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Abstract

How to explain the rise and fall of the Taiwan independence policy? As the Taiwan Strait is still the only conceivable scenario where a major power war can break out and Taiwan's words and deeds can significantly affect the prospect of a cross-strait military conflict, to answer this question is not just a scholarly inquiry. I define the Taiwan independence policy as internal political moves by the Taiwanese government to establish Taiwan as a separate and sovereign political entity on the world stage. Although two existing prevailing explanations--electoral politics and shifting identity--have some merits, they are inadequate to explain policy change over the past twenty years. Instead, I argue that there is strategic rationale for Taiwan to assert a separate sovereignty. Sovereignty assertions are attempts to substitute normative power--the international consensus on the sanctity of sovereignty--for a shortfall in military-economic-diplomatic assets. So when Taiwan's security environment becomes more perilous as a result of adverse power shift and domestic constraints hinder internal balancing efforts, Taiwan is more likely to resort to sovereignty assertions, while favorable power shift and enhanced domestic mobilizational capacity reduce the incentive to assert sovereignty. Using congruence procedure and process tracing and drawing a large amount of historical and qualitative data, I test my argument in five periods: the early Lee Teng-hui years (1988-1994), the late Lee Teng-hui years (1995-1999), Chen Shui-bian's early moderation (2000-2001), the Chen Shui-bian era (2002-2007), and the Ma Ying-jeou era (2008-2010). I find that my theory focusing on external and internal constraints offer a better explanation of the Taiwan independence policy. My findings suggest that balancing, as a survival and security strategy, can take a political face under certain circumstances, and international norms do matter in political leaders' strategic calculations. An important policy implication is that in contrast to the conventional understanding that Taiwan independence grows out of the Taiwanese soil, it actually has an overlooked external origin.

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THE RISE AND FALL OF THE TAIWAN INDEPENDENCE POLICY: POWER SHIFT,
DOMESTIC CONSTRAINTS, AND SOVEREIGNTY ASSERTIVENESS (1988-2010)

Dalei Jie

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The Rise and Fall of the Taiwan Independence Policy: Power Shift, Domestic Constraints, and
Sovereignty Assertiveness (1988-2010)

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Dalei Jie

For My Grandparents

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ABSTRACT

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DOMESTIC CONSTRAINTS, AND SOVEREIGNTY ASSERTIVENESS (1988-2010)

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Avery Goldstein

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Chapter 1 Introduction

Taiwan and the mainland are indivisible parts of China's territory, and all Chinese are compatriots of the same flesh and blood. At this time when all of humanity longs for peace and is pursuing conciliation, all Chinese should work together to seek peaceful and democratic means to achieve our common goal of national reunification.

Lee Teng-hui, May 20, 1990, inaugural address, the Eighth President of the Republic of China

The 1991 constitutional amendments have designated cross-strait relations as a state-to-state relationship or at least a special state-to-state relationship, rather than an internal relationship between a legitimate government and a renegade group, or between a central government and a local government.

Lee Teng-hui, July 9, 1999, interview with Deutsche Welle

The people on both sides of the Taiwan Strait came from the same family... The integration of our economies, trade, and culture can be a starting point for gradually building faith and confidence in each other. This, in turn, can be the basis for a new framework of permanent peace and political integration.

Chen Shui-bian, December 31, 2000, New Year's Eve Address

Taiwan is our country, and our country cannot be bullied, diminished, marginalized, or downgraded as a local entity... Taiwan is a sovereign independence country. Simply put, it must be clear that Taiwan and China are each one country on each side of the strait.

Chen Shui-bian, August 3, 2002, Opening Address to the 29th Annual Meeting of the World Federation of Taiwanese Associations (in Tokyo, Japan) via Live Video Link

Under the principle of "no unification, no independence, and no use of force" ... and under the framework of the ROC Constitution, we will maintain the status quo in the Taiwan Strait... based on the "1992 Consensus," negotiations should resume at the earliest time possible.

Ma Ying-jeou, May 20, 2008, inaugural address, the Twelfth President of the Republic of China

1.1. The puzzle

Taiwan and mainland China have been governed separately for more than six decades after the Kuomintang (KMT/the Nationalist Party) lost the Chinese civil war and fled to the island in 1949.¹ During the first four decades when Taiwan was ruled by the two Chiangs, tensions were high but neither side attempted to redefine the political nature of cross-strait relations. Both sides claimed to be the sole legal government to represent China and were determined to reunify China under its rule. In the context of the Cold War and East-West divide, each side managed to find a niche for itself and survived. However, in the past twenty years or so the Taiwanese government from time to time deviated from the decades-old policy of one China, wavered over the goal of unification, and redefined the nature of Beijing-Taipei relations. In another word, the Taiwan independence policy, once a political taboo, has made its way to the Taiwanese government's political agenda. But the Taiwan independence policy is not always on the rise. As the above five political speeches illustrate, it waxes and wanes.

One quick reaction to the question might point to Taiwan's democratic transition that gradually took shape in the late 1980s and accelerated in the 1990s. There is no doubt that democratization constitutes one basic background since before the fundamental political change ideas of Taiwan independence were strictly prohibited, let alone becoming politically viable. Nevertheless, democratization is merely a "permissive cause" of the Taiwan independence policy and cannot explain its rise and fall, just as

¹ Throughout the dissertation, the ROC (Republic of China) and Taiwan will be used interchangeably for convenience, and so will be the PRC (People's Republic of China) and China. Moreover, terms such as "state" and "country" will be applied to Taiwan solely for analytical purpose. None of these suggest that the author takes a substantive view on Taiwan's sovereign status.

anarchy is also a “permissive cause” of wars but cannot explain why in certain international system the outbreak of wars is more frequent than others.² The dissertation focuses exclusively on the post-democratization era, thus making democratization more or less a constant and ruling it out as an explanatory variable.

Another reaction to the question sees the Taiwan independence policy purely as electioneering, i.e., it is electorally beneficial for politicians to outbid each other in promoting Taiwan independence policies. However, it is not entirely clear that being assertive on Taiwan independence is often a winning strategy for elections. In fact, the only time that the pro-independence Democratic Progressive Party (DPP) won a majority in presidential, legislative, or local elections was in 2004, when the election result was swayed by an alleged assassination attempt at the DPP candidates, Chen Shui-bian and Annette Lu. Moreover, numerous polls have consistently shown that the majority of voters have no strong preference for Taiwan independence.

Still another possible reaction to the question points to the impact of individual political leaders. Lee Teng-hui and Chen Shui-bian are widely believed to harbor independence ambitions so that they have pushed for their cause whenever possible. Although there are evidences that they may have some ideological affinity for Taiwan independence, there are also ample evidences to suggest that they are pragmatic politicians who are willing to bend personal predilections to political realities. In fact, both of them have pursued quite different policies on Taiwan independence throughout their presidencies. So how do we make sense of the rise and fall of the Taiwan independence policy?

² For anarchy as a permissive cause of war, see Waltz, 1959, pp. 232-238; Mearsheimer, 2001, pp. 334-335.

1.2. Definition of the Taiwan independence policy

The “Taiwan independence policy” is defined as internal political moves by the Taiwanese government to establish Taiwan as a separate and sovereign political entity on the world stage, either in the form of sovereignty assertions, redefinition of the nature cross-strait relations, or institutional reform. Further elaboration is in order. First, the “Taiwan independent policy” has two essential components: sovereignty and separateness. The highlight and pursuit of sovereignty is not by itself sufficient, since during the authoritarian era the two Chiang’s routinely claimed that the ROC was a sovereign country, and no one would accuse them of Taiwan independence. The second component is also crucial: a separate sovereignty, whether separate from the PRC, or a vaguely defined “China”. Second, no matter whether the goal of a move is ultimate Taiwan independence or not, as long as it contributes to a separate and sovereign Taiwan, it is encapsulated under the umbrella of “Taiwan independence policy”. Since sometimes whether a move constitutes one toward Taiwan independence is contested,³ the non-purposive definition avoids the often futile efforts at dissecting the real intent behind a move. Third, this is not a study of the social movements of Taiwan independence.

Although the Taiwan independence movement is not unimportant and has certainly left

³ The most expansive interpretation of Taiwan independence is that of the Beijing’s. In the white paper on the Taiwan issue released in February 2000 by the Taiwan Affairs Office, political reform, seeking more international space, weaponry purchase from the United States, fostering a Taiwanese identity are all indices of the Taiwan independence policy. (The Taiwan Affairs Office, the PRC 2000) The definition adopted here is relatively narrower, as it focuses on the political dimension and excludes the military and cultural ones. Richard Bush argued that what Lee Teng-hui had said and done during his presidency did not fully justify the claim that he was a “separatist”. Even President Chen Shui-bian exhibited considerable flexibility and open-mindedness on the cross-strait relations, which was not given credit for by Beijing. (Bush, 2005, pp. 35-80) My interviews with former national security officials in Lee Teng-hui administration denied that Lee was intent on Taiwan independence in the 1990s. For a radical account that denied that existence of a “Taiwan independence plot”, see Friedman, 2006. Friedman maintained that the so-called “Taiwan independence plot” was a constructed narrative by the CCP due to its regime interests and quest for regional domination but nevertheless falsely adopted by many independent observers and analysts.

heavy footprints on Taiwan's domestic politics after its democratic transition,⁴ this study is one of Taiwan's security policy and strategy, and the "Taiwan independence policy" refers to the Taiwanese government's endeavors to define, modify and manipulate Taiwan's sovereign status and its relations with China.

To gauge and measure the rise and fall of Taiwan independence policy, I use the term *sovereignty assertiveness*, i.e. the extent to which the Taiwanese government seeks and claims a separate sovereignty. More specifically I look at three aspects: self-claim and -definition of Taiwan's sovereignty status and cross-strait relations, long-term commitment to unification, and sovereignty-implicated institutional changes. It is worth noting that Taiwan's pursuit of international space is left out of the measurement of sovereignty assertiveness. The issue of international space does have implications for Taiwan's sovereignty, but I leave it aside for three reasons.

First, ever since Taiwan switched to pragmatic diplomacy in the late 1980s, its pursuit of international space has been more or less consistent. The degree of success varied over time, but the fundamental goal of securing as much as international recognition and attention remained unchanged. In contrast, the Taiwanese government's self-definition of cross-strait relations, declaratory commitment to unification and certain institutional features changed considerably over time. Second, the success or failure of Taiwan's pursuit of international space is more an immediate result of external pressures and support and less the fruit of its own endeavors. Again in contrast, the self-claim of sovereignty, commitment to unification and institutional changes are more manipulative

⁴ For recent works on the Taiwanese independence movement, see Wang, 1999; Phillips, 2005. An earlier well-known work is Kerr, 1965.

at its own discretion. Third, Taiwan's international space and diplomatic standing will be included as one dimension of the independent variable—power shift, as will be discussed later. In a nutshell, Taipei's pursuit of international space is more about its external efforts at highlighting sovereignty, but what the dissertation tries to explain focuses more on its internal efforts at elevating its sovereign status, and there are significant differences between the internal and external dimensions. I treat them separately for the sake of analytical clarity. Below is a brief account of the rise and fall of the Taiwan independence policy, i.e. the degree of sovereignty assertiveness.

1.3. A historical overview of the Taiwan independence policy

1.3.1. From one China to one China with adjectives (1988-1994)

When Lee Teng-hui assumed the presidency upon Chiang Ching-kuo's death in 1988, the official line of the ROC was that reunification has to occur under the Three Principles of the People, the KMT's founding ideology.⁵ On the matter of cross-strait exchange, it was the Three No's policy: no contact, no negotiation, and no compromise. Lee Teng-hui vowed to carry on these policies and fulfill the mission of unification for the Chinese nation. (Academia Historica, 2000) He emphasized that both Taiwan and the mainland are "indivisible part of China," and all Chinese were "compatriots of the same flesh and blood" and should therefore work together to achieve the common goal of national unification through peaceful and democratic means. (Academia Historica, 2000) What parts Lee from his predecessors were his attitudes toward Beijing: he terminated the

⁵ The Three Principles of the People refers to nationalism, democracy and people's livelihood. Taipei's policy was a counter-offer to Beijing's peace overtures during the late 1970s and early 1980s. For origins of Beijing's strategy of "peaceful reunification" and Taipei's response, see Hsiao and Sullivan 1980; Chiu, 1983.

“period of national mobilization for the suppression of communist rebellion” and abolished the “temporary provisions” of the Constitution in 1991, thus shifting the ROC’s long-standing position that Beijing was a “rebel regime” to one that regarded Beijing as a (legitimate) “political entity” ruling the mainland area.

Meanwhile, institutional structures were also established to direct, supervise, and implement mainland policies. In particular the National Unification Council (NUC) was established and passed the National Unification Guidelines (NUG) in February 1991. The NUG envisioned a three-phased unification process: exchanges and reciprocity (short term), mutual trust and cooperation (medium term), and consultation and unification (long term). Negotiations across the Strait were held since the end of 1991 between the Strait Exchange Foundation (SEF), a semi-official body, and its mainland counterpart, the ARATS (Association for Relations Across the Taiwan Strait). Under the auspices of the so-called “1992 consensus”—one China, different interpretations, the cross-strait interaction culminated in a historic meeting between the two heads of the SEF and ARATS in Singapore in April 1993 and its four agreements.

After 1993 there was a perceptible change of Taipei’s characterization of cross-strait relations. “One China policy with adjectives” is perhaps the best term for it, i.e., Lee and other political leaders tended to add certain qualifications to the “one China policy” so as to highlight the ROC’s sovereignty and equality with the PRC. For example, Chiang Ping-kun, the ROC’s Economic Minister, told the press at APEC in Seattle in 1993 that the government policy was a “one-China-oriented two-China policy over a certain period of time”. In another word, one China is the future, two Chinas are the present. In April

1994, Lee stated that “the current stage is that ‘the ROC is on Taiwan’ and ‘the PRC is on the mainland’. We should forget words like one China, two Chinas...” (Academia Historica 2000) Despite the rhetoric change, Taipei’s policy was still firmly confined to the one China framework, its commitment to ultimate unification remained strong and the institutionalized cross-strait interaction was moving forward.

1.3.2. From one divided China to special state-to-state theory (1995-1999)

The 1995-96 Taiwan Strait crisis was a turning point. Lee Teng-hui’s visit to the U.S., China’s two rounds of military exercises and the Clinton administration’s decision to send two aircraft carrier battle groups to the vicinity of the strait not only brought the greatest crisis since 1958 to the strait, but also effectively ended the conciliatory interaction across the strait. In the aftermath of the crisis, although Taipei did not abandon the one China policy, it grew more skeptical of it, and frequently referred to “one China” as a “political trap” for Taiwan. In February 1997 the Government Information Office even warned that if the PRC’s “one China principle” were accepted, it amounted to a “verbal annexation” of the ROC, and it was thus better to talk about “one divided China” than simply “one China”. In 1998 the SEF and ARATS resumed talks and during the meeting between the two heads, Koo Chen-fu, the SEF president, stressed once again that “one divided China” was not only a historical fact, but also political reality.

It was Lee Teng-hui himself who redefined the nature of cross-strait relations in a revolutionary way. On July 9, 1999, Lee proclaimed that since the ROC’s constitutional reform in 1991, cross-strait relations are “nation-to-nation (*guojia yu guojia*), or at least

as special state-to-state ties (*te shu de guoyuguo de guanxi*), rather than internal ties within ‘one China’ between a legitimate government and a rebellion group, or between central and local governments.” The new formulation was seen by many as formally scrapping the one China policy and it effectively dashed any hope of cross-strait dialogue during Lee’s presidency. In short, the 1995-1999 years witnessed medium rise of sovereignty assertiveness, as Taiwanese leaders were more skeptical and critical of one China, commitment to unification turned shaky, and institutionalized cross-strait interaction stalled.

1.3.3. Chen’s initial moderation (2000-2001)

The 2000 presidential election brought Chen Shui-bian, the candidate of the Democratic Progressive Party (DPP), to the presidency, marking the first transfer of power to the opposition after five-decade of the KMT rule. Notwithstanding long-term advocate of Taiwan independence, initially Chen and the DPP approached cross-strait relations with considerable moderation and conciliation. Chen’s inaugural address on May 20 2000 not only emphasized the same “ancestral, cultural, and historical background” across the strait and did not rule out the possibility of future unification, but also pledged the “Five Noes”: no declaration of independence, no change of the national title, no inclusion of the ‘state-to-state-theory’ into the constitution, no referendum on independence, and no abolition of the NUC and NUG.

Chen’s subsequent statements and policies in the first two years of his reign by and large kept the moderate tone and in 2001 his New Year messages went far beyond the DPP’s traditional radicalism on Taiwan independence by suggesting the possibility of “political

integration” across the strait. Meanwhile, the Chen administration authorized the so-called “three mini-links”⁶ between the two offshore islands of Kinmen and Matsu and the Chinese mainland in January 2001. Taken together, although Chen’s 2000-2001 approach was still not comparable to that of the early 1990s in terms of commitment to unification or acceptance of the “1992 consensus”, etc., it was a significant retreat from the late Lee Teng-hui years and given the initial pessimistic expectations of Chen’s handling of cross-strait relations, could be reasonably coded as a period of low sovereignty assertiveness.

1.3.4. From one-country-on-each-side on (2002-2007)

Chen initial moderate approach proved to be transient and the “one-country-one-each-side theory” was clearly a watershed. When addressing a group of overseas Taiwanese supporters on August 3, 2002 Chen claimed that “Taiwan and China are standing on opposite sides of the strait, there is one country on each side.” The new formulation was arguably more assertive in terms of self-claim of sovereignty than Lee’s “special-state-to-state-theory”, and it was followed by a series of moves that were deemed by Beijing as “creeping independence”, salami tactics to achieve formal independence. In September 2003 Chen proposed a new constitution to be completed by 2006 to make Taiwan “a normal, complete and great country.” Later that year Chen announced that a “defensive referendum” would be held alongside the presidential election in March 2004, which did not raise the alarm for Beijing, but also drew strong opposition from Washington.

⁶ The “three links” are direct postal, trade and transportation linkages between mainland China and Taiwan, which were severed ever since 1949. To establish the “three links” has long been the PRC’s goal since the late 1970s. The “three mini-links” are “mini-” because they only apply to the two offshore islands.

Chen won his second term by a razor-thin margin and made a fairly conciliatory inaugural speech on May 20 2004, but he soon resorted back to tactics with high sovereignty assertiveness. He continued to press on the “constitutional reengineering project” and called for a “bottom-up, outside-in” process, which was prone to radical independence-oriented drafts. In February 2006 one significant institutional change took place when Chen announced that the NUC would “cease to function” and the NUG would “cease to apply”, thus further weakening Taipei’s already tenuous commitment to unification. Furthermore, Chen indicated that Taiwan should apply for the U.N. membership under the name of “Taiwan”, instead of its official title, the ROC, and later on he announced to hold another referendum on this issue in tandem with the presidential election in early 2008. In short, on all three fronts—definition of Taiwan’s status, commitment to unification, and institutional change, the 2002~2007 years were the most sovereignty-assertive.

1.3.5. Enter Ma Ying-jeou (2008-2009)

The KMT won a landslide victory during the presidential election in May 2008 and the coming into power of Ma Ying-jeou, the KMT candidate, abruptly ended the high sovereignty-assertive era of his predecessor. During his inaugural address Ma reiterated the “no unification, no independence, and no use of force” and promised to maintain the status quo in the Taiwan Strait “under the framework of the ROC Constitution.” He also called for the resumption of cross-strait negotiations based on the “1992 consensus”, and proposed a “truce” in both cross-strait and international arenas. Ma also distanced himself from his predecessors by defining the cross-strait relationship as a special one and denied

that it was one between two countries. Meanwhile, the SEF and ARATS quickly resumed dialogue after a hiatus of nine years. Agreements have been signed on a wide range of issues such as trade, transportation, tourism, travel, finance and investment, crime control, food safety, etc., and the “three links” were finally realized between the mainland and Taiwan. Moreover, a cross-strait Economic Cooperation Framework Agreement (ECFA) was signed in 2010 and there were calls to sign a “peace agreement” between the two sides. The Ma Ying-jeou era is thus characterized by distinctively low sovereignty assertiveness, the extent to which had never been seen since the Taiwan Strait crisis of the mid-1990s.

Table 1.1 A Summary of the Degree of Sovereignty Assertiveness

	Sovereignty assertion	Long-term commitment to unification	Sovereignty-implicated institutional changes	SOVEREIGNTY ASSERTIVENESS
1988~1994	<i>Low</i>	<i>Strong</i>	<i>Low</i>	LOW
1995~1999	<i>Medium</i>	<i>Medium</i>	<i>Medium</i>	MEDIUM
2000~2001	<i>Low</i>	<i>Medium</i>	<i>Low</i>	LOW
2002~2007	<i>High</i>	<i>Low</i>	<i>High</i>	HIGH
2008~2009	<i>Low</i>	<i>Medium</i>	<i>Low</i>	LOW

1.3. The argument in brief

In contrast to the conventional wisdom which locates explanations at domestic and individual level, I argue that there is strategic rationale for Taiwan to assert a separate sovereignty. Sovereignty assertions are attempts to substitute normative power—the international consensus on the sanctity of sovereignty—for a shortfall in military-economic-diplomatic assets when the security environment becomes perilous for Taiwan as a result of adverse power shift.

