or able (owing to policy, and perhaps political, constraints) to make available to Taiwan the quantity of defense articles

United States cannot arm Taiwan out of its security dilemma with China. This suggests that to attain its goal of security, Taiwan ultimately needs to address the imbalance of power it now faces not merely on the defense side, but also on the threat side – that is, on the Chinese side of the balance of power equation.

The Legal and Policy Architecture: Strengths and Weaknesses

Having laid out my general assessment of the cross-Strait picture and shared some framing thoughts, let me now turn to the U.S. legal and policy architecture that governs the issue. Since I know the Commission is deeply familiar with this architecture, I will refrain from delving too deeply into the basic facts and instead focus mostly on my key conclusions.

There are three main components to the legal and policy architecture that governs U.S. actions relating to Taiwan: the Taiwan Relations Act, noted above (April 1979); the Six Assurances to Taiwan (July 1982); and the U.S.-China Joint Communique of August 17, 1982 (August 1982), which deals specifically with the contentious issue of U.S. arms sales to Taiwan. The TRA is law; the other two documents constitute, or are tantamount to, U.S. policy.

As the Commission is aware, there is an inherent tension between these three sets of commitments. As noted above, the TRA, among other things, mandates that the United States make defense articles and services available to Taiwan in such quantity as to enable Taiwan to maintain a sufficient – though undefined – self-defense capability. The Six Assurances, among other things, precludes the United States from setting a phase-out date for U.S. arms sales to Taiwan and precludes the United States from consulting China in advance of U.S. decisions about arms sales to Taiwan. And the 1982 Communique, in sum, states that the United States intends “to reduce gradually” its sales of arms to Taiwan and that U.S. “arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied [between January 1, 1979 and August 17, 1982].”¹² The latter commitment, with its use of the words “will not,” is the only concrete commitment made in the document by either side.

The tension arises principally because, at face value, the TRA’s imperative that the United States make arms sales decisions “solely upon [a] judgment of the needs of Taiwan” at least potentially conflicts with the evident clear-cut U.S. commitment under the 1982 Communique to refrain from exceeding certain qualitative and quantitative limits (presumably, irrespective of Taiwan’s needs).¹³ Similarly, the 1982 Communique’s reference to a gradual reduction in U.S. arms sales

and services that would be necessary to allow Taiwan to keep pace with the mainland in a military sense; and 2) in any case, Taiwan does not appear to have sufficient budgetary resources, or perhaps even the political will, to purchase that quantity of arms even if U.S. policy constraints were relaxed.

¹² It is important to note that the United States regards its stated intentions and commitments under the 1982 Communique as being conditional upon China’s “fundamental policy to strive for peaceful resolution of the Taiwan question.”

¹³ The State Department, in testimony before the United States Senate on August 17, 1982, argued that, in fact, there was no contradiction in this regard because China’s “fundamental” commitment to a peaceful approach to Taiwan meant that Taiwan’s defense needs would naturally diminish over time. But the transcript of the testimony (*Threading the Needle*, Appendix B) makes it clear that a number of Senators were rather dubious about this line of argumentation.

to Taiwan over a period of time toward an undefined “final resolution” would seem to conflict, at least over the long term, with the Six Assurances’ prohibition on the setting of a date-certain for the termination of U.S. arms sales to Taiwan; after all, if you can’t set a date to end sales, then you can’t actually end the sales.¹⁴

And not only are there tensions between certain pairs of these sets of commitments, but indeed, in the case of the 1982 Communique itself, there are even substantial and unresolved tensions contained within a single document. For example, in the 1982 Communique, the Chinese characterize their paramount goal for Taiwan as “peaceful reunification,” while the United States pointedly references this goal in very different terms – namely, as “peaceful resolution”; it is almost as if each side was willing upon the other side its chosen interpretation of the other side’s views.¹⁵

One can assess this architecture at various levels and in various ways. Here are a few of the key conclusions and assessments generated from my research and my consultations in Beijing, Taipei and Washington.

At a basic level, two strengths of the current architecture are the architecture’s ambiguity and its staying power and consistency over more than three decades. By not defining many of the key terms and concepts with more precision – e.g., “sufficient self-defense capability” (TRA), “...over a period of time to a final resolution...” (1982 Communique) – the architecture generates the desired “strategic ambiguity” and makes it possible for the United States to avoid being pinned down to certain positions.¹⁶ In a sense, the architecture works because it is imprecise enough to grow and “bend” with time and developments.

The architecture’s ambiguity contributes directly to its staying power and fairly consistent application over more than three decades – a second major strength. Whether one agrees or disagrees with the policy, whether one likes or dislikes it, the fact is, U.S. policy on Taiwan – as governed by the three-pronged policy architecture discussed above – has been remarkably consistent over five presidencies (Reagan, Bush, Clinton, Bush, Jr. and Obama) and across partisan lines in both the White House and in Congress. This staying power and consistency, coupled with the consistency of China’s doctrine and policies, has at least resulted in broad predictability surrounding cross-Strait military and security issues.

Perhaps the most significant success of this architecture is that, whatever its weaknesses (to be discussed below), it has created a context within which Taiwan itself, China-Taiwan relations, and U.S.-China relations have been able to develop and blossom despite profound differences between the sides over several major issues. As I wrote with my co-author, Piin-Fen Kok, in 2013 in reference to the 1982 Communique, arguably the most cryptic of the three documents:

¹⁴ Here again, the State Department argued that the words “final resolution” referred to the U.S.-China dispute over the issue, not to the arms sales themselves. But Senators expressed some skepticism about this explanation, as well. See *Threading the Needle*, Appendix B.

¹⁵ See *Threading the Needle*, p. 41, footnote 72 for a fuller discussion of this point.

¹⁶ China’s architecture – including the 1982 Communique, but also including China’s Anti-Secession Law – provides China similar wiggle room.

“The two sides employed ambiguous, even awkward, grammar and language to allow each side to walk away from the agreement with justification for its own view. In this sense, the Communique became a kind of ‘Rorschach test;’ each side saw in it what it wanted to see. The United States saw in the agreement a stated commitment by China to a peaceful solution to the Taiwan question; the Chinese saw in the agreement a stated commitment by the United States to gradually reduce, and ultimately zero out, its arms sales to Taiwan. Strictly speaking, however, in neither case had the signatory unconditionally agreed to these things. To the extent that the Communique enabled the United States and China to kick the can down the road on the real issues and, in the meantime, build the bilateral relationship, it largely succeeded.”¹⁷

But this brings us to the architecture’s weaknesses. Here, there are two key points to make.

The first is that whatever the strengths and merits of this policy architecture, the fact is, neither the United States nor China has adhered to all of it consistently. The most straightforward case is that of the 1982 Communique.¹⁸

The quantitative limits set forth in the Communique, while not computed in concrete terms within the document itself, actually represent a quantifiable, knowable number. In our research on this issue, we calculated that number – that is, the upper limit to which the United States committed when it agreed that “its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China.” As noted earlier, the “recent years” referred to in this clause means the period between January 1, 1979 and August 17, 1982, the date of the 1982 Communique. This is a very finite period and therefore a very finite data set, and the “level” in question is a matter of open-source record. In our research, we compiled the publicly available data on U.S. arms deliveries to Taiwan, adjusted the numbers for inflation (using 2012 dollars), and then generated – for the first time, to our knowledge – a specific dollar figure for the cap referenced in the 1982 Communique. That figure came to \$941 million in 2012 dollars. Using inflation-adjusted numbers so as to facilitate an apples-to-apples comparison of the data over time, we then assessed U.S. arms sales from 1982 to 2011, the last year for which we had a full set of data at the time we were crafting our analysis, against that figure.

