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Refunctionalizing a Frayed American China-Taiwan Policy: Incrementalism or Paradigmatic Shift?

Vincent Wei-cheng Wang

University of Richmond, vwang@richmond.edu

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Refuncionalizing a Frayed American China-Taiwan Policy: Incrementalism or Paradigmatic Shift?

By Wang Vincent Wei-cheng & Liao Da-chi*

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* Dr. Wang Vincent Wei-cheng (王維正) is Associate Professor of Political Science and Coordinator of International Studies at the University of Richmond, in Virginia, U.S.A. He has published extensively in the areas of Taiwan's foreign policy and domestic politics, U.S.-China-Taiwan relations, East Asian politics and international relations, East Asian-Latin American comparative political economy, and science & technology issues in Scholarly journals and books. He is currently working on public opinion issues pertaining to national security and justice. Dr. Wang received his Ph.D. from the University of Chicago, M.A. from the Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, and B.A. from National Taiwan University. Dr. Vincent Wei-cheng Wang can be reached at <vwang@richmond.edu>.

Dr. Liao Da-chi (廖達琪) is Professor and Director of Institute of Political Science at National Sun Yat-sen University in Kaohsiung, Taiwan. She has published extensively in the areas of Comparative Politics, Comparative Legislatures, Interest Groups, Organization Theory, Party and Election, and Comparative Local Politics in papers and books. Dr. Liao received her Ph.D. from the University of Michigan, M.A. from National Chengchi University, and B.Ed. from National Taiwan Normal University. Dr. Da-chi Liao can be reached at <dcliao@mail.nsusu.edu.tw>.
This paper examines how the changing parameters in the post-Cold War era have challenged the "the Shanghai Communique paradigm" (SCP), which has governed U.S.-Taiwan-China relations since 1972. By focusing on the SCP's two main pillars - "one China" and "strategic ambiguity" - this paper analyzes whether they can still stand the test of the time or best serve U.S. interests. The fundamental question this paper seeks to ask is: "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 intrinsic value? Or will Taiwan remain just a factor -- a negative or residual one -- in the broader China policy of the U.S.? Will the SCP 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? What impact, if any, does the end of the Cold War have on U.S.-Taiwan relations?

This paper is interested in exploring 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-Beijing relationship? This paper uses a spatial model to review how U.S.-Taiwan relations have evolved since 1949, when the reality of two Chinas set in with the founding of the PRC. It discusses the increasingly unbalanced "dual track" framework of current U.S. policy toward China and Taiwan and contrasts the changing contexts between the SCP's time and the present post-Cold War era. It examines those most important new parameters that were absent or different in the SCP. Based on this contrast, the paper questions the policy's continued validity and calls for a new paradigm to replace the SCP. Based on these new parameters, the final section sketches out a new paradigm for U.S. policy toward Taiwan in the post-Cold War era.
and weighs the pros and cons of three distinct policy choices—disengagement, decoupling, and improved status quo—for the shape and direction of future U.S.-Taiwan relations. By bringing developments up to date (President Bush's December 9, 2003 comments regarding Taiwan's referendum), this paper argues that although the Bush Administration seems content to refunctionalize a frayed framework, it has abandoned "strategic ambiguity" and has added preference for the status quo.

Key words: U.S.-Taiwan relations, Shanghai Communiqué, strategic ambiguity, strategic clarity, dual-track policy, one China policy, post-Cold War, triangular relationship, spatial model.

INTRODUCTION

With Taiwan's March 2004 presidential elections in high gear, and the incumbent President Chen Shui-bian staking on conducting a "defensive referendum" that calls on China to withdraw its missiles targeted against Taiwan to improve his reelection bid, the United States intervened once again in the delicate triangular relationship among Taipei, Beijing, and Washington. On December 9, 2003, with the visiting Chinese Premier Wen Jiabao at his side, U.S. President George Bush stated, "We oppose any unilateral decision by either China or Taiwan to change the status quo...and the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose." 2

1 For the purpose of this paper, "Taiwan" refers to the Republic of China (ROC) whose capital is in Taipei, and "China" refers to the People's Republic of China (PRC) whose capital is in Beijing.

2 George Gedda, "Bush Warns Taiwan on Independence," Associated Press,
Pundits speculate whether Bush’s statement signifies that the U.S. has jettisoned its policy of “strategic ambiguity” and replaced it with a policy of greater clarity that shows a clear preference on maintaining the status quo and buttressed by a dual deterrence against Beijing (from using force against Taiwan) and Taipei (from provoking China with moves that can be construed as moving toward formal independence). 3

This ongoing debate is unlikely to be settled any time soon, since “the status quo is not static.” Fast-changing developments will continue testing the policy. But any breakthrough or departure from its conceptual robustness and practical effectiveness must begin with an understanding of its origin – the Shanghai Communiqué.

The Shanghai Communiqué Paradigm

For more than three decades, United States policy toward Taiwan has been guided by the so-called “one China” policy established in the 1972 Shanghai Communiqué -- the historic document paving for the normalization of U.S.-PRC relations. Washington’s “one China” policy was summarized in the oft-cited diplomatic fiction: “the U.S. acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China...The U.S. reaffirms its interest in peaceful settlement of the Taiwan question by the Chinese themselves” (emphasis added).

The principles of “one China” and “peaceful settlement,” enshrined in the Shanghai Communiqué, were retained in the two later communiqués with the PRC. 4 Together these principles formed a

December 9, 2003.


4 The three U.S.-PRC joint communiqués are: the Shanghai Communiqué (February
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paradigm for both intellectual discourse and policy debates.

Many U.S. elites tout this policy framework and seem content to continue it indefinitely. Kent Wiedemann, Deputy Assistant Secretary of State for East Asian and Pacific Affairs during the Clinton Administration, testified at Congress: “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.  

We label this policy framework the “Shanghai Communiqué paradigm” (SCP), borrowing the concept from Thomas Kuhn, who defines a paradigm as a predominant view to understand and explain a phenomenon at a given time. Hence, when a prevailing paradigm can no longer explain the phenomenon in question, it will be replaced by a newer and presumably better paradigm. Kuhn’s view on human intellectual evolution—that it is often non-linear and non-cumulative—contrasts greatly with the well-accepted theory that most public policy changes are incremental, rather than revolutionary.

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 Harry Harding, A Fragile Relationship: The United States and China Since 1972 (Washington, DC: Brookings, 1992), Appendices B, C, and D, pp. 373-390.


The SCP has dominated the policy and academic communities for so long that it has dwarfed those studies that attempt to look into potential policy alternatives or even question the enduring validity of this "paradigm." At times it seems that any natural evolution or human efforts that can upset this delicate equilibrium are discouraged.

Our paper attempts to "think the unthinkable." It asks whether change to the SCP would be a paradigmatic shift or incremental adjustment— if any is possible at all.

