Rethinking US-Taiwan Relations after the Cold War: Creative Ambiguity vs. Assertive Democratization

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RETHINKING U.S.-TAIWAN RELATIONS AFTER THE COLD WAR: CREATIVE AMBIGUITY VS. ASSERTIVE DEMOCRATIZATION

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How should the U.S. deal with Taiwan in the post-Cold War era? Can the U.S. develop further relations with Taiwan based on Taiwan’s (increasing) intrinsic values? Or will Taiwan remain just a factor — a negative one — in the broader China policy of the U.S.? Will the so-called “one China” policy, which allegedly has served U.S. national interests well since 1979, continue to serve the best U.S. interests? Or will a new policy reflecting present realities be called for? If that is the case, what should this new policy be? More fundamentally, what impact, if any, does the end of the Cold War have on U.S.-Taiwan relations?

This paper seeks to explore whether it is possible for the U.S. to pursue parallel relationships with Taiwan and China, that is, whether U.S.-Taiwan relations can be “decoupled” from the Washington-Taipei-Beijing triangle. It will first provide a brief overview on how the U.S.-Taiwan relations have evolved since 1949, when the reality of two Chinas set in with the founding of the People’s Republic. Then it will discuss the framework of current U.S. policy toward Taiwan. In light of

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1 In this paper, “Taiwan” refers to the Republic of China (R.O.C.), and “China” refers to the People’s Republic of China (P.R.C.).
significant developments within each country involved in recent years, this paper will question the policy’s continued validity. To test how far the argument can go for strengthening U.S.-Taiwan bilateral relations, unaffected by U.S.-China relations, this paper will evaluate Taiwan’s importance — on the world stage and to the United States; in other words, whether Taiwan is important enough to the U.S. as a “vital interest.” Presumably adjusting or discarding the current “one China” policy can only be justified if Taiwan is a vital U.S. interest, worthy of risking China’s ire. Finally, this paper will examine the determinants of U.S. policy toward Taiwan in the post-Cold War era, and speculate on several scenarios for the shape and direction of future U.S.-Taiwan relations.

The Taiwan Issue: A Cold-War Legacy

The end of the Cold War helped to heal many old wounds, such as the division of Germany, and the Israel-Arab conflict. But one glaring exception is Taiwan. A nation of 21 million people and an economic powerhouse, Taiwan is excluded from the United Nations (U.N.) system, and is recognized by only 31 (mostly small and unimportant) states.

The incongruence between Taiwan’s growing economic might and its diminutive diplomatic status is an infamous legacy of the Cold War. The precipitous and steady decline in Taiwan’s international status was caused by Taiwan’s expulsion from the U.N. in 1971 (to make room for China), President Nixon’s trip to China that normalized relations in 1972, the derecognition by major countries including Japan and the U.S.,

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2 However, some old wounds flared up that had been subordinated under the over-arching East-West conflict, such as the ethnic conflicts in the Balkans.
3 The U.N. espouses universality. There are currently 185 member states. Nearly all territories on the earth are represented in this body. Most of those states that are not U.N. members voluntarily stay out the U.N. (e.g., Switzerland due to its permanent neutrality, and Tuvalu due to economic reasons). That leaves Taiwan as the only state involuntarily excluded.
China's growing importance in world affairs and its unyielding stance on sovereignty. As a result, Taiwan, which used to be widely accepted as a sovereign state (a founding member of the U.N.), mysteriously came to be seen as neither sovereign nor a state. "What did Taiwan do or what happened in Taiwan so that suddenly it did not have the sovereignty it once had?", mused Gary L. Ackerman, the chairman of the Subcommittee on Asia and the Pacific of the House of Representatives. This result is theoretically unexpected in international law, because the 1933 Montevideo Convention on Rights and Duties of States stipulates that "the political existence of the state is independent of recognition by the other states" (Article 3) and "recognition is unconditional and irrevocable" (Article 6). This gap — between what ought to be and what is — must be explained by the policies pursued by the major powers, including the U.S., during the Cold War.

The U.S. policy toward Taiwan during the Cold War had operated largely under a "one China" framework — that is, at any given time the U.S. maintained formal diplomatic ties with only one Chinese government, and recognized it as the sole legitimate government of all China. As it turned out, the Nationalist government on Taiwan (R.O.C.) was a major beneficiary of the "hot" Cold War. The U.S. recognized it until 1978. But starting with détente, and with President Carter's decision to shift diplomatic recognition from Taipei to Beijing in 1979, Taiwan became a major victim of détente, whereas the Communist government on the mainland (P.R.C.) enjoyed that exclusive recognition.

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5 The text of the Convention can be found in Burns H. Weston, Richard A. Falk, and Anthony A. D'Amato, eds., Basic Documents in International Law and Order (St. Paul, MN: West, 1980).
But U.S. choice of which China was “legitimate” during a given period of the Cold War era was also influenced by a strategic triangle involving the two Superpowers (the U.S. and the Soviet Union) and China. The following spatial models seek to help conceptualize the changing dynamics of U.S.-Taiwan relations in light of the changing strategic triangle. In these models, a solid line (———) denotes a formal relationship with or without an explicit military alliance, whereas a dotted line (.............) denotes an informal relationship with or without an implicit or de facto military alliance. We can divide the history of U.S.-Taiwan relations from 1949 until the present into six periods (Figures 1-6). The shifts from one period to the next have been caused by important international or domestic developments, as I will discuss them in turn.