In 15 of the 30 years in question, the United States delivered arms to Taiwan in excess of a reasonable construction of the quantitative limit it had signed onto in 1982 – that is, in excess of the inflation-adjusted figure of \$941 million.¹⁹ For years, the Chinese have protested, publicly and privately, what they have regarded as the United States’ failure to adhere to its own stated policy. It turns out, they were right.²⁰

¹⁷ *Threading the Needle*, p. 47.

¹⁸ Being a joint statement, the 1982 Communique constitutes part of both the U.S. and Chinese policy architecture; hence, the reference to China in this paragraph.

¹⁹ Of the 15 years in which the United States exceeded the limit, fourteen of those years were the years from 1992 to 2006; 2003 was the sole exception. The United States also (slightly) exceeded the limit in 1988.

²⁰ The Chinese were right with respect to the issue of quantity, as measured in dollar terms. The issue of quality is less clear-cut. I should note here that, privately, U.S. officials generally do not contest that the United States has at times been in non-compliance with the terms of the 1982 Communique. What they do say, however, is that to the degree that China is in non-compliance with its commitments under the Communique, then, in effect, “all bets are

But China's own record of adherence to the 1982 Communiqué is also problematic. Assessing China's performance under the Communiqué is necessarily a more subjective undertaking, since China did not allow itself to be pinned down with nearly the level of specificity that the U.S. side accepted in 1982, but it is still possible to make a defensible judgment. Having expressed at least an implied commitment to "a fundamental policy of striving for peaceful reunification of the Motherland," it is my view that China has on numerous occasions deviated from that course and resorted to other than peaceful means to advance its objectives vis-à-vis Taiwan. The most obvious examples are the Chinese missile tests of 1995 and 1996 – which probably did more to galvanize Taiwan public opinion in opposition to the notion of reunification than any other single thing China has done in the last 25 years; the passage of the Anti-Secession Law of 2005, which codified into law the longstanding Chinese policy that any substantial move toward Taiwan independence would be met with force; and, above all, the ongoing deployment of a large and growing number of short- and medium-range ballistic missiles in the Chinese provinces opposite Taiwan.

In short, as we wrote in our report on U.S. arms sales to Taiwan, "both the United States and China, in different ways and for their own reasons, have, at times in the last 30 years, been in non-compliance with key provisions of the 1982 Communiqué; in practice, though not in theory, the 1982 Communiqué is effectively defunct."²¹ And thus, one major weakness of the current U.S. architecture is that neither the United States nor China is consistently adhering to one key component of it.

The second point to make is even more fundamental: if the ultimate aim of U.S. policy toward Taiwan, as expressed most directly in the TRA, is to protect Taiwan from the mainland (e.g., "to enable Taiwan to maintain a sufficient self-defense capability"), then, clearly, the policy is failing.

By virtually any meaningful measure, Taiwan has seen its net security position vis-à-vis the mainland deteriorate steadily and dramatically over the last three decades, as China's military has developed and its posture toward Taiwan has hardened. In 1979, when the United States derecognized the Republic of China in favor of the People's Republic of China – and when the TRA was adopted – the mainland had no ballistic missiles targeting Taiwan. Today, there are between 1,600 and 2,000, depending on which authoritative estimate you believe.²² Whereas in 1979, Taiwan's "self-defense capability" was sufficient to allow the island to stave off a conventional mainland assault indefinitely and indeed possibly even prevail in a such a conflict or at least fight to a stalemate, today, estimates of the length of time it would take for Chinese

off"; Chinese non-compliance, in this view, releases the United States from its own stated commitments. (Presumably, the reverse is true, as well.) This point is consistent with the State Department's testimony before the U.S. Senate on August 17, 1982. For more on this point, see *Threading the Needle*, pp. 36-37. See also footnote 12 of this testimony, above.

²¹ *Threading the Needle*, p. 45.

²² See *Threading the Needle*, pp. 28-31, for more details on China's missiles, including citations of a number of authoritative unclassified sources on this topic. In our report, we estimated the number of missiles to be about 1,700 as of 2012, but the figure is likely higher today.

military forces to subjugate Taiwan range from one month²³ to seven minutes.²⁴ And the U.S. Department of Defense (DoD), in one of its recent Congressionally-mandated reports on “Military and Security Developments Involving the People’s Republic of China” observed that “the balance of cross-Strait military forces and capabilities continues to shift in the mainland’s favor”²⁵ – a view held virtually unanimously by experts on cross-Strait military and security affairs, including in Taiwan. Indeed, the DoD report is putting it mildly. It fairly can be observed that never in its history has Taiwan had such an array of concentrated and potent military might arrayed against it as it does today.

In light of these facts – and I don’t think any serious observer of cross-Strait military affairs disputes them – if the main objective of U.S. Taiwan policy is to help Taiwan maintain a self-defense capability geared toward the only force in the region with both the capability and potential intent to attack Taiwan, then I think we are forced to draw one of two conclusions: either there is no correlation between the U.S. government’s actions and Taiwan’s net security position vis-à-vis the mainland, or worse, there is an inverse correlation. I would view either of these conclusions as sobering, deeply troubling and reason for pause.

But of course, it is not just Taiwan’s interests that we are talking about here. In the final analysis, this Commission, the U.S. Congress and the administration must be concerned only with advancing U.S. interests. And here, too, I believe our policies are failing. Most fundamentally, the sharp deterioration in Taiwan’s net security position vis-à-vis the mainland is not in U.S. interests, as, in my judgment, it is destabilizing and it increases, however marginally or even significantly, the possibility of a conflict between the mainland and Taiwan – a conflict into which the United States might well be drawn, one way or the other. A lesser, but still real, concern is the question of what message this state of affairs sends to U.S. allies and partners in the region about the U.S. ability to maintain a stated military commitment.

In short, the U.S. policy architecture, while displaying some notable strengths, does not seem to be performing optimally, at least as currently implemented. It is not because of U.S. policies, per se, that Taiwan is now in a vastly weaker position relative to the mainland than it was two generations ago. But it is fair to say that U.S. policies, as implemented, do not seem to be able to keep pace with events in the region, particularly the rapid and well-documented development of China’s military capabilities. To put it in simple terms, the United States is selling arms to Taiwan at an arithmetic pace, while China’s military capabilities are developing at something closer to a geometric trajectory. On these terms, this is a game that the United States and Taiwan cannot win. And thus, I believe we need to try a new approach. I will lay out one possible new approach in my recommendations.

²³ See <http://www.taipeitimes.com/News/front/archives/2014/03/07/2003585056>. Earlier this year, Taiwan’s defense minister, Yen Ming, told Taiwan’s legislature that Taiwan could withstand a Chinese attack for one month without outside assistance.

²⁴ See <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA524332>. On March 18, 2010, Taiwan affairs expert Mark Stokes, of the Project 2049 Institute, testified before this Commission that “every citizen on Taiwan lives within seven minutes of destruction, and they know that.”

²⁵ http://www.defense.gov/pubs/pdfs/2011_cmpr_final.pdf, p. II.

Chinese Public/Private Responses to U.S. Arms Sales

The Commission posed a question about Chinese public and private reactions to previous announcements of U.S. arms sales and asked how China might respond to future U.S. arms sales to Taiwan, including perhaps submarines and F-16s. It also asked what political and security effects past sales have had on the U.S.-Taiwan-China relationship. Let me address these questions here.