Costs and Validity

We argue that the SCP has bred an intellectual complacency that fails to recognize two flaws. First, the "one China" policy embodied in the Shanghai Communiqué, though allegedly beneficial to all parties, also entails costs. The costs are mainly borne by Taiwan. In a nutshell, the SCP’s continued success relies primarily on Taipei’s continued "cooperation" to accept an ambiguous status thrust upon it mainly for Washington’s convenience and interests. According to a long-time observer of U.S.-Taiwan relations:

[Many] Americans feel a strong moral commitment toward Taiwan. They ask, "What has Taiwan done wrong to deserve this?" Nothing, of course. Taiwan just happened to be on the wrong side of history. Hence, many Americans feel guilty about betraying an old friend, Taiwan, in order to make a new friend, China.8

The rapid democratization since the 1980s and the rise of a distinctive national identity in Taiwan have raised fundamental questions about whether Taiwan will continue "acquiescing" to either "one China" or "Taiwan is a part of China."

At the same time, the policy also entails costs to the U.S. Washington’s position on the peaceful settlement of the Taiwan issue

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is buttressed by its strong yet vague commitment (arguably less vague now) toward Taiwan’s security as mandated in the Taiwan Relations Act (to be discussed later). Strategic ambiguity is said to serve U.S. interests. So the continued success of the “companion” of the “one China” policy -- the peaceful settlement of the Taiwan issue -- depends on Beijing’s continued deference to the “strategic ambiguity” inherent in U.S. policies. A dilemma for Washington may thus arise when Beijing decides to test the extent of U.S. commitment, by attacking Taiwan.

A second lacuna inherent in the dominant paradigm is that few analysts seriously take into account the changing context of the Washington-Beijing-Taipei triangular relationship. Using a good paradigm for a bygone era will be problematic.

The crisis in the Taiwan Strait in 1996, in which China conducted missile tests and military exercises during Taiwan’s first direct presidential elections, revealed that this policy has been stretched to the limits, and has become increasingly untenable. The SCP has shown signs of having outlived its zeitgeist. Many factors that were not present in 1972 are present today. It is high time to examine these new parameters that pose a real challenge to the continued validity of the U.S. “one China” policy.

Plan of the Paper

This paper seeks to explore some of these new parameters and evaluate whether the two most important components of the Shanghai Communiqué paradigm as it relates to U.S.-Taiwan relations -- “one China” and “strategic ambiguity” -- can still stand the test of time or best serve U.S. interests. More fundamentally, this paper asks, “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 intrinsic value? Or will Taiwan remain just a factor -- a negative or residual one -- in the broader China policy of the U.S.? Will the “one China” policy, which allegedly has served U.S. national interests well since 1972,
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? What impact, if any, does the end of the Cold War have on U.S.-Taiwan relations?

This paper examines 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-Beijing relationship? By using a simple spatial model, the second section will first provide a brief overview on how U.S.-Taiwan relations have evolved since 1949, when the reality of two Chinas set in with the founding of the PRC. The third section will discuss the increasingly unbalanced “dual track” framework of current U.S. policy toward China and Taiwan. The fourth section contrasts the changing contexts between the SCP’s time and the present post-Cold War era. It examines those most important new parameters that were absent or different in the SCP. Based on this contrast, the paper questions the policy’s continued validity and calls for a new paradigm to replace the SCP. Based on these new parameters, the final section sketches out a new paradigm for U.S. policy toward Taiwan in the post-Cold War era, and speculates on several scenarios for the shape and direction of future U.S.-Taiwan relations.

EVOLUTION OF 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 23 million people and an economic powerhouse, Taiwan is excluded from the United Nations (UN) system, and is recognized by only 27 (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 the geostrategic realignment resulting from the split between two Communist giants, the Soviet Union and the PRC, and the Nixon Administration’s decision to seize that opportunity. Taiwan, a founding member of the UN, was expelled from the body in 1971 to make room for Beijing. The next year President Nixon went to China and signed the Shanghai Communiqué to normalize U.S.-PRC relations. These events led to an avalanche of derecognition of Taiwan by major countries including Japan and the U.S. As China’s importance in world affairs grew, most major powers came to tacitly accept Beijing’s stance on Taiwan.

As a result, Taiwan, which used to be widely accepted as a sovereign state, mysteriously came to be seen as neither sovereign nor a state. For the U.S., which used to recognize the ROC government as “the sole legal government of China,” Taiwan became neither legal nor a government. “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.9

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).10 This gap -- between what ought to be and what is -- must be explained by the policies

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10 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).
pursued by the major powers, including the U.S., during the Cold War. U.S. policy toward Taiwan during the Cold War had operated largely under a “one China” framework. In fact, the official U.S. “one China” policy predated the Shanghai Communiqué. As a practice, the “one China” policy has meant that the U.S., at any given time, during and after the Cold War, maintains formal diplomatic ties with only one Chinese government and recognized it as the sole legitimate government of all China. This policy took advantage of the fact that both Chiang Kai-shek and Mao Zedong, the two nemeses of the Chinese civil war, ironically shared the commitment toward one China, although neither would consider the other as anything more than illegitimate. Washington appropriated this “one China” myth to advance its self-interest, at that time isolating Communist China.\(^{11}\)

The ROC government on Taiwan benefited from this policy during 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 this policy, whereas the Communist government on the mainland (PRC) enjoyed that exclusive recognition.

But the U.S. choice of which China to regard as “legitimate” during a given period of the Cold War era was also influenced by the strategic triangle involving the two Superpowers (the U.S. and the Soviet Union) and China.

### A Spatial Analysis of the Changing Triangular Relationships

The following spatial models seek to conceptualize the changing dynamics of U.S.-Taiwan relations in light of the changing strategic

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\(^{11}\) For a thesis on how the United States used this feature to advance its Cold War policy of opposing Communist China, see John W. Garver, *The Sino-American Alliance: Nationalist China and American Cold War Strategy in Asia* (Armonk, NY: M.E. Sharpe, 1997).
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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 we discuss them in turn.

(Figures 1-6 about here)

1. 1949-1950. The first period lasted from the Truman Administration’s issuance of the White Papers\textsuperscript{13} in August 1949 (about the same time the Nationalist government moved to Taiwan) until the outbreak of the Korean War in June 1950. The Truman Administration blamed the KMT for the “loss of China” and ended its support of Chiang’s beleaguered government. By adopting a “wait until the dust settled” attitude on the final outcome of the Chinese civil war, Truman anticipated an imminent military takeover of Taiwan by the Communists. But Mao Zedong’s announcement upon the founding of the PRC in October 1949 to “lean to one (Soviet) side” and a series of “missed opportunities” thwarted 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 -- the U.S. or the Soviet Union -- they belonged to.