Many see Taiwan's sovereignty assertions as unnecessarily provocative to Beijing and undermine rather than bolster Taiwan's security. This line of reasoning has a great deal of truth, but it neglects the security-plus aspect of sovereignty assertions. A well-founded and solid sovereign status contributes to Taiwan's security for two major reasons. First, sovereignty is an instrument for survival. The universalization and canonization of sovereignty and its associated norms and principles after the Second World War and the decolonization movement means that any forcible action against a sovereign would be seen as fundamentally illegitimate. Studies of survival strategies of small states point to sovereignty as "the greatest nominal protection for the weak." Second, sovereignty is bargaining chips with respect to political negotiations across the strait. If Taipei ever comes to the negotiation table with Beijing, its sovereign status *ex ante* is critical in determining its political status *ex post*. In short, sovereign status is consequential for Taipei to withstand both military coercion and political offensive from Beijing. Although it is a double-edged sword, this is the case for every other means of security seeking—military buildup, alliance building, and pragmatic diplomacy.

Moreover, I do acknowledge that sovereignty assertions are not necessarily the most effective weapon to redress an adverse power shift, but it is the least resource-consuming compared with other military, economic or diplomatic means. So I further argue that Taipei would have the highest incentive to push on the sovereignty issue when there are strong resource and political constraints on its ability to mobilize sufficient resources and respond to power shifts in other ways. In other words, i.e., political response becomes

more likely when these other means—military, diplomatic, and economic—are less available due to domestic constraints.

With power shift and domestic constraints as the independent variables, we arrive at four scenarios. Taiwan's stances on sovereignty would be the most assertive when an adverse power shift threatens its security and survival and strong domestic constraints hinder domestic resource mobilization to deal with the changed security environment with more orthodox approaches. On the other hand, when external or internal constraints are relatively loose, namely, when either power shift is favorable or sufficient domestic resources are mobilizable, the push on sovereignty will be less assertive. Under the most auspicious circumstances—favorable power shift plus resource abundance, sovereignty assertiveness is the lowest and Taipei might choose opening up to mainland China.

1.4. The significance of the Taiwan independence policy

The issue of Taiwan independence is a matter of war and peace. Most international relations scholars, analysts and Asian specialists have agreed that in today's world if there is any chance for two major powers to plunge into war, it must be between the U.S. and China, and the only conceivable trigger would be over the issue of Taiwan.

(Campbell and Mitchell 2001; Romberg 2003; Carpenter 2005; Tucker 2005; Copper 2006; Bush and O'Hanlon 2007)⁷ If one steps further to ask what would lead the two major powers armed with nuclear warheads to fight a war that neither wants, one possibility is due to unification: the PRC is eager to achieve unification through the use

⁷ U.S. policy planners tend to take a similar view. For example, the U.S. 2002 *Nuclear Posture Review* explicitly singled out the Taiwan Strait as one of the few contingencies in which nuclear weapons might be brought into use. (Graham and Pincus, 2002)

of force and the U.S. intervenes in accordance with the Taiwan Relations Act (TRA); the other possibility points to independence: China comes to believe that Taiwan crosses the red line toward *de jure* independence and responds by the use of force, and the U.S. again comes to Taiwan's rescue by confronting the Chinese military force.

With a closer look the first scenario is less likely given the People's Liberation Army's (PLA) still limited amphibious capability,⁸ China's grand strategy of peaceful development (Goldstein, 2005) and the enormous damage to China's ambition of great renaissance that a reckless use of force against Taiwan could bring about,⁹ and Beijing's optimism that time is on its side.¹⁰ The second scenario of war, which results from the Taiwanese government's independence policy, is deemed more realistic and troublesome. Indeed Taiwan's actions were increasingly seen as "the most crucial variable" influencing the U.S.-China-Taiwan triangular dynamic and the prospect of military conflict.¹¹ (Swaine and Mulvenon, 2001, p. 1) Although after Ma Ying-jeou took office in May 2008 there has been significant reduction of tensions across the Taiwan Strait and the Taiwan independence policy seems much less of a destabilizing factor, the rapprochement is by no means irreversible and it is still crucial to understand how the past independence-oriented policies came about and evolved over time.

⁸ Even the usually alarmist US DoD report to the Congress concluded that "the PLA is capable of accomplishing various amphibious operations short of a full-scale invasion of Taiwan," and "an attempt to invade Taiwan would strain China's untested armed forces and invite international intervention." Office of the Secretary of Defense, 2010.

⁹ The grand strategy of "peaceful development" has been put to a big test after 2008 in light of Beijing's more assertive stances in a variety of issues areas. See Swaine, 2010; Christensen, 2011; Wang, 2011. Nevertheless, Beijing's Taiwan policy seems rather like an exception to the assertiveness embodied in China's recent foreign policies.

¹⁰ See Wang, 1999, p.21; Shi, 2000, p. 31. On how Beijing's optimism and pessimism about future trends affected its choice of security strategies and use of force, see Christensen, 2006. Occasional pessimism regarding future cross-strait relations did arise from time to time; but on balance optimism was the rule and has been rising with China's growing economic, political and military clout.

¹¹ To use Su Chi's [secretary-general of the ROC's National Security Council (05/20/2008-02/23/2010); chairman of the Mainland Affairs Council (02/01/1999-05/19/2000)] metaphor, Taiwan could be the "tail that wags two dogs". (Su, 2009)

There is no dearth of studies of Taiwan's policies vis-à-vis mainland China, but there are very few systematic and theoretically informed ones. Most existing studies are journalistic, policy-oriented and have short time span. A prominent Taiwanese political scientist Wu Yu-shan lamented, "... the high attention cast on cross-strait relations has not translated into fertile theorization. Detailed description of events and preoccupation with current policies preclude detached observation and comparative understanding. We are short of theoretical frameworks with which to approach Taipei-Beijing relations." (Wu, 2000, p. 408) Another problem with existing studies is that many of them are emotionally charged or ideologically driven since Taiwan independence is such a sensitive issue to most people across the Taiwan Strait that even arguments made by scholars and analysts are sometimes tinted by the unification-independence controversy. I seek to offer a more detached and systematic study by analyzing the Taiwan independence phenomenon from a security perspective.

As a "theory-building" exercise, my theory goes beyond the usual domestic story of the Taiwan independence policy and offers a structural explanation focusing on external and internal constraints facing Taiwanese leaders. No matter whether it is due to democratization, electoral politics, identity change, or individual leaders' preferences, the predominant view holds that the Taiwan independence policy "grows" out of the Taiwanese soil. In contrast, my theory suggests that there may be an external origin of the Taiwan independence policy, which rises and falls as a result of its changing security environment. Though internal dynamics are certainly an integral part of any

understanding of the Taiwan independence policy, an exclusive focus on its domestic roots is incomplete and will very likely generate misguided policy prescriptions.

1.5. Methodology and Organization

The study's focus on the single case of Taiwan may raise eyebrows among those who regard case study as a weak tool of scientific inquiry in political science. In particular there are two major criticisms leveled against case study: inability to control for variables and generalizability. (Van Evera, 1997, pp. 50-55) First of all, it is worth noting that a single case usually has multiple observable implications, i.e. there can still be substantial within-case variations of the independent and dependent variables so as to allowing vigorous theory testing. Moreover, within-case studies have the advantage of having uniform background conditions, the equivalent of actually having many variables controlled by keeping them constant. Generalizability is more of a problem for case studies, because the validity of a theory for a given case does not say much about its applicability to other cases. But this weakness can be offset by case study's strengths at identifying causal processes and providing historical richness.

On the other hand, this study's generalizability is hampered by Taiwan's distinctiveness. To be sure, in comparative politics literature there have been many studies comparing Taiwan's political economy with other developmental states and its democratization with other countries riding the third wave.¹² But Taiwan's security policy is more in its own category. The subject of this dissertation—the Taiwan independence policy/sovereignty assertiveness—and one major challenge for Taiwan's survival and security—the nexus of

¹² For examples, see Wade (1990), Lin (1998).

security and sovereignty—is to a great extent unique to Taiwan itself. Although there are certainly other independence movements across the world, the Taiwan case is fundamentally different in that Taiwan has already enjoyed *de facto* autonomy, which remains a long shot for many independent-aspiring groups. Some attempted to group Taiwan and other “unrecognized states” in the international system, (Caspersen & Stansfield, 2011) but Taiwan still immediately stands out as other impoverished unrecognized states with little geopolitical weight bear few resemblances to Taiwan beyond not being “recognized”. This is not to suggest that generalizability is a nonissue for the study of Taiwan’s security policy, but as a first step it is justifiable to study it on its own merits.

As for specific methods, I employ congruence procedure and process tracing. I draw upon a large amount of historical and qualitative data from press reports, government documents, memoirs, secondary literature in Chinese and English and in-depth interviews I conducted with former officials, security analysts and scholars during my fieldwork in Taiwan in 2008 and 2009. Whenever possible and necessary, I try to triangulate data from sources in Taiwan, the U.S. and mainland China. The rest of the dissertation is organized as follows. Chapter 2 is the theory chapter. It briefly traces the rise and fall of the Taiwan independence policy, reviews existing literature and proposes my own theory focusing on power shift and domestic constraints; Chapter 3, 4, and 5 test the theory by examining the early Lee Teng-hui years (1988-1994) when the Taiwanese government adhered to one China and opened up to mainland China, the late Lee Teng-hui Years (1995-1999) when there was a medium rise of sovereignty assertiveness, and the Chen

Shui-bian era (2002-2007) when the Taiwan independence policy was at its height.

Chapter 6 addresses two seemingly counter-examples: Chen Shui-bian's early moderation (2000-2001) and the grand cross-strait rapprochement under Ma Ying-jeou (2008-2010). Chapter 7 concludes by drawing some theoretical and policy implications.

Chapter 2 Explaining the Taiwan Independence Policy: Power Shift, Domestic Constraints, and Sovereignty Assertiveness

This is the theory chapter of the dissertation. I first review existing explanations on the Taiwan independence policy, most notably the theses on electoral politics and shifting identity. Then I propose my own theory focusing on power shift and domestic constraints, which is followed by a brief preview of the cases.

2.1. Prevailing theses: electoral politics and shifting identity

2.1.1. Electoral politics

International relations scholars have devoted a significant amount of efforts to study the domestic politics-foreign policy nexus and in recent years gone beyond simply arguing that “domestic politics matters” to the more interesting questions of how, why and when it matters. (Fearon, 1998, p.290; Schultz, 2001, p. 2) In particular regime type and electoral politics have often been invoked to explain the different conduct of foreign policy between democracies and autocracies and suboptimal foreign policy outcomes. However, opinions differ on whether democratic elections incentivize political leaders to initiate conciliatory policies and thus make interstate conflicts less likely or just the opposite happens, namely, political elites pursue belligerent, adventurous, or expansionist policies for electoral benefits. Democratic peace theorists maintain that electoral contestation, whether being one important manifestation of the “live and let live” democratic norms (Maoz and Russett, 1993), or rendering leaders accountable to largely

anti-war electorate (Doyle, 1986), or helping democratic countries to send more credible signals (Schultz, 2001), or magnifying the voice of ever-present anti-war factions (Gaubatz, 1999), should in general reduce the likelihood of interstate conflicts. On the other hand, however, both formal modeling research (Smith, 1996) and empirical study of the U.S. Soviet policy (Nincic, 1990) revealed that electoral considerations tend to bias political leaders toward violent, adventurous and overreacting foreign policies. Moreover, countries undergoing incomplete democratization with elections but weak political institutions are especially war-prone. (Mansfield and Snyder, 2005)

Domestic politics have also attracted much scholarly attention in the study of Taiwan's mainland and security policy, as Taiwan was gradually democratized and became a vibrant democracy by the mid-1990s. Taiwanese as well as American scholars and analysts focused on "median voter position" (Hsieh, 1995), domestic political changes and cross-strait negotiations (Goldstein, 1999), the converging effects of elections on the mainland policy (Wu, 1999), the domestic political economy of Taiwan's mainland economic policies (Leng, 1996; Tung, 2003; Kuo, 1995). Indeed one scholar claimed that "the most important factors that determine whether there is war or peace between the PRC and Taiwan are the domestic politics of the two sides." (Tsang, 2002, p. 66)

However, on the important question of whether electoral politics is a moderating or radicalizing factor on the issue of Taiwan independence, i.e., whether electoral politics contributed to more or less sovereignty assertiveness, opinions are divided.

Deriving from Anthony Downs' economic theory of democracy, Wu's "vote-maximizing model" argued that since the popular preference in Taiwan on issues related to the

mainland policy—unification vs. independence and economic interest vs. security interest is a normal distribution and the mainstream public opinion is maintaining the status quo, major political parties, despite their prior opposing stances, tended to converge toward the center for the purpose of vote-maximization. (Wu, 1999) On the other hand, other studies show that the approaching of presidential and legislative elections increased the probability of more hostile and provocative words and deeds against mainland China. (Lin, 2004; Kuan, 2007) Wu's arguments seem to be supported by the 2000 presidential election, while Lin and Kuan's findings find evidence in the 2004 election, when political parties, instead of converging toward "maintaining the status quo", became much more sovereignty-assertive on the issues of national referendum and new constitution.

The electoral politics theory of Taiwan's independence policy is thus indeterminate: electoral politics could moderate *as well as* radicalize the Taiwan independence policy.¹³ This is actually in line with Gaubatz' finding (Gaubatz, 1999) that domestic elections do not have a consistent effect on a country's foreign policy conciliation or belligerence. Hypothetically if electoral politics has sufficient explanatory power, we would observe a cyclic change of Taiwan's mainland policy, coinciding with the electoral cycles, but as the previous historical overview reveals, the rise and fall of the Taiwan independence policy cut across rather than changed cyclically with the presidential and legislative elections.

¹³ Advocates of the electoral politics approach could argue that the inconsistency resulted from the rise of Taiwanese identity and change of policy preferences of the electorate. For example, Wu argued that during the 2004 presidential campaign different political parties still converged toward the middle, but it was just that the "middle" shifted in the direction of Taiwan independence. (Wu, 2005) The next section will address the shifting identity thesis.

Secondly, the high frequency of Taiwan's elections makes the argument that "elections matter for Taiwan's mainland policy" largely unfalsifiable. Elections "occur not once a year in Taiwan but often twice a year because local and national, legislative, and executive terms of office are not conterminous and each kind of office has its own election day." (Chu and Nathan, 2008, p. 85) Even if one considers local elections to be less concerned with national policies such as the mainland policy and leaves them out,¹⁴ still "the density of elections with national scope or significance is striking." (deLisle, 2005) For example, during the ten years from 1991 to 2000, there were eight island-wide elections, with two presidential elections (1996, 2000), three Legislative Yuan elections (1992, 1995, 1998), two National Assembly elections (1991, 1996)¹⁵, and one Taiwan Governor election (1994). In one sense, the high frequency makes elections in Taiwan a "constant" and gives birth to "perpetual campaign" (deLisle, 2005), thus ill-suited to explain the sometimes drastic change of the Taiwan independence policy.

There is no pretense that electoral politics or domestic politics writ large are irrelevant or unimportant to Taiwan's mainland policy. Indeed, they are undoubtedly integral to an understanding of Taiwan's mainland policy and security strategy, but the divisive nature of the national identity issue, highly visible domestic wrangling of the direction of mainland policy, and frequent electoral campaigns made it look like that domestic politics is the whole picture and all we need to explain the Taiwan independence policy. This is a false impression. The indeterminacy and unfalsifiability of the electoral politics approach made it hard to answer *how* and *when* it matters. To some extent this is a level

¹⁴ In fact even Taiwan's local elections were laden with national policy debates, especially the mainland policies. (deLisle, 2005)

¹⁵ The 1996 National Assembly election was held concurrently with the 1996 presidential election.

of generality question: domestic politics is better at generating situation-specific arguments but less useful to offer generalizable explanations to the broader, long-time-span question set out in the beginning: the rise and fall of the Taiwan independence policy over the last twenty years.

Table 2.1 Electoral Density in Taiwan during 1991-2010

	National-level	Direct-controlled municipalities	Counties, provincial cities
1991	2 nd National Assembly		
1992	2 nd Legislative Yuan		
1993			12 th county magistrate/city mayor
1994	1 st Taiwan governor, 10 th provincial assembly	1 st municipal mayoral, 7/4 city council	13 th county council/city council
1995	3 rd Legislative Yuan		
1996	9 th Presidential & 3 rd National Assembly		
1997			13 th county magistrate/city mayor
1998	4 th Legislative Yuan	2 nd municipal mayoral, 8/5 city council	14 th county council/city council
1999			
2000	10 th Presidential		
2001	5 th Legislative Yuan		14 th county magistrate/city mayor
2002			15 th county council/city council
			3 rd municipal mayor, 9/6 city council
2003			
2004	11 th Presidential, 6 th Legislative Yuan		
2005	Ad hoc National Assembly		15 th county magistrate/city mayor; 16 th county council/city council
2006			4 th municipal mayor, 10/7 city council
2007			
2008	7 th Legislative Yuan; 12 th Presidential		
2009			16 th county magistrate/city mayor; 17 th county council/city council
2010			5/1 municipal mayor, 11/1 city council

2.1.2. Shifting identity

Constructivist international relations theories gained increasing prominence since the 1990s (Wendt, 1992; Johnston, 1995; Katzenstein, 1996; Finnemore, 1996; Checkel, 1998; Hopf, 1998; Hopf 2002) Identity is one of the core concepts of constructivism, since it “strongly imply a particular set of interests or preferences with respect to choices of action in particular domain, and with respect to particular actors.” (Hopf, 1998, p. 175) Applying this logic to the context of cross-strait relations,¹⁶ the shifting identity thesis would postulate that if more and more Taiwanese self-identify themselves only as Taiwanese rather than Chinese and believe Taiwan to be a nascent nation-state distinct from China, popular support for Taiwan’s legal independence of Taiwan would rise and consequently Taiwan’s mainland policy would become more sovereignty-assertive; conversely, if the rise of Taiwanese identity is reversed and Chinese identity makes its way back, popular demands for Taiwan independence would fall and its mainland policy would be more conciliatory. Many believed that the issue of national identity and identity politics in Taiwan is “the dominant factor affecting Taiwan’s mainland China policy” (Hsieh, 2004) and carries serious implications of the peace and stability in East Asia. (Chu, 2007; Wu, 2004) Some analysts are rather pessimistic given the “inexorable” rise of the Taiwanese identity and nationalism. (Carpenter, 2005; Wang, 2001a)

While it is indisputable that a “Taiwanese consciousness/identity” has emerged after the two sides of the strait experienced vastly different political, economic, cultural and social

¹⁶ There are different variants of constructivism, using different levels of analysis. For example, Johnston’s work (1995) on China’s cultural realism focuses on the domestic level, while Wendt (1999) attempts to construct an international-level systemic theory. The study of shifting identity in Taiwan falls into the former category.

development since the end of the 19th, the identity thesis suffers from a number of insufficiencies to explain the rise and fall of Taiwan's independence policy. First of all, the identity structure is more complex than impressionistic and journalistic descriptions. Although Taiwanese consciousness has risen at the expense of Chinese consciousness, it almost never acquires a majority status and there always exist a stable and significant percentage of people who consider themselves both Chinese and Taiwanese, the so-called "dual identity" group. More importantly, the political attitudes on the independence-unification issue do not reflect a strong preference for the former. For most of the time pragmatism is the rule: "status quo and decide later" accounts for the plurality. The independence-leaning attitudes comprising of "independence as soon as possible" and "status quo, move toward independence" peaked at little more than 20%! Albeit with different operationalization and measurement, numerous surveys and research have reached the same conclusion of the non-dominant status of an exclusive Taiwanese identity or support for independence.¹⁷ As one leading Taiwanese political scientist stated, "neither the principled believers in Taiwan's independence, nor principled believers in reunification, are sizable enough to impose their favored resolution on national identity in the near future." (Chu, 2007, p. 227) These results contradict the popular impression and discourse, which to a large extent results from the conflation of

¹⁷ The literature on Taiwanese national identity is abundant. The bulk of the literature asks two major questions: self-identification as Chinese, Taiwanese or both; and position on the unification-independence issue. The former measures ethnic identity/consciousness (*zuqun rentong/yishi*), and the latter is a proxy for national identity (*guojia rentong*). For an overview, see (Rigger, 1999b). See also (Chu, 2007; Wu, 2001a; Chu, 1992; Wachman, 1994; Chu and Lin 1996; Wang and Liu, 2004). Niu and others pointed out that conditional preference is a better way to capture respondents' national identity since many "status-quo" Taiwanese would move away from status quo to either unification or independence if the conditions regarding China's military attack and the political, economic and social disparity across the strait are clearly specified. See (Niu, 2004)

Taiwanese ethnic consciousness, its national identity and public policy preferences, that Taiwanese support for independence is rising and increasingly dominant.