China's public reaction to announcements of U.S. arms sales to Taiwan has been quite consistent over the years. Unfailingly, the Chinese have issued strong statements condemning the sales, reiterated their principled position that Taiwan is an inalienable part of China²⁶, chastised the United States for interfering in the domestic affairs of China²⁶, rebuked the United States for failing to live up to its earlier pledges and commitments, and, often, taken certain retaliatory measures, such as canceling military-to-military exchanges. Additionally, Chinese government spokesmen have often contended that U.S. arms sales to Taiwan "hurt the feelings of the Chinese people," a set-piece phrase generally reserved for use in a few particular circumstances. In recent years, there has often been an additional refrain from China: given the encouraging trend line in cross-Strait relations – with the explosion in linkages, people-to-people contacts, trade, and so on – why continue to sell arms in any case? On the whole, Chinese public reaction to U.S. arms sales to Taiwan has been predictable and fairly measured.

I believe that the United States' sale of arms to Taiwan is an enormously sensitive issue for the Chinese leadership for a number of reasons. Most fundamentally, the Chinese leadership seems to believe that "losing Taiwan" would be a policy failure of such catastrophic proportions in the eyes of the Chinese populace that it would effectively spell the end of Communist rule in China. There is also a concern that the loss of Taiwan might set off a domino effect within China, spilling over into other restive regions, such as Xinjiang and Tibet. The very fact of U.S. arms sales to Taiwan – an action that the Chinese can and do protest vehemently but can do nothing to stop – is, frankly, humiliating to Chinese leaders; the periodic announcements of sales are a bitter reminder that, whatever China's juridical claims may be, the fact is, China does not control Taiwan. And the element of cross-Strait ideological rivalry – which has emerged since the 1990s, as Taiwan, in sharp contrast to China, has blossomed into a full-fledged and vibrant democracy and which now overlays and colors the issue – also makes Chinese officials very uncomfortable.

Chinese assessments of the military utility of U.S. arms sales to Taiwan have evolved over time. In the past, Chinese officials routinely expressed anger at the United States for providing advanced weapons systems to Taiwan in what the Chinese regarded as a violation of a U.S. commitment under the 1982 Communique to a qualitative cap. More recently, however, Chinese argumentation has gone in a different direction. Now, Chinese officials, as well as experts, point out that U.S. arms sales to Taiwan have, at best, a negligible impact on Taiwan's self-defense capability, owing to China's much improved capabilities, and thus generate political downside for U.S. relations with China while generating little if any upside for Taiwan's defense capabilities. As the argument goes (in sum), "It's a lost cause, so why continue to sell arms to

²⁶ In this context, Chinese officials frequently argue that the very existence of the TRA constitutes undue interference in China's internal affairs and they call for its repeal.

Taiwan?” That said, there is a higher level of sensitivity to certain weapons systems, and I will come back to this point in a moment.

Private Chinese reaction to U.S. arms sales to Taiwan has generally been more textured and nuanced than public reaction. Privately, Chinese experts recognize that U.S. arms sales to Taiwan are mandated by U.S. law and that they are not going to stop anytime soon. These experts understand, though do not generally agree with, U.S. reasoning for the sales, but acknowledge that change will take time. They also wonder aloud whether U.S. arms sales to Taiwan are driven mostly by the commercial interests of defense contractors. But within broad parameters, they see U.S. arms sales to Taiwan as a manageable irritant in China’s relationship with the United States and they don’t get as vexed about the issue as the Chinese government does at the official level.

Before turning to the question of submarines and F-16s, let me say a few words about the effects past sales have had on U.S.-Taiwan-China relations. There are three different components to this question – that is, three different bilateral relationships at issue; I will take up each one in turn.

In terms of U.S.-Taiwan relations, I think the answer is fairly straightforward. The sales have generally brought the United States and Taiwan closer, notwithstanding occasional wrangling, and some real debate, over various aspects of U.S. arms sales to Taiwan. Perhaps most fundamentally, Taiwan views the sales as a tangible expression of the United States’ deep and special commitment to Taiwan and a source of confidence for Taiwan in its dealings with the mainland. There is also a sense that, on the aggregate, the arms and services provided by the United States help Taiwan maintain its defense capability in important ways, even if Taiwan is on the losing side of a long-term shift in the cross-Strait balance of power. But there also have been differing views on a number of issues associated with arms sales to Taiwan and some of those spats have made their way into the press. On the whole, however, the net effect of U.S. arms sales to Taiwan is positive, in my view.

With respect to U.S.-China relations, the picture is very different. On balance, the U.S. sale of arms to Taiwan is a net negative – and significant trust-drainer – in the U.S.-China relationship. As noted above, China views the sales as a symbolic slap in the face, even if it has more recently downgraded its assessment of the actual impact of the weapons and services delivered to Taiwan on the cross-Strait balance of power. In recent years, arms sales announcements have often resulted in Chinese decisions to suspend military-to-military exchanges and other defense consultations, and have had a deleterious, though generally not long-lived, impact on the tonality of the relationship.²⁷ In a longer term sense, however, I would not necessarily characterize U.S. arms sales to Taiwan as having a particularly disruptive impact on the relationship. Though China often warns that continued arms sales will damage the bilateral relationship, my sense is that the long-term damage has actually been rather minimal.

²⁷ Indeed, analysts generally regard China’s reaction to the last U.S. notification of arms sales to Taiwan, a \$5.9 billion package announced in September 2011, as relatively muted overall, presumably because the Chinese did not want to create excessive turbulence in the relationship just a few months before Xi Jinping’s long-awaited February 2012 visit to the United States; Taiwan President Ma Ying-jeou’s campaign for re-election in early 2012 might also have been a consideration.

One thoughtful U.S. observer has noted that this is because of a principle that might be termed “no sub-optimality”: for China to somehow “punish” the United States for selling arms to Taiwan, it would have to do something differently than it had been doing – meaning that either China’s previous policy posture was suboptimal from the standpoint of China’s interests, or the punitive action China is now taking is suboptimal from the standpoint of China’s interests. I would tend to agree that Chinese leaders focus dispassionately on what they see as their long-term interests, and thus, the notion that they would, for example, undertake an action that is not in their interests merely to “punish” the United States seems implausible to me. And thus, I find this argument fairly compelling. But I also note that it doesn’t capture all the scenarios – for example, cases in which China could optimize trade policy by, say, buying planes either from Boeing or Airbus; and choosing to buy from Airbus owing to a dispute with the United States over arms sales. But the “no sub-optimality” argument misses the larger point, referenced earlier: that under current U.S. policy (as well as the policies of other players), Taiwan’s net security position is deteriorating sharply, with negative implications for U.S. interests in the Asia-Pacific region.

The third piece of the puzzle is the Taiwan-China relationship – how have U.S. arms sales to Taiwan affected the cross-Strait dynamic? The answer to this question depends on which aspect of the relationship one is looking at. In terms of economic, trade and cultural relations, it seems abundantly clear that U.S. arms sales have, in any case, not impeded the robust and dramatic development of cross-Strait ties. I think it would be hard to make the case that there is causality between the arms sales and the development of cross-Strait relations, because one would have to control for many other factors in the equation, but it would be hard to contest the fact that cross-Strait ties have blossomed even as the United States has sold arms to Taiwan.²⁸ In terms of the military and security side of the equation, however, as noted earlier, even with U.S. arms sales, the balance of power across the Strait has continued to shift steadily in recent years in favor of the mainland, to the detriment of Taiwan.