2. 1950-1969. The outbreak of the Korean War changed U.S. assessment of the security situation in East Asia, and caused a

\textsuperscript{12} For an excellent discussion on the changing dynamics of the strategic triangle, see Joshua S. Goldstein and John R. Freeman, *Three-Way Street: Strategic Reciprocity in World Politics* (Chicago: University of Chicago Press, 1990).

dramatic reversal of its hands-off policy toward Taiwan. The Truman Administration dispatched the Seventh Fleet to the Taiwan Strait. This prevented a Communist attack on Taiwan (and a Nationalist attack on China), but also reinserted the U.S. into the unfinished Chinese civil war. China’s entry into the war on behalf of North Korea put China at war directly with the U.S. and finally convinced the Truman Administration that the Chinese Communists 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 cleavages.

A gradual rift started to develop between the two communist giants. But the signs of a split between them did not become unmistakable to the Nixon Administration until 1969, when they fought a border war. The Sino-Soviet split heralded a major global

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14 See Allen Whiting, China Crosses the Yalu: The Decision to Enter the Korean War (New York: Macmillan, 1960).


strategic realignment. Nixon and his realpolitik aide, Henry Kissinger, aware of 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. China policy even until today. The U.S. 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 managed 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.-ROC mutual defense treaty, and withdrawal of U.S. forces from Taiwan. On December 15, 1978, President Jimmy Carter established diplomatic relations with the PRC, and severed formal ties with Taiwan. 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, the U.S. China policy has operated under an unusual, and uneasy, dual-track framework: U.S. relations with the P.R.C. were handled diplomatically (based on the three communiqués), whereas U.S. relations with Taiwan were handled domestically (through the Taiwan Relations Act, TRA). The TRA


18 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
provided a legal framework for maintaining substantive U.S. relations with Taiwan in the absence of diplomatic relations and a commitment to Taiwan’s security -- by providing Taiwan with defensive weapons and by insisting upon a peaceful settlement of Taiwan’s future. Meanwhile, the U.S. government sought to commit the PRC to a 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 changed dramatically, mainly due to Taiwan’s rapid democratization. In the two most recent periods, rapid domestic changes within Taiwan and between Taiwan and China have increasingly stretched the continued validity of the U.S. China policy as envisioned in the Shanghai Communiqué. 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 the mainland.\textsuperscript{19} Trade and investments intensified. Indirect trade rose to over $40 billion in 2002. The accumulated Taiwanese investment in China is estimated at over $100 billion. China’s export-


\textsuperscript{19} 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, \textit{Reaching Across the Taiwan Strait: People-to-People Diplomacy} (Boulder: Westview, 1993).
oriented boom in recent years has benefited greatly from Taiwanese trade and investments.

Meanwhile, Taiwan’s polity democratized quickly. Lee Teng-hui, who succeeded Chiang Ching-kuo, became the first native Taiwanese President of the ROC. He accelerated the democratization process that was initiated by Chiang. The 1947 Constitution was amended; all parliamentarians were elected in Taiwan; all the major executive heads, including the president of the ROC, were directly elected by the people. In 2000, Chen Shui-bian of the pro-independence Democratic Progressive Party (DPP) won the presidency, marking the first peaceful transfer of executive power in any Chinese society.

Accompanying the breathtaking democratization was a more assertive foreign policy approach, known as “pragmatic diplomacy” or “substantive diplomacy.” Taiwan also replaced its old “three-noes” policy with a new endeavor to institutionalize cross-Strait (equal) negotiations, hopefully leading to some type of modus vivendi. In 1992 Taiwan’s Strait Exchange Foundation (CEF) and China’s Association for Relations Across the Taiwan Strait (ARATS) were founded to conduct bilateral relations in accordance with instructions from their respective governments. This cross-strait 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 relationships between the two). China, however, seems more interested in immediate political talk that will lead to reunification. This modus vivendi lasted until 1995, when President Bill Clinton, facing overwhelming congressional support for Lee, approved President Lee Teng-hui’s visit to his alma mater in the U.S.

6. 1995-. China reacted furiously to Lee’s trip. It recalled its ambassador to Washington, jailed the American-Chinese human rights
activist, Harry Wu, canceled all talks with Taiwan, and launched war games to intimidate Taiwan. Both China-U.S. and China-Taiwan relations turned tense. Defying Chinese intimidation, Taiwan successfully held its first direct presidential election in March 1996, marking a milestone in Taiwan’s democratization and institutionalizing Taiwan’s de facto independence. Meanwhile, buoyed by popular support for joining the UN (differences on names notwithstanding), in 1993 Taiwan began a vigorous campaign to enter the UN. Taiwan’s democratization has gone hand in hand with its quest for greater international recognition. Lee, the 1996 winner, and his successor, Chen, both sought to institutionalize Taiwan’s relations with the U.S. and China – as exemplified by Lee’s 1999 “special state-to-state relations” and Chen’s 2002 “one country on each side of the Taiwan Strait” remarks. This is denoted by the hoped-for solid lines between Taiwan and the U.S. and between Taiwan and China. If that day should come, each dyad in this triangular relationship will be considered an inter-state relationship. Such a scenario will seriously undermine the continued validity of the current

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20 According to Samuel P. Huntington’s criteria of contestation and participation, Taiwan’s 1996 presidential election qualified 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.

21 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.

22 Gaining greater international recognition helps alleviate not just the frustration felt by the people of Taiwan 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*, Vol. 23, No. 1 (Spring 1996), pp. 3-19.
U.S. “one China” policy. We will discuss this possibility in more detail, but first we will lay out the basic framework of the current U.S. policy toward Taiwan, and explain why the assumptions on which this framework was based may no longer be valid.

THE INCREASINGLY UNBALANCED “DUAL TRACK” POLICY FRAMEWORK

As previously stated, the basic framework for U.S. policy toward Taiwan since 1972 consists of one domestic law (The Taiwan Relations Act) and three communiqués (1972, 1978, and 1982). Seeking to maintain a balanced “dual track” policy toward China and Taiwan, this framework includes three interlocking principles: (1) compliance to a “one China” policy, (2) pragmatic development of relations with the PRC (diplomatically) and Taiwan (informally but cordially), and (3) commitment to the peaceful settlement of disputes between China and Taiwan.

This dual track policy contains elements of both creativity and ambiguity. The carefully crafted “creative ambiguity” has offered U.S. policy makers much flexibility, but it has also perpetuated some basic policy dilemmas. The Shanghai Communiqué states: “The U.S. acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one 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 PRC to “agree to disagree” on the Taiwan issue in order to forge cooperation on other issues. On the other hand,

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it arguably retained U.S. interest on the future of Taiwan by the insistence on peaceful settlement.

These two sets of goals have sometimes clashed. 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 PRC insisted that the U.S. should gradually reduce, and eventually stop, arms sales to Taiwan, the U.S. insisted that reduced U.S. arms sales to Taiwan would be contingent upon the Chinese “fundamental policy” to strive for a peaceful solution to the Taiwan question.