Secondly, the identity thesis also lacks a specified and substantiated causal mechanism suggesting how the shifting Taiwanese identity has led to the Taiwanese government's changing positions on its sovereign status. Rather it essentially adopts a simplistic "bottom-up" approach and *assumes* the public opinion's impact on foreign policy: democratically elected leaders follow masses; since more and more Taiwanese people want independence, so do Taiwanese leaders. To some extent this is a reflection of the state of the larger public opinion and foreign policy literature. In recent years the post-World War II "Almond-Lippmann consensus" that public opinion is highly volatile and incoherent and lacks any significant impact on foreign policy has been challenged from various quarters by a growing body of public opinion literature, but much is on the state of public opinion itself than on how public opinion affects the conduct of foreign affairs. (Lippmann, 1943; Almond, 1950; Page and Shapiro, 1983; Russett, 1990; Holsti, 1992) Even if strong correlation is found to exist between the change of public opinion and evolution of actual policies, (Page and Shapiro, 1983; Monroe, 1979; Kusnitz, 1984) there still exists too wide an analytic gulf to jump over and conclude that public opinion indeed has played the decisive role in the minds of decision-makers, as Holsti noted,

"It is not wholly sufficient to describe the state of or trends in public opinion on an issue immediately preceding or during foreign policy decisions. A finding that major decisions seemed to be correlated with public preferences does not, by itself, establish a causal link; for example, policy-makers might be responding to pressures and constraints from the international system...without any significant attention to public sentiments on the issue, even if those attitudes are highly congruent with those of the decision-

makers. Alternatively, the actual direction of causality might run from policy-makers to the public rather than vice versa...”(Holsti, 1992, p. 453)

The same caution has to be taken when it comes to the argument that a rising Taiwanese identity determines the direction of Taiwan’s mainland policy. Indeed the link between the rise of Taiwanese consciousness/identity and Taiwan’s mainland policy is not as direct and clear-cut as is commonly assumed. As Taiwanese political scientist Wu Yu-shan observed, “the rapid nativization of ethnic consciousness is only partially reflected in positions on national identity and the independence/unification question, and its influence on concrete policy positions [related to cross-strait economic relations] is even more limited ... Put simply, the trend toward Taiwanization in basic ethnic consciousness has not evolved into a political demand for Taiwan independence.”(Wu, 2001a, p. 84)

Moreover, Risse-Kappen pointed out that the policy impact of public opinion is indirect and to a large measure depends on domestic structures and coalition-building processes. Specifically, “in countries with centralized political institutions but polarized societies and rather weak social organizations, the policy network is likely to be state-dominated.” (Risse-Kappen, 1991, p. 486) Taiwan has a strong presidential system and quite polarized society highly divided on the national unity issue, so drawing on Risse-Kappen’s insights we should expect to see state-dominated policies in Taipei. Lastly, the identity thesis has a difficult time in accounting for policy change. Although the rise of Taiwan’s sovereignty assertiveness after the mid-1990s seemed to coincide with the rise of the Taiwanese identity, the exclusive Taiwanese identity remained fairly stable afterwards and thus was unable to explain the change of sovereignty assertiveness from then on. In particular, after the Ma Ying-jeou’s administration came into power, the Taiwanese

identity actually went up and for the first time surpassed 50%. Yet Ma was able to adopt a low-profile strategy on sovereignty, further indicating that there is no necessary correlation between identity and policy.

2.1.3. Other approaches

In addition to the two prevailing theses, there are also other attempts at explaining Taiwan's independence policy and its mainland policy in general. Although they may look plausible in view of a short time period, they can hardly pass the empirical testing by the last twenty years' historical vicissitudes. Wu's power asymmetry model applied what was observed in the relationship between Russia and non-Russian former Soviet states to cross-strait relations, and argued that the bigger the economic gap between the two sides, the more the U.S. support is available, the more likely that Taiwan opts for balancing. (Wu 1997) However, Taiwan's balancing and bandwagoning strategies do not seem to follow lockstep with the closing economic gap across the Strait. Likewise, the "U.S. support hypothesis" is also contradicted by the fact that Lee's "special-state-to-state-theory" followed the announcement of the "three-nos" and Washington's seemingly tilt toward Beijing and the fact that Taiwan's most assertive 2002~2008 period coincided with arguably the most strained U.S.-Taiwan relationship after the Cold War.

On the individual level, Robert Ross argued that neither the deterrence failure of China or alliance politics with the U.S., nor Taiwan's domestic politics can explain Taiwan's revisionist diplomacy to challenge "a vital status-quo interest" of mainland China's insistence on the "One-China" principle and opposition to *de jure* independence of Taiwan. The answer lies in the individual level, i.e. President Chen Shui-bian's personal

commitment to Taiwan independence and his risk-acceptant personality. (Ross, 2006) However, Taiwan's "revisionist" diplomacy did not start with Chen Shui-bian's inauguration. The self-claim of sovereignty, redefinition of the nature of cross-strait relations, and the pursuit of more international space resurfaced from time to time during Chen's predecessor, Lee Teng-hui's tenure as well. Moreover, at times Chen did not behave as described by Ross as one so bent on his ideology as to seek it consistently, recklessly and wrong-headedly. As the above account of the rise and fall of the Taiwan independence policy revealed, Chen's initial approach to mainland China demonstrated considerable flexibility and pragmatism.

2.2. Security, sovereignty, and the Taiwan independence policy

In contrast to the existing approaches which locate explanations in the domestic and individual level, I propose that there is *strategic* rationale for asserting separate sovereignty for Taiwan. Assertions of separate sovereignty are attempts to substitute normative power—the international consensus on the sanctity of sovereignty—for a shortfall in military-economic-diplomatic assets. Specifically, sovereignty assertiveness is a response to adverse power shift across the Taiwan Strait and strong domestic political constraints, with the former threatening its security and survival and the latter hindering domestic resource mobilization to deal with the changed security environment with more orthodox internal and external balancing approaches other than the political one on its sovereign status. On the other hand, when external or internal constraints are relatively loose, namely, when either power shift is favorable or sufficient domestic resources are mobilizable, the push on sovereignty will be less assertive. Under the most auspicious

circumstances—favorable power shift plus resource abundance, sovereignty assertiveness is the lowest and Taipei might even open up to mainland China.

Many see “the Taiwan independence policy” or the rise of sovereignty assertiveness as unnecessarily provocative to Beijing and counterproductive in terms of bolstering Taiwan’s security, so the best strategy for Taipei is to keep a low profile on its sovereign status. This logic certainly has a great deal of truth, but the sovereignty-security nexus is much beyond what this line of reasoning implies. Sovereignty could undermine security, but it could also enhance it. Like other forms of statecraft, it is a double-edged sword. Since the provocative and security-minus aspect of Taiwan’s sovereignty assertiveness is well-known and next to conventional wisdom, below I will spell out the logic of its oft-neglected security-plus aspect. I will first set up the background by briefly tracing the evolution of the norm of sovereignty and examining Taiwan’s sovereign status and its implications, and then propose my own theory.

2.2.1. International and domestic setting

2.2.1.1. The changing face of international norms: sovereignty and self-determination

The notion of sovereignty can be traced back to classic theorists such as Bodin and Hobbes and its initial adoption and practice was closely associated with the end of the Thirty Years War (1618~1648) in Europe and the subsequent Peace of Westphalia.¹⁸

Over the next three hundred years the sovereignty-based Westphalia system gradually went beyond Christian Europe and was extended to Latin America, Eastern Europe and

¹⁸ For a classic study of the intellectual history of sovereignty, see (Hinsley, 1986) For dissenting views that the Peace of Westphalia had little to do with our conventional understanding of sovereignty, see (Krasner, 1993; Osiander, 2001)

the vast colonies in Asia and Africa. With the completion of decolonization after WWII and establishment of many sovereign states out of former colonies, a system of sovereign states has become “the constitution” of international society on a global scale.¹⁹ (Philpott, 2001) Sovereignty can be simply defined as “supreme authority within a territory” (Philpott, 2001)²⁰, and its two corollaries are formal equality among all sovereigns and non-intervention into each other’s domestic affairs. Furthermore, conquest, initially regarded as a legitimate “right” of sovereigns that could be carried out outside as well as within Europe, had gradually been effectively de-legitimized through the Congress of Vienna, the League of Nations Covenant, the Stimson Doctrine (1931), and the United Nations Charter. As a consequence of the universalization of the notion of sovereignty and de-legitimization of conquest, in today’s world “any forcible action that extinguishes sovereignty is the most fundamental ‘crime’ of contemporary international politics.” (Holsti, 2004, p. 134)

Thus sovereignty and all its associated principles, such as equality, non-intervention and non-conquest, all seem to work to the advantage of small and weak states. But sovereignty is no panacea, and the principle of non-intervention and domestic autonomy has been routinely violated in history. Alternative norms, such as minority rights, human rights, and international stability, had been invoked to trump sovereignty and justify foreign interventions. Stephen Krasner famously characterized the norms of sovereignty

¹⁹ Likewise, Bull maintained that state sovereignty is the basis of an international order. (Bull, 1977) Ruggie also regarded the shift from the medieval system to the modern international system as “the most important contextual change in international politics in this *millennium*.” (Ruggie 1983, p. 273)

²⁰ Krasner aptly elucidated the four dimensions of sovereignty—international legal sovereignty (mutual recognition among states), Westphalian sovereignty (exclusion of external actors from domestic authority structures), domestic sovereignty (political authority and effective control within a given territory), and interdependence sovereignty (ability to regulate cross-border flow of information, ideas, goods, people, capital, etc.). The four dimensions do not necessarily go hand in hand. (Krasner, 1999, pp. 3-4)

as an “organized hypocrisy”, enduring but violable. (Krasner 1999) Nevertheless, the basic rules associated with sovereignty remained in place for more than three hundred years and survived unprecedented material and ideational change in human society, despite being frequently violated. Even greater challenges for sovereignty loomed large after the Cold War came to a close, calling into question the “enduring” part of sovereignty. These challenges included: globalization,²¹ humanitarian intervention, (Lyons and Mastanduno, 1995) failed states, (Krasner, 2004; Clunan and Trinkunas, 2010) emergence of quasi-supranational organizations such as the EU, etc. (Philpott, 2001)²² State sovereignty is thus characterized as “diffusing”, “shifting”, “diminishing”, “maturing”, “pooling”, “leaking”, “evaporating”, etc. (Hashmi, 1997, p. 3)

However, despite the multiple old and new challenges and the historical violations of sovereignty principles, sovereignty is still the most significant and highly institutionalized international norm that protects small and weak states from attack and coercion from the strong ones and it will likely remain so for the foreseeable future. First of all, sovereignty is about both control and authority. Much of the oft-cited evidences of the eclipse of sovereignty are on states’ increasingly inability to control cross-border flows of goods, capital, people, ideas, diseases, etc., but losing control does not

²¹ Strictly speaking, the challenge of economic interdependence and globalization to state sovereignty is not new, as Vernon and Keohane and Nye noted the phenomenon back in the 1970s. (Vernon, 1971; Keohane and Nye, 1977) But the end of the Cold War revived the attention on the seemingly accelerated wheel of economic interdependence and globalization. For a few sample works of the voluminous globalization literature, see (Rosenau, 1990; Ohmae, 1993; Strange, 1996)

²² Aside from these practical challenges to sovereignty, alternative theoretical perspectives, especially the constructivist school and David Lake’s emphasis on hierarchy in international relations—also questioned the dominant realist view on sovereignty, i.e., that sovereignty is a fixed and exogenous attribute of state and it is absolute. (Biersteker and Weber, 1996; Reus-Smit, 1999; Lake, 2003)

necessarily bring about authority crisis.²³ (Holsti, 2004, pp. 135-141) Moreover, in history sovereignty rules have successfully been through enormous material and ideational challenges by accommodating alternative institutional arrangements and making self-adjustments. (Krasner, 2001, pp. 239-245) In short, sovereignty and its associated institutional arrangements are strikingly resilient, and various strands of discussion about its evaporation or death prove to be overblown.

Secondly, it is true that sovereignty rules are not ironclad, which is arguably the case for all international norms, but they are not readily violable either. The violators usually had to invoke *alternative* norms such as minority rights, human rights, international stability, etc. to justify their trampling on sovereignty. Given its fundamental nature and “constitutional” status for international society, any defiance of sovereignty and its associated principles are at best controversial. Lastly, the value of sovereignty for a political entity’s security has to be appraised not based on whether it can provide 100% warranty,²⁴ but against its lack thereof. As one scholar pointed out, had it not been for the principles of sovereignty and independence and territorial integrity of a sovereign state, it is difficult to conceive of the massive international response to Iraqi invasion of Kuwait in 1990. (Holsti, 2004, p. 116) In fact the unfolding of the story perfectly illustrated the usefulness of sovereignty as well as its limits: there is no guarantee that sovereigns will not be attacked, but the international community will view an outright violation of sovereignty as illegitimate and intolerable and try to restore the *ex ante*.

²³ In fact there is no conclusive evidence to argue that globalization has systematically undermined state control. In some aspects states do have retrenched their activities, but in some others they have expanded interventionist policies. (Garrett, 1998)

²⁴ One scholar noted that since 1945 only there has been only one case of the death of a sovereign state—North Vietnam’s conquest of South Vietnam in 1975. (Holsti, 2004, p. 137)

An alternative international norm that the Taiwanese government might appeal to is self-determination. Self-determination protagonists maintain that every people should freely determine its own political status and freely pursue its economic, social, and cultural development, and in this vein Taiwan could conceivably claim that if the Taiwanese people are determined to have separate sovereign statehood, it is entitled to do so in accordance with the spirit of self-determination.²⁵ However, the appeal to self-determination has serious limitations in the case of Taiwan. First of all, the principle/right of self-determination has an ambivalent status in international law.(Buchheit, 1978) Even in the context of decolonization during the 1960s and 1970s, during which self-determination was nearly universally adopted, the U.N. human rights covenants and resolutions were quick to add that the affirmation of self-determination should not be construed as undermining the territorial integration and political independence of its member states.²⁶ Beyond the context of decolonization, the applicability of self-determination is highly problematic at best. If international lawyers and jurists are still debating the legality and legitimacy of self-determination, state practices almost unequivocally speak against it.²⁷ In the rare cases where states chose to support secessionist claims, they did so mostly for political expediency instead of principled

²⁵ The Democratic Progressive Party (DPP) officially adopted self-determination as regards Taiwan's future from 1986 to 1991 before embracing Taiwan independence at the 1991 National Party Congress. For an overview of evolution of the DPP's positions on independence, see Rigger, 2001, pp. 120-136. For an earlier work espousing self-determination for Taiwan, see Chen and Lasswell, 1967.

²⁶ The U.N. documents containing the principle/right of self-determination include: the U.N. Charter (1945), the Declaration on the Granting of Independence to Colonial Countries and Peoples (1960), the International Covenant on Civil and Political Rights (1966), the International Covenant on Economic, Social, and Cultural Rights (1966), and the Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations (1970).

²⁷ This does not mean that states have never embraced a pro-self-determination stance. In history there are some instances of voluntary and amicable secession based on self-determination (most notably Norway's secession from Sweden in 1905 and Singapore's from the Malaysian Federation in 1965); some states even used to include a right of secessionist self-determination in their constitutional framework. See (Buchheit, 1978, pp. 97-107)

judgment. The reluctance, if not adamant opposition, manifested in states practice as regards secessionist self-determination is perfectly understandable, since many states face similar secessionist challenges from disgruntled groups in their own territory and the Pandora's Box of self-determination, if opened, could well endanger the state-centered international system.²⁸

Leaving aside the status of self-determination in international law, there is still the question of whether the 23 million residents in Taiwan constitute a “people” distinctive from the Chinese people on the mainland. Taiwanese people share substantial ethnic, linguistic, cultural and historical similarities with mainland Chinese,²⁹ a fact all but a small number of radical pro-independence Taiwanese have acknowledged. If one dismisses these objective factors as superfluous and takes self-identity as the more genuine manifestation of the existence of a “people”, still the evidence is mixed. Polls in Taiwan show that more and more residents see themselves exclusively as Taiwanese, but dual identity—those claiming to be both Taiwanese and Chinese—always accounts for 1/3~1/2 of the population. Although Lee Teng-hui started to tout the idea of the “New Taiwanese” people in the late 1990s, trying to forge a distinct “*Gemeinschaft* or community” encompassing all residents in totality,³⁰ (deLisle, 2000, p. 56) the fact that identity politics is still quite salient seems to suggest that a clear, single and non-divisive

²⁸ Secession's lack of legitimacy could to some extent explain China's careful framing of the title of the “Anti-Secession Law” passed in March 2005.

²⁹ Over 95 percent of Taiwan's population is of Han Chinese ancestry. Different ethnicity can only be found in 14 aboriginal groups and an increasing number of new immigrants from Southeast Asia.

³⁰ Lee Teng-hui's speech on October 24, 1998 epitomized the idea of “New Taiwanese”: “All of us who grow and live on this soil today are Taiwanese people, whether we be aborigines or descendants of the aborigines or descendants of the immigrants from the mainland who came over centuries or decades ago. We all have made equal contributions to Taiwan's development in the past, and share a common responsibility of Taiwan's future. It is a non-transferrable duty for each of us, the ‘New Taiwanese people’, to convert our love and affection for Taiwan into concrete actions in order to open up a grander horizon for its development. It is also our responsibility to establish a magnificent vista for our descendants.” (Lee, 1999, p. 193)

identity has yet emerged on the island. In a nutshell, given the uncertainty revolving around both the legal status of self-determination and the existence of a Taiwanese “people”, appealing to the norm of self-determination is less than an attractive weapon for Taiwan to utilize.

2.2.1.2. Taiwan’s ambiguous sovereign status and its political development

To say that Taiwan has an ambiguous sovereign status is to say that both the defenders of its sovereignty and the critics can make a case for themselves. If the claim for Taiwan’s sovereignty is either completely groundless or unquestionable, few people would care about the issue at all, since it would be like discussing California’s sovereignty (no feasibility) or Canada’s (no necessity). Taiwan’s case is rather that ambiguity creates controversy, and controversy reinforces ambiguity. On the one hand, in functional terms Taiwan’s claim for its sovereignty sounds quite credible. If we use Krasner’s disaggregation of the concept of sovereignty—domestic sovereignty, Westphalian sovereignty, interdependence sovereignty, and international legal sovereignty—as a measurement,³¹ then Taiwan scores high on the first three. Since the ROC fled to and settled on Taiwan in 1949, its government has ruled the island effectively consistently; it dictated its own domestic and foreign policies by and large without substantial outside interference; and the flow of goods, capital, people, information etc. across the Taiwan Strait and beyond are heavily regulated by relevant governmental agencies in Taiwan. To be sure, none of these dimensions of sovereignty are unchangeable or absolute: Taiwan experienced and completed successful democratic transition when the old way of

³¹ For a different conceptualization of different dimensions of sovereignty and its application to China, see (Carlson, 2005)

organizing and exercising domestic authority was subject to mounting pressures from the society in the late 1980s and early 1990s; its national security policy, economic policy and even political development were heavily influenced by the United States throughout the Cold War period and beyond and more recently Beijing had at times attempted to penetrate the domestic politics in Taiwan via cooptation of opposition parties as well as economic leverage; and its interdependence sovereignty was imperiled by growing economic interdependence across the Taiwan Strait and globalization.³² But as Krasner noted, sovereignty and its associated principles have never been absolute and one can doubt if there has ever been or will ever be a sovereign entity if absoluteness is the criterion. In fact Taiwan could confidently claim that its domestic, Westphalian and interdependence sovereignty far exceed many of the widely recognized sovereign states in the world.

Another route to examine Taiwan's sovereign status is through the concept of statehood.³³ According to the classic definition of statehood in the Montevideo Convention of 1933, the qualifications for a state include permanent population, a defined territory, government, and capacity to enter into relations with other states. (Crawford, 1979, pp. 36-48) Again Taiwan is highly qualified with regard to population, territory and government. The Achilles' heel, however, of Taiwan's claim for sovereignty and statehood lies in the juridical dimension: international legal sovereignty and capacity to enter into formal relations with other states. In other words, Taiwan lacks formal

³² For a couple of samples among the voluminous works on Taiwan's democratization, see (Tien, 1989; Chao and Myers, 1998); for the U.S.-Taiwan security relationship, see (Bush, 2004; Tucker, 2009).