The Commission asked about the possible effects of a U.S. decision to sell to Taiwan submarines and/or F-16 fighters. These weapons systems start to move into an area of much greater stated concern for China – partly because of the capabilities of the systems and partly, and perhaps even more importantly, because of the symbolism associated with such sales. The submarines and the more advanced F-16 fighters (e.g., F-16 C/Ds), which successive U.S. administrations have thus far declined to make available to Taiwan, would represent, to both China and Taiwan, a ramping up of U.S. political support for Taiwan. China would no doubt view such sales with a jaundiced eye, while Taiwan would welcome them, at least within the constraints of its own fairly limited defense procurement budget. Though I am not an expert on military hardware in the way that other witnesses might be, my sense is that the Chinese government is more concerned about the submarines than they are about the F-16s, as the submarines cross a clearer qualitative line in the minds of some observers; the *Defense Industry Daily*, for example,

²⁸ Interestingly, though, the recent blossoming of cross-Strait ties happens to coincide with not just the presidency of Ma Ying-jeou, as has often been pointed out, but also, with a sustained multi-year period of U.S. arms sales to Taiwan at levels that are in compliance with the U.S. commitment under the 1982 Communique. See *Threading the Needle*, Appendix D. Again, it would be very difficult to disaggregate out the multiple possible correlations.

characterizes submarines as “the ultimate conventional deterrent against [sea] invasion.”²⁹ And as for the F-16s, Chinese – as well as U.S. – experts have pointed out that by the time the planes, if sold, become operational in Taiwan, they will essentially already be outmoded and perhaps a generation or more behind China’s fighters.³⁰

Potential for China to Reduce its Missile Deployments Opposite Taiwan

The Commission has asked me to assess the potential for China to reduce its deployments of short- and medium-range ballistic missiles opposite Taiwan and to dismantle the infrastructure associated with these missile forces; and also, to assess the impact of such a move on the U.S.-Taiwan-China relationship.

It is well-documented that China has deployed substantial missile assets in the southeast part of the country, opposite Taiwan. The missile forces, which public sources indicate include five short-range ballistic missile (SRBM) brigades and one medium-range ballistic missile (MRBM) brigade, are evidently geared toward a Taiwan scenario. In all, since 1991, China has deployed some 1,600 to perhaps as many as 2,000 ballistic missiles in the four provinces closest to Taiwan: Zhejiang, Jiangxi, Fujian and Guangdong.³¹

To be clear, the nearly 2,000 ballistic missiles currently deployed in southeast China are by no means the only weapons China possesses that could be brought to bear on Taiwan. But they nonetheless merit attention for a number of reasons. First, they constitute a formidable and potent force arrayed against Taiwan that, as mentioned earlier, one well-credentialed U.S. expert has testified before this Commission could destroy every citizen in Taiwan in seven minutes. Second, the short-range missiles, in particular, are relatively easily disaggregated from the totality of China’s force posture as being particularly geared toward a Taiwan scenario – to a degree that other forces and armaments are not. Third, and perhaps most importantly, the Chinese leadership itself has put the missiles in play as a possible bargaining chip in the context

²⁹ See <http://www.defenseindustrydaily.com/taiwans-unstalled-force-modernization-04250/>. The relevant passage is worth citing in full: “The problem is that without air superiority as cover, no Taiwanese surface navy can expect to survive, in order to maintain control of the seas around Taiwan. [A] good submarine force is the classic military solution. Submarines are capable of either destroying efforts to cross the strait, or strangling Chinese trade as it moves through Southeast Asia’s key choke points. Modern missiles give them vastly longer offensive reach, and modern submarines are very difficult to find and target once they put to sea. For a nation like Taiwan, they’re the ultimate conventional deterrent against invasion.” Submarines’ imperviousness to ballistic missiles makes them particularly problematic from a Chinese standpoint. This article also points out that the United States no longer produces non-nuclear submarines; the United States could help Taiwan build its own diesel-electric submarines, however.

³⁰ This is true even for planes with C/D capabilities; the planned upgrade of Taiwan’s 145 existing fighters to the C/D level of capability will take a decade or more to complete. To amplify the point further, a senior Department of Defense official once told me that any F-16s sold to Taiwan are effectively “one-mission aircraft”; as he explained it, the runways from which the planes would take off in a conflict scenario wouldn’t be there when the planes returned from their mission, owing to the massive Chinese ballistic missile strikes that would occur in such a scenario.

³¹ China’s missile deployments opposite Taiwan began in 1991. The development and production of these missiles began some years earlier, in the 1980s, for a number of different reasons, including as a response to several important political developments in Taiwan (e.g., the lifting of martial law, the legalization of political parties, democratization, the political rise of Lee Teng-hui). See also *Threading the Needle*, pp. 28-32.

of the cross-Strait military equation; indeed, this may well be the reason that China has driven up the numbers of missiles to such a degree.³² And Taiwan, for its part, has referenced the missiles in the context of political negotiations, as well.

The idea of a kind of grand bargain, in which China reduces its missile deployments opposite Taiwan in exchange for the reduction and even termination of U.S. arms sales to Taiwan, is not new. In 2002, President Jiang Zemin put this idea on the table during a visit to the Crawford, Texas ranch of then-U.S. President George W. Bush. As reported in the media at the time, the idea was that China would make a modest adjustment on missiles in exchange for a reduction, and ultimately, a termination of U.S. arms sales to Taiwan. Similar proposals were put forward subsequently in the course of high-level interactions between Chinese and U.S. defense officials, but the United States never took up the idea, instead, referring the Chinese to Taiwan for these types of discussions.

From the U.S., standpoint, there were three conceptual problems with President Jiang Zemin's "Crawford Initiative." First, there was the fundamental issue of non-negotiability. As a matter of U.S. policy – specifically, the Six Assurances – the United States cannot consult China regarding future arms sales to Taiwan. So the notion of a quid-pro-quo was inherently problematic from the start and doomed to go nowhere.

The second conceptual problem was that of proportionality. The Chinese proposals have generally called for the complete termination of U.S. arms sales to Taiwan in exchange for a modest adjustment to China's missile posture. Even if the U.S. government were not constrained by policy on the issue of negotiability, however, the fact is, the proposals put forward by the Chinese were not proportionate; the proposed U.S. action was substantial, whereas the proposed Chinese action was relatively inconsequential.

A third problem pertained to the presumed lack of permanence of the Chinese action; mobile missiles that China might "roll back" today can easily be "rolled forward" again tomorrow, thus quickly and relatively inexpensively negating the value of the earlier gesture.

For these reasons – but principally, owing to the non-negotiability of the issue – the "Crawford Initiative" never went anywhere.

Against this backdrop, let me now share a few thoughts on the potential for China to reduce its deployments of short- and medium-range ballistic missiles opposite Taiwan and to dismantle the infrastructure associated with these missile forces.

A little earlier, I stated that I believe that U.S. policy toward Taiwan is failing Taiwan and failing the United States. Here, let me add that the policies in place regarding Taiwan – including on the Chinese side – are also failing China, and it is for this reason that I believe there is a real willingness on the part of China to make a positive move on missiles – under a particular set of circumstances.

³² Military affairs experts make the point that the marginal utility of each ballistic missile beyond the first 1,000 or so begins to decrease significantly in the Taiwan context.