**Evolution of U.S.-Taiwan Relations: A Spatial Analysis**

1. **1949-1950.** The first period lasted from the Truman Administration’s issuance of the so-called *White Papers* in August 1949 (roughly the same time the Nationalist government moved from the mainland to Taiwan) to the outbreak of the Korean War in June 1950. This period was characterized by the Truman Administration’s intention to “wait until the dust settled” on the final outcome of the Chinese civil war. The Truman Administration ended its support of President Chiang Kai-shek’s beleaguered government on Taiwan. It even anticipated an imminent military takeover of Taiwan by the Communists. Meanwhile, however, Mao Zedong’s announcement upon the founding of the P.R.C. in October 1949 to “lean to one side” (Soviet side) and a series of “missed

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opportunities” precluded the possibility of U.S.-China cooperation. The spatial model for this period is denoted by a solid line between China and the Soviet Union, and no line between the U.S. and Taiwan. The locations of these countries indicate which of the two rival camps they belong to — the U.S. or the Soviet Union.

2. 1950-1969. The outbreak of the Korean War changed U.S. assessment of the security situation in East Asia, and caused a dramatic reversal of its hands-off policy toward Taiwan. The Truman Administration dispatched the Seventh Fleet to the Taiwan Strait. Although this prevented Communist attack on Taiwan (and Nationalist attack on China), it also arguably reinserted the U.S. into the unfinished Chinese civil war. China’s entry into the war on behalf of North Korea⁸ put China and the U.S. directly at war with each other. It finally convinced the Truman Administration that the Chinese Com-

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⁸ See Allen Whiting, China Crosses the Yalu: The Decision to Enter the Korean War (New York: Macmillan, 1960).
munists were dangerous protégés of the Soviet-led expansionist International Communism, which intended to enslave the free world. Following the containment policy designed by George F. Kennan, the U.S. now regarded Taiwan as a vital link in the U.S. defense line, whose loss to Communist forces would imperil the U.S. position in Japan and the Philippines. In 1954, the Eisenhower Administration signed a mutual defense treaty with Taiwan as part of its efforts to complete the “frontiers” along the Sino-Soviet bloc. Meanwhile, the alliance between the Soviet Union and China continued throughout the 1950s. This period is denoted by two separate solid lines between the Soviet Union and China, and between the U.S. and Taiwan, respectively — a testimony to the hardening of East-West lines.

However, gradually a rift started to develop between the Soviet Union and China. But the signs of a split between these two communist powers did not become unmistakable to the Nixon Administration until 1969, when the two Communist giants fought a border war. The Sino-Soviet split heralded a major global strategic realignment. Nixon and his realpolitik aide, Henry Kissinger, aware of the declining U.S. power, sought to use China as a strategic counterweight against Moscow.

3. 1972-1978. The third period was marked by détente. Nixon made a historic trip to China in 1972, and signed the Shanghai Communiqué, which would become the basis of U.S.

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China policy for the next two decades (to be discussed below). The U.S. essentially forged a de facto anti-Soviet entente with China. Both sides concurred upon several regional issues (e.g., the Korean Peninsula, Indochina, and Southwestern Asia), and were able to set aside the so-called Taiwan issue. However, as conditions for normalizing relations with Beijing, the U.S. eventually ceded to the three Chinese demands: U.S. severance of diplomatic ties with Taiwan, abrogation of the U.S.-R.O.C. mutual defense treaty, and withdrawal of U.S. forces from Taiwan. On December 15, 1978, the Carter Administration established diplomatic relations with the P.R.C., and severed formal ties with Taiwan. Therefore, this period saw the solid line between the Soviet Union and China disappear, and a dotted line develop between the U.S. and China, whereas the U.S. still maintained formal ties with Taiwan. After 1979 the two lines the U.S. maintained with China and Taiwan switched places: solid for China and dotted for Taiwan.

4. 1979-1987. Since 1979, U.S. China policy has operated under an unusual, and often uneasy, dual-track framework: U.S. relations with the P.R.C. were handled diplomatically (based on the three communiqués between Washington and Beijing), whereas U.S. relations with Taiwan were handled domestically (through the Taiwan Relations Act, TRA).


13 They are the Shanghai Communiqué (February 27, 1972), Joint Communiqué on the Establishment of Diplomatic Relations (January 1, 1979), and the August 17, 1982 Communiqué on U.S. arms sales to Taiwan. The texts can be found in Harding, A Fragile Relationship, Appendices B, C, and D, pp. 373-390.

14 U.S. Public Law 96-8, 96th Congress, April 10, 1979. The text of the Act can be found in Lester L. Wolff and David L. Simon, eds., Legislative History of the Taiwan Relations Act: An Analytic Compilation with Documents on Subsequent Developments (Jamaica, NY: American Association for Chinese Studies, 1982), pp. 288-95. As Stephen Solarz, the influential former Chairman of the Subcommittee on Asian and Pacific Affairs of the House of
TRA strove to continue U.S. substantive relations with Taiwan in the absence of diplomatic relations. It also sought to render an untested commitment to Taiwan's security by providing Taiwan with defensive weapons and by insisting upon peaceful settlement of Taiwan's future (see below). Meanwhile, the U.S. government sought to commit the P.R.C. to peaceful resolution of the Taiwan issue. China thus started its peace overtures wooing Taiwan, most exemplary of which was Deng Xiaoping's "one country, two systems" scheme. But by and large there was still very little contact between Taiwan and China.