³³ Sovereignty and statehood are conceptually distinct, but in today's world it can be said that all and only states have sovereignty, so statehood does imply sovereignty.

recognition from other sovereignty states. The extensive and substantive relations that Taiwan has established and maintained with most states are not substitutes for formal relations or membership in inter-governmental organizations that many international law jurists and governments believe are essential for complete sovereignty and statehood, and the two dozen tiny diplomatic allies that Taipei has made so much effort to amass are not sufficient evidences for recognition in a world of nearly 200 states. Taipei's "recognition deficit" is further aggravated by a dilemma: if it asserts to be and is recognized as the historical ROC—the government of a state called China, it fails to pass the functional criteria of sovereignty and statehood—domestic, Westphalian and interdependence sovereignty and population, territory and government—simply because it does not have any control over mainland China and Outer Mongolia;³⁴ if it claims to be and be recognized as a separate state ruling only Taiwan and its associated islands for the sake of meeting the functional criteria, then its recognition test fares more poorly as even its diplomatic allies have not recognized it as the government of a state called Taiwan. (deLisle, 2000, p. 50 and p. 88)

There are two ways to resolve this dilemma: either to recover mainland China and Outer Mongolia or to claim to be the government of a state called Taiwan and be recognized as such. The former is out of the question, while the latter is also next to impossible under current circumstances: the stiff barriers to constitutional changes and guaranteed vehement opposition from the PRC as well as no-support attitude of most states.³⁵ Since

³⁴ Outer Mongolia is officially part of the ROC.

³⁵ Amendment of the ROC constitution requires it be initiated by one-fourth of the Legislative Yuan members, passed by at least three-fourths of the members present at a meeting attended by at least three-fourths of the total members of the Legislative Yuan, and sanctioned by at least half of eligible voters.

the late 1980s and early 1990s Taipei has tried to reconcile the functional and juridical requirements of sovereignty and statehood,³⁶ but barring the two extreme scenarios—“recovering” mainland China or *de jure* Taiwan independence, the dilemma will be ever-present and the ambiguity revolving around the ROC/Taiwan’s sovereign status is something that it (and the international community) has to live with.

Lastly, it is worth noting that Taiwan’s democratic transition has helped its government to better substantiate the sovereignty claim. As the claim that the ROC on Taiwan is a successor government to the Qing dynasty and it has existed since 1912 despite the relocation of the central government in Taipei in 1949 becomes less tenable, Taiwan’s democratization enabled it to find an alternative source of sovereignty—popular sovereignty.³⁷ The most elaborate official formulation of popular sovereignty in the context of Taiwan’s political development was seen in Lee Teng-hui’s 1999 “Special-State-to-State-theory”. The successor theory of sovereignty is not totally abandoned, but Taipei at times selectively brings up the concept of popular sovereignty to give countenance to its sovereignty assertion.

So what do all these add up to? The sanctity of sovereignty and its associated rules, the unappealingness of the principle/right of self-determination, plus Taiwan’s ambiguous sovereign status and its political democratization mean that Taiwan has a strong

³⁶ The most dramatic moves in this regard include the recognition of the PRC’s jurisdiction over mainland China, retiring senior Legislative Yuan and National Assembly members elected before 1949 and holding new legislative and presidential elections only in Taiwan, Penghu, Jinmen, and Mazu, “freezing” the Taiwan Province, etc. For a more detailed account, see Chao, 2005.

³⁷ Taiwan independence protagonists would couple popular sovereignty with the argument that Taiwan’s status is “undetermined” to make a case for Taiwan’s entitlement to establish a separate sovereign state. For an appraisal of “Taiwan’s status undetermined” argument by a ROC international law expert, see (Chiu, 1973); for a PRC perspective, see (Wang, 1989)

motivation to assert its sovereignty. This constitutes the basic background when we think about the rise and fall of the Taiwan independence policy.

2.2.2. Power shift, domestic constraints and sovereignty assertiveness

Next I will offer an alternative theory focusing on Taiwan's external and internal constraints. I will start with one assumption and two propositions and proceed from there to distill my hypotheses.

Assumption: the fundamental goal of the Taiwanese government's national security strategy is survival and security.

Proposition 1: sovereignty assertion is one of the instruments for Taiwan to bolster its survival and security.

Proposition 2: sovereignty assertion is more likely to be utilized when other means for survival and security, be them military, economic, or diplomatic, are not readily available.

As the assumption states, the fundamental goal of the Taiwanese government's national security strategy should be no different from any other political entities on the world stage, i.e. preservation of its survival and security.³⁸ For Taiwan survival and security means both physical integrity and political autonomy. Note that the goal is non-partisan and consistent with any future political arrangements between Taipei and Beijing. For Taiwan independence advocates, survival and security is certainly a prerequisite to realize their political ambitions; for unification supporters, survival and security is also

³⁸ For one view that challenges the utility of the survival assumption, see Howes, 2003.

indispensable to negotiate an acceptable political deal with Beijing. In another word, if there is one least common denominator between different political camps on the island, that is Taiwan's survival and security.³⁹

Proposition 1 states that sovereignty assertion is one of the instruments for Taiwan to bolster its survival and security. This may sound counterintuitive or even fallacious since many believe that sovereignty assertion is unnecessarily provocative to Beijing and undermine rather than enhance Taiwan's security. This logic has a great deal of truth, but the sovereignty-security nexus is much beyond what this line of reasoning implies. Sovereignty could undermine security, but it could also enhance it. Similar to other forms of statecraft, it is a double-edged sword. Specifically, sovereignty assertion contributes to Taiwan's survival and security for two major reasons.

First of all, sovereignty is an instrument for survival. As Kalevi Holsti forcibly pointed out, sovereignty "is the critical component of the *birth, maintenance, and death* of states. Sovereignty helps create states; it helps maintain their integrity when under threat from within or without; and it helps guarantee their continuation and prevents their death." In short, sovereignty "provides an essential ingredient for the security of any political community." (Holsti, 2004, p. 113 and p. 116, italics original) For small and weak states with much less military, political and economic clout sovereignty rules are more

³⁹ In fact, there are more commonalities among different political parties in regard to Taiwan's political status and external relations than are usually recognized. For example, Taiwan specialist Shelly Rigger listed five common principles of Taiwan's external relations that most political parties adhere to: avoid entrapment by or provoking the PRC, maintain good relations with the United States, and maintain and strengthen the ROC's formal diplomatic relations as well as substantive relations with other countries. (Rigger, 2005). See also Swaine (2001) and Schubert (2004) for discussion of some overarching consensus regarding Taiwan's political status, external relations and defense policies. That these commonalities are often neglected is partially attributed to political rhetoric that stresses or exaggerates differences and accuses one another of selling out Taiwan or dragging Taiwan into disastrous wars. Also it is undeniable that there are genuine differences as to tactically how best to achieve those commonly held goals.

instrumental and could be a matter of life and death. As the norm of sovereignty presupposes equality of all sovereigns, it to some extent neutralizes power asymmetries and is thus “far more constraining for powerful states and far more liberating for weak states.” (Jackson, 1990, p. 6) In the same vein, studies of survival strategies of small states concluded that the principle of sovereignty constitutes “the greatest nominal protection for the weak”, and that the failure of attracting international attention by a small state would put it into peril (Indorf, 1985, p. 23)

The sovereignty-security connection is felt keenly in Taiwan. In fact given the universalization and canonization of sovereignty and its associated norms and principles after the Second World War, an internationally recognized independent sovereign status for Taiwan (no matter what the formal title is) may serve as the best guarantor of its survival and security.⁴⁰ To be sure, being a sovereign in no way precludes possibilities of falling victim to attack or coercion, but these forcible actions against a sovereign would be perceived as fundamentally illegitimate and prompt strong international reactions. As one scholar put it, “although sovereignty cannot guarantee that a state will remain in being, it can guard against the possibility of the state’s extinction: it can create problems for greater states when they try to impose their will on smaller ones...” (Miller, 1986, p. 82) So sovereignty is no magic bullet, but it does make a difference. For Taipei the difference lies in whether the international community perceives Beijing’s coercion as Iraq’s invasion of Kuwait or as Beijing’s repression of secessionists in Xinjiang or Tibet. (deLisle, 2002, p. 750)

⁴⁰ Interviews with former ROC’s Foreign Ministry officials and former members of the National Security Council, June 2008, May 2009, Taipei.

Second, sovereignty is bargaining chips with respect to political negotiations. So far all negotiations that have been conducted and completed across the strait are so-called “functional” or “apolitical” ones regarding tourism, transportation, trade, investment, crime control, food safety etc., and political negotiations on the political status of Taipei and future political arrangements between Taipei and Beijing seem to be beyond reach for the time being. Still Taipei has to get ready for discussing political issues with Beijing. Just as states have to prepare for war during peacetime, they also have to come to the negotiation table with enough bargaining chips to avoid disastrous consequences. For Taipei the consequences could be as grave as its very existence, since it is believed that Beijing’s goal is to “undermine” or even “destroy” Taiwan’s sovereign status. (Lin, 2008a, pp. 100-101) Although many factors such as power asymmetry, domestic politics, external actors, and negotiation tactics would influence the trajectory and outcome of such negotiations,⁴¹ Taipei’s sovereign status *ex ante* is obviously crucial in determining its political status *ex post*. (deLisle, 2002, p. 749)

For now there is a great gulf between the two sides’ proposals regarding the forms of a future political union: Beijing’s “one country, two systems” proposal which grants some sort of home rule for Taipei but denies it sovereignty has no popular attraction in Taipei, while Taipei’s sporadic indicated preference for an EU-like confederation with both Beijing and Taipei being equal, sovereign and constituent parts of a larger China has been rejected by Beijing.⁴² If we put “one country, two systems” and confederation at two extremes along a continuum, the more established Taiwan’s sovereign status *ex ante* is,

⁴¹ For analyses of Beijing’s negotiation tactics, see (Solomon, 1999; Chang, 2008)

⁴² For more discussion in this regard, see (Bush, 2005; deLisle, 2002)

the more likely it is able to obtain favorable terms and move the final resolution toward its desired outcome.⁴³ Moreover, Taipei could take advantage of its alleged sovereign status to fend off Beijing's political offensive by accusing the latter's proposal of downgrading its sovereignty.

In short, sovereign status is consequential for Taipei to withstand both military coercion and political offensive from Beijing. Skeptics would quickly point out that Taipei's reckless pursuit of sovereignty is very provocative to Beijing and thus damaging to its most important goal of survival and security. This is certainly true. But we have to bear in mind that this is also the case with respect to other means of security seeking. To take one of the most classic type of security seeking—military buildup as an example, it could also be potentially provocative and counterproductive. First of all, the ubiquity of security dilemma means that oftentimes a state's military buildup for defensive purpose is interpreted as threatening in other capitals, triggering countermeasures and the action-reaction chain and arriving at a sub-optimal outcome for everyone.⁴⁴ (Jervis, 1978) The security dilemma presents itself in a particularly acute way in East Asia and across the Taiwan Strait, because even defensive capabilities acquired by Taiwan appear to be “protection umbrella” for Taiwan's separatist agenda and thus provocative to the PRC. (Christensen, 1999, 2002a) Secondly, in the context of the Taiwan Strait, certain military options for Taiwan are highly provocative and even suicidal. This is why the U.S. refuses

⁴³ Interview with former ROC official at the President Office, October, 2008.

⁴⁴ Security dilemma is absent only under two extreme circumstances: relations with one's unprovokable friends and one's undeterrable enemies. (Christensen, 2002, p. 9)

to sell offensive weapons to Taiwan and why the nuclear option is self-defeating for Taiwan as it almost ensures a preventive attack from the mainland.⁴⁵

In addition, other means of security seeking for Taiwan such as alliance building and pragmatic diplomacy are potentially explosive as well. In terms of alliance building, Beijing has made it clear that foreign military presence on the island is one of the conditions to prompt the use of force, while the climax of Taipei's pragmatic diplomacy—Lee Teng-hui's 1995 visit to the U.S.—precipitated the third Taiwan Strait crisis.⁴⁶ So provocativeness does not differentiate various means of security seeking. Neither does effectiveness. All can be potentially effective to enhance Taiwan's security, but none are failure-proof.⁴⁷ As the table shows, differences among security-seeking means come more out of form than substance: whether they are internal or external efforts, and whether they rely on material (hard) or normative (soft) power. So the fundamental and thorny question for Taiwan's decision-makers is to balance the effectiveness and provocativeness of each different security-seeking means, i.e., to push it to the great extent possible without being unduly provocative.⁴⁸ This is no easy matter and it suggests that the inherent difficulty in walking a fine line in a security dilemma

⁴⁵ Taiwan tried twice in the 1970s and 1980s to develop nuclear weapons but eventually gave up under strong U.S. pressure. (Wang, 2008, p. 412)

⁴⁶ The 2000 "The One-China Principle and the Taiwan Issue" stated that "if Taiwan is invaded and occupied by foreign countries...", "the Chinese government will only be forced to adopt all drastic measures possible, including the use of force..." see (The Taiwan Affairs Office, the PRC, 2000)

⁴⁷ This is not to deny that different means may be more or less effective under certain specific circumstances.

⁴⁸ In economic terms, the push for each means should ideally stop when the marginal returns (of effectiveness) equal the marginal costs (of provocativeness).

situation is also existent in alliance building, pragmatic diplomacy, sovereignty assertion, etc.⁴⁹

Table 2.2 Comparison of Different Means of Security Seeking for Taiwan

	Effectiveness?	Provocative?	Internal/External	Hard/Soft
Military buildup	Yes, to some extent	Yes	Internal	Hard
Alliance building	Yes, to some extent	Yes	External	Hard
Pragmatic diplomacy ⁵⁰	Yes, to some extent	Yes	External	Soft
Sovereignty assertion	Yes, to some extent	Yes	Internal	Soft

The bottom line of the above discussion is not that sovereignty assertion is the most effective way of defending Taipei against Beijing’s military attack or political offensive but that given Taiwan’s political status, endeavors to acquire as many as possible trappings of a normal sovereign state are *one* of the many means of security seeking, just like military buildup, seeking alliances, economic diplomacy and any other kinds of statecraft. It has its drawbacks, but so do other means. When its fundamental goal of survival and security is imperiled, Taiwan’s leaders simply have more incentive to resort to sovereignty assertion as one of its responses.

Proposition 2 states that sovereignty assertion becomes more likely when other means for survival and security are not readily available. This is because there are a variety of military, economic and diplomatic instruments that are utilizable for security-seeking

⁴⁹ During my interview in Taipei in June 2009, one former senior official from the Mainland Affairs Council used “*political* security dilemma” to describe the vicious cycle across the Taiwan Strait during the Chen Shui-bian era. Likewise, Richard Bush’s characterization of the pre-Ma Ying-jeou era is close to a “security dilemma” in political sense, although he did not use the term. In Richard Bush’s words, “each side feared that the other was going to challenge its fundamental interests. Beijing worried that Taipei would close the door on its goal of unification. Taipei feared that Beijing would constrain it to the point that negotiations on China’s terms would become inevitable. Each side took measures to protect its interests...” (Bush, 2011, p. 274)

⁵⁰ Economic diplomacy is subsumed under pragmatic diplomacy, as the former is one instrument of the latter. For a discussion of Taiwan’s economic diplomacy, see (Wu, 1996)

purpose and sovereignty assertion is not necessarily the best choice due to its “soft” nature and Beijing’s hypersensitiveness in that regard. However, sovereignty assertion does have one unique advantage, i.e., it is the least resource-consuming of all means as under many circumstances it entails no more than a few top officials’ policy pronouncements. In comparison, military modernization, alliance building and pragmatic diplomacy all require substantial devotion and consumption of financial and human resources. Consequently when domestic constraints make it difficult to mobilize sufficient resources, chances increase for sovereignty assertion.

There are two kinds of domestic constraints: resource constraints and political constraints. Resources constraints refer to the societal resources that a state has available to advance its strategic goals by building military forces and conducting diplomacy. But those resources are only “latent power”, (Mearsheimer, 2001, p. 60) and whether they can be expended and effectively turned into “actual power” also hinges upon domestic political context. Various domestic political configurations, such as elite fragmentation, regime vulnerability, administrative deficiency, prevailing ideology etc., can all affect whether and distort how political leaders can tap domestic resources for the purpose of national security.⁵¹ (Zakaria, 1998; Friedberg, 2000; Schweller, 2006) As Taiwan’s democratic transition gained momentum since the late 1980s and a series of constitutional amendments and institutional reform have been made, the security and foreign policy

⁵¹ The two-dimensional domestic constraints conform to the distinction made between “material power” and “administrative power”, and “security hardware” and “security software”. (Ferris, 1991; Azar and Moon, 1988) The attention paid to domestic political constraints, especially mobilizational capability as another variable between distribution of power and foreign policy outcome is in line with the new wave of neoclassical realist research that emerged in the early 1990s. In addition to Zakaria, Friedberg, and Schweller, see also (Christensen, 1996; Taliaferro, 2006) Earlier exploration of domestic mobilization and extraction and foreign policy includes (Lamborn, 1983; Mastanduno, Lake, and Ikenberry, 1989) For discussion of neoclassical realism as a theoretical approach, see (Sterling-Folker, 1997; Rose, 1998; Schweller, 2003; Rathbun, 2008; Lobell, Ripsman, and Taliaferro, 2009)

decision-making no longer resides solely in the hands of a few top civilian and military leaders and various political constraints have exerted increasing pressures on the government's ability to initiate and implement preferred policies.

To summarize, sovereignty assertion is one instrument for survival and security, so it becomes more likely when Taiwan's survival and security is imperiled due to adverse power shift; sovereignty assertion also becomes more likely when domestic constraints make other means of security-seeking less available. While power shift affects what political leaders in Taipei *want to do*, resource and political constraints affect what they *can do*. With these two explanatory variables—power shift and domestic, we arrive at the following hypotheses.

Hypothesis 1: sovereignty assertion is most likely, i.e., sovereignty assertiveness is the highest when power shift is adverse and domestic constraints are strong;

Hypothesis 2: sovereignty assertion is least likely, i.e., sovereignty assertiveness is the lowest when power shift is favorable and domestic constraints are weak;

Hypothesis 3: sovereignty assertion is medium, i.e., sovereignty assertiveness is medium when power shift is favorable and domestic constraints are strong or power shift is adverse and domestic constraints are weak.

Table 2.3 A summary of the hypotheses

	Power shift: <i>adverse</i>	Power shift: <i>favorable</i>
Domestic constraints: <i>strong</i>	<i>High</i> sovereignty assertiveness	<i>Medium</i> sovereignty assertiveness
Domestic constraints: <i>weak</i>	<i>Medium</i> sovereignty assertiveness	<i>Low</i> sovereignty assertiveness

2.3. A preview of the cases

The vicissitudes of cross-strait relations and rise and fall of Taiwan’s sovereignty assertiveness over the past two decades offer an excellent opportunity to test the above hypotheses. Next I will briefly examine if the independent variables—power shift and domestic constraints—covary as the hypotheses predict with sovereignty assertiveness, the dependent variable. Power shift includes military balance, alliance strength,⁵² and diplomatic standing since all three dimensions have a strong bearing on Taiwan’s survival and security, while domestic constraints refer to both resource and political constraints.

The period of 1988-1994 is arguably the honeymoon of cross-strait relations and Taiwan’s sovereignty assertiveness was distinctively low during this time. First of all, perceptible favorable power shift took place at the end of the 1980s: the end of the Cold War and dissolution of the Soviet Union deprived the U.S.-China quasi-alliance of its *raison d’être* and the U.S. subsequently became less accommodating on the Taiwan issue. Moreover, the 1989 Tiananmen crisis tarnished Beijing’s image internationally and

⁵² Taiwan, of course, has no formal alliances after 1979, and the term “alliance strength” simply refers to U.S.-Taiwan relations (security commitment, arms sales, and political relations).

pushed it to a temporary pariah status. In terms of military balance across the Taiwan Strait, Taiwan possessed qualitative advantage in some realms despite its being outmanned, and China had only a few credible military options by then. The U.S. support of Taiwan suddenly seemed to rebound from the hardest years following the termination of formal diplomatic relations between Washington and Taipei in 1979, manifested both by weapon sales and visits of higher-level officials. Taiwan's pragmatic diplomacy also bore fruits in other parts of the world, establishing numerous substantive economic, cultural and political relations and extending the footprints of its top leaders widespread in the world. In short, this was a brief sanguine period for Taipei and the incentive for sovereignty assertiveness remained low.

In addition, domestic constraints were weak during this period. Taiwan's rapid economic growth showed no sign of slowdown in the early 1990s and its financial clout was enormous, which enabled it to consistently increase military spending from 1988 to 1994 and to utilize economic diplomacy to establish and expand substantive relations with other countries. In terms of political constraints, President Lee Teng-hui did face a formidable power struggle against his own party's old guard in the initial years of his reign, but he successfully consolidated his power due to his extraordinary knack of political struggle and high popularity among electorate. So both in terms of power shift and domestic constraints, the theory predicts a period of low sovereignty assertiveness and it was indeed the case.