Earlier, I noted China's central conundrum: for profound ideological reasons, it cannot – and will not ever – renounce the use of force to resolve the Taiwan issue. But in my judgment, Chinese officials are coming to the realization that the present course – in which China inexorably ramps up its military posture toward Taiwan – is not viable either. More to the point, I sense that Chinese officials are beginning to realize that excessive reliance on the threat of force – plainly implied in China's missile posture toward Taiwan, as well as in other ways – actually sets China back in terms of advancing its own stated goal of reunification.

My study of Taiwan public opinion over about 20 years indicates that very few people in Taiwan favor reunification with China; and, even more strikingly, a substantial swath of the Taiwan public continues to support outright independence notwithstanding China's stated policy that a serious move toward independence would be met with force. Closer inter-linkages between the mainland and Taiwan have not, in fact, translated into increased support in Taiwan for reunification; the data suggests the opposite may be true.³³ President Ma Ying-jeou, who has taken a softer line on the mainland than his predecessor, President Chen-Shui-bian, has seen his favorable ratings drop to a level comparable to those of the now imprisoned Chen. Indeed, President Ma's unpopularity suggests that the possibility of a Democratic Progressive Party (DPP) return to presidential power in 2016 is very real; and indeed, the DPP has already experienced a major rebound in local elections. And of course, the Sunflower Student Movement in Taiwan, centered around opposition to the passing of the Cross-Strait Service Trade Agreement, bespeaks a high level of wariness in Taiwan about even closer trade ties with China and their implications for Taiwan workers. I believe that a growing number of Chinese observers see these data points and realize that China's official "feel-good" narrative of a rapidly unfolding cross-Strait convergence may not capture the whole story.

Against this backdrop, it is my considered judgment that China is more prepared to take meaningful action regarding its force posture toward Taiwan than it has ever been before.

As the Commissioners may know, I co-authored a policy study that put forward 10 recommendations designed to reduce U.S.-China tensions and mistrust over the issue of arms sales while keeping faith with the people of Taiwan and maintaining or enhancing Taiwan's net security position.³⁴ One of the recommendations my co-author and I made pertained to Chinese missile deployments:

“China should demonstrate its commitment to the ‘peaceful resolution of the Taiwan question’ by unilaterally, voluntarily and verifiably undertaking the following actions relating to its short- and medium-range ballistic missile posture in southeast China: maintain all missiles in garrison (their current default position); redeploy one of the five short-range ballistic missile brigades under the PLA's 52nd Base further inland and out of range of Taiwan; and dismantle the physical

³³ For a succinct overview of recent polling data on Taiwan sentiment regarding independence, reunification and similar questions, see <http://www.taipeitimes.com/News/editorials/archives/2014/02/11/2003583222>.

³⁴ A core, stated principle of our study was that any way forward on U.S. arms sales to Taiwan must result in “no decrease to Taiwan's net security position.” See *Threading the Needle*, p. 53.

infrastructure of that brigade, including but not limited to launchers, missile depots and rail and road facilities.”³⁵

While the notion of recommending that China take actions on its missiles is by no means new – Taiwan, for example, calls upon the mainland to remove all missiles in southeast China as a precondition for political talks – we have, in fact, added some new elements that greatly enhance the real-world feasibility of this proposal.

The proposal is realistic – it is in the realm of the doable. We propose unilateral action rather than joint or coordinated action with the United States; this solves the problem of non-negotiability alluded to earlier. We propose that China undertake its action broadly concurrently with comparable actions that we recommend the United States take, also unilaterally (to be described below); this addresses the domestic politics in play, at least to a degree. This combination of “unilateral” and “concurrent” gives rise to a new procedural principle for dealing with this issue in U.S.-China relations: “concurrent unilateralism.” This principle has resonated widely in China.³⁶ With this recommendation, we are also proposing a very incremental change; by design, it is a modest step in the right direction, not a radical move. And similarly, the proposal is such that it can be reversed fairly easily. If China embraces this recommendation and doesn’t like what the United States does in its own unilateral action (if it takes one), then China can simply go back to the status quo ante relatively easily. Importantly, the proposal is also broadly proportionate to our recommendation to the United States.

I should note here that the proposals we have made to China and to the United States take into account the “systems” nature of the problem at hand, alluded to earlier. No one actor, acting individually, can generate an improved status quo around the cross-Strait military equation. Actions generate reactions and policies prompt policy responses. Only by looking at the situation holistically, as a systems problem, can sustainable progress be generated. Our recommendation to the Chinese government, described above, is a part of a systems approach.

As to the degree of Chinese receptivity to our proposal, I would characterize the Chinese with whom we have met as having been intrigued by and open-minded about our ideas. Indeed, I think the fact that our report garnered testimonials from a former top-level PRC Foreign Ministry diplomat, as well as prominent thought leaders at four major Chinese government-affiliated think tanks, suggests that we may be on to something. The former senior Chinese diplomat, for

³⁵ *Threading the Needle*, pp. 50-51. I address this recommendation at this point in my testimony, rather than in the “Recommendations” section to follow, because it is the topic of this particular section of my testimony and, also, it is a recommendation to the Chinese government, not the U.S. government or Congress -- and thus it is not actionable by this Commission. My “Recommendations” section focuses on recommendations I am making to the Commission, Congress and/or the U.S. government.

³⁶ See, for example, <http://world.huanqiu.com/interview/2014-02/4829899.html>; this interview of me by China’s *Global Times*, which is closely tied to the Chinese Communist Party, leads with the headline: “U.S., China Should Embrace ‘Concurrent Unilateralism.’” Chinese media coverage, including official media coverage, of our ideas has been uniformly neutral-to-positive.

example, said of the report, “This is the most objective and balanced study I’ve seen a U.S.-based think tank produce on this politically charged topic.”³⁷

Assessing the impact of this move, if made by China – presumably in the context of comparable gesture by the United States, to be discussed below – is fairly straightforward. In short, I think all three bilateral relationships in question – that between the United States and Taiwan, that between the United States and China, and that between Taiwan and China – would benefit to one degree or another. In terms of the U.S.-Taiwan relationship, a reduction in the number of Chinese missiles pointed at Taiwan would reverse a worrying trend and, however marginally, improve Taiwan’s net security position. While it would be easy, and accurate, to argue that a reduction of, say, some 300-plus missiles of the approximately 1,700 estimated to be deployed in southeast China would have at most only a negligible impact on Taiwan’s security, the rebuttal would be that at least it’s a step in the right direction for a change.

In terms of U.S.-China relations, I think such a move would be welcomed by the administration. Again, the U.S. government would be under no illusion that the move changes the overall balance of power, but a reversal of a decades-long ramping up of China’s missile posture in southeast China would, I believe, be viewed as a significant good-faith gesture on China’s part and an indication of China’s seriousness about reducing cross-Strait military tensions and about its reconsecrated commitment to pursuing a “fundamental policy of striving for peaceful reunification.”

As for Taiwan-China relations, though the move, I think, would be viewed quite understandably with some skepticism in Taiwan, it would also be viewed on balance as constructive – a small but noteworthy step in the right direction. Looking at the matter from China’s vantage, it would likely generate slightly improved perceptions in Taiwan of China’s strategic intentions toward Taiwan.

Policy Recommendations/Recommendations for Congressional Action

In this section of my testimony, I will share with the Commission my recommendations for congressional action.