When it comes to the 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 PRC attack against Taiwan. Part of the suspense was cleared by the Clinton Administration’s decision to dispatch two aircraft carrier battle groups to Taiwan waters in March 1996 in response to the PRC’s military intimidation of Taiwan before the island republic’s first direct popular presidential elections. In April 2001, President George W. Bush lifted more ambiguity by asserting that he would do “whatever it took” to help Taiwan defend itself. It was the clearest statement on U.S. commitment to Taiwan’s security in
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recent years. Bush’s December 2003 comments cited at the outset added even more clarity to the U.S. policy.

By managing the issue of Taiwan politically, this policy has managed to postpone a tough policy choice between the PRC and Taiwan. It certainly has achieved some success. Those 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.

The balance between the two tracks, U.S.-PRC and U.S.-Taiwan relations, which this policy has painstakingly tried to maintain, as one analyst put, “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.”

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. In order to better understand the implications of the new parameters of U.S.-Taiwan relations, it is useful to contrast the fictional reality on which the Shanghai Communique paradigm was based and the present reality.

BEYOND THE SHANGHAI COMMUNIQUE: THE CHANGING PARAMETERS

At the risk of oversimplification, Table 1 provides a stylized contrast between the context on which the Shanghai Communique

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24 Bush later backtracked somewhat, saying that his comments were made in the context of the one-China policy – they thus indicated a change of tone, but not substance.

paradigm was based and the context for the post-Cold War era. (Table 1 about here)

Table 1 shows that many of the parameters that shaped the Shanghai Communique paradigm (SCP) have changed drastically, causing the old paradigm to appear increasingly anachronistic and dysfunctional. There arguably exists a need to replace it with a new paradigm. This paper works to develop a post-Cold War paradigm (PCWP), which consists of the following fundamental parameters.

Changing Strategic Environment

The first main difference between the old and the new paradigms is the different strategic contexts. The SCP was developed for the Cold War era. The international system was dominated by superpower confrontation. Due to the "balance of terror" caused by nuclear annihilation, the U.S. and the Soviet Union avoided direct military conflicts between them and channeled their conflicts to regional conflicts, known as "proxy wars."

In this context, the U.S. and China shared certain common strategic interests. A rift had started developing between China and its mentor, the Soviet Union in late 1950s, culminating in a border war between them in 1969. China, seeking to avoid confrontations with both "hegemons" (the superpowers), concluded that the U.S. was a declining hegemon that now became a potential partner against the other more dangerous hegemon.

Mired in a war in Vietnam at the time, the U.S. sought to gradually disengage itself from Asia. To the realpolitik-minded Richard Nixon and his top foreign policy aide, Henry Kissinger, the Sino-Soviet split promised strategic benefits, by offering the U.S. an opportunity to neutralize the threat of one communist giant (China) and use China as a counterweight against the chief threat to the U.S. – the Soviet Union.

The Nixon Administration signed the Shanghai Communiqué with Beijing with these broader strategic considerations in mind. The
Refunctionalizing a Frayed American China-Taiwan Policy: Incrementalism or Paradigmatic Shift?

The communiqué promoted a rationale for the eventual normalization of U.S.-China relations within a broader geopolitical context. Both sides enunciated their common interests regarding reducing conflicts in Southeast Asia, the Korean Peninsula, and Southwestern Asia. To pave the way toward normalization of U.S.-China relations, the U.S. and China arguably “agreed to disagree” on their irreconcilable positions on the Taiwan issue. The U.S. and China thus forged “a de facto alliance” or “an alliance by stealth” based on certain common geopolitical interests.26

However, the collapse of communism and the end of the Cold War eroded the strategic rationale for this alignment. The U.S. no longer needed a “China card” against its nemesis, which had crumbled. In this “New World Order” global economic competition has replaced military conflicts. Democracy and the market economy have stood the test of time, prompting some to proclaim “the end of history.”27 Yet at the same time, others contend that the post-Cold War era will be defined by a “clash of civilizations,” with the main challenges to the West coming from Islamic and Confucian civilizations.28 One example of this civilizational clash is the “human rights versus ‘Asian values’” debate, to which China has been a vocal contributor.29


29 See Sidney Jones, “'Asian' Human Rights, Economic Growth, and United States
The end of the Cold War has also presented a changing security picture in East Asia. As the U.S. increasingly finds it difficult to maintain the kind of dominance it used to enjoy in the region, China seeks to fill the vacuum. Accommodating a rising China, with a fast-growing economy, irredentist goals, and assertive nationalism, has become one of the most difficult challenges for the foreign policy of the U.S. Considerable debates exist on China's intentions.\(^{30}\) The key question is whether China is a status quo power.\(^{31}\) Neo-realists and adherents of the "power transitions theory" alert the danger of such times.\(^{32}\)

In short, the strategic context that enabled the U.S. and China to forge a de facto alliance under the SCP has disappeared with the demise of the Soviet threat. Whereas the U.S. and China shared many common interests under the SCP, today many of their interests are divergent or contradictory – a point we will revisit.

If the SCP's overwhelming strategic imperatives justified the subordination of U.S.-Taiwan relations under U.S.-China relations, then the disappearance of these strategic rationales made it hard for

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the U.S. to continue its “exceptional” relationship with the PRC. Continued subordination of US-Taiwan relations under US-China relations deprives the U.S. from dealing with Taiwan based on Taiwan’s intrinsic value.

Reconceptualizing Taiwan’s Status

A second key is a reconceptualization of Taiwan’s status, especially on the part of Taipei. It is useful to briefly review the evolving conceptions of Taiwan’s status held by Washington, Beijing, and Taipei.

Many have mistakenly thought that the U.S. has accepted the PRC’s one-China principle, which is based on a peculiar syllogism: (1) There is only one China, of which Taiwan is a part; (2) the PRC government is the sole legal government of all China; it then follows that (3) Taiwan is a part of the PRC. In other words, Beijing has refused to view Taiwan as anything more than a “renegade province” whose recovery, even by force, is entirely China’s “internal affair.” Some in Taiwan fear that Beijing’s attempt to impose its so-called “one China” principle on all other countries will be “tantamount to verbally annexing the Republic of China.”

But the U.S. government has not accepted the PRC’s position on Taiwan. The U.S. position on Taiwan remains the same as the Truman


34 Starting in 2001, Beijing reformulated a new syllogism, presumably to make it more palatable to Taipei: (1) There is only one China; (2) Both Taiwan and the mainland belong to this China; and (3) China’s sovereignty and territorial integrity cannot be encroached upon. Pundits like to divine whether this new formula indicated a new viewpoint or attitude toward Taiwan’s status. In view of Beijing’s steadfast opposition to Taipei’s international participation, this new syllogism does not seem to suggest new substance.