The period of 2002-2008 is the mirror contrast of the early 1990s. Military balance decisively shifted to China's favor and the gap was widened with China's sustained

contingency-driven military modernization program. As a result both China's ability of coercion through limited use of force and anti-access/area denial capacity was substantially enhanced. During this period the U.S.-Taiwan relations encountered a series of setbacks and undergone disconcerting change for the latter. Furthermore, the golden years of pragmatic diplomacy came to an end and Taipei lost ground on all diplomatic fronts, from formal diplomatic recognition to substantive relations, from membership in IGOs to participation in NGOs. Clearly adverse power shift for Taiwan took place and thus the incentive for sovereignty assertiveness was enormous. To add on to this was strong resource and political constraints on what political leaders in Taipei can do about it. Its economy fell into recession in 2001 for the first time in decades and never returned to high growth rate ever since. The increased spending on social welfare further took up a chunk of the budget. Under these circumstances defense spending started to decline, not only as a portion of the budget and GDP, but also in real terms; the erstwhile effective economic diplomacy was also outdone by the mainland. Lastly, political constraints—the opposition party's fierce obstructionist tactics in the legislature and President Chen Shui-bian's dwindled popularity due to a series of scandals—further impeded the mobilization of limited resources. As the theory predicts, this is the most sovereignty-assertive period of all.

The years from 1995-1999 witnessed noticeable rise of sovereignty assertiveness relative to that of the early 1990s but the assertiveness was not as high as the later Chen Shui-bian era. On the one hand, after the 1995-96 Taiwan Strait crisis, China's startup of contingency-driven military modernization specifically targeting the Taiwan scenario, the

Clinton administration's China policy adjustments seemingly tilting toward Beijing, and Taiwan's continual loss of diplomatic allies portended less favorable security environment. On the other hand, however, many of the goals of China's military buildup have yet to be realized, the U.S.-Taiwan military relationship was actually expanded and went beyond arms sales to include more "software initiatives", and Taiwan could still secure some diplomatic successes despite its losing tug-of-war with China. In fairness, the adverse power shift during this period was medium. In terms of domestic constraints, the 1997 Asian financial crisis took a toll on Taiwan's economy but the shock was limited, and Taiwan could still maintain a decent amount of defense budget; also President Lee Teng-hui's stature reached the acme after paying a visit to the United States in 1995 and becoming the first democratically elected president in 1996. In short, during this 1995~1999 period Taiwan was confronted with a medium adverse power shift but domestic constraints were relatively weak, and sovereignty assertiveness rose to a limited extent.

At first sight the brief 2001-2002 conciliatory policy in the beginning of the Chen Shui-bian administration may prove to be a counter-example to the theory. Neither favorable power shift nor domestic constraints loosened, yet the Chen administration retreated from the fairly high degree of sovereignty assertiveness in the previous years and took a conciliatory stance. This appears to be incongruence between variations of the dependent variable and those of the independent variables. It is conceded that since the theory offered here is largely a structural one, it inevitably excludes variables at the individual level, such as political leadership. However, although political leadership could be critical

in *initiating* policy, it is structural factors that determine the *sustainability* of the policy. Indeed, as early as in August 2002, Chen reversed course and resorted to a policy infused with high sovereignty assertiveness. In another word, political leadership was finally overwhelmed by structural factors.

During the 2008 presidential election the KMT candidate Ma Ying-jeou achieved a landslide victory against the DPP. Ma vowed to improve cross-strait relations and is fulfilling his campaign promises. Although any observation about Ma's mainland policy is still tentative, I contend that the sustainability of Ma's policy, especially his low sovereignty-assertiveness approach, hinges upon whether there is perceived favorable power shift and whether domestic constraints would hinder effective resource mobilization to prepare for a possible adverse shift. As of now, the military balance has not changed much to the benefit of Taiwan, but along the other two dimensions of power shift—U.S.-Taiwan relations and diplomatic standing, recent developments do suggest a dose of positiveness: U.S.-Taiwan relations was restored and mutual trust is being built; “diplomatic truce” is tacitly observed by both sides of the strait and Taiwan made it to WHA for the first time to a U.N.-affiliated organization in 2009. Again political leadership was not absent from Ma's policy, but the long-term prospect of his policy cannot be fully understood without taking into account structural constraints. Politicians can certainly choose to go against the tide, but they cannot do so for a sustained period of time. The short-lived conciliatory policy in the beginning of Chen's presidency (2000-2001) serves as both a case in point and a reminder for decision-makers in Beijing, Taipei, as well as Washington.

2.4. Summary

This chapter sets out to establish the theoretical framework to explain the rise and fall of the so-called Taiwan independence policy during the period of 1988-2010. It defines the Taiwan independence policy as internal political move by the Taiwanese government to establish Taiwan as a separate and sovereign political entity on the world stage. It reviews two existing prevailing theses—electoral politics and shifting identity and pointed out their weaknesses, the former's being its indeterminacy and unfalsifiability, and the latter's being lack of causal mechanism and inadequacy to explain policy change. A new explanation focusing on relative power shift and domestic constraints is then proposed to explain the rise and fall of the Taiwan independence policy. A preview of the cases lends some support to the theory, and subsequent chapters will provide more rigorous testing.

Chapter Three: One China and Opening Up: Lee Teng-hui's Early Years

This third chapter tests the theory proposed in the previous chapter by examining the history from 1988 to 1994, starting with Lee Teng-hui's assumption of presidency in 1988 and ending before the 1995~1996 Taiwan Strait crisis. The theory states that the rise and fall of the Taiwan independence policy is primarily affected by the nature of power shift across the Taiwan Strait and conditioned by domestic constraints. I will first identify the nature of the power shift, which is further disaggregated into military balance, alliance strength, and diplomatic standing, to shed light on the change of Taiwan's security environment during this period. Then I will turn to the domestic side to examine if resource constraints and political constraints undermine or strengthen the government's capacity to respond to power shift. The last section traces the degree of Taiwan's sovereignty assertiveness to see if what the theory predicts in fact matches what history unfolds itself during this period.

3.1. Military balance: Taiwan's qualitative edge

The military balance across the Taiwan Strait is arguably the most important dimension in determining Taiwan's security environment. Although the military tensions declined noticeably and the possibility of military conflicts was greatly reduced after the late 1970s, when the PRC ceased the artillery bombardment of Kinmen and put forward a "peaceful reunification" plan, Beijing never rules out the option of the use of force to resolve the Taiwan issue and hence the Sword of Damocles hovering over Taiwan, the

constant military threat from the other side of the strait, has been nothing but real.⁵³ On the other hand, the military balance before the mid-1990s is not reassuring to Beijing if it decided to take military actions against Taiwan, and if anything, Beijing did not possess sufficient military capability to take Taiwan or even conduct effective coercive diplomacy, despite its overwhelming numerical advantage in terms of military personnel and weaponry.

3.1.1. Military balance⁵⁴

The first hint of PLA's military modernization could be probably traced back to an expanded meeting of the Military Commission of the CCP's Central Committee in July 1975, when Deng Xiaoping noted that the PLA was overstaffed, lazy, arrogant, ill-equipped and unprepared to conduct a modern war. (Godwin, 1988, p. 142) Moreover, China's poor performance during the "punitive" war with Vietnam in 1979 brought into sharp relief the PLA's weaknesses and added further urgency to modernize the military.⁵⁵ If the war with Vietnam revealed the PLA's backwardness and ineffectiveness, the 1991 Persian Gulf War demonstrated the U.S. huge military advantages through air power, long-range precision-guided weaponry and information-based warfare. It "was a rude awakening for the CMC and the military-industrial complex." (Stokes, 1999, p. 12) The series of catalysts only reinforced the shared consensus among Chinese civilian and

⁵³ Beijing has officially set the threshold for the use of force against Taiwan twice: one in the white paper "The One-China Principle and the Taiwan Issue" (2000) and the other in the "Anti-Secession Law" (2005).

⁵⁴ The discussion will focus mostly on the "hardware" dimension of the military balance. The author is fully aware of that many other "software" factors such as quality of training and military exercise, joint operations, C4ISR, and doctrines and battlefield tactics all affect the ultimate outcome of a cross-strait military conflict. But I am not aiming at a comprehensive military analysis here; the goal is to examine how the evolution of military balance influenced Taipei's assessment of its security environment, as the big-ticket weapons are the most visible and high-profile and are more easily factored into political leaders and the public's threat perceptions. For example, the hundreds of SRBMs are the most oft-mentioned threat in the island. Nevertheless, software issues will be touched upon wherever necessary.

⁵⁵ For early discussions of China's military modernization, see Godwin, 1988; Wortzel, 1988.

military leaders that China's military needed extensive modernization and reform, but up until the mid-1990s, Chinese efforts had achieved only limited results benefiting a few military units in terms of modern weapons, better training, command and control and logistics. (U.S. General Accounting Office, 1995, pp. 16-27) In the PLA expert David Shambaugh's words, the PLA was still "a military undergoing transformation from top to bottom, with 'pockets of excellence' and some qualitative advances emerging within an overall force structure that is changing relatively slowly and remains substantially antiquated." (Shambaugh, 1997, p. 2)

In terms of the military balance across the Taiwan Strait in the early 1990s, the simplest answer is that Beijing had a substantial quantitative advantage while Taipei gained the qualitative upper hand. But the total balance of forces and order-of-battle between the PLA and Taiwan's armed forces may not be a very useful measure of Taiwan's security/or lack thereof. There are three major reasons why a straightforward "bean-counting" is not too meaningful. First, oftentimes sheer mass, whether in terms of weapons or personnel, is no substitute for military professionalism, clever battle management, superior technology, effective organization, good command and control and defense engineering. (Cordesman, 1990, pp. 592-593) So simple force ratio comparisons could be more misleading than informative when we do military balance assessment.

Secondly, the narrow waters of the 100-mile-long Taiwan Strait and the air space over it could potentially neutralize the PLA's numerical advantages. For example, the "air space accommodation" over the strait only permits manoeuvrability for a total of 300 fighters engaged in combat at one time (or 150 on each side). (Shambaugh, 1996, p. 1304)

Likewise, Taiwanese defense analysts believed that 36 sufficiently-armed surface combatants would be adequate to command dominance in the strait, provided air superiority were maintained. (Shambaugh, 1996, p. 1315) The limited air space and sea area of the Taiwan Strait meant that the PLA could not conceivably bring 100 percent of armed forces to bear on the battlefield and the Taiwanese military could hold out much longer while expecting the U.S. intervention than a simple force ratio comparisons would suggest. Thirdly and most importantly, although quantitative superiority could be decisive under conditions of a protracted total war, it is highly unlikely that China would opt for it. (Lin, 1997) Beijing's ultimate objective toward Taipei is political reunification and full-scale conflict, if failed, would fatally damage the CCP's nationalistic credentials and possibly mean the loss of sovereignty over Taiwan forever, and if succeeded, would face a devastated Taiwanese economy and alienated and rebellious population to rule. On top of that, immediate diplomatic isolation and wide-ranging economic sanctions would certainly ensue from a total attack on Taiwan.

While the limited utility of the PLA's numerical advantages seemed to be only cold comfort for Taiwan's security, the Taiwanese military's qualitative superiority constituted a much more reassuring asset. Taiwan's own military modernization program was focused on air defense, sea-control, and anti-landing capability, and in all three areas Taiwan had made significant progress through overseas acquisition and indigenous production. In terms of air defense, Taiwan not only secured purchases of 150 U.S. F-16 fighters and 60 French *Mirage* 2000-5 and started to roll out its own Indigenous Defense

Fighter (IDF),⁵⁶ but also improved early warning capability, surface to air missile (SAM) systems, electronic counter measure (ECM) and counter-counter measure (ECCM), deployed long-range surveillance and mobile 3-D radars and constructed hardened aircraft hangars and underground air bases. (Yang, 1998, p. 148) In contrast, China's air force (PLAAF)'s inventory was still "primarily of 1950s-1960s Soviet vintage", and most of the fighters were "so antiquated as to be a meaningless deterrent against the F-15s, and 16s, Su-27s, and *Mirage* 2000s in the region". (Shambaugh, 1997, p. 29) The PLAAF's air-to-air missile capabilities were also inferior to that of Taiwan's. (Klintworth, 1998, p. 157) Although the acquisition of two dozens of Su-27s was a substantial step forward and the development of indigenous *Jian-10* was underway, there remained an awfully long way to go before China built a relative modern air force or even compete for air superiority over the Taiwan Strait. A 1995 RAND report concurred that China's air force did not constitute a credible offensive threat against either the U.S. or its Asian allies.

In terms of sea-control, Taiwan launched the WUGIN (weapon improvement) programs I, II, III to modernize most of the World War II vintage ex-U.S. Navy destroyers in order to enhance anti-submarine, anti-aircraft, and anti-ship capabilities. Moreover, *Kwang Hwa-1*, *Kwang Hwa-2*, and *Kwang Hwa-3* ship replacement programs aimed at rebuilding the navy's entire surface fleet since the 1980s. (Yang, 1998, p. 148-149) The modernization of old destroyers under WUGIN, ship replacement under *Kwang Hwa*, the U.S. lease of six *Knox*-class frigates in 1992, and the prospect of acquiring several new conventionally powered submarines led one respected Taiwanese analysts to conclude

⁵⁶ But the complete delivery of those advanced fighters was expected to be around 1998.

that “the ROC is in the process of building one of the strongest regional navies in East Asia.” (Yang, 1998, p. 149) On the other hand, the Chinese navy (PLAN) had also undergone some generational changes of destroyers, guided missile frigates and submarines. However, by the mid-1990s the PLAN only had three destroyers (*Luhu*) and four frigates (*Jiangwei*) that approached modern standards. (Shambaugh, 1997, p. 28) Qualitatively speaking, the PLAN remained inferior to the Japanese naval Self-Defense Force, the Indian Navy, the combined naval forces of ASEAN, and elements of Taiwan’s navy, (Morgan, 1994) and in any major naval engagement between the PLAN and Taiwan’s navy, the latter was believed to be more likely to gain the upper hand. (Shambaugh, 1996, p. 1315) The PLAN’s submarine fleet had some comparative advantage with the launching of the indigenously manufactured *Song* diesel submarines in 1994, and the purchase of four Russian *Kilo* attack submarines in 1995 and 1996, and Taiwan only had two World War II vintage (Guppy class) and two Dutch-built *Zwaardvis* diesel submarines. But Taiwan’s relative shortage of submarines was compensated by the lease of Perry and Knox frigates from the U.S., both of which had advanced acoustic tracking and countermeasure devices, and the latter was designed primarily as anti-submarine (ASW) platforms.

With relatively superior air and sea power, the burden on Taiwan’s anti-landing capabilities was greatly reduced and the possibility of an engagement between Taiwan’s army and the PLA on the shores or inland seemed to be distant. Nevertheless, Taiwan consolidated its anti-landing capabilities by acquiring advanced ground force weapons systems and increasing mobility and firepower. The 260,000-man army was seen as “one

of the most highly trained and best equipped ground forces in the Western Pacific.”

(Yang, 1998, p. 150) On balance,

“For its size, Taiwan has one of the finest militaries in the world... In many categories, Taiwan’s weapons inventory is qualitatively superior to the PRC’s at present (particularly naval) and in the near future (air)... Taiwan has its weaknesses—particularly in anti-submarine warfare and anti-ballistic missile defense—but in both cases the ROCOT is moving to remedy the deficiencies.” (Shambaugh, 1996, p. 1318)

3.1.2. Possible course of action

As a result of limited budgetary resources and qualitatively inferior military capabilities, by the mid-1990s the PLA presented Chinese leaders with few credible military options to deal with Taiwan. As a Taiwanese analyst noted, before July 1995 “whether the PRC had the intent and capability to attack Taiwan by force was more a political issue than a security one”. (Cheng, 1996) That is, the debate on China’s military threat on the island was motivated more by domestic political considerations and ideological battles than by genuine security concerns. The lack of genuine security concerns stemmed from the lack of tangible military threats from China.

Almost all military analysts agreed that an amphibious invasion of Taiwan was an unrealistic option due to China’s inability to establish air supremacy over the strait and very limited amphibious lift capability.⁵⁷ As John Shalikashvili, then Chairman of the U.S. Joint Chiefs of Staff observed in April 1996, China has “no capacity to invade Taiwan.” (Klintworth, 1998, p. 12) Kenneth Bacon, then the U.S. Assistant Secretary of

⁵⁷ For why air superiority and amphibious lift capabilities are critical for a successful amphibious attack, see O’Hanlon, 2000. For a minority view that a full-scale amphibious invasion of Taiwan is the PLA’s most likely form of use of force, see Cheung, 1997, p. 57. Cheung argued that “massive surprise attacks have distinguished PLA opening campaigns in the past, such as in Korea in [1950], India in 1962, and Vietnam in 1979. More importantly, [Chinese] military planners believe that the gulf in cross-strait relations would be so wide by the time the leadership resorted to force that limited attacks would be futile in dissuading Taiwan ... and that the only viable option would be to invade the island.”

Defense, concurred that Taiwan was able to withstand a Chinese amphibious assault. (Lin, 2009b, p. 254) Likewise, the possibility and chance of success of an all-out amphibious attack from China was also discounted in Taiwan. Sun Chen, then ROC's Defense Minister, remarked to lawmakers in November 1993 that the ROC military are "confident of repelling any invasion by mainland China." (Taipei Voice of Free China, November 20, 1993, FBIS-CHI-93-224) It was believed that in the unlikely event that the PLA prevailed at air and sea battles and it came to the final stage of an amphibious war—landing on the island, "the landing side may not have full assurance of success but will have a pretty great chance of failure!" (Chien-Tuan K'E-Chi, April 1, 1995, FBIS-CHI-95-126) There were also voices in Taiwan that faulted the Taiwanese media for exaggerating the Chinese military might and downplaying Taiwan's military preparedness. (Taipei CNA, November 4, 1995, FBIS-CHI-95-214) Even PLA strategic planners, who certainly did not want to admit in public the inability to launch a successful amphibious attack, acknowledged that a full-scale seaborne invasion of Taiwan's west coast was "impractical, too costly, too predictable and potentially suicidal." (Klintworth, 1998, p. 156)

While amphibious attack seems to be out of the question by the mid-1990s, naval blockade is seen by many as the most likely form of use of force against Taiwan. Indeed effective blockade could exert strong pressures upon Taiwan's economy and society given its very high dependence on shipping for exporting and importing, and energy supplies. But this is no easy task for the PLA Navy. As pointed out earlier, the PLAN's surface combatants were in qualitative terms significantly inferior to Taiwan's navy.

(Shambaugh, 1996, p. 1313) Taiwan's anti-submarine, submarine-hunting, and minesweeping capabilities were deemed sufficient to thwart a naval blockade, and unless the PLA was willing to pay a high price it was hard to impose an armed blockade against Taiwan. (Chien-Tuan K'E-Chi, April 1, 1995, FBIS-CHI-95-126) Moreover, a blockade of Taiwan would very likely elicit international responses as it compromises free and open sea lanes of communication, especially from countries which had close economic relationship with Taiwan. In fact one Taiwanese legislator, Dr. Ting Shou-chung, suggested that the most effective way to counter blockade is not military approach but a macro-strategy which built Taiwan an economic hub in Asia so that a blockade against Taiwan was not tolerable for other countries as it would substantially hurt their economic interests. (Chien-Tuan K'E-Chi, April 1, 1995, FBIS-CHI-95-126)

Missile campaign constituted another alternative use of force for the PLA. China's development and deployment of medium- and short-range ballistic missiles such as DF-11, DF-15, and DF-21 caused considerable consternation on Taiwan, as those missiles could be used to strike military targets such as command and control centers, airbases, airplane runways, naval bases and even civilian infrastructures, the lack of pinpoint accuracy of those missiles notwithstanding. To counter the missile threat, Taiwan had assiduously built up its anti-missile capabilities. Indigenously Taiwan developed the Tien Kung (Sky Bow) series of theatre defense missiles from early 1980s. (Bowen, 1996) In addition, Taiwan also concluded an agreement with the U.S. for two batteries (200 missiles) of the Patriot ABM system updated after the Gulf War. (Taipei CNA, July 2, 1994, FBIS-CHI-94-130) Although even with these tremendous efforts the island was

still far from missile-proof, Taiwan's ballistic missile defense did receive a major boost, providing some psychological comfort for the populace. (Shambaugh, 1996, p. 1316)

In a nutshell, by the mid-1990s, China's options of the use of force against Taiwan were quite constrained. Amphibious attack remained far beyond the PLA's reach; naval blockade was a possibility but its chance of success was not assured and it entailed undue cost and risk; the SRBMs and MRBMs did give the PLA some comparative advantage in that respect, but they had to penetrate Taiwan's improved and sophisticated missile defense system, a task made harder by the limited number of missiles in the PLA inventory at that time. Both sides across the Taiwan Strait seemed to grasp the reality. Lin Chong-Pin, a respected Taiwanese military analyst, pointed out that Beijing would mostly prefer harassment tactics such as military exercises, missiles testing, submarines cruising in the vicinity of Taiwan to wage socio-political pressures and the "orthodox" military options such as occupation of offshore island, attacking Taiwan's military facilities, blockade, or amphibious landing were "improbable". (Lin, 1997, pp. 328-331)

In fact, Taiwan's security specialists were reassured by what they observed during the 1995-96 PLA military exercises in the Taiwan Strait. (Klintworth, 1998) China's own "after-action assessments" after the crisis revealed that the PLA capabilities against Taiwan were quite limited, (Shambaugh, 2005a, p. 69) and the PLA's internal publication suggested that "in solving the problem of Taiwan's return to the motherland, the use of force would be a really unwise decision. Peaceful reunification is the best way out." (Munro, 1994, p. 367)

3.2. Alliance strength: endeared to the U.S.

In terms of alliance strength between the U.S. and Taiwan, three major aspects will be examined: security commitment, political relations and arms sales. In all three aspects Taiwan had witnessed encouraging signs and their confidence to count on the U.S. help was boosted during the period of 1988~1994. In order to establish diplomatic relations with the PRC, the United States agreed during the 1978 normalization negotiations to sever official relations with Taipei, terminate the bilateral defense treaty, and withdraw all of its troops from Taiwan. On the other hand, the U.S. insisted on continual economic, cultural and other unofficial relations with Taiwan, expressed its interest in a peaceful resolution of the Taiwan issue, and did not succumb to Beijing's demand to stop selling weaponry to Taiwan.⁵⁸ Most significantly, the Congress passed the Taiwan Relations Act (TRA) to provide Taiwan with an ambiguous but nevertheless security commitment.⁵⁹ Since the TRA left the president with sufficient flexibility to respond to a militarized conflict across the Taiwan Strait, the abandonment fear for Taipei was acute and it had always resorted to additional evidences such as the U.S. top officials policy statements, public talks, hearings, etc. to detect any possible strengthening or weakening of the U.S. security assurances.