5. 1987-1995. This situation began to change, primarily due to the rapid democratization within Taiwan. In fact, in the two most recent periods, rapid domestic changes within Taiwan and between Taiwan and China have increasingly stretched the continued validity of U.S. China policy as envisioned in the Shanghai Communiqué (to be discussed below). In 1987, President Chiang Ching-kuo ended Martial Law, lifted the bans on registration of newspapers and political parties, and allowed Taiwan citizens to visit their relatives on the mainland. Trade and investments intensified. Presently the accumulated Taiwanese investment in China is estimated at $25 billion,

Representatives, pointed out, the TRA was enacted to solve "an unprecedented diplomatic problem": how to continue U.S. substantive relations with the people on Taiwan even though the U.S. government terminated diplomatic relations with the government in Taipei, as a precondition for normalization of relations with Beijing. U.S. Congress, House of Representatives, Subcommittees on Human Rights and International Organizations and on Asian and Pacific Affairs, Implementation of the Taiwan Relations Act, Hearing and Markup, May 7, June 25, and August 1, 1986 (Washington, DC: U.S. Government Printing Office, 1987), p. 1.

15 Over time, this pretext of "family reunion" became less and less important. Today, with the exceptions of certain high-ranking officials in the government, military, and ruling party, anyone can go to China for whatever reasons they care to offer. For an account on how increased people-to-people interactions between the two sides of the Taiwan Strait, the so-called "track-two diplomacy," have eased tension, see Ralph N. Clough, Reaching Across the Taiwan Strait: People-to-People Diplomacy (Boulder: Westview, 1993).
powering China's export boom. Last year, Taiwan became the third largest foreign investor in China, investing $5.4 billion alone.\textsuperscript{16} Lee Teng-hui, the first native Taiwanese to become R.O.C. President, succeeded Chiang and accelerated democratization. The 1947 Constitution was amended; all parliamentarians were elected in Taiwan; all the major executive heads, including the president of the R.O.C., the governor of the Taiwan Province, and the mayors of Taipei and Kaohsiung, have been directly elected by people. Accompanying the breathtaking democratization was a more assertive foreign policy approach, known as "pragmatic diplomacy" or "substantive diplomacy," and a more confident dealing with China. Replacing the old "three-nos" policy is the new attempts to institutionalize cross-Strait (equal) negotiations, hopefully leading to some type of \textit{modus vivendi}.\textsuperscript{17} This intra-China rapprochement is represented by a new dotted line between Taiwan and China. Taipei's approach is functionalist in nature: to accumulate experience and trust on "practical" and "peripheral" matters (e.g., fishing disputes, document verification, crime prevention) that can be used in the eventual "core" negotiations (political talk regarding future status of Taiwan). China, however, seems more interested in immediate political talk that will lead to reunification. This \textit{modus vivendi} lasted until 1995, when President Bill Clinton, facing overwhelming congressional support for Lee, approved President Lee Teng-hui's visit.

6. 1995-. China reacted furiously to Lee's trip to his alma mater, Cornell University. China recalled its ambassador to Washington, jailed the American-Chinese human right activist, Harry Wu, cancelled all talks with Taiwan, and launched war...
games to intimidate Taiwan. Both China-U.S. and China-Taiwan relations turned tense. Taiwan's first direct presidential election, just completed in March 1996, not only marked the completion of Taiwan's democratization,¹⁸ but also institutionalized Taiwan's de facto, if not de jure, independence.¹⁹ Meanwhile, buoyed by popular support for joining the U.N. (differences on names notwithstanding) Taiwan began a vigorous campaign to enter the U.N. in 1993. So Taiwan's democratization and a search for greater international recognition go hand in hand.²⁰ Lee, who received 54 percent of the votes in the four-way presidential race, certainly has the mandate to start political negotiations with China. Therefore, it is reasonable to argue that in the future, as a result of Taiwan's democratization, Taiwan will seek to institutionalize, if not formalize, its relations with the U.S. and China, respectively. This is denoted by the hoped solid lines between Taiwan and the U.S. and between Taiwan and China. If that day should come, any dyad in this triangular relationship will be considered an inter-state relationship. Such scenario will seriously undermine the continued validity of the current U.S. "one China" policy. I will discuss this possibility in more details. But first I will lay out the basic framework of the current U.S. policy toward Tai-

¹⁸ According to Samuel P. Huntington's criteria of contestation and participation, Taiwan's 1996 presidential election qualifies as the inauguration of democracy in Taiwan. The Third Wave: Democratization in the Late Twentieth Century (Norman, OK: University of Oklahoma Press, 1991), pp. 5-13, 275.

¹⁹ As Parris H. Chang, a DPP legislator defiantly said, "Sichuan and Guangdong (China's two largest provinces) don't elect a President, but Taiwan is going to do so, and that means that Taiwan is an independent, sovereign entity... The fact that we are going to the polls and can vote for a President means we are casting a vote for independence." New York Times, August 29, 1995, p. A5.