As a preface to my recommendations, let me make two points. First, though Congress legislated the foundation for U.S.-Taiwan relations and thus, in many important ways, U.S. engagement with Taiwan and China around cross-Strait issues more generally, today, most of the day-to-day decision-making authority on these matters now rests with the U.S. executive branch. For example, it is the prerogative of the executive branch, not Congress, to work with Taiwan to finalize the details of arms sales packages, whereupon the agreed-upon list is then notified to Congress. In the absence of congressional objection within 30 days, the U.S. administration may proceed with the announced sales of arms. Congress is therefore a factor in the decision-making, but not the principal driver of that decision-making. But because of Congress’ integral role in creating the platform for modern-day U.S.-Taiwan relations and because of Congress’ ongoing

³⁷ *Threading the Needle*, inside cover. Notably, we also received a testimonial from a former Taiwan vice foreign minister. Indeed, to my knowledge, our report is the only report on the topic of U.S. arms sales to Taiwan ever to garner testimonials from former senior officials from Taiwan, China and the United States.

interest in and strong bipartisan support for Taiwan, Congress unquestionably plays a major role – one larger than its formal role in arms sales decisions would suggest – in Taiwan policy. It is with the above considerations in mind that I make the recommendations I do to Congress.

Second, I make the recommendations I do in the strong belief that these recommendations, if implemented, would advance the interests of the United States of America; if I felt that the suite of recommendations I am making today undermined the interests of the United States, I would not be making them. Furthermore, I wouldn't be making these recommendations if I felt that any of them would result in a decrease in Taiwan's net security position; in fact, I believe that these recommendations, if implemented in full, would make Taiwan more secure – and that is important because the security of this long-time all-weather friend and vital partner of the United States serves the interests of our nation. But let me also say, I believe that the recommendations I am making are also acceptable to, and also advance the interests of, China, which is the third critical stakeholder in cross-Strait security issues and which is also a profoundly important partner of the United States. If I felt these recommendations were non-starters for China, then, frankly, I wouldn't be wasting the Commission's time with them, because as I said before, there can be no way forward on cross-Strait security issues without the buy-in of all three stakeholders. Again, this is a systems problem, and it requires a finely-tuned, holistic policy response. And that is what I believe I am presenting to you today.³⁸

With that said, let me now turn to my recommendations for Congressional action, along with a few words of explication about each.

Recommendation 1: *That Congress maintain, and encourage the United States government to maintain, the existing legal and policy architecture governing the issue of U.S.-Taiwan relations and U.S. arms sales to Taiwan – namely, the Taiwan Relations Act, the Six Assurances to Taiwan, and the U.S.-China Joint Communique of August 17, 1982.*

The architecture has both strengths and weaknesses, and is sometimes honored in the breach, but over three decades, it has generated a remarkably enduring, if delicate and even precarious, equilibrium around an exceedingly complex and sensitive issue. If implemented with greater precision and care, this architecture can allow for the better status quo that I believe is achievable on cross-Strait military and security issues. After much study of this architecture and with a good on-the-ground sense for the results of its implementation, my assessment of this body of policy is akin to Churchill's famous assessment of democracy as a form of government: it's far from ideal, but it's probably better than any of the realistic alternatives.

³⁸ It is important to reiterate that I present these recommendations, along with the recommendation to the Chinese government discussed earlier in the testimony, as a unitary package. The key recommendations to the U.S. government will not be as easily implemented, as a political matter, without the Chinese also acting upon our recommendation to the Chinese government; and the reverse is true, as well. Though the actions I am proposing here are all completely voluntary and unilateral, it is probably best that they be undertaken broadly concurrently, so as to reinforce each other and generate positive tonality and momentum. Of course, I cannot control what the U.S. or Chinese governments do in response to these proposals; but I repeat that these recommendations will attain maximum feasibility and effectiveness only if both sides act upon them, albeit unilaterally.

Though this recommendation may sound so basic as to be pedestrian – essentially, “keep doing what you’re doing” – I offer it cognizant that there is an emerging debate in China policy circles as to the continued utility of the TRA and, presumably, its close cousin, the Six Assurances.³⁹ But I also make this recommendation painfully aware that “on the TRA’s watch,” Taiwan has seen its security position relative to the mainland deteriorate alarmingly, probably to the lowest relative level that it has ever been. We have just had a spate of 35th birthday celebrations for the TRA across this city, and indeed, a round of Congressional testimony on the subject, as well. Unless we make some changes in how we conduct our security cooperation with Taiwan, I shudder to think what the cross-Strait balance of power will look like when it comes time to celebrate the TRA’s 70th birthday. Again, though, the problem is not in the legislation itself, but in its implementation; I will come back to this in Recommendation 3.

Recommendation 2: That Congress encourage the United States government to continue to sell defensive arms to Taiwan for the foreseeable future, within the constraints of existing law and policy.

This second recommendation flows naturally from the first. I regard U.S. arms sales to Taiwan as stabilizing and as a force for good for Taiwan and for cross-Strait relations, at least when viewed from a U.S. (and Taiwan) perspective. I believe they should continue indefinitely at a robust level in the general range of recent years’ sales; any dramatic decrease in arms sales to Taiwan under current circumstances would, I think, be destabilizing and harmful to the interests of the United States. While it is often pointed out that U.S. arms sales to Taiwan are mandated by law, it is also worth flagging that they are also explicitly permitted under the 1982 Joint Communiqué, to which China is a signatory. I understand why China objects to these sales as a matter of principle, but I believe that China does not fully appreciate or “own” the impact of its own actions on Taiwan threat perceptions and Taiwan and U.S. decision-making. Most fundamentally, unless and until the underlying issues in the China/Taiwan dispute are resolved, U.S. arms sales to Taiwan will continue. Arms sales, while a significant factor in the cross-Strait military and security picture, are a symptom of the enduring tensions, not the root cause. It is within China’s and Taiwan’s power to generate a cross-Strait context in which lower levels of arms sales are viewed by Taiwan as necessary, but we are not there yet, and until we get there, continued U.S. arms sales to Taiwan make sense for the United States.

Recommendation 3: That Congress strongly encourage the United States government to calibrate arms deliveries to Taiwan in a way that the total dollar amount of arms provided to Taiwan in any given year does not exceed the inflation-adjusted peak-level of U.S. arms supplied to Taiwan in the 1979-1982 period, as stipulated in the 1982 Communiqué. This would mean unilaterally setting a voluntary annual cap on U.S. arms deliveries to Taiwan of \$941 million (in inflation-adjusted 2012 dollars).

This is the central recommendation of this suite of recommendations to the United States; it is the principal counterpoint to our recommendation to China on its missile deployments. These two recommendations – our recommendation to the United States to voluntarily cap its arms

³⁹ One of the Six Assurances was that the United States would not alter the terms of the TRA; more than any other pairing among the three documents at the heart U.S. policy toward Taiwan, the TRA and Six Assurances are by far the most mutually reinforcing.

deliveries to Taiwan at \$941 million and our recommendation to China to maintain its Taiwan-oriented ballistic missiles in garrison, withdraw one SRBM brigade out of range of Taiwan, and dismantle the physical infrastructure that ungirds that brigade – collectively constitute the heart of what has come to be termed our “cap and cut” proposal. Let me make a few points about this recommendation.