Administration's -- the last time the U.S. made a statement about Taiwan's status. In the wake of North Korea's invasion of South Korea, President Truman dispatched the Seventh Fleet to the Taiwan Strait, essentially freezing the Chinese civil war, and asserted that "the determination of the future status of Formosa (Taiwan) must await the restoration of the security in the Pacific, a peace settlement with Japan, or consideration by the United Nations." 36

A careful reading of the three U.S.-China joint communiqués (1972, 1978, 1982) shows that even after the U.S. transferred diplomatic recognition from Taipei to Beijing, Washington still arguably has not deviated from the Truman Administration's formula. It nevertheless decided to deal with Beijing and Taipei based on a "one China" policy, because this served U.S. interests. As Harvey Feldman, a former U.S. alternate representative to the UN and the last Republic of China desk officer in the State Department when the Carter Administration severed diplomatic ties with Taiwan, pointed out,

Countries, including the U.S., can recognize Taiwan, but choose not to. They simply replace the old fiction, "one China, capital in Taipei," with a new fiction, "one China, capital in Beijing." The only sensible thing to do is to recognize one China and one Taiwan. 37

The portion of the Shanghai Communique addressing this issue provides the origin of the so-called "one China" policy: The United States declared that it

acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a

part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement by the Chinese themselves (emphasis added).

This oft-cited “axiom” contains many ambiguities. In diplomatic parlance, “acknowledgment” means “take cognizance of” or “is aware of;” It is not equivalent with “recognition” – the Chinese version. So it has allowed flexibility in U.S. policy.

The basic thrust of this position was retained and repeated in the 1979 communiqué that established diplomatic relations between the U.S. and the PRC and the 1982 communiqué on U.S. arms sales to Taiwan. The 1979 communiqué recognized Beijing as the sole legal government of China, but not necessarily Beijing’s position on Taiwan’s status. Taiwan’s exact status in the eyes of the U.S. government remains nebulous and open. As Dennis Hickey aptly put it, “As the United States has not committed itself to any particular solution to the Taiwan issue (except that it be peaceful), it may adapt easily to practically any eventuality.”

If there has been no essential change in Beijing’s principled stance and Washington’s flexible positions on Taiwan’s status, there have been some important changes in Taiwan’s position on its own status since 1972.

During the years of Chiang Kai-shek (1949-75) and Chiang Ching-kuo (1975-88), Taipei saw itself as the legitimate government of all China (despite the fact that it did not rule the much larger mainland) and Beijing as illegitimate “bandits.” The Chiangs’ steadfast opposition to “two Chinas” or “one China, one Taiwan” on the international scene was codified in the principled stance, “hanzei buliangli” (there is no room for both the legitimate and the

illegitimate). As long as Chiang coveted legitimacy, the U.S. could go along with his myth and use its clout in the UN to isolate Communist China.

Unfortunately this position came back to haunt Taiwan starting in the 1970s, as all major countries shifted their recognition to Beijing, for it also maintained an unyielding “one China” stance. Leaders of the nascent opposition blamed Taiwan’s adherence to the “one China” stance as the main culprit for Taiwan’s rapidly deteriorating international status. There was a clear need for a new path.

After becoming President, Lee Teng-hui worked to break this logjam by promoting “pragmatic diplomacy,” wherein Taipei will pursue relations with other countries regardless of their ties with Beijing. He was also nominally committed to the “one China” idea, for Beijing had threatened to attack Taiwan should Taiwan declare independence. Nonetheless, “pragmatic diplomacy” was a clear departure from the old “one China” policy. In 1991 Lee abrogated the Temporary Provisions During the Period of Mobilization and Suppression of Rebellion, thereby effectively treating the PRC as the government controlling the mainland, over which the ROC had no control. This move was a tacit yet unambiguous abandonment of the “one-China” policy. Lee’s formula of “one country, two governments” was only a thinly veiled version of “two Chinas” or “one China, one Taiwan.” In 1999, he described cross-strait relations as “special state-to-state” relations.

The current DPP government formally espouses Taiwan independence. In order not to provoke the PRC, Chen gave the “five noes” assurance in his inauguration speech in May 2000 and offered to discuss “one China” with Beijing as a topic (yi-ti), but not accept it as a precondition (qian-ti) for entering talks with Beijing. 39

39 Vincent Wei-cheng Wang, “The Chen Shui-bian Administration’s Mainland Policy: Toward a Modus Vivendi or Continued Stalemate?” American Asian Review,
In sum, Taiwan has moved slowly but surely away from its commitment to the idea of “one China” – a move, some contend, that has led to mounting tensions between China and Taiwan.\(^{40}\) In the context of the SCP, today at least a significant number of Chinese (namely those on Taiwan) do not share the SCP’s view, i.e., there is but one China and Taiwan is a part of China. The most radical separatists even refute the word “Chinese,” for they argue that the residents on Taiwan are Taiwanese, not Chinese. As Taiwan’s democratization further develops, an increasing number of people on Taiwan may demand self-determination. At least a theoretical possibility exists that these “Chinese” on one side of the Taiwan Strait may want to, through their free choice, declare de jure independence. Should the U.S. accept this democratic result and change its policy toward Taiwan accordingly? Or should it continue to cling on a “one China” policy that seems diplomatically expedient for the U.S.?

The upshot is that the status of Taiwan, as portrayed by the Shanghai Communiqué, was a fiction. It is incongruent with the present reality, and perhaps it never did comply with reality. For “realists” like Kissinger to pursue a policy based on fantasy, not reality, calls into question whether they were truly realistic.

Another point about a changing conceptualization of Taiwan’s status lies in Taiwan’s importance on the world stage. In 1972 Taiwan was an authoritarian regime dominated by mainlander who fled to Taiwan with Chiang Kai-shek. Today Taiwan is a vibrant (albeit sometimes noisy) democracy dominated by native Taiwanese who do not necessarily identify with the mainland. In 1972 Taiwan was relatively insignificant economically: its gross national product was $7.9 billion, its per capita GNP was $552, its foreign trade amounted

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to $5.5 billion, and its foreign exchange holdings were less than $1 billion. But today Taiwan is an economic powerhouse, with the world’s 18th largest GNP ($529 billion), 25th highest per capita GNP ($23,527), third largest foreign exchange holdings ($162 billion), and 15th largest trade volume ($244 billion).

In short, today’s Taiwan is “too big to ignore,” although China is also getting bigger. Treating such a democratic polity and economic powerhouse as an appendage or residue of U.S.-China relations not only contradicts reality but also defies morality. If the success of the SCP required that Taiwan be an insignificant authoritarian regime whose sacrifice was the necessary price to be paid for improving relations with Beijing, then an economically strong and politically free Taiwan has outgrown the straitjacket of the SCP.

This new conceptualization of Taiwan’s status is intimately related to the rapid democratization in Taiwan.