²⁰ Gaining greater international recognition helps alleviate not just the frustration felt by Taiwan people about their country's diplomatic status. The "internationalization" of the Taiwan issue (as opposed to China's "internal affairs") also has important security implications for Taiwan, see Vincent Wei-cheng Wang, "Does Democratization Enhance or Reduce Taiwan's Security? A Democratic-Peace Inquiry," Asian Affairs 23(1)(Spring 1996, pp. 3-19).
wan, and explain why the assumptions on which this framework was based may no longer be valid.

**The Increasingly Unbalanced U.S. "Dual Track" Policy Framework**

U.S. policy toward Taiwan since 1972 has been guided by a so-called "basic framework" that consists of one domestic law (The Taiwan Relations Act) and three communiqués (1972, 1978, and 1982). This basic framework has sought to maintain a balanced "dual track" policy toward China and Taiwan. It includes three interlocking principles: (1) compliance to a "one China" policy acknowledging China's position that Taiwan is a part of China, (2) pragmatic development of relations with the PRC (diplomatically) and Taiwan (informally but cordially), and (3) commitment to the peaceful settlement of the Taiwan issue by the Chinese themselves. The following statement made by Winston Lord, Assistant Secretary of State for East Asian and Pacific Affairs), succinctly summarized this dual track approach: "While we recognize the Government of the People's Republic of China as the sole legal government of China, we also maintain a vigorous and expanding unofficial relationship with Taiwan, within the framework established by the Taiwan Relations Act and the three communiqués with the P.R.C."21

This dual track policy contains elements of both creativity and ambiguity. Although this "creative ambiguity" has offered U.S. policy makers much flexibility, it also perpetuates some basic policy dilemmas. For example, the 1972 Shanghai Communiqué states: "The U.S. acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one

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China and that Taiwan is a part of China . . . It reaffirms its interest in peaceful settlement of the Taiwan question by the Chinese themselves.” On the one hand, this clever “diplomatic lie” allowed the U.S. and the P.R.C. to set aside (“agree to disagree”) their differences on the Taiwan issue in order to forge cooperation on other issues. On the other hand, it arguably retained the U.S. interest on the future of Taiwan by the insistence on peaceful settlement.

Not infrequently these two sets of goals have seemed mutually contradictory. For example, the August 17, 1982 Communiqué states: “The United States Government . . . intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution.” While the P.R.C. understood this to mean that the U.S. would gradually reduce, and eventually stop, arms sales to Taiwan, the U.S. insisted that reduced U.S. arms sales to Taiwan would be predicated upon the Chinese “fundamental policy” to strive for a peaceful solution to the Taiwan question.

When it comes to U.S. commitment to Taiwan’s security, the U.S. policy is also ambiguous yet flexible. For example, Section 2 of the Taiwan Relations Act states that it is the policy of the U.S. to “consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific and of grave concern to the U.S.” However, the U.S. commitment stops short of a carte blanche to Taiwan. The same section only calls for the U.S. “to maintain the capacity . . . to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.” For years this declaration has kept both Beijing and Taiwan wondering if the U.S. would militarily intervene at all in the event of a P.R.C. attack against Taiwan. Part of the suspense was cleared by the Clinton Administration’s decision to dispatch two aircraft carrier battle groups to the Taiwan waters in March 1996 in
response to the P.R.C.'s military intimidation against Taiwan before the island's first direct popular presidential elections.

In sum, this policy essentially has postponed a fundamental and tough policy choice between the P.R.C. and Taiwan. It arguably has achieved some success. Those who were involved in the policy-making itself like to claim credit for a policy that they claim has allowed the U.S. to establish diplomatic ties with an important country on the world stage, and at the same time safeguarded the security of a U.S. traditional ally.\textsuperscript{22}

However, the balance between the two tracks, U.S.-P.R.C. and U.S.-Taiwan relations, which this policy has so painstakingly tried to maintain, as one writer puts, "is becoming increasingly difficult to maintain, or even to define with a high degree of consensus." As a result, "the modalities of U.S. policy toward Taiwan are becoming outdated and dysfunctional in some instances."\textsuperscript{23}

The sources for this growing incongruity have to do with developments within Taiwan, China, and the U.S. New developments in Taiwan are especially important.

\textsuperscript{22} For example, Kent Wiedemann, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, in a congressional hearing, self-congratulated that "This 'one China' policy has worked exceptionally well, and has enabled the U.S. to achieve progress toward all of U.S. objectives." He listed these objectives as peace and stability in the Taiwan Strait area, constructive engagement with China, continuation of strong economic and cultural relations with the people of Taiwan, and peaceful resolution of the Taiwan issue by the Chinese themselves, which he argued all the six administrations since 1972 have shared. \textit{H. Con. Res. 63, Relating to the Republic of China (Taiwan's) Participation in the United Nations}, Hearing before the Committee on International Relations, House of Representatives, 104th Congress, 1st session, August 3, 1995 (Washington, DC: Government Printing Office, 1995), pp. 29-35, 66-71.