3.2.1. Security commitment

Toward late 1980s and early 1990s, the U.S.-China relationship faced enormous challenges due to the Tiananmen crackdown and the disappearance of the common Soviet threat. To some extent Taipei emerged as a beneficiary of the changing strategic

⁵⁸ The U.S. did agree to a one-year moratorium on arms sales to Taiwan. For the politics of the normalization negotiations between the U.S. and China, see Ross, 1995; Romberg, 2003; Tucker, 2009.

⁵⁹ For more detailed discussion about the TRA and its aftermath, see Myers, 1989.

landscape, as the U.S. became more willing to confront rather than accommodate China on the Taiwan issue. In November 1991, President Bush named China, together with North Korea and Burma as the “important sources of instability” in Asia; (Bush, 1991a) One month later, he emphasized that the U.S. wanted peace across the strait. (Bush, 1991b) Moreover, James Lilley, the U.S. ambassador to China from 1989 to 1991 delivered much stronger words regarding Taiwan at Harvard’s Kennedy School in December 1991. Lilley said that the U.S. would not allow the use of force against Taipei by Beijing, and if that happens, the president could take defensive military actions in accordance with the TRA even without the approval of the Congress. Although Lilley clearly did not speak on behalf of the U.S. government at that time, he was a confidant of President Bush and already appointed assistant secretary of defense for international security affairs, so Taipei tended to believe that his words did carry some weight. (Chen, 1995, pp. 160-162) These may seem to be minor developments and do not imply major favorable policy adjustments beyond the basic parameters of strategic ambiguity. This is indeed true and some Taiwanese analysts concurred that no fundamental change took place in terms of U.S.-Taiwan relations despite the end of the Cold War. (Lin, 1992) But Taipei’s security is so dependent on Washington that it has over years developed the habit of reading the latter’s every word meticulously sometimes to the extent of over-interpretation so even minor rhetoric changes from U.S. officials could influence Taipei’s perception of U.S. security assurances and assessment of its security environment.

That the U.S. word and deeds has been closely monitored and scrutinized by Taipei can also be seen from the first Gulf War’s subtle impact on it. On the one hand, the war

demonstrated that militarily powerful countries, under certain circumstances, were still willing to resort to force and the weaker countries could be defeated and occupied in a very short period of time. On the other hand, however, the international condemnation of Iraqi invasion of Kuwait and the U.N.-sanctioned military action indicated the universal perception of the illegitimacy of Iraqi use of force. More importantly, the United States was willing and able to step up and adopt a more aggressive interventionist policy after the Cold War.⁶⁰ These all seemed to bode well for Taipei, whose security was precarious and relied heavily on the U.S. security guarantees.⁶¹

President Clinton started his first term from January 1993. Both the president and his foreign policy team planned “business as usual” and did not intend to change the fundamentals of the U.S. “One China policy”. (Christopher, 2001) Yet a few changing elements seemed to enhance Washington’s security assurances. The U.S. government had long maintained that its policy was based on the three communiqués with China and the TRA, but did not specify what would happen were there a conflict between the communiqués and the TRA. In early 1994, Warren Christopher, Secretary of State of the first Clinton administration, explicitly stated that the position of the TRA is above communiqués, since the former is a law and the latter are policy statements. (Guo, 2009) Later on under congressional pressure President Clinton signed into law the 1994-1995 Foreign Relations Authorization Act, in which Section 531(2) read that “Section 3 of the Taiwan Relations Act take primacy over statements of the United States policy, including communiqués, regulations, directives, and policies based therein.”(Public Law 103-235,

⁶⁰ Interview with a former ROC senior official in the Lee Teng-hui administration, Taipei, June, 2009.

⁶¹ It was also cautioned that the Kuwait/Taiwan analogy cannot be drawn too far given the difference of their international status and strategic importance, as well as the power differentials between China and Iraq. See Wu, 1992.

1994) Since the security provision of section 3 is arguably the most important part of the TRA, the elevation of its status could be seen as an enhancement of the U.S. security commitment. Thus although on balance strategic ambiguity was still in place and no racial change befell the U.S. security commitment to Taiwan during the Bush administration and the first Clinton administration, a few policy statements, rising U.S. international interventionism and the elevation of the TRA status tended to give Taiwan the impression that the U.S. had indeed strengthened its commitment to protect Taiwan, more or less. (Chen, 1995)

3.2.2. Political relations

Political relations between the U.S. and Taiwan was also expanded and upgraded during this period. First of all, high-level official contact increased considerably. After the U.S.-PRC normalization, high-level official contact between the U.S. and the ROC was greatly curtailed, if not outright banned, to maintain unofficiality between Washington and Taipei. But in the early 1990s, seniors officials from Taipei managed to make private or secret visits to the U.S. frequently, the most significant of which included Foreign Minister Fredrick Chien (1991) and President of the Judicial Yuan Lin Yang-kang's (1992) trips. (Guo, 2009) On the other hand, several U.S. former senior officials such as Caspar Weinberger, George Schultz, and Gerald Ford left their footprints in Taiwan. (Ma, 1999) On top of that, the USTR Carla Hills' trip to Taipei in December 1992 marked the first U.S. cabinet-level official's visit since 1979, followed two years later by Transportation Secretary Federico Pena as the second.

The Clinton administration's most notable adjustment of political relations with Taiwan was the Taiwan Policy Review, released in September 1994 and "the first of its kind launched by any administration of either political party" since 1979. (Lord, 1994) The bulk of the review included permitting high-level U.S. economic and technical officials to visit Taiwan, establishing a sub-cabinet economic dialogue with Taiwan, name change for Taiwan's de facto embassy—from "The Coordination Council for North American Affairs" (CCNAA) to "The Taipei Economic and Cultural Representative Office" (TECRO), supporting Taiwan's membership in organizations where statehood is not a prerequisite and its voice to be heard in organizations where its membership is not possible, etc. These adjustments were moderate from Taipei's perspective, especially as regards the continual refusal of Taiwanese top leaders to visit the U.S. and lack of support for Taiwan's U.N bid.⁶² (FBIS-CHI-94-174, September 08, 1994) Although not fully meeting the high expectations of Taipei, these were positive steps after all.⁶³ In some sense the review institutionalized the progress and improvements of U.S.-Taiwan relations in the previous fifteen years since 1979, and Taiwan could use it as a springboard to seek new breakthroughs (Chen, 1995, p. 272)

The U.S. support for Taiwan's membership in important international organizations is yet another manifestation of the strengthened relationship. Taiwan's participation in intergovernmental organizations declined sharply and rapidly after it was replaced by the PRC in the UN and the U.S.-PRC normalization in the 1970s, and by 1990 the Asian Development Bank remained the only important body that Taiwan had a seat in. The

⁶² For a very critical Taiwanese view that the Taiwan Policy Review actually in many aspects amounted to a "demotion" instead of "upgrading" of U.S.-Taiwan relations, see Chang, 1995.

⁶³ Interview with former ROC officials, June 2009.

diplomatic winter finally came to an end when Taipei, along with Beijing and Hong Kong, joined the APEC as a full member in November 1991.(Taipei CNA, November 13, 1991, FBIS-CHI-91-219) Beijing only agreed to Taipei's admission after the United States exerted strong pressure during the negotiation stage. (Chen, 1995, p. 319) Moreover, in July 1991 President Bush for the first time showed explicit support of Taiwan's accession to GATT "on terms acceptable to GATT contracting parties". (Taipei CNA, July 20, 1991, FBIS-CHI-91-141) ⁶⁴ The GATT subsequently established a special working group on Taiwan's application and granted it observer status in September 1992. After the Democrats took back the White House, they seemed to have a more comprehensive plan to help Taiwan join international bodies whose membership does not imply statehood, as articulated in the Taiwan Policy Review. The Clinton administration even informed Taipei to draft a wish list of intergovernmental organizations for further study and consultation.

3.2.3. Arms sales

Since the 1982 U.S.-PRC communiqué was signed, the U.S. arms sales to Taiwan has been governed by the communiqué, as well as the TRA and to a lesser extent, Reagan's "Six Assurances". But the ambiguous and mutually contradictory language of the TRA and the 1982 communiqué left much room to different interpretations and even policy reversal. Since the U.S.-supplied weapons systems were often seen not only as enhancement of Taiwan's actual war-fighting capabilities, but also as a critical indicator

⁶⁴ Domestic politics played a prominent role in Bush's decision: he hoped that support of Taiwan's GATT application would be exchanged for congressional support to extend China's MFN status for another year.

of greater or lesser U.S. support for Taiwan,⁶⁵ the change of the U.S. arms sales policy has had great impact on Taiwan's appraisal of U.S. dependability.

There are two major types of U.S. arms transfers: the Foreign Military Sales (FMS) program, and the commercial sales. The FMS is conducted through government-to-government channel and the US government essentially either purchases weaponry from manufacturers or draws from DoD stocks and resells it to foreign customers. In terms of commercial sales, American companies directly sell weaponry to foreign governments, upon approval by the Department of State's Office of Munitions Control. (Hickey, 1994, pp. 43-47) Both in terms of amount of transactions and publicity, the FMS has assumed more importance than commercial sales.⁶⁶ The FMS agreements declined perceptibly since the mid-1980s, giving the impression that the U.S. had followed the 1982 communique not to allow arms sales to Taiwan to exceed, either qualitatively or quantitatively, the level of those supplied during 1979~1982. But the Bush administration's decision to approve 150 F-16s in September 1992 apparently "liberated Taiwan from virtually all the constraints imposed by Reagan" (Tucker, 2009, p. 192) and reversed the ten-year policy of reining in arms sales to Taiwan.

A variety of factors coalesced to prompt President Bush's sudden turnabout on F-16s: domestic political imperative to win the 32 Texas electoral votes in a hotly-contested presidential campaign by offering more jobs to the F-16 manufacturer, the Texas-located

⁶⁵ Whether arms acquisition from the U.S. mainly serves military or political purposes is related to the larger question whether the ROC military capability itself is "primarily for political purposes, as part of a larger strategy toward Beijing and Washington, or primarily for genuine warfighting purposes, to deter or defeat a possible attack from the Mainland". For discussion of this question, see Swaine, 1999. In reality it may not necessarily be "either or", but a mixture of political and military objectives.

⁶⁶ The U.S. also provided technological assistance and technology transfers to Taiwan, especially since the 1980s.

General Dynamics; the PRC's acquisition of two dozen Su-27s from Russia and Taiwan's deteriorating air power; Taiwan's ongoing negotiation with France for Mirage 2000-5, etc. (Mann, 1999c; Romberg, 2003, pp. 150-154; Suettinger, 2003; Bush, 2004; Tucker, 2009, pp. 181-192) After the sale, the PRC and U.S. also engaged in a fierce debate on whether the F-16 sale violated the 1982 communique that could never be resolved due to the ambiguous and ill-defined language of the text. What was less uncertain and more relevant for the analysis here, however, was the deal's impact on Taiwan. Senior Taiwanese officials one after another praised the sale with jubilation.⁶⁷ Prime Minister Hao Po-tsun said that the move is "a welcome indication of American *resolve* to preserve stability, prosperity and freedom in the ROC." (Taipei CNA, October 7, 1992, FBIS-CHI-92-195) The Foreign Ministry said in a statement that "this important and positive decision demonstrates once again the *willingness and determination*" of the U.S. government to "faithfully implement the TRA". (Taipei CNA, September 3, 1992, FBIS-CHI-92-173) Chen Li-an, the defense minister, hailed the sale as "a major political breakthrough" between the U.S. and Taiwan. Lee Teng-hui himself also tended to think of the U.S. policy shift as basic, which "became a hopeful symbol that Taiwan could trust Washington more and not find that it had simply been caught in politics as usual." (Tucker, 2009, pp. 191-192)

There are a number of reasons for the changed nature of the U.S.-Taiwan relations during this early post-Cold War period. The end of the Cold War and disappearance of the common Soviet threat probably stands as the most important one. For the United States,

⁶⁷ Within the government and military, only the Air Force chief expressed disappointment at the jet models that Washington was willing to sell to Taipei. (*China Post*, September 4, 1992, FBIS-CHI-92-174)

the strategic imperative to court China in order to counter the Soviet expansionism evaporated almost overnight,⁶⁸ and as a consequence Beijing's pressures and demands as regards Taipei did not have to be taken as seriously as in the Cold War days. Taipei thus fortuitously became a major beneficiary of the changed international environment. The momentous change and its impact on Taipei, of course, did not go unnoticed by the Taiwanese. Taipei reckoned that after the Cold War the United States would "consider its own national interests first, Taiwan's need second, and possible reaction from Peking last," and even speculated on the (ir)relevance of the Shanghai Communique. (Taipei CNA, February 28, 1992, FBIS-CHI-92-041) To be fair, it is not so much that the end of the Cold War automatically pushed the United States to the eastern side of the Taiwan Strait as it is that with the old consensus underpinning a relatively stable strategic bilateral relationship gone and a new one yet to be established, the U.S. China policy became more volatile and more susceptible to congressional pressures and Taiwanese lobbying, both of which worked to the advantage of the ROC. In James Mann's words, with the end of the Cold War, the United States was "willing to deal with Taiwan in new ways, no longer giving China the veto power it had earlier enjoyed." (Mann, 1999, p. 272)

Even before the end of the Cold War, the U.S.-China relations were dealt a body blow in the middle of 1989 after the Tiananmen demonstrators were cracked down by the Chinese government. The crackdown was a wakeup call for many Americans who used

⁶⁸ The real story, of course, was more complicated. The Bush administration initially intended to preserve strong relationship with the PRC, but soon found out that it was increasingly hard to justify it on strategic grounds. The fact that the White House had to resort to the nuclear and missile proliferation issue to assert China's strategic value in fact served to testify the disappearance of the old anti-Soviet rationale for U.S.-China close ties.

to believe that the post-Mao economic reform and open-door policy was transforming Beijing's repressive regime and Beijing was a different sort of benign communism from Moscow and might one day become prosperous and democratic. If the end of the Cold War altered the strategic landscape of U.S.-China relations, the Tiananmen crisis significantly undermined the erstwhile positive popular perception of Beijing and popular support of close ties with China. In fact the negative feelings were so strong that President Bush was widely criticized by the Congress, the media and the American public as "kowtowing" to Beijing when he tried to preclude a free fall of U.S.-China relations by sending twice his national security advisor Brent Scowcroft and deputy Secretary of State Lawrence Eagleburger to Beijing in 1989. (Rosenthal, 1989; Hoagland, 1989) On the other hand, Taiwan had witnessed great strides in terms of political liberalization and democratization since the late 1980s, with martial law lifted, opposition party legalized, and direct legislature elections to be expected in early 1990s. The cross-strait contrast could not be sharper after the Tiananmen crisis: while Beijing has "butchered China's young," Taipei has offered wealth and increasing political freedom to its citizens. (*The Economist*, July 1, 1989) With the U.S. and other western countries imposing sanctions on China, Taipei estimated that Washington-Beijing relationship was unlikely to be as close as it used to be in the foreseeable future. (Lin, 2002, p. 242) Nancy Tucker, a prominent historian of U.S.-China relations, concurred that "Taiwan's emergence as a morally superior and clearly democratic society complicated restoration of ties with Beijing." (Tucker, 2009, p. 177)

Lastly, Taiwan's economic success also went some distance to explain its increasing appeal to the U.S. government. In 1992 Taiwan accumulated the largest foreign exchange reserves in the world. In early 1991 Taiwan approved an ambitious Six-Year National Development Plan with an expenditure projected at \$303 billion for the 1992~1996 period. The project not only aimed at upgrading the infrastructure and preparing Taiwan "for the post-industrial telecommunication and service society," but also became "the most important lever that the ROC can use in the realm of international politics."

(Domes, 1992, p. 43; Domes, 1993, p. 54) The huge two-way trade volume between Taiwan and the U.S. made Taiwan the latter's sixth biggest trading partner, and Taiwan purchased twice U.S. goods as the PRC did. Taipei thus had taken pains to spread the idea in Washington that "Taiwan is an economic entity too important for America to allow to be swallowed up by the mainland." (Robinson, 1996, p. 1348) Taipei's financial prowess almost went beyond the economic sphere when an offer was promised to contribute \$300 million for the U.S. military operations in the Persian Gulf but was ultimately declined by Washington out of concern for Beijing's sensitivity. (Tucker, 2009, p. 178) At the grassroots level the USA-ROC Economic Council and the American Chamber of Commerce in Taipei were both much larger than their PRC-oriented counterparts. (Robinson, 1996, pp. 1348-1349)

3.3. Pragmatic diplomacy: bearing fruit

Since succeeding Chiang Ching-kuo's presidency in 1988, Lee Teng-hui initiated a diplomatic offensive dubbed as pragmatic diplomacy. The ROC's diplomacy was "pragmatic" during the Lee Teng-hui era in comparison with its previous orthodox and

rigid diplomacy. The “orthodox” diplomacy was predicated upon a strict interpretation of the “one-China” principle, i.e., the ROC was the sole legal government of China and would server diplomatic relations with any foreign governments who recognized the PRC. The rigidity, coupled with the PRC’s rising strategic importance and international status, resulted in a diplomatic debacle for Taipei after it was expelled from the U.N. and the U.S.-PRC rapprochement was underway. Taipei’s diplomatic allies decreased sharply from 67 in 1970 to a merger 22 in 1988. It seemed that the ROC would soon fall into oblivion if it insisted on fighting the legitimacy battle with the PRC. It was against this background that Lee Teng-hui proposed more pragmatic and realistic attitudes toward diplomacy.

In July 1988, Lee proclaimed that the ROC “will adopt a more pragmatic, flexible and forward-looking approach to develop a foreign policy based primarily on substantive relations”, and the next year in March 1989, he further explained that “[w]hen a country wishes to have diplomatic relations with Peking, it does not necessarily mean that the ROC has to server its contact with that country. Peking’s diplomatic gains, in other words, need not be interpreted as the ROC’s total loss as it has been.” (Hsieh, 1996, p. 75) The objectives and content of the pragmatic diplomacy, as Frederick Chien, then the ROC’s Foreign Minister stated, are three-fold: 1) to consolidate and strengthen existing diplomatic ties through cooperation in the fields of finance, economy, transportation, industry, fisheries, agriculture, and medical care; to develop and upgrade substantive ties with countries without diplomatic relations with Taiwan through bilateral cooperation in such areas as trade, culture, technology, environmental protection, and to establish semi-

official relations; and 3) to participate or resume participation in international organizations and activities according to a more flexible formula. (Chien, 1991) The crux of the diplomatic offensive was to increase Taipei's international participation and its visibility as a viable and independent political entity, hence to highlight its sovereign status and rights not to be attacked or coerced by mainland China.