Challenges of Taiwan’s Democratization

Among all the new parameters of U.S.-China relations, nothing is more important than Taiwan’s democratization, which poses a serious challenge to the SCP. Democracy in Taiwan has added further appeal to the U.S., but it has also polarized American sentiments, with some even more committed to Taiwan and others worried about an uncontrollable Taiwan. A better understanding of the implications of Taiwan’s democracy is needed.

Since 1987 Taiwan’s polity has quickly transformed from a one-party dictatorship into a multi-party democracy. The direct popular election of President Lee Teng-hui in March 1996 was the capstone in this decade-long process of democratization. The ascension to power by Chen Shui-bian in 2000 not only was the first peaceful transfer of executive power in any Chinese society but also served to consolidate Taiwan’s nascent democracy. Taiwan’s democracy flourished even as China was conducting campaigns of military intimidation against Taiwan. An increasing number of Americans now consider Taiwan’s
democracy as of great political and strategic importance to the U.S. 41 Although in the short run, democracy may imperil Taiwan’s security (due to China’s ire), in the long-term, it is the most important defense to Taiwan’s security, because democracies usually have more affinity with other democracies, and have often come to the aid of those democracies being attacked by autocracies. 42

Given their own history of fighting for independence from England and their political philosophy stressing freedoms and liberty, Americans in principle support democracy. However, as practice, their support of self-determination has often run up against the calculus of interests. In the words of Ralph Clough, a former Deputy Chief of Mission of the U.S. Embassy in Taipei, “Democracy presents a dilemma. On the one hand, the U.S. favors democracy and, in principle, favors self-determination. But on the other hand, the U.S. is not prepared to send troops over others’ right of self-determination.” 43

The dilemma of Taiwan’s democracy is a case in point.

Democracy creates complexity and uncertainty. Political management under a democracy is more difficult than under an authoritarian government. 44 Some U.S. elites are particularly worried

41 See the speech given by Henry Hyde, Chairman of the U.S. House of Representatives Committee on International Relations, in Taipei on 24 August 2001, “Rep. Hyde Suggests Taiwan May Hold Key to China’s Destiny,” e-mail update sent by the State Department’s “USINFO East Asia” ipgpeap@PD.STATE.GOV; Stephen J. Yates, “The Challenge of Taiwan’s Democracy for the United States and China,” The Heritage Foundation Backgrounder, No. 272 (April 12, 1996), p. 1.


43 Ralph Clough, personal communication, Washington, DC, July 9, 1997.

44 Richard H. Solomon, President, the United States Institute of Peace, and a former
that the tail (Taiwan’s democracy and consequent “creeping independence”) may drag the dog (U.S.-China relations), and openly called for “reining in” the irresponsible democrats in Taiwan. Chas. W. Freeman, a former senior Pentagon official, blatantly warned, “…Washington cannot afford to leave Taiwanese with the impression that they have a blank check to fill out with American blood.”

Despite these problems, most former and current policymakers still think that the U.S. should support Taiwan’s democracy. Anthony Lake, National Security Advisor during Clinton’s first term, said, “It (Taiwan’s democracy) serves as a model of how democracy can grow in an Asian setting.” Democracy in Taiwan is thus consistent with the Clinton Administration’s strategy of “enlargement” (of market democracies). Paul Wolfowitz, Deputy Secretary of Defense and a former Assistant Secretary of State for East Asian and Pacific Affairs, affirms that “Although Taiwan’s democracy may cause some problems, the U.S. should still support it, because it will have a positive impact on the PRC.” Natale Bellochi, former Managing Director of the American Institute in Taiwan, cautioned that “It was a mistake for the U.S. to have not voiced enough support for Taiwan’s democracy, because we show too much sensitivity to Beijing’s


45 See, for example, Managing the Taiwan Issue: Key is Better U.S. Relations with China (New York: Council on Foreign Relations, 1995).


reaction.”  
Indeed, Freeman’s warning seems misguided. Feldman pointed out that “Taiwan’s voters are smart and responsible, because most polls show that most voters prefer the status quo.”  Even a Taiwanese-American lawyer who was active in the Taiwan Independence Movement, that is, the very type of people Freeman distrusts, took issue with him:  
Taiwan will not need the U.S. to send even one soldier. We only ask the U.S. to leave Taiwan alone, and stop always ingratiating China. Taiwan will not formally declare independence, because Taiwan is already an independent country.  
Jason C. Hu, Taiwan’s former envoy to Washington, said that Beijing has only itself to blame if it perceives Taiwan’s democratization as “creeping independence,” because separatism is in fact fueled by Beijing’s unrelenting pressure against Taiwan. This hurts Beijing’s own reunification goal. Independence is a cliché. The Republic of China has long been independent. Thus, maintaining the status quo should be easy. Taiwan’s democracy should not be equated with separatism, because “independence” implies a permanent cut-off from the mainland.

Taiwan’s democracy is imperfect yet unquestionable. By contrast, China shattered its international image in the 1989 Tiananmen

51 Harvey Feldman, personal communication, July 9, 1997.  
massacre and the 1996 war games against Taiwan. As a result, despite the increasing economic ties between China and Taiwan (which Beijing no doubt thinks is conducive to reunification), the political chasm between them has widened. Thus, democratization in Taiwan may fuel nationalism in both China and Taiwan, with China feeling increasingly hopeless about a peaceful settlement of the Taiwan issue, Taiwan feeling increasingly compelled to seek independence as a result of China's tightening squeeze, and the U.S. feeling itself increasingly losing control of the situation. Taiwan's democracy thus entails grave international consequences.

Democracy on Taiwan makes it increasingly difficult for the U.S. to overlook Taiwan's interests while seeking improved relations with China. Even Clinton affirmed that any solution to the issue of Taiwan must have the "assent of the people of Taiwan." Taiwan has proved that free enterprise and democracy are compatible with and desirable in a Chinese setting. Its viability vindicates American values and deserves American respect. Although some people argue that Lee Teng-hui's private visit to the U.S. in 1995 was a "serious mistake," the only mistakes were the U.S.'s poor handling of the matter and China's belligerent response. As the beacon of democracy and human rights, the U.S. found it indefensible to treat the first popularly elected leader in five thousand years of Chinese history as even less worthy than former terrorists Yasser Arafat and Gerry Adams.

For China, democracy on Taiwan denies Beijing's self-proclaimed capacity to speak for the people of Taiwan. Beijing fears democracy on Taiwan. Democracy makes the government of Taiwan less predictable and harder to control, since it now must respond to the electorate's competing interests or be voted out of office. Democracy also increases the sympathy of the world's other democracies for Taiwan. Beijing further dreads it because it contrasts so strikingly with the leadership selection process on the mainland. In fact, it strikes at
the very heart of the Chinese Communist Party’s legitimacy.\textsuperscript{54} In sum, democracy on Taiwan creates uncertainty and complication for Beijing’s efforts to unify with Taiwan. It threatens to “internationalize” the Taiwan issue and challenges the CCP’s own legitimacy.