Factors Shaping a New U.S. Policy Toward Taiwan

Four sets of factors provide the sources for significant or even fundamental adjustments of U.S. policy toward Taiwan. The first set is developments in Taiwan. Three factors are especially relevant: democratization, greater international recognition, and institutionalized cross-strait ties. Democratization has created a separate identity for Taiwan. It also shows that a consensus on Taiwan’s future does not yet exist among the people of Taiwan themselves. Such consensus may, or may not, support unification with the mainland. In practice, the notion of self-determination for Taiwan can manifest itself at three levels: (1) direct and popular election of top leaders, (2) plebiscite, and (3) a formal declaration of independence. The first expression was realized in the March 1996 presidential elections. The results from this election mean that a majority of Taiwanese voters reject China’s sovereignty claim. They also mean that Lee Teng-hui has the mandate to set the stage for the second and third expressions, or accommodation with China. The assertion in the Shanghai Communiqué that the Chinese on both sides of the Taiwan Strait think that there is only one China, of which Taiwan is part, is increasingly doubtful. Indeed, in 1991 President Lee abrogated the so-called Temporary Provisions (During the Period of Mobilization and Suppression of Rebellion), thereby effectively treating the PRC as a government (political entity) of China. This move was a tacit yet unambiguous abandonment of the “one-China” policy. Further, what if Chinese on one side of the Taiwan Strait (i.e., the people on Taiwan), through free choice, declare de jure independence? Should the U.S. accept this democratic

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24 In a four-way race, the pro-status quo incumbent, Lee Teng-hui, got 54 percent of the votes; the pro-independence Peng Ming-Min 21 percent, the allegedly pro-unification Lin Yang-kang 15 percent, and Chen Li-an 10 percent. China took solace in that the two pro-unification candidates combined to get more votes than the pro-independence Peng (25 percent vs. 21 percent). But actually anti-China votes amounted to 75 percent, including Lee’s. China’s saber-rattling clearly backfired. New York Times, March 24, 1996, pp. 1, 4, 14.
result and change its policy toward Taiwan accordingly? Or should it continue to cling on a "one China" policy that seemed diplomatically expedient for the U.S.?

Democratization also leads to a call for greater international recognition, which has the effect of internationalizing the Taiwan issue. If the Taiwan issue is really a domestic issue, as China has always claimed, then the principle of non-interference in internal affairs would preclude any third country, including the U.S., to come to Taiwan's aid in the event of a P.R.C. attack. However, if the Taiwan issue is an international one, then the principles of self-determination, humanitarian intervention, and other U.N. actions apply. In this context, it is easy to understand why the people of Taiwan want a seat in the U.N. It is a natural extension of their democratization process and it also has important security ramifications. The U.S. actions in the Taiwan Strait in 1996 suggest that Taiwan's future is far from being China's internal affairs alone.

Furthermore, increasing contacts between the two sides of the Taiwan Strait can also be a double-edged sword. On the one hand, such developments may seem preparatory steps for political unification, as China understandably hope. Yet, on the other hand, the increasing institutionalization of bilateral exchange also highlights the coexistence of two Chinese entities.

In sum, rapid developments in Taiwan are making many of the basic premises and continued pertinence of U.S. policy toward Taiwan obsolete. In addition, there are good reasons to argue that the U.S. has important interests in this new prosperous and democratic Taiwan.

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26 See Martin L. Lasater, U.S. Interests in the New Taiwan (Boulder:
The second set of factors relate to developments within the P.R.C. Two factors are important. The first is leadership change. Although it seems certain that no potential future Chinese leader jockeying to succeed Deng Xiaoping can afford appear "soft" on fundamental issues involving sovereignty, the final outcome of the succession crisis remains uncertain. The future leader(s) that eventually emerge(s) may deviate from China's current position regarding Taiwan. Chinese policy may move toward either a more hawkish stance or a more dovish one, both of which would require a reassessment of U.S. policy.

The other factor is whether China can handle Hong Kong's reversion well and maintain its prosperity. China's success on the Hong Kong issue will no doubt add to the credibility of its commitment to the principle of peaceful settlement, which can then persuade the U.S. to lessen its involvement in the Taiwan issue.

The third set of factors originate from developments within the U.S. These include a changing party control of Congress (the Republican victory of 1994), the changing (worsening) public perception of China, and election-year politics. But most importantly the old consensus on China seems to have fallen apart.

Three schools on how the U.S. should deal with China have emerged since the end of the Cold War: engagement, confrontation, and destabilization.27 Although the engagement school, which includes the Clinton Administration, is in the majority, there is no irrefutable evidence that this strategy has worked. The end of the Cold War has eroded China's strategic importance as an anti-Soviet counterweight. Meanwhile, China


and the U.S. have clashed over a range of issues: human rights, Taiwan, Harry Wu, nuclear testing, weapon proliferation, trade disputes, South China Sea, etc. China policy, which disappeared from presidential debates since 1972, may become a hotly debated issue in 1996. This is especially true, given the increasing pro-Taiwan voices in Congress, Congress' opposition to the China policy of the White House and the State Department, and hence the growing assertiveness of Congress on China policy.28

In sum, the existing U.S. policy toward Taiwan is being seriously challenged by new developments occurring in the main players involved. However, unlike 1972 when Taiwan was poor, authoritarian and dependent on the U.S., and hence had to accept the fait accompli of U.S.-China geopolitical realignment, today Taiwan, affluent, democratic, and impatient with its second-class international status, is the main catalyst of change. But how far can Taiwan's growing important necessitate a fundamental shift in U.S. policy?