The first seven to eight years (1988-1996) during Lee's rule were the golden times for the pragmatic diplomacy and immediate tangible results had been achieved with Taipei's aggressive diplomatic endeavors. The number of diplomatic allies climbed up from 22 in 1988 to 30 in 1995 and 1996. The achievements on formal diplomatic relationship was not dramatic, though, especially given that most of the newly-acquired allies were tiny and impoverished and hard to locate on the world map, and during this period Taipei lost three most important long-term allies, Saudi Arabia, South Korea and South Africa in 1990, 1992, and 1997 respectively. However, pragmatic diplomacy also scored a fair amount of successes on other fronts. In 1988 Taipei held nominal membership in 12 IGOs, and in reality the Asian Development Bank (ADB) was the only significant IGO in which Taipei was a member. In the years afterwards, Taipei joined a few more IGOs, most notably APEC in 1991. In November 1992, Taipei was also readmitted to the GATT with observer status under the name "Taiwan, Penghu, Kinmen and Matsu Customs Territory, Chinese Taipei". Furthermore, the Lee government on average signed 43 international agreements with 25.7 partners each year, much higher than the average of 25 agreements with 15.7 partners during the Chiang Ching-kuo era (1975-87) or 16.5 agreements with 11 partners during the Chiang Kai-shek era (1950-75). (Chen, 2002, p.

34) Taipei was also very proactive in the so-called “visit diplomacy”, making use of every possible opportunity to visit diplomatic allies or non-allies. Lee visited 15 countries, 7 of which did not have diplomatic relationship with Taipei. Lien Chan, the premier from 1993 to 1997, visited nine countries, including six non-diplomatic-allies. More importantly to Taipei, the benefits of pragmatic diplomacy lay in its semi-official relations with important regional players and the major powers. The U.S.-Taiwan relationship was already discussed above, but Taipei’s efforts went beyond that. Due to geographical proximity and substantial economic influences in forms of investments, trade flows, financial assistance and development expertise, Taipei’s biggest achievements out of pragmatic diplomacy can be said to be in the ASEAN countries. Some in Taipei even imagined at that time that “dual recognition” may be realized in Southeast Asia, most possibly Singapore. (Chen, 2002, p. 81) Although formal diplomatic relationship turned out to be still far beyond Taipei’s reach, significant improvements of bilateral relations were reflected in the upgrading of the Taiwanese representative offices and ASEAN countries’ offices in Taipei and the expansion of their functions and privileges, the proliferation of ministerial-level visits, and Lee and his premiers’ widespread footprints in this region. In some instances, Southeast Asia served as the “trial ground” for Taipei’s innovative diplomatic initiatives before they were practiced in other regions. (Chen, 2002, p. 85)

Once a forgotten corner for Europeans during the 1970s and 1980s, Taipei also upgraded and improved its relations with Europe. In 1991 the French Minister of Industry and Regional Planning, R. Fauroux broke the ban on European cabinet-level officials to visit

Taiwan, followed by more than 30 current ministers and former government heads from Europe. Taipei also completed several arms deals with France, Italy, Belgium and Germany, the most important of which was French decision in November 1992 to sell 60 Mirage 2000 fighters and at least one thousand short- and medium-range missiles. (Hsieh, 1996, pp. 89-90) Representative offices of European countries in Taipei and Taipei's own overseas offices were upgraded and their functions were expanded.

As the Cold War ended, East European countries in the former Soviet bloc became a new battleground for Taipei. With promised financial assistance and large-scale investments, Taipei established a number of trade and representative offices with *de facto* consulate functions in Hungary, Czechoslovakia, Poland, etc. It also successfully arranged several high-level visits and sought to cultivate good personal relations with local political parties and elites. (Tubilewicz, 2000) Meanwhile, starting with a trade mission to the Soviet Union in 1988, Taipei's relations with Moscow were resumed and direct trade and postal relations and direct investment were realized. After the disintegration of the Soviet Union, the Moscow-Taipei Economic and Cultural Coordination Commission was established between the ROC and Russia.

Pragmatic diplomacy paid off, and observers started talking about "Taiwan's expanding role in the international arena". (Yang, 1997) Aside from Taipei's proactive and relentless efforts of seeking international visibility, several other factors contributed to the limited success. First of all, the end of the Cold War and the new world order brought the erstwhile ideological rivalry to a close and that allowed Taipei to reach out to Eastern Europe and former Soviet republics. Second, Beijing's strategic importance was

downgraded in the minds of the Western countries as the Soviet Union adopted “New Thinking” and eventually collapsed and the Tiananmen crisis further strained Beijing’s relations with them. In addition, during the initial period of Lee’s pragmatic diplomacy, Beijing held a “wait and see” attitude briefly and did not carry out an all-out campaign against it.

Perhaps more importantly, the booming economy offered Taipei self-confidence as well as leverage to conduct economic and trade diplomacy. Between 1952 and 1989, Taiwan’s economic growth averaged 8.9 percent and in the early 1990s its exports shifted from labor-intensive goods to high-value added and high-tech products. In 1993 Taiwan ranked twentieth in GNP, and stood as the twelfth largest exporter, fifteenth largest importer, the ninth largest foreign investor, and the largest holder of foreign reserves. “The rising wealth was flooding Taiwanese ankles” was used to portray its economic powerhouse status. (Wang, 1999, p. 246) Taiwan’s economic strength, under the new world order with economics ascending over politics, greatly benefited its diplomacy: “[t]he most conspicuous beneficiary has been Taiwan, whose political non-existence in the eyes of its trading partners for more than a decade has been at odds with its status as the world’s 13th-largest trading nation. The most prominent loser appears to be Peking, which can no longer command deference from the world community, even in areas where it has direct interests.” (Baum, Cheung, and Kaye, 1992)

3.4. Domestic constraints

3.4.1. Resource constraints: “the rising wealth was flooding Taiwanese ankles”

Four decades of sustained and rapid economic growth produced an affluent society and resource-abundant government. As of 1993 Taiwan ranked twentieth in GNP, and stood as the twelfth largest exporter, fifteenth largest importer, ninth largest foreign investor, and largest holder of foreign reserves. As a result Taiwan’s military modernization programs and diplomatic endeavors benefited enormously from the government’s resource abundance. Taiwan increased its military budget steadily throughout the 1980s and early 1990s. In fact for most of the time during this period Taipei’s defense budget was higher than that of Beijing’s. Although many would point to the potentially large amount of hidden revenues of the PLA, given China’s vast territory, tortuous border and extended coastline and the fact that the PLA was about eight times the size of Taiwan’s military,⁶⁹ that more spending on military came from Taipei is still quite impressive. In addition, Taipei could utilize the special budget mechanism to fund overseas weaponry procurement.⁷⁰ In the early 1990s, “special budget” helped Taipei to purchase 150 F-16s from the U.S. and 60 Mirage-2000 and 6 Lafayette frigates from France. (Chase, 2008, p. 35) Several factors prompted Taiwan to increase its military spending. The most direct reason was that “much of Taiwan’s military arsenal was approaching obsolescence” by the early 1980s. (Hickey, 1994, pp. 47-48) But unlike the financially constrained China in the 1980s, rapid economic growth in the previous two decades on the island accumulated

⁶⁹ As of 1995, China’s total armed forces stood at 2,930,000, while Taiwan had 376,000, IISS, 1995.

⁷⁰ According to the ROC’s Budget Act, the Executive Yuan may propose a special budget outside of the annual general budget under the following circumstances: national defense emergence facilities or war; major national economic event; major calamities; major political event that takes place irregularly or once every few years.

enough wealth for the government to expend on military modernization and made affordable the high-priced foreign weaponry. Lastly, although political liberalization and democratization gradually took shape from the mid-1980s, there were still relatively little public and legislative oversight and scrutiny of defense budget and policy before the mid-1990s, especially given the simultaneous control of the executive and the legislature by the ruling KMT party.⁷¹

3.4.2. Political constraints: Lee Teng-hui's consolidation of power

When Chiang Ching-kuo died of a heart attack in January 1988, Vice President Lee Teng-hui was sworn in as the fourth president of the ROC. At that time doubts abounded in foreign countries as well as in the island that Lee Teng-hui was able to consolidate his power. Many suspected that “he will have to content himself with being a transitional leader, titular head of a small collective of men who will chart Taiwan’s future.” (Haberman, 1988) Although serving in the government since 1972 consecutively as Minister without Portfolio, Mayor of Taipei (1978-1981), Governor of Taiwan Province (1981-1984), Vice President (1984-1988), Lee did not have a real power base and was perceived more as a scholar and technocrat than a politician. Moreover, since Lee was a native Taiwanese and received education in Japan in his youth, the politically dominant Chinese mainland elites viewed him warily both because the advancement of democratization pursued by Lee would threaten their political power and that Lee might harbor a hidden Taiwan independence agenda. (Copper, 2009, p. 53) Indeed around Lee there were a few other prominent KMT elites that could conceivably emerge as an

⁷¹ For the Legislative Yuan’s role in Taiwan’s defense and security policies, see (Swaine, 1999, 2001)

alternative to him or at least challenge his authority: Li Huan, Secretary General of the KMT; Yu Kuo-hua, the premier; Lin Yang-kang, a Taiwanese and a former Interior Minister, and General Hao Pei-tsun, Chairman of the Chiefs of Staff. (Butterfield, 1988)

However, “initial assessments overestimated the strength of the conservative forces around Lee and underestimated his political skill.” (Bush, 2005, p. 25) After a few intra-party power struggles Lee Teng-hui successfully consolidated his power and established himself as the new paramount leader in the government and KMT. The first test came not long after Chiang Ching-kuo’s death. When Lee was about to be designated as acting KMT chairman to complete his succession as both government and party head, Madame Chiang, widow of Chiang Kai-shek and having resided in the U.S. since 1975, intervened and proposed rotating party chairmanship or at least postpone the designation. (Zou, 2001, pp. 62-66) Given the belief that conservative KMT elites would not tolerate a native Taiwanese to be both president and the KMT chairman, Lee was seen as “certainly unlikely to win party leadership.” (BBC Summary of World Broadcasts, February 6, 1988) Nevertheless, the intervention failed, as the KMT Central Standing Committee (CSC) unanimously endorsed Lee’s chairmanship. Surprised media hastened to point out, correctly in retrospect, that Lee was “poised to become the dominant force both in island politics and over the ruling KMT party well into the next decade.” (Rusk, 1988) In addition, Taiwanese military also pledged allegiance to the new president. (Taylor, 2000, p. 424)

In July 1988 the KMT’s 13th National Congress officially elected Lee Teng-hui as the party chairman. More significantly, the reshuffled KMT Central Standing Committee,

historically the most powerful organ in the quasi-Leninist party-state, reflected a favorable trend for Lee. Out of the 31-member committee 16 were native Taiwanese, for the first time giving the majority of the populace also the majority in the highest decision-making body. (Taipei International Service, July 16, 1988, FBIS-CHI-88-137) By a different measure, the reformist party cadres and bureaucrats, two groups mostly likely allied with President Lee due to his manifest reform impulse and being a technocrat himself, made great strides into the CSC. (Wu, 1989, pp. 395-399) Clearly the 13th Party Congress “was a defeat for the older-generation conservatives.” (Moody, 1992, p. 159) After the Party Congress, Lee Teng-hui unilaterally reshuffled the cabinet, adding more Taiwanese and young technocrats with overseas educational background to important government positions. The revamped cabinet was portrayed by political analysts as “a Lee Teng-hui cabinet”, and the move itself was such a show of strength that Lee himself had to allay fears of being dictatorial by clarifying that he was not a strongman and did not intend to become one. (Taipei International Service, July 29, 1988, FBIS-CHI-88-137)

Another political storm loomed in early 1990, when the National Assembly, which was an equivalent of an electoral college in the U.S. and met every six years, was slated to meet in March to elect the ROC's 8th President. A challenge to Lee was mounted within the KMT by the popular Taiwanese politician Lin Yang-kang and Chiang Wei-kuo (Chiang Kai-shek's second son), allegedly supported by a good many conservative assemblymen. But the anti-Lee campaign soon dissipated due to Lee's assiduous work to secure assemblymen's endorsement and several KMT elder's pleas for unity. (Zou, 2001,

pp. 71-78) As it turned out, Lee Teng-hui received 641 of the total 668 votes (95.96%) from the National Assembly, giving him the much-needed mandate to carry out domestic political reforms, mainland policies and international initiatives that the assumption of presidency upon Chiang Ching-kuo's passing could not provide. Soon after the presidential election, Lee Teng-hui reshuffled the cabinet again. The most dramatic and surprising move was Lee Teng-hui's decision to replace Premier Lee Huan with Hao Pei-tsun, a career military man and former Chairman of the Chiefs of Staff and Defense Minister. Although the pick invited protests from opposition politicians and student groups and raised the fear of the military intervention in politics, (Taipei International Service, May 5, 1990, FBIS-CHI-90-088) it was among Lee Teng-hui finest political maneuvering: it effectively ended Lee Huan's (Lee Teng-hui's primary challenger at that time) political power and his coalition with Hao Pei-tsun, and forced Hao to be decommissioned and reduced his strong influence in the military. (Zou, 2001, p. 93) This and other cabinet appointments through which "Lee put his own men in the high command" made one observers to claim that "for all practical purposes, the Lee Teng-hui Era had begun." (Tsai, 2005, p. 178)

The last step for President Lee to consolidate his power and come to be in firm control of both the government and KMT was after the 1992 Legislative Yuan election, the first island-wide election for the ROC's legislative body after the resignation of all so-called "senior legislators" that were elected in 1947 on mainland China. The KMT suffered a major setback, turned in the worst election result in the KMT history.⁷² Lee used the

⁷² The KMT nominees captured 53% of popular vote and 96 seats (60%), while the opposition DPP got 31% of popular

pretext of the election of the new Legislative Yuan to force the Hao Pei-tsun cabinet to resign en masse in early 1993. (Rigger, 1999a, p. 167) Chiang Wei-kuo, then Secretary-General of the National Security Council, was also removed from office. (Tsai, 2005, p. 188) Since Hao and Chiang constituted Lee's last two serious challengers, their sacking left Lee's power nearly unrivaled. The new premier, KMT secretary-general, governor of Taiwan, and defense minister, etc. were all Lee Teng-hui's allies, confidants, or students. Lee also tightened his control over the KMT's finances by creating a new agency within the KMT to manage the party's "enormous assets and extensive enterprises" and appointed his confidant to be the treasury czar. (Tsai, 2005, p. 188) In August 1993 a group of KMT legislators, suspicious of Lee's long-term commitment to unification and dissatisfied with his "autocratic dealings" with opponents in the party, left the KMT and founded the Chinese New Party. While the defection dealt a blow to the KMT as a whole, it also "left Lee Teng-hui stronger than ever". (Rigger, 1999a, p. 168)

In a nutshell, during the first few years of Lee Teng-hui's rule, there were plenty of intra-party power struggles between Lee and his opponents, or between the mainstream faction and the non-mainstream faction. The mainstream faction, identified with President Lee and his close supporters, represented the KMT's reformist wing; the non-mainstream faction was mainly composed of KMT's mainlander elites and wary of Lee's reform programs, especially those having a bearing on Taiwan's symbolic connections with mainland China. However, to the surprise of many people, Lee consolidated his power successfully after the 1990 presidential election at the earliest or the sacking of General

Hao in January 1993 at the latest. The triumph of Lee and the mainstream faction owed to several factors: Chiang Ching-kuo's designation of Lee as his successor; Lee's extraordinary knack of political struggle; and his high popularity,⁷³ especially among native Taiwanese electorate. One last reason had to do with the bigger picture: Taiwan's gradual democratic transition. The democratization process worked to Lee's advantages in two senses. Firstly, democratization led to power redistribution inside the KMT. Since in order to survive and thrive, the KMT now had to compete in the open political market, thus individuals and groups that were in a better position to bring electoral benefits and successes to the party tended to be favored. They were usually reformist party cadres, mass media and elected representatives, (Wu, 1989) many of whom found affinity with President Lee instead of his conservative opponents. Secondly, Lee also understood well how to construct reform programs to amass support from and increase his popularity with the electorate, which in turn could be used to "do battle with hard-liners". As put succinctly by Shelly Rigger, "KMT reformers gained an advantage over hard-liners because the citizens ... desired democracy." (Rigger, 1999a, p. 132 and p. 147) To some extent consolidating power and promoting democracy became two sides of the same coin for Lee Teng-hui: to consolidate power he had to clear away conservative opponents by moving democratization forward; and to promote democracy he again had to outwit the hard-liners. He achieved both.

⁷³ Public surveys showed that Lee's approval ratings always remained above 80 percent during that period. (Chao and Myers, 1998, p. 181)

3.5. Sovereignty assertiveness: one China and opening up

The above discussion demonstrates that power shift was favorable and domestic constraints were weak during the early years of the Lee Teng-hui era, and the theory predicts low degree of sovereignty assertiveness. Below I will examine if this is indeed the case.

When Lee Teng-hui assumed the presidency upon Chiang Ching-kuo's death in 1988, the official line of the ROC was that reunification has to occur under the Three Principles of the People—nationalism, democracy, and equitable distribution of wealth, the KMT's founding ideology. On the matter of cross-strait exchange, it was the Three No's policy: no contact, no negotiation, and no compromise.⁷⁴ Lee Teng-hui vowed to carry on these policies and fulfill the mission of unification for the Chinese nation. Then at his inauguration as the 8th president of the ROC in May, 1990, Lee Teng-hui proposed a more specific approach to achieve unification, the first time for Taipei. The conditions he set for the discussion of unification were for the PRC to democratize, renounce the use of force, and exercise diplomatic restraint. Lee also emphasized that both Taiwan and the mainland are “indivisible parts of China”. All Chinese were “compatriots of the same flesh and blood” and should therefore work together to achieve the common goal of national unification through peaceful and democratic means. (Lee, 1990)

Meanwhile, institutional structures were also established to direct, supervise, and implement mainland policies. These institutions were the National Unification Council

⁷⁴ The Three No's policy was a response and refusal to the PRC's “One Country, Two Systems” proposal offered by Beijing during the late 1970s and early 1980s. Taipei believed that Beijing's offer was to treat Taipei as a local government with a subordinate status.

(NUC), headed by Lee, the Mainland Affairs Council (MAC) under the Executive Yuan (cabinet), and the semi-official Strait Exchange Foundation (SEF), with the NUC setting broad policy guidelines, the MAC for policy-planning, implementation, and enforcement, and the SEF interacting directly with the PRC and dealing with practical matters. In February 1991 the NUC passed the National Unification Guidelines (NUG). The NUG stated explicitly that the goal was to “establish a democratic, free and equitable prosperous China,” and four principles should be adopted:

Both the mainland and Taiwan areas are parts of Chinese territory. Helping to bring about national unification should be the common responsibility of all Chinese people;

The unification of china should be for the welfare of all its people and not be subject to partisan conflict;

China’s unification should aim at promoting Chinese culture, safeguarding human dignity, guaranteeing fundamental human rights, and practicing democracy and the rule of law;

The timing and manner of China’s unification should first respect the rights and interests of the people in the Taiwan area, and protect their security and welfare. It should be achieved in gradual phases under the principles of reason, peace, parity, and reciprocity. (The NUC, February 23, 1991)

The NUG also envisioned a three-phased unification process: exchanges and reciprocity (short term), mutual trust and cooperation (medium term), and consultation and unification (long term). In short, in reiterating the unwavering goal of national unification Lee’s stance was in consistent with his predecessors’, although he actually outlined more specific and relatively flexible plans for realizing that goal. As for the attitude toward Beijing, by terminating the “period of national mobilization for the suppression of communist rebellion” and abolished the “temporary provisions” of the Constitution in

1991 Taipei shifted its long-standing position that Beijing was a “rebel regime” to one that regarded Beijing as a (legitimate) “political entity” ruling the mainland area. In effect, this move also amounted to a formal and unilateral renouncement of the use of force as a means of national unification.