First, this “cap” recommendation is grounded in the premise, noted earlier, that the United States cannot arm Taiwan out of its security dilemma with the mainland. Since 1979, the United States has delivered to Taiwan’s shores an average of \$1.16 billion in arms each year (in inflation-adjusted terms).⁴⁰ Taking out the four out-lying years in the 1990s in which annual U.S. arms deliveries to Taiwan topped out in excess of \$2 billion and \$3 billion (twice each), the average of U.S. arms deliveries to Taiwan in the other 29 years for which we analyzed the data was \$968 million. However one might look at the data, whether including or excluding the outlying years’ figures, the clear conclusion one must draw is that, under existing U.S. law and policy and under existing U.S. political sentiments, the enduring bipartisan consensus, in both the White House and Congress, is that the United States should deliver to Taiwan’s shores about \$1 billion worth of defense articles and services per year. Evidently, there generally isn’t an appetite for much more than that over any long period of time. And yet it is also very clear, and well documented by the U.S. Department of Defense among many others, that this level of arms deliveries is insufficient to enable Taiwan’s defensive capabilities to keep pace with China’s rapidly developing offensive capabilities – hence, the emphatic tilting of the balance of power in China’s favor that we have seen in recent decades. In the simplest of terms, the U.S. supply of security is no match for the Chinese supply of threat. And thus, for Taiwan to be secure, it, working with the United States as appropriate, must address this security dilemma on the threat side. If the supply of security can’t readily be increased, then it is necessary to try to reduce the threat.

Having studied this issue in some depth and consulted about it intensively and extensively in Taipei, Beijing and Washington, my conclusion is that U.S. policies – specifically, arms sales – are not getting the United States closer to its goal making Taiwan more secure; and China’s policies – and in particular, China’s massive missile deployments opposite Taiwan – are not getting China closer to its goal of “peaceful reunification,” and thus, this may be an opportune moment to adjust both policies, unilaterally, in carefully calibrated, incremental and reversible ways.

From a U.S. and Taiwan standpoint, the adjustment in U.S. arms deliveries to Taiwan would be negligible and would have no material impact, in its own right, on Taiwan’s ability to defend itself. The voluntary cap of \$941 million – which represents existing, current U.S. policy, just fully articulated – is not much less than the 33-year historical average of \$1.16 billion or the 29-year average (without the four outlying years) of \$968 million. The proposed voluntary cap of \$941 is just \$75 million a year shy of the overall historical average and \$25 million shy of the

⁴⁰ See *Threading the Needle*, Appendix D. To my knowledge, our report is the only repository of this inflation-adjusted data available, a point made by the Brookings Institution’s Richard Bush, a renowned Taiwan affairs expert, who stated earlier this year at the Wilson Center, “This [report] is a really valuable resource. It pulls together a lot of very useful information. ...It’s all here. ...So, this study will be one of those things I put on the shelf of books and reports that I need to get to in a minute’s notice.” See <http://www.wilsoncenter.org/event/threading-the-needle-us-arms-sales-to-taiwan>.

average when outlying years are factored out. In other words, this is a very, very modest and incremental adjustment – a difference of just a few percentage points. Moreover, given that since 2007, the United States has, in actual practice, delivered arms to Taiwan annually at levels below this cap, under this proposal, U.S. arms sales to Taiwan could actually increase relative to recent years. The cap is thus not unduly confining relative to actual recent U.S. arms deliveries.

This cap, by itself, will not affect the balance of power equation one way or the other. But it is my considered judgment that if the United States were to make this move – and make it unilaterally, not in consultation or coordination with China, as that would be prohibited under existing U.S. policy, which I support – China would make its own unilateral move on missiles. I believe there is a real opening on this issue in Beijing at this time. And it is that action, rather than the U.S. action, that would, in fact, have a positive impact, even if marginal, on Taiwan’s security. Needless to say, the fewer ballistic missiles pointed at Taiwan, the better. But perhaps even more importantly, these two unilateral moves, taken together, could generate some positive momentum for even more consequential steps toward improved cross-Strait relations and an easing of cross-Strait military tensions – something that is in the interests of all three parties.

In short, if both of our companion recommendations were adopted, Taiwan would come out the better for it, U.S. interests would be advanced and China would be an important step closer to its original “peaceful” path. Everyone wins.

To be clear, this is not a “deal.” What I am proposing is unilateral action on the part of the United States and unilateral action on the part of China. In both cases, the actions would be entirely voluntary, incremental and easily reversible. If the United States takes an action and doesn’t like what it subsequently sees on the Chinese side, then it can easily go back to its original footing with no harm done; and if China takes an action and doesn’t like what it subsequently sees on the U.S. side, it can do the same. The steps outlined here are designed to be incremental and easily reversible; and let me say again, by design, they are not meant to change the balance of power radically and, indeed, they don’t do that. But if implemented, these recommendations would enhance Taiwan’s security position, even if only marginally, and could open a new horizon for meaningful movement forward on cross-Strait issues.

One further point with respect to this recommendation: we now find ourselves within a narrow window generated by a fortuitous confluence of the political calendars of the United States, Taiwan and China. In the United States, we have a second-term president who is released from the pressures of reelection. In Taiwan, President Ma is also in his second term; and, if I may add, his favorable ratings are so low that he can take bold policy decisions – such as supporting “cap and cut” – because, frankly, there is no longer much downside risk to such decisions. Low poll numbers, beyond a certain threshold, can be liberating that way. And to state the case more positively, and more politically, getting China to scale back its missile deployments opposite Taiwan would be a significant policy achievement and would give President Ma’s party, the Kuomintang (KMT), a tangible achievement to cite when debating mainland policy with the DPP in the 2016 campaign. And third, in China, we now have a new top leadership that is just over a year into what is expected to be a 10-year tenure of office. I believe that, in the Chinese system, politically, it is easier to get big and bold things done when you are eight or nine years out from the next political transition than it would be toward the end of the ten years; and again, whatever

the political calculus in China, change on this issue will be particularly difficult if you have first-term presidents in either the United States, Taiwan or both – and there will be first-term presidents in both places beginning by January 2017. So, again, this is the moment, and I hope we seize it.

Recommendation 4: That Congress encourage the United States government to unbundle future Taiwan arms sales notifications to Congress (“Congressional notifications”) and instead submit such notifications on a regular, predictable and normalized schedule, thus mitigating the perception of major spikes in the sales of U.S. arms to Taiwan created by bundled notifications.

As the Commission is aware, in recent years, the U.S. government has opted to “accumulate” lists of arms to be sold to Taiwan, bundle them together and then issue less frequent, but larger dollar-value, notifications to Congress. The idea, to put it simply, is akin to tearing off an adhesive bandage quickly rather than slowly – just get it done and get the pain behind you. Given that Chinese reaction to announcements of U.S. arms sales to Taiwan have sometimes been harsh, at least rhetorically, the notion of doing fewer announcements is understandable. But under this approach, the dollar value of announced U.S. arms sales packages to Taiwan has soared to record heights. Just since 2008, for example, we have seen announcements of U.S. arms packages totaling \$6.4 billion, \$6.2 billion and \$5.9 billion – the latter two occurring as recently as 2010 and 2011, respectively. These figures – which represent intended and approved future sales but not actual deliveries – create a public diplomacy problem for the United States because they make U.S. arms sales actions seem more substantial and aggressive than they actually are. For example, based on the above numbers, a senior Chinese policymaker or U.S. affairs thought leader in Beijing not deeply familiar with the somewhat arcane process⁴¹ involved in these decisions might conclude, erroneously, that the United States has “sold” to Taiwan – and thus delivered to Taiwan – some \$18.5 billion worth of arms just since 2008. In reality, when one looks at the data on *deliveries* for those years, such a conclusion probably overstates the problem by a factor of two or three. By issuing more frequent, but smaller-scale, notifications, the United States can perhaps mitigate some of the public diplomacy problem without affecting the content of the sales at all. In a sense, it is a question of packaging and marketing. This approach might also sensitize the Chinese – including the Chinese public – to the sales to a greater degree than is the case now with less frequent, larger notifications.