Intrinsic Value vs. Perceived Importance

A good argument can be made that if Taiwan has overwhelming intrinsic value to the U.S. that qualifies as a vital U.S. interest, then perhaps the U.S. can pursue a totally independent relationship with Taiwan, without regard to China's rancor. Presumably the gain from a vital Taiwan will outweigh an unimportant China. If, however, despite Taiwan's growing stature, it does not constitute a vital U.S. interest, or if Taiwan is not as important to the U.S. as China, then an independent policy toward Taiwan will be less likely; and U.S. policy toward Taiwan will more likely remain only a factor in

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28 The most dramatic example of the gap between Congress and the executive branch was the overwhelming congressional support (396 to 0 in the House and 97 to 1 in the Senate) for Lee Teng-hui's visit to Cornell University, which forced the White House to reverse its previous policy.
U.S. policy toward China, and be subordinated under that latter relationship — no matter how distasteful it may be for Taipei. There are two ways to probe the answers to this question: Taiwan’s importance on the world stage and to the U.S., and how American public and leaders perceive Taiwan.

On the first criterion, Taiwan can be seen as a “middle power,” holding important commercial shipping lanes. It also bodes well with the leading trends in the post-Cold War era. Many scholars have argued that the broad trends in the post-Cold War “New World Order” (or Disorder)²⁹ are economic development and political democratization. The former refers to neoliberal reform: the draconian task by many countries burdened by excessive intervention by the state (i.e., the command economies of Eastern Europe, and many Latin American countries with long legacy of import-substituting industrialization) to shed state intervention, install an efficient market, control inflation, cut government budget deficits, and promote growth.³⁰ The latter refers to the remarkable world-wide Third Wave of democratization in many formerly author-

²⁹ The phrase “new world order” was first popularized by former U.S. President George Bush during the Gulf Crisis (1990-91) surrounding the invasion of Kuwait by Iraq and the global reaction to that invasion. The qualifier “disorder” reflects an opposite view: the world will be chaotic, disorderly, and unstable, rather than orderly.

itarian countries. Both trends seemed to conform to the Western political and economic liberalism that Fukuyama proclaimed: that mankind has come "not to an 'end of ideology' or a convergence between capitalism and socialism... but to an unabashed victory of economic and political liberalism. The triumph of the... Western idea is evident... in the total exhaustion of viable systematic alternatives to Western liberalism."^32

Accounts of Taiwan's economic success abound. It is truly a miraculous story of "rags to riches." The result is that today Taiwan is a significant economic power: it produces the world's twentieth largest gross national product (GNP) ($244 billion); its personal income level (measured in GNP per capita) is the 25th highest in the world ($11,604); it is the world's fourteenth largest trading nation (with exports and imports over $178 billion); its foreign exchange reserves, nearing $100 billion, trails only that of Japan; it is the seventh largest investor in the world and second only to Japan in Asia.

Taiwan is also important to the U.S. economically. Taiwan is the fifth largest trading partner of the U.S. — the U.S. is the largest export market for Taiwan, and the second import source. In fact, Taiwan is the second largest U.S. export mar-

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ket in Asia, and also the only East Asian trading partner to reduce its trade surplus vis-à-vis the U.S. From 1952 to 1994, approved U.S. private investment in Taiwan amounted to 1,045 cases and $4.6 billion — about 22 percent of all cases, and 28 percent of total amount of direct foreign investment in Taiwan. U.S. companies played a very important role in that island nation's successful export-led industrialization. So the economic importance of Taiwan to the U.S., and in the world, is indisputable.

The cultural and scientific importance of Taiwan to the U.S. is also quite significant. Students from Taiwan make up the third largest foreign student group in the U.S. (largest until late 1980s). Many elites in the government, business, and educational establishments have studied in the U.S. For instance, nearly half of the cabinet members have Ph.D.s from American universities. Hsinchu Science-based Industrial Park, the much heralded "Taiwan's Silicon Valley," recruited many top Taiwanese American scientists and engineers that have reached positions of prominence in American companies. Residents of Taiwan also filed the eighth largest number of patents in the U.S.34

Using a formula to calculate countries' total perceived power, Cline estimated that Taiwan's perceived power ranks eleventh in the world.35 This confirms Taiwan as a middle power in the world. So an argument can be made that Taiwan, with important economic power and substantial military might, has considerable intrinsic value for the U.S.

But how do the public and leaders perceive Taiwan's importance? The short answer is that, despite American public's steadily improving views on Taiwan, Taiwan is not very important to the American public, and especially American leaders!