For Taiwan, democracy holds great strategic importance. Democracy is the best insurance for Taiwan’s security, as fellow democracies are more likely to support a democratic Taiwan in the event of a PRC attack. Democracy also serves as a model, by challenging Beijing to change in a way that will make Taiwan’s future reunification with the mainland more compatible with the interests of the people of Taiwan.

Taiwan’s democratization is an enormously important development with far-reaching implications for Washington, Taipei, and Beijing. It is the most crucial new parameter that challenges the SCP. As Taiwan has experienced fundamental changes, the relationship between Washington and Beijing has also fundamentally changed.

Changing Nature of U.S.-China Relations

The U.S.-China relationship from 1972 to 1989 was one-dimensional: namely, it was based on the two nation’s common strategic interests in countering the Soviet Union and reducing regional tension. This relationship was defined in classic realpolitik terms, with emphasis on military and strategic aspects but not on internal political or moral aspects.

Due to the collapse of the Soviet Union and China’s policies of economic restructuring and opening to the outside world, the relationship between the U.S. and China has become a “multifaceted” one – to use former Secretary of State Madeleine K. Albright’s phrase. Many new issues have emerged that were simply nonexistent in 1972,

\textsuperscript{54} Stephen Yates, “The Challenge of Taiwan’s Democracy,” p. 3.
for example, human rights, weapons proliferation, trade disputes, alleged attempts to influence the political process through illegal campaign contributions, struggle for global preeminence, etc. – many of which are quite contentious and require careful management. The SCP is a one-dimensional paradigm, and is thus a misfit for a multifaceted relationship.

At the heart of the long list of bilateral disputes, which include all of the above plus Taiwan, Tibet, Hong Kong, and the South China Sea, is the fundamental question of how to cope with a rising China. During the Clinton Administration, the mainstream view was "constructive engagement." But many Americans viewed a rising China warily. A highly unusual coalition of anti-Chinese sentiment emerged, consisting of liberal human rights and prison labor activists to conservative religious fundamentalists, from military strategists to politicians and scholars. The pervasiveness of such sentiments at the grassroots level was also confirmed in various opinion polls.55

China's skyrocketing trade surplus with the U.S., which surpassed that of Japan's in recent years, market barriers to foreign goods and services, alleged illegal campaign contributions, alleged exports of weapons of mass destruction to rogue states, the transfer of civilian technology imported from the U.S. to military use, an abysmal human rights record, military intimidation against Taiwan, and assertive maneuvers in the South China Sea all made it difficult for the Clinton Administration to be overly accommodating to China for fear of adverse political repercussions. The Bush administration, which basically inherited the engagement policy, was instinctively more wary when dealing with the PRC.

The successful management of the relationship with China will

no doubt occupy the energy and wisdom of any future U.S. government. But it is clear that even if the "pesky" "Taiwan problem" ceases to exist, U.S.-China relations still have many real and potential sources of friction. A one-dimensional relationship established under the SCP simply cannot cope with the challenges presented by a complex and multifaceted relationship. Engagement must be conditional, with clear criteria for reward or punishment, rather than one-sided appeasement. Appeasement will earn neither China's respect nor its cooperation, as the Clinton administration found out and the Bush administration was not eager to repeat.

By examining these key new parameters of U.S.-Taiwan relations in the post-Cold War era—the changing strategic environment, the new conceptions of Taiwan's status, Taiwan's democratization, and changing U.S.-China relations, it is clear that the SCP is stretched to its limits, if not outmoded already. A new paradigm, the post-Cold War paradigm, should be based on these new parameters and promote U.S. relations with Taiwan based on Taiwan's own merits and Washington's interests, rather than Beijing's mood. It should also accommodate Taiwan's positive contributions to the international community.

REFUNCTIONALIZING A FRAYED PARADIGM?
SEARCHING FOR A NEW ONE?

The SCP, as an intellectual standard and a prudent policy, proved remarkably resilient. But no policy is intrinsically infallible through changing historical and strategic contexts. In the case of U.S. policy toward Taiwan, it cannot be called a realistic policy, for it is based more on the "one China" fiction than the "one China, one Taiwan" reality. Ironically, the SCP, which purported to be the most realistic...

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policy actually turned out to be the most fictive policy. U.S.-Taiwan relations were contingent upon U.S.-China ties.

The SCP entails simultaneously inherent ambiguity ("one China") and consistency ("peaceful settlement"). However, due to developments in Taiwan, China, and Washington that have outgrown the SCP, the "strategic ambiguity" in the SCP is increasingly untenable.

The 1995-6 Taiwan Strait crisis helped each party delineate the contours of the SCP. Beijing asserted its resolve to keep Taiwan from declaring independence. It also "tested the water" on possible U.S. reaction to its military action against Taiwan. The U.S. demonstrated its resolve to use force to deter China from attacking Taiwan. It also became increasingly concerned about possible fallout from Taiwan's democracy. Taiwan showed its resolve to move forward with political liberalization, in defiance of Beijing's military threat. At stake in the U.S.-China-Taiwan triangular game is Asia's peace and stability.

The crisis was defused when Beijing deferred to Washington's show of force. Washington now tells Beijing in unambiguous terms the consequences of a military attack against Taiwan. In this regard, Speaker Newt Gingrich's statement in China served as a clarification of the bottom line. While avowing his agreement with the Administration's support for a one-China policy that opposes formal independence for Taiwan and preserves the hope that the island will be reunited peacefully with the mainland someday, he told the Chinese that "We will defend Taiwan if it were militarily attacked. Period."57

Although his warning helped to restore some civility in the Taiwan Strait, some worry that an even more serious crisis will

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happen. Ted Carpenter likens the 1996 Taiwan Strait Crisis to the
1962 Cuban Missile Crisis:

Just like the Soviet Union during the Cuban Missile Crisis,
China, knowing that it is still no match to the U.S., must
back down at the time, but the humiliation will toughen its
determination to build up so that next time when there is
another eyeball-to-eyeball confrontation, it won’t back
down.”

An early indication of this attitude was already revealed during
the 1996 crisis: China hinted that it had missiles that can hit Los
Angeles, thinking that the U.S. would not intervene for it presumably
would value Los Angeles more than Taiwan. In other words, China
sought to equalize the military power differential between China and
the U.S. by taking the “nuclear option” out of the equation, and by
engaging the U.S. in a conventional war, in which China believes it
can prevail.

Is the solution, then, to give up Taiwan, or pressure Taiwan into
accepting a deal dictated by Beijing? No. The U.S. has many options,
including issuing a point-blank advance warning to Beijing, assisting
Taiwan to develop a “porcupine defense” that will make China’s
invasion prohibitively costly, and reserving the capacity (i.e., a wide
range of options) to respond to the crisis by taking into account the
circumstances at the time. But the current policy – insisting on a
peaceful settlement of the Taiwan issue without empowering Taiwan
with some semblance of equality vis-à-vis Beijing – is not adequate
and increasingly dangerous.