Recommendation 5: That Congress signal, and encourage the United States government to signal, the United States’ continued unwavering commitment to preserving and promoting extensive, close and friendly commercial, cultural and other relations with Taiwan, including by enhancing senior-level exchanges with Taiwan within the constraints of the United States one-China policy.

The Commission posed a question about other ways, besides arms sales, for the United States to advance security cooperation with Taiwan. This recommendation addresses that question.

The “cap and cut” proposal I have laid out here is designed to enhance Taiwan’s security and thereby advance U.S. interests, albeit, in a way that is palatable to China. It is predicated on the idea that less can be more – namely, that by delivering slightly fewer arms (in dollar terms) to

⁴¹ See *Threading the Needle*, Appendix C for a detailed description of this process.

Taiwan annually, relative to the now 34-year historical norm, the United States can help precipitate an overall threat reduction for Taiwan because of the Chinese response that, in my view, would likely be generated. Unless one understands the cross-Strait equation as a systems problem, as I have discussed earlier in this testimony, this approach may seem counter-intuitive. Moreover, some may interpret even a slight downward adjustment relative to historical norms as signaling a weakening of U.S. commitment to Taiwan.

To ensure that a possible modest reduction of annual arms deliveries is not seen as a weakening of U.S. resolve – and make no mistake, it should not be – I propose that, concurrent to embracing the voluntary cap I have recommended, the United States enhance its high-level contacts with Taiwan within the constraints of existing U.S. law and policy. The fact is, the president of the United States has considerable latitude in interpreting what types of interaction between U.S. government officials and Taiwan representatives can and cannot occur. For instance, there was a time when U.S. Foreign Service officers had to go through the fiction of “resigning” from government service before they could be assigned to the American Institute in Taiwan (AIT), the United States’ de facto embassy in Taiwan; they would be “reinstated” to the Foreign Service upon departure from Taiwan. About 20 years ago, that practice was abandoned. That is an example of the latitude the U.S. executive branch has to deal with these types of matters. Similarly, some Cabinet-level visits to Taiwan have occurred, while other Cabinet members are effectively prohibited by U.S. policy – specifically, the U.S. “one-China policy” – from visiting Taiwan.

I believe there is room for upward adjustment in U.S. engagement with Taiwan within the constraints of the U.S. one-China policy and I hope Congress will encourage that upward adjustment.⁴² It is very important that a possible decision to cap annual arms deliveries at \$941 million not be seen as a weakening of U.S. commitment to Taiwan.

Recommendation 6: That Congress conduct regular hearings, at least once per session, on the specific topic of the cross-Strait balance of power and the degree to which U.S. law and policy are or are not advancing Taiwan’s security relative to the mainland.

I understand that Congress periodically conducts hearings on U.S. policy toward Taiwan, the Taiwan Relations Act and related topics. My concern is that these hearings are not methodically examining the relationship between U.S. law and policy on the one hand and Taiwan’s actual security position on the other. The very sharp deterioration in Taiwan’s net security position relative to China we have seen over the last three decades – a deterioration documented in the U.S. government’s own public assessments of the cross-Strait security environment – should raise some serious concerns; and yet, frankly, we continue to plod along on the same course. My

⁴² As noted earlier, I support the existing U.S. legal and policy architecture governing the issue of Taiwan. I should note that this architecture also effectively includes the U.S.-China Joint Communiques of 1972 and 1979 – the other two of the “Three Communiques” that, along with the TRA, are generally regarded and cited by U.S. officials as constituting the foundation for contemporary U.S.-China relations and U.S. policy toward China and Taiwan. The other two Communiques are referenced in the 1982 Communique, which means that by embracing the 1982 Communique, one also embraces the other two. In these Communiques, the U.S. articulates its “one-China policy,” which I believe is the most viable framework within which for the United States to advance its interests relative to cross-Strait affairs.

hope is that Congress, through the regular hearings I am recommending, will examine, and drill down on, the relationship between U.S. policies and Taiwan's security position relative to the mainland in a more systematic and methodical way than we have seen thus far. Ascertaining the U.S. government's definition of "sufficient self-defense capability" would be just one worthy goal of these hearings.

Recommendation 7: That Congress organize, at least once every two sessions, Member and/or staff visits ("codels" and "staffdels") to China and Taiwan with the primary objective of fact-finding regarding and assessing cross-Strait balance of power issues.

When dealing with the cross-Strait issue, I believe it is important to solicit and truly hear the input of people on both sides of the Strait. Regular visits – at least once every four years, and preferably more frequently – to both China and Taiwan with special focus on this particular issue would help ensure that Congress has the input it needs, apart from the testimony of U.S. government witnesses and U.S. analysts, to make well-informed decisions and assessments relating to cross-Strait affairs.

Recommendation 8: That Congress amend, as appropriate, existing legislatively mandated U.S. government reporting requirements to ensure that cross-Strait balance of power issues are covered specifically, adequately and regularly.

It is often observed that you can't evaluate what you can't measure. As I see it, one of the problems in our nation's approach to the cross-Strait security situation is that we have not established a clear metric against which to assess the performance of our policies. From time to time, Congress invites the State Department and other U.S. government agencies to testify on cross-Strait issues, the efficacy of the TRA and related topics, but what I think is lacking in these exchanges is a clear-cut benchmark for empirically assessing the cross-Strait balance of power equation. Currently, U.S. government reports take up the topic of Taiwan, but it does not appear to me that we have an established, consistent methodology in place for making data-based assessments that are comparable year-over-year. To put it another way, if a U.S. government official says that the Taiwan Relations Act, or U.S. policy toward cross-Strait issues more generally, is effective, on what basis is that judgment being made? How is the U.S. government measuring Taiwan's self-defense capability and how is it making the judgment that it is "sufficient?" What is the empirical evidentiary basis for such assessments? I believe this recommendation addresses these important questions and, if implemented, would give Congress a better set of benchmarks than are currently available to make informed judgments about the efficacy of U.S. policy.

Conclusion

In conclusion, I believe that, with some adjustments, the United States can enhance the performance of its policy architecture so that the following goals are achieved: 1) important U.S. interests relative to Taiwan and the peace and security of the Asia-Pacific region are advanced; 2) Taiwan is made more secure; and 3) mistrust between the United States and China is reduced modestly and relations between the two nations are improved. There is no need for a change in existing U.S. law or policy; and indeed, I support existing U.S. law and policy on this issue.

There is, however, a need for a change in how that law and policy is implemented. I believe the “cap and cut” proposal I have laid out in this testimony offers the most viable way forward in this regard.

In short, it is possible to “thread the needle”: to move forward on the cross-Strait issue in a way that simultaneously conforms to existing U.S. law and policy, takes into consideration China’s concerns, and keeps faith with the people of Taiwan and enhances their security. It is my sincere hope that the policy ideas I have put forward in this testimony will be of value to the United States Congress and help the United States advance its key national interests with respect to Taiwan and the Asia-Pacific region.

Thank you so much again for this opportunity to testify before you. I hope you will consider me, and the EastWest Institute, a resource for the Commission on China-related matters in the months and years ahead.