35 Next only to the U.S., Japan, Germany, Russia, Canada, China, Great Britain, France, Italy, and Brazil. Ray S. Cline, The Power of Nations, p. 107.
<table>
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<tr>
<th>Country</th>
<th>1994</th>
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<tr>
<td>Baltic State</td>
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Note: Percentage of respondents that feel that the U.S. has a vital interest in that country.
Table 1 reports the countries that are considered "vital interests" to the U.S. (ranked by percentage of respondents that say the U.S. has a vital interest in that country), taken by the Gallup Poll for the Chicago Council on Foreign Relations in 1994, 1990, and 1986.36 As we can see, although American public and leaders generally perceive Taiwan as important enough to designate it as a country where the U.S. has a vital interest, such importance is at most lukewarm. For example, Taiwan never made the top ten most vital countries to the U.S. Especially disturbing is the diminished importance leaders assign to Taiwan — in 1994 the leaders polled did not even think that Taiwan was as important as Haiti, or the Baltic states of Estonia, Latvia, and Lithuania.

Another complicating factor is that China, whose reaction the U.S. must consider in dealing with Taiwan, apparently becomes more and more important in the eyes of the American public and leaders alike, especially among the leaders, who now rank China as the fourth most important country to the U.S. Indeed, 91 percent of the leaders and 66 percent of the public believe that China "will play a greater role in the next ten years than today:"37 Yet, at the same time, it seems that Americans are also concerned about China's growing power. The 1995 study reports that 57 percent of the public, and 46 percent of the leaders view "the development of China as a world power" as a "critical threat" to the U.S. In fact, China is now the leaders' second most worrisome threat to U.S. interests (only after "the possibility of unfriendly countries becoming nuclear powers"), and fifth for the public. In contrast, in 1990 only 16 percent of the leaders and 40 percent of the public viewed the rise of China's power as a critical threat to the U.S.38

The study also uses a "thermometer rating" to gauge Americans’ feelings toward foreign countries — warm feelings are greater than 50°, and cool feelings are lower than 50°. According to this scheme, American public's feeling toward Taiwan is largely neutral: 48° in 1994, the same as for Saudi Arabia and South Korea, and 48° in 1990, the same as for India. By contrast, China scored 45° in 1990, and 47° in 1994. So it would seem that the American public is almost indifferent toward China and Taiwan. Apparently Taiwan's laudable progress in democratization has not caught on with the general American public.

This lukewarm feeling is further reflected on the issue of whether the U.S. should send troops to defend Taiwan if China invades Taiwan. Except in the 1987 study, which shows the public's lukewarm approval of this scenario (the leaders opposed), this scenario did not even come up at all in the 1991 and 1995 studies as a convincing case for sending U.S. troops abroad. A recent poll done by Harris and Associates, Inc. after China's military exercises off the Taiwanese waters in the summer of 1995 found that (1) 73 percent of those polled agree "China has no legitimate reason" to conduct missile tests in waters close to Taiwan, (2) nearly 70 percent of those polled regard Taiwan as a "completely separate and independent country," but (3) 71 percent answered no to the question "If China attempts to invade Taiwan, should the U.S. fight to defend Taiwan and resist China?"

One word of caution of reading these poll results is in order. Poll results are ephemeral; sometimes dramatic events can quickly shift the balance. For example, the Chicago Council polls discussed above would have led us to expect a non-action on the part of the U.S. government in response to China's intimidation of Taiwan in March, 1996. Conceivably the general public probably now holds a more favorable view on Taiwan and a less favorable one on China.

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This lukewarm opinion about Taiwan can be interpreted as either a success or a failure: success in that the current China policy has managed the "Taiwan issue" well so it does not provoke controversy and demand heightened attention; failure in that the U.S. leaders and public have fallen into a complacent zone of comfort. It not only casts serious doubt on U.S. security commitment toward Taiwan in the event of a P.R.C. attack, but also imposes considerable obstacle on the efforts to develop U.S.-Taiwan relations — unimpeded by China and based strictly on Taiwan's intrinsic value. Taiwan's growing international stature and riding the global trends of economic development and political democratization should provide ingredients for building stronger U.S.-Taiwan relations separate from U.S.-China relations. Due to the growing importance of China and the public's lukewarm views on Taiwan, the prospects for U.S.-Taiwan relations parallel to U.S.-China relations do not appear bright. What can cause a shift in the current U.S. China policy? In the next section, I will explore some of these possibilities and speculate on the various scenarios that changes in U.S. policy can take.

Conclusion: Policy Determinants and Various Scenarios

Defining U.S. policy toward Taiwan in the post-Cold War era encounters mitigating factors. Some of these factors call for a U.S. policy toward Taiwan, that is, independent of and unrelated to U.S. China policy. Other factors suggest that the Taiwan issue will remain a factor in the U.S.-China relationship. And the net effect is difficult to quantify. This suggests that the changing circumstances after the end of the Cold War necessitates some serious rethinking on this issue. Three broad scenarios can serve as models for U.S. policy toward Taiwan in the post-Cold War era. Each has differing degrees of advantages and disadvantages.
The first scenario is *disengagement*. This policy calls for the U.S. to accept the P.R.C. position on Taiwan and in fact pressure Taiwan to start negotiation with the P.R.C. on reunification (largely on Beijing's terms). The justification for this model is that China has emerged as a very important country with growing global weight in the post-Cold War era. The U.S. needs its cooperation on many issues, including non-proliferation, peace on the Korean Peninsula, environmental degradation, trade cooperation, etc. The U.S. cannot afford to take on this emerging giant on so many fronts, especially on an issue that touches China's most sensitive nerve on sovereignty. By supporting Taiwan, the U.S. risks a hostile and recalcitrant partner and a potential enemy. If China's track record on Hong Kong appears acceptable, this will lend even more support to a gradual U.S. disengagement. The main advantage of this approach, naturally, is that it can arguably get rid of the so-called Taiwan issue, which has hampered a true and complete partnership between the U.S. and China, and, because China presumably will use peaceful means to achieve unification, it fulfills U.S. insistence on peaceful settlement. The main disadvantages are two-fold: it calls into serious question among U.S. allies about U.S. credibility, and it may not be in the best self-interests of the U.S.