However, 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, independent of and unrelated to the U.S.

58 Ted Galen Carpenter, personal communication, July 8, 1997.
China policy. Other factors suggest that the Taiwan issue will remain a factor in the U.S.-China relationship. The net effect is difficult to quantify. This suggests that the end of the changing circumstances after the end of the Cold War necessitates some serious thinking 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.

Disengagement

The first scenario is disengagement. This policy calls for the U.S. to accept the PRC's position on Taiwan and in fact pressure Taiwan to start negotiations with the PRC 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 the war on terror, non-proliferation, peace on the Korean Peninsula, environmental degradation, trade cooperation, etc. The U.S. can not afford to take on this emerging giant on so many fronts, especially on an issue that touches China's most sensitive nerve on sovereignty. The Taiwan issue is really *sui generis*, and that is only Taipei's problem. 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 eliminate an irritant called the "Taiwan problem," which has hampered a true and complete partnership between the U.S. and China, and, since China presumably will use peaceful means to achieve unification, it fulfills U.S. insistence on a 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.

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

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 negotiating position with the mainland and thus may harm the interests of the Taiwanese people.
4. Beijing has not yet worked out the mechanisms for the 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 PRC 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. 59

**Delinking or Decoupling**

The second scenario is delinking. This policy calls for the U.S. to

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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 the ups and downs in 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., a plebiscite), that they want separate statehood, official names notwithstanding.

This policy’s main advantage is that it frees the U.S. once and for all in its dealing with Taiwan in a way that resonates with American values. 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 PRC response, and most certainly the use of force against Taiwan. However, as the Clinton Administration’s Taiwan policy review in 1994 showed, 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 clear and decisive shift is arguably preferable than a protracted and constant rift. After weighing costs and benefits, China may decide to accept the U.S. decision, because presently China needs the U.S. more than the U.S. needs China.

Since the Chinese reaction is uncertain, 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 world’s major countries will overcome their “collective action” problem regarding Taiwan. Judging from Bush’s recent comments, the U.S. does not encourage this option (1).
Some Americans see “creeping independence” as a major destabilizer in U.S.-China-Taiwan relations, and should be brought under control. This view is debatable. Although the U.S. can legitimately dissuade Taipei not to provoke Beijing, it is on shaky ground to simultaneously preach freedom and democracy and deny the fundamental right of the Taiwanese people. If the people in Taiwan vote to formally separate from China through peaceful means, the U.S. may be hard pressed not to come to Taiwan’s aid.

Although the U.S. insists upon a peaceful solution reached by the Chinese themselves on the Taiwan issue, it should understand that negotiation itself may not be neutral, because so far the PRC has not shown any other proposal that is more appealing than Deng’s “one country, two systems” scheme, which designates Beijing as the central government and Taiwan only as a local government. The Taiwanese people have long rejected this formula, because it asks them to accept an uncertain offer that includes exactly the same as, or maybe even less than, what they already have, and entrust their fate on Beijing’s self-restraint – a dubious proposition, if not an outright leap of faith.

A “peaceful surrender” will infamously mock the U.S. principle of “peaceful settlement.” Nothing meaningful can come out if the two sides are too lopsided. The U.S. should thus not further add to Beijing’s leverage, but restore a balance between Taiwan and China. To prepare Taiwan for the negotiating table, the U.S. should start empowering Taiwan internationally. Relative formal equality between Beijing and Taipei can produce an equitable political solution different from a non-military version of surrender. The U.S. should support Taiwan’s entry to the World Health Organization (WHO), the World Bank (IBRD), the International Monetary Fund (IMF), and even the UN. Taiwan’s membership in the World Trade Organization (WTO) and Asia Pacific Economic Cooperation (APEC) shows that steadfast American support is a necessary condition for overcoming the PRC’s opposition. Take the WTO, which Taiwan joined in 2002. The U.S.
successfully used Taiwan's accession as a catalyst for bringing China in line with the WTO.\textsuperscript{60}

Improved Status Quo

The third model is status quo. This policy calls for *incremental* improvements in U.S.-Taiwan relations, by making pragmatic adjustments in accordance with the changing realities in Taiwan. Expanding bilateral relations to the highest "unofficial" and cordial level and supporting Taiwan's entry into international economic and non-political organizations will be positive steps in this regard. In other words, it pays lip service to the "one China" policy and continues to try to maintain a tenuous dual-track policy. Yet at the same time, policy-makers should clearly understand that this policy may soon "exhaust" its usefulness, because its uneasy contradictions and ambiguities are quickly overtaken by events. Consequently, failure to move forward is tantamount to retrogression. Bush appears to have adhered to this school of thought.

Policy debates resemble intellectual and scientific debates. Thomas Kuhn's classic *The Structure of the Scientific Revolution* argues that intellectual and scientific advance consists of the displacement of one paradigm, which has become increasingly incapable of explaining new or newly discovered facts, by a new paradigm that accounts for those facts in a more satisfactory fashion.

For over thirty years the Shanghai Communique paradigm has deftly guided the U.S. through turbulent diplomatic waters, balancing its heart and mind, idealism and realism. But just like the Cold War paradigm (bipolarity) that was capable of explaining the Cold War becomes increasingly obsolete in the post-Cold War era, the "one China" formula seems increasingly anachronistic. How much longer this patchwork policy can serve Washington, Taipei, and Beijing is

anybody's guess. In the meantime, much research and debate is needed on what is required to replace the “one China” paradigm. After all, it is easier to announce the end of an era than to name the new era. 61

1950-1969 (Sino-Soviet Split)

1972 (Shanghai Communiqué) - 1978 Normalization

1987-1995?

1995-
Table 1: The Shanghai Communiqué Paradigm and the Incongruent Realities

<table>
<thead>
<tr>
<th>Strategic environment</th>
<th>The Shanghai Communiqué Paradigm</th>
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<th>The PRC's strategic value to the U.S.</th>
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<th>U.S. and Chinese interests in Asia</th>
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<tr>
<td>Congruent: anti-Soviet Union, reducing conflicts on the Korean Peninsula, and in Southeast Asia and Southwestern Asia</td>
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<tr>
<th>&quot;Realities&quot; regarding Taiwan's status</th>
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<tr>
<td>&quot;The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China.&quot;</td>
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<p>| &quot;One country, two governments&quot; |
| &quot;One country, two (equal) political entities&quot; |
| &quot;Special state-to-state relations&quot; |
| &quot;One country on each side&quot; |</p>
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<th>Authoritarian Dominated by mainlanders</th>
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<td>Foreign trade</td>
<td>US$ 5.5 billion (1972)</td>
<td>US$ 244 billion (1992)</td>
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