Lasater correctly pointed out the pitfalls of moving away from a policy of supporting the *process* of peaceful resolution of the Taiwan issue to a policy of backing a specific *outcome* of that policy.

(1) A consensus on Taiwan's future does not yet exist among the people of Taiwan themselves. Such a consensus may, or may not, support unification with the mainland.
(2) Taipei has many motives in increasing contact with the mainland, not all of which are designed to achieve unification. The U.S. should not assume unification in the near future is the preferred choice of the Taiwanese government.
(3) For the U.S. to support reunification would weaken Taiwan's negotiation position with the mainland and thus may harm the interests of the Taiwanese people.
(4) Beijing has not yet worked out the mechanisms for a successful integration of a capitalist economy with mainland's socialist economy. The fate of Hong Kong after 1997 should first be observed . . .
(5) The continuation of China's reform program and open policies after the death of Deng . . . is not assured. The leadership succession . . . should first be observed.
(6) Adequate studies have not been made on the impact of China's reunification on U.S. interests. Such analysis is especially important in the post-Cold War period as the P.R.C. modernizes its armed forces and acquires power projection forces.
(7) The status quo in the Taiwan Strait continues to serve U.S. interests admirably well. A change in U.S.-China-Taiwan policy should be undertaken with great caution. 40

The second scenario is delinking. This policy calls for the U.S. to recognize Taiwan's intrinsic value and its value to the U.S. Based on these assessments, Taiwan deserves a separate relationship with the U.S. that is not subject to considerations of U.S.-China relations. This policy is based on the political realities in Taiwan, and prepares the U.S. to recognize Taiwan, if the people of Taiwan should decide, through democratic means (e.g., plebiscite), that they want separate statehood, official names notwithstanding. This policy not only frees the U.S. once for all in its dealing with Taiwan, but also is consistent with the U.S. values of democracy and freedoms. The U.S. can then pursue its national interests in dealing with Taiwan, without endless concessions to the "bigger and more important" China. This is essentially a "two Chinas" or "one China, one Taiwan" policy. The biggest drawback is that it risks a very belligerent P.R.C. response, most likely the use of force against Taiwan. However, as the Clinton Administration's Taiwan policy review shows, no matter how small the improvements the U.S. makes in upgrading its relations with Taiwan, China will not be satisfied and is likely to react very negatively. So a sudden and decisive shift is more preferable

than a protracted and constant rift. China just has to accept the U.S. decision.

However, due to the predictable Chinese reaction, the U.S. should seriously consider this option when two conditions are in place: (1) the initiative comes from Taiwan, not from the U.S.: that is, only after the Taiwanese people and government have decided through democratic means for formal independence and requested diplomatic recognition will the U.S. recognize the new country, and (2) there exists a good probability that once the U.S. takes the lead, the major countries will overcome their “collective action” problem regarding Taiwan.\(^41\) Some people in the U.S. think that this “creeping independence” is a major destabilizer in U.S.-China-Taiwan relations, and should be discouraged so that the “tail” (the Taiwan issue) will not drag the “dog” (U.S.-China relations).\(^42\) But this view is increasingly indefensible. Although the U.S. can legitimately dissuade Taipei not to provoke Beijing, the U.S. cannot deny the fundamental right of the Taiwanese people and yet preach freedom and democracy at the same time. In fact, if the people in Taiwan vote to formally separate from China, which is through peaceful means, the U.S. will be hard pressed not to come to Taiwan’s aid in that most likely event — a P.R.C. attack. Although the U.S. insists upon a peaceful solution reached by the Chinese themselves on the Taiwan issue, it should be understand that negotiation itself may not be neutral, because so far the P.R.C. has not shown any other proposal that is more appealing than Deng’s “one country, two systems” scheme, which the Taiwanese people had long rejected. Meanwhile, to prepare Taiwan for the negotiation table, the U.S. should start empowering Taiwan internationally. Only relative formal equality between Beijing and Taipei

\(^{41}\) That is, accepting China’s peculiar legal syllogism: (1) there is only one China, of which Taiwan is a part; (2) the P.R.C. is the sole legal government of China; (3) it then follows that Taiwan is a part of the P.R.C.

\(^{42}\) See, for example, Managing the Taiwan Issue: Key is Better U.S. Relations with China (New York: Council on Foreign Relations, 1995).
icy can serve Washington, Taipei, and Beijing for another three to five years. In the meantime, much research and debate is needed on what to replace the “one China” paradigm. As one historian remarks, it is easier to announce the end of an era than to name the new era.44 This paper ventures to suggest that a delinking strategy should replace the “one China” status quo. After all, the Cold War is over for most in the world; it should also be over for the U.S. and Taiwan.