Negotiations were held since the end of 1991 between the SEF and its counterpart, the ARATS (Association for Relations Across the Taiwan Strait) but the two sides soon realized that without some agreement, however ambiguous, of the one-China principle it was almost impossible to move forward even on the functional issues.⁷⁵ To further clarify Taipei’s understanding of one China and the nature of cross-strait relations, the NUC passed a significant resolution titled “the Meaning of ‘One China’” on August 1st, 1992, and it stated,

“Both sides of the Taiwan Strait agree that there is only one China. However, the two sides of the Strait have different opinions as to the meaning of ‘one China.’ To Peking, ‘one China’ means the ‘People’s Republic of China (PRC),’ with Taiwan to become a “Special Administration Region’ after unification. Taipei, on the other hand, considers ‘one China’ to mean the Republic of China (ROC), founded in 1911 and with de jure sovereignty over all of China. The ROC, however, currently has jurisdiction only over Taiwan, Penghu, Kinmen, and Matsu. Taiwan is part of China, and the Chinese mainland is part of China as well.”
(The NUC, August 1st, 1992)

The resolution further emphasized that China was in a temporary state of division after 1949 and the two sides of the Taiwan Strait had been ruled by two political entities and the reality should not be denied for any unification schemes. Later through numerous exchanges of ideas Beijing and Taipei finally decided to solve the one China impasse

⁷⁵ Secrete talks were also held between Beijing and Taipei and actually preceded the public talks between the SEF and ARATS. See Zou, 2001.

through respective interpretations. Beijing stated that “both sides of the Taiwan Strait uphold that One-China principle and strive to see national unification. However, in routine cross-strait consultations, the political meaning of ‘One China’ will not be involved.” Meanwhile, Taipei’s statement was that “although the two sides uphold the One-China principle in the process of striving for cross-strait national unification, each side has its own understanding of the meaning of One China.” Taipei’s understanding was, of course, based on the August resolution. The spirit of this shared understanding became the so-called “1992 consensus”. The climax of cross-strait interaction during that period came in April 1993, when the two heads of the SEF and ARATS and also senior politicians, Koo Chen-fu and Wang Daohan had a historic meeting in Singapore and signed four agreements.⁷⁶

It turned out that the Koo-Wang meeting did not make the road to cross-strait reconciliation any less bumpy and different conceptions of the one-China principle resurfaced again and again as to disrupt the whole process. For Taipei it was caught between two increasingly contradictory goals: its adherence to the one China policy and longing to present itself as a legitimate political entity.⁷⁷ If it straitjacketed itself too tightly with the one-China principle, Taipei apprehended that it might constitute surrender to Beijing’s claim that Taipei was a local government of the PRC; if it asserted too strongly that it was a sovereign political entity equal with the PRC, it inevitably

⁷⁶ The four agreements are: the “Agreement on Document Authentication,” the “Agreement on Tracing of and Compensation for Lost Registered Mail,” the “Agreement on the Establishment of Systematic Liaison and Communication Channels between the SEF and ARATS,” and the “Koo-Wang Talks Joint Agreement.”

⁷⁷ Taipei claimed that it formulated the term “political entity” to “serve as the basis of interaction between the two sides”, since its meaning is “quite broad”, and “can be applied to a state, a government, or a political organization.” The MAC, 1994.

distanced itself from at least the PRC's stricter interpretation of one-China. Lee's predecessors in Taiwan did not face this problem, since they never recognized the legitimacy of the PRC's communist regime. For them, there was only one China, i.e. the ROC; the PRC was a rebel organization to be vanquished. But as soon as Lee recognized the PRC as a political entity ruling the mainland in 1991, how to reconcile the coexistence of two political entities with the one China policy became a big problem for Taipei.⁷⁸ If before 1993 Lee Teng-hui and other political leaders in Taipei were more explicit on holding firmly the one China policy, after 1993 they tilted toward emphasizing and highlighting the ROC's sovereignty and equality with the PRC. As Bush observed, "Lee Teng-hui's approach to the PRC shifted in 1993. The key component of his prior approach persisted: the PRC must acknowledge the ROC as an equivalent political entity; it must accommodate Taipei's role in the international system; and it must renounce the use of force. But he changed his emphasis, tone, and style, moving from ambiguity toward greater clarity." (Bush, 2005, pp. 45-46)

Taipei's statements during this period can be characterized as "qualified one China policy" or "one China policy with adjectives". During an interview in August, 1993, Lee reiterated that the two sides across the Strait were "two coexistent political entities", and China was a "divided country." Later that year Chiang Ping-kun, the ROC's Economic Minister, made a fuss at APEC in Seattle by saying that the government policy was a "one-China-oriented two-China policy over a certain period of time". In another word, one China is the future, two Chinas are the present. In April, 1994, Lee stated that "the

⁷⁸ Not a problem for the PRC, since it has never recognized the legitimacy of the ROC. The PRC's position has been quite consistent: There is only one China in the world, Taiwan is a part of China and the government of the PRC is the sole legal government representing the whole of China.

current stage is that ‘the ROC is on Taiwan’ and ‘the PRC is on the mainland’. We should forget words like one China, two Chinas...” (Academia Historica, 2000) In April, 1995, as a response to Jiang Zemin’s generally conciliatory “eight points”,⁷⁹ Lee Teng-hui brought up his “six points” when he addressed the NUC. Lee reiterated the four principles laid out in the NUG, reaffirmed the goal of unification but emphasized that unification has to be achieved by recognizing the reality of a China divided and ruled separately after 1949. “Only when the reality is reckoned with objectively can the two sides forge a consensus more quickly on the meaning of ‘one China’.” (Academia Historica, 2000, p. 80-81) Lee also urged the two sides to participate in international organizations equally and Beijing to renounce the use of force.

Looking back at the evolution of Taipei’s position on the one China policy and its stance on unification before the mid-1990s, several features can be identified. First, by and large Taipei stuck to the one China policy. Not only did Taipei reaffirmed its adherence to one China, but also it made specific plans for achieving unification and reached out to conduct negotiations with the mainland, only on functional issues notwithstanding. Although later on Taipei’s one China policy such as “one divided China”, or “two Chinas over a certain period of time” was more qualified and less unconditional, it routinely hastened to add that it resolutely opposed either “two Chinas” or “one China, one

⁷⁹ Jiang’s eight points are: 1) “adhering to the principle of one China is the basis and prerequisite for peaceful reunification”; 2) “we do not have objections to the development of nongovernmental economic and cultural ties between Taiwan and other countries”; 3) “it has been our consistent stand to hold negotiations with Taiwan authorities on the peaceful reunification of the motherland”; 4) “we shall try our best to achieve the peaceful reunification of China since Chinese should not fight Chinese”; 5) “...we shall spare no effort to develop economic exchange and cooperation between the two sides...”; 6) “the splendid culture... constitutes an important basis for the peaceful reunification of the motherland”; 7) “the lifestyles of our Taiwan compatriots and their desire to be masters of their own country should be fully respected”; 8) “we welcome leaders of Taiwan to visit the mainland in their proper status; we also are ready to accept invitations to visit Taiwan.” The Taiwan Affairs Office of the State Council.

Taiwan”. For example, when Chiang Ping-kun suggested the “two-China policy over a certain period of time” at APEC in 1993, the MOFA of ROC quickly clarified that Chiang’s statement was a direct response to Jiang Zemin’s claim that Taiwan was a province of the PRC and that the ROC still held the one China policy and pursued unification. (Academia Historica, 2000, pp. 53-55)

Second, Taipei’s policy was full of flexibility. Indeed Taipei came up with many a creative terms to capture the nature of cross-strait relations in a way favorable to itself but also in no violation of the one China policy. Some of the interesting terms included “one country, two governments,” “one country, two districts,” “one China, two equal political entities,” “one China, different interpretations,” “one-China-oriented two-China policy over a certain period of time,” “the ROC is on Taiwan and the PRC is on the mainland,” etc.

Third, Taipei’s interaction with the mainland was infused with a strong sense of confidence. The confidence resulted largely from Taipei’s perceived comparative advantage of its political and economic systems and Taiwanese leaders did not hesitate to highlight its political and economic achievements and the disparity across the strait. In another word, “Taiwan was not just a part of China; it was the *best* part of China.” (Bush, 2005, p. 53, emphasis original) In July, 1994, the MAC issued a “prospectus” comprehensively reviewing the relations across the Taiwan Strait and maintained that the essence of China’s division was “a struggle between systems”:

“The fundamental reason why China cannot be unified is not, as Peking would have it, that a section of the Taiwan population wishes to separate

itself from China, neither is it due to the 'interference of certain foreign forces.' It is that the political system and level of economic development in mainland China, and its frequent large-scale and violent power struggles, have destroyed people's confidence in the CCP regime... If there was freedom and democracy in mainland China and if its economy came up to modern standards, who among the Chinese would not wish to see their country united? How could foreigners interfere? The crux of the problem thus lies with no one else but the CCP regime itself. This is why the ROC government has repeatedly insisted that 'there is no Taiwan problem, only a China problem.'" (The MAC, 1994)

3.6. Conclusion

During the period of 1988-1994, Taiwan's security environment was noticeably improved and these six to seven years is arguably the best and golden time in terms of Taiwan's security and survival since 1979: Taiwan's military maintained its qualitative edge over the PLA, U.S.-Taiwan relations was to some extent strengthened, and Taipei's international standing was elevated under the banner of pragmatic diplomacy.

Furthermore, examination of the domestic constraints suggests that Taiwan was doubly blessed at this time: although there were plenty of power struggles in the initial years during Lee Teng-hui's reign between the mainstream and non-mainstream factions, Lee quickly outwitted his major opponents and consolidated power; resources were abundant during this period due to Taiwan's economic boom, leaving Lee with few constraints for resource mobilization.

It is easy to portray the adherence to the one China policy during Lee Teng-hui's early years as some kind of policy inertia, i.e., it is simply a continuation of Lee's predecessors' policy so it does not even need an explanation. However, this is at best only partially true. Lee Teng-hui's mainland policy is not just an extension of the Chiang Ching-kuo era, and there were a great deal of initiatives in addition to the continuation of

one China: Taipei opened up and reached out to mainland China, endorsed the National Unification Guidelines and established institutional structures to take charge of cross-strait interaction, and went to the negotiation table with Beijing. Although the opening up started with Chiang Ching-kuo's historic decision allowing Taiwanese to return to the mainland for family visits in 1987, the extent and scope of cross-strait exchange pursued and achieved after Lee assumed power far exceeded the small and cautious first step taken by his predecessor. As a result, although not formally scraping the Chiang Ching-kuo—endorsed “Three No’s Policy” (no contact, no negotiation, no compromise), Lee harbored significant reservations about its utility and continual sanctified status and in practice most of the Three No’s caveats remained only on paper. (Wang, 1993, pp. 108-110) Given that the Three No’s policy was understandably the weaker side’s strategy, (Wang, 1993, p. 110) its gradual erosion is a reflection of Taipei’s growing confidence about its security environment and superiority of its political and economic systems.⁸⁰ In another word, the relatively benign security environment from the late 1980s to the early 1990s did not only dis-incentivize Taipei to be assertive on a separate sovereignty, but also to push it to open up to the mainland. On top of this, domestic political constraints on Lee’s mobilization capacity was low due to his quick consolidation of power and resource abundance on countering China’s military threat, further strengthening Lee’s confidence in opening up. But the whole incentive structure was going to evolve in a way unfavorable to Taiwan’s security after the 1995-1996 Taiwan Strait crisis and as a result Taiwan’s sovereignty assertiveness would gradually grow.

⁸⁰ There were interlocutors in Taiwan pointing out that Lee’s confidence was so high at that time, especially after witnessing the 1989 Tiananmen crisis and perceiving chaos on the mainland or even the CCP’s downfall, that he actually did harbor the ambition of “bidding for power on the central plains” (*Zhu Lu Zhong Yuan*), i.e., reunifying China under the ROC’s banner. But this is something that is hard to be confirmed.

Chapter 4 The Taiwan Strait Crisis' Aftermath: the Late Lee Teng-hui Years (1995-1999)

The 1995-96 Taiwan Strait crisis constituted a watershed event in cross-strait relations. Many saw the crisis brewing in May 1995, when the White House reversed its previous decision under very strong congressional and media pressures and approved a visa for Lee Teng-hui to visit Cornell University, his alma mater. China responded by cancelling a scheduled second Koo-Wang meeting, suspending dialogues with the U.S. on human rights, trade and non-proliferation issues, and most significantly, conducted several rounds of missiles firing and live-fire military exercises in the vicinity of Taiwan. The Clinton administration responded to the most provocative PLA exercises in March 1996 by sending two aircraft battle groups to the Taiwan area and after the conclusion of Taiwan's first-ever direct presidential election the crisis quietly died down at the end of March.⁸¹ China thus engaged in coercive diplomacy in order to reverse an ominous trend of what it saw as Lee's intensified separatist activities and the U.S. complicity in fomenting Lee's separatism. The United States, for its part, assembled the biggest military presence in East Asia since the Vietnam War to demonstrate its security commitment and maintain reputation as a trustworthy ally. The fallout of the crisis also profoundly influenced the PLA's military modernization, relations of the Beijing-Washington-Taipei triangle and security structure in the region.

⁸¹ There are many excellent analyses of the 1995-96 Taiwan Strait crisis. See (Garver, 1997; Mann, 1999b; Tyler, 1999; Zhao, 1999; Ross, 2000; Swaine, 2001; Whiting, 2001); for some insiders' accounts, see (Tucker, 2001; Carter and Perry, 1999; Christopher, 2001; Suettinger, 2003b; Qian, 2003) For perspectives from Taiwan, see (Chou, 1996; Chang, 1998; Tsai, 2007a) For perspectives from mainland China, see (Wu, 2004).

First of all, the crisis not only added further urgency to China's military modernization, it also shifted the modernization from "threat-diffuse" to contingency-driven, (Culver and Pillsbury, 1998, p. 70) meaning that the previous uncertainties of the most likely military challenges to the PLA evaporated and the Taiwan scenario emerged as the locus of the PLA's military modernization and planning. As David Shambaugh noted, "many elements of PLA planning, training, and procurement... dominated by the specter of a military conflict with the United States over Taiwan. Exercises, force deployments, and weapons procurement (particularly from Russia) are preparing the PLA for such a conflict." (Shambaugh, 2002, p. 4) As a consequence of the PLA's concentrated endeavors, Taiwan's traditional qualitative military edge was going to be gradually eroded.

Moreover, Beijing's overall approach to deal with Taipei also changed and started to put more emphasis on hardline policies—military pressures and international isolation.

Although Beijing's post-Mao Taiwan policy had always been a combination of "carrot and stick" under the auspices of "one country, two systems", the practice of the latter was pretty lax before the crisis. After the Cornell visit, however, Chinese leaders came to the conclusion that Lee was bent on permanently separating Taiwan from China and the accommodating approach was failing and could prove to be disastrous to the cause of the Chinese nation's unification. (Zhao, 1999) In one analyst's words, the leadership consensus shifted from "inducement to pressure", with the PLA playing a larger role in the decision-making process regarding Taiwan. (You, 1999)

The unfolding of the Cornell episode and the crisis also damaged mutual trust between Washington and Taipei. Officials from the State Department and NSC of the Clinton administration had a strong sense of resentment against the Lee government's manipulation of the U.S. political system by circumventing the executive branch and leveraging strong congressional pressures against it. (Suettinger, 2003) p. 219 Moreover, Lee's speech at Ithaca went far beyond what was promised as mostly a retrospective on Lee's Cornell years and Taiwan's economic development to be highly political. In State Department official Winston Lord's words, Lee "totally double crossed us." (Tucker, 2001, p. 481) In the rest of the chapter, I will examine the power shift and changing security environment for Taiwan after the crisis, discuss the domestic constraints, and trace the degree of sovereignty assertiveness during the late Lee Teng-hui years.

4.1 Military balance: the PLA's aspirations vs. capabilities

4.1.1. Military balance

As discussed above, the 1995-96 Taiwan Strait crisis significantly influenced PLA strategists' threat perceptions and a potentially across-the-board and more balanced military modernization program was since then transformed into one keenly focused Taiwan. However, it would take time for the PLA's endeavors to come to fruition and as of the late 1990s there still existed an "aspirations vs. capabilities" gap between "the *vision* of a future the PLA describes in many journal essays and the *capability* of China's defense industries and armed forces to achieve the vision." (Godwin, 2000, p. 25, italics original) In terms of the military balance across the Taiwan Strait, one oft-cited DoD report concluded, "despite the modest qualitative improvement in the military forces of

both China and Taiwan, the dynamic equilibrium of those forces in the Taiwan Strait has not changed dramatically over the last two decades, except in a few niche areas like China's deployment of SRBMs." (U.S. Department of Defense, 1999b, p. 26) Thus the competitive modernization across the Taiwan Strait during this period led to a more or less standoff of military power between Beijing and Taipei, although it would not take long before this situation began to change.

Due to the very long "lead time" of indigenous arms research, development and production and China's less-than-capable defense industry,⁸² major progress in modernizing its armed forces during this period mostly came from foreign technology, either in the form of direct purchase of complete weapons platforms or technological cooperation in upgrading existing weapons or build new military hardware.⁸³ The heavy reliance on foreign technology manifested itself mostly clearly in the PLA Air Force's efforts to acquire modern fighter aircrafts. The indigenous fourth-generation fighter—J-10 took almost three decades to enter the testing and evaluation phase in 1998, and the PLA had to turn abroad for immediate needs. During 1995-1996, Beijing purchased an additional 48 SU-27 fighters from Russia and negotiated a contract to co-produce two hundred SU-27s over the next ten-to-fifteen years.⁸⁴ (*Moscow ITAR-TASS*, April 13, 1997, FBIS-UMA-97-103) The first two co-produced SU-27s (designated the J-11 in Chinese) were assembled with assistance from Russia technicians at Shenyang Aircraft

⁸² In PLA specialist David Shambaugh's words, "there is probably no area of China's national defense establishment more in need of modernization than its defense industries (military-industrial complex)... China's own industries, scientists, and technicians have consistently failed to keep pace with either their nation's defensive needs or global standards." (Shambaugh, 2002, p. 225)

⁸³ For a comprehensive study of China's foreign arms acquisition during the 1990s, see (Fisher, 1999)

⁸⁴ China took delivery of the first batch of twenty-six SU-27s in 1992.

Corporation and tested in December 1998. At the end of 1999 China also signed another contract for 40 fourth-generation “plus” SU-30s from Russia. (Shambaugh, 2002, p. 262-263) These most advanced fighters were complemented by over 2,000 obsolete J-6, several hundred J-7 and J-8, and 500 aging H-5 and H-6 bombers. Additionally, the PLAAF’s aerial refueling, airborne early warning and control (AWAC) and airlift capabilities were still limited and in need of development. (U.S. Department of Defense, 1999b)

The Taiwan Air Force, though smaller in size, had a larger number of advanced combat aircrafts than the PLAAF during this period. The deliveries of 150 F-16 and 60 Mirage 2000-5 fighters were completed during 1997-1998 and Taipei also rolled out 130 Ching-Kuo Indigenous Defense Fighters (IDF) (*Taiwan Central New Agency*, October 20, 1998, FBIS-CHI-98-293) According to the 1999 U.S. Defense Department Report, the IDFs could be used for low altitude interception and ground attack; the F-16s for mid-altitude offshore interception and ground attack; and the Mirage 2000-5s for high-altitude offshore interception. (U.S. Department of Defense, 1999b) Moreover, Taiwan’s air defense capability, composed of an early warning network, ground-based SAMs and the above-mentioned modern fighters, appeared to be quite formidable to the PLAAF. (*Hong Kong Ta Kung Pao*, September 12, 1999, FBIS-CHI-1999-0923)

The PLA Navy (PLAN) also made some modest progress in modernizing its surface combatants, submarines and naval aviation but had yet fundamentally changed the balance of naval power across the strait. At the turn of the century the PLAN’s major surface combatants included about 20 destroyers and 40 frigates, with sixteen *Luda*-class

DDGs that started to join the PLAN in 1971, two *Luhu*-class DDGs which were built in the mid-1990s, one *Luhai*-class DDGs the first of which was commissioned in 1999, twenty-eight *Jianghu*-class FFGs that started to enter into service in the mid-1970s, and nine *Jiangwei*-class FFGs that were built in the 1990s. (Cole, 2001) pp. 98-104

Moreover, during 1996-1997 China concluded a deal with Russia for two *Sovremenny*-class DDGs, which constituted the most potent surface combatant after China took delivery of them in 2000. (*Moscow Interfax*, November 25, 2000, FBIS-CHI-2000-1127)

There were also several hundred smaller patrol boats for littoral operations. Moreover, the PLAN had one of the world's largest naval air arms with over 500 fixed-winged aircraft and about 30 helicopters, but most of them were obsolescent and had only limited maritime strike capability. The PLAN's sealift capability was likewise unimpressive and could probably transport one infantry division.⁸⁵ (U.S. Department of Defense, 1999b)

On balance, the PLAN's surface forces suffered at least four apparent weaknesses: area anti-air warfare (AAW) defense, anti-submarine warfare (ASW), system integration and maintenance and supply. (Cole, 2001)

On the other hand, the submarine force was clearly the PLAN's biggest advantage vis-à-vis its Taiwanese counterpart, with about 60 diesel and nuclear-powered submarines. However, the bulk of the force was still the 1950- and 60-vintage *Romeo*- and *Ming*-class SSs, and had only a handful of relatively quieter and more capable submarines—the three indigenously-produced *Song*-class SSs and four Russia-produced *Kilo*-class SSs. The *Kilos*, in particular, represented “an impressive leap forward for the PLA submarine

⁸⁵ The PLAN could possibly use merchant ships to augment its sealift capability, but that is historically difficult. (Cole, 2001, p. 103)

forces,” although they seemed to encounter some operation and maintenance problems. (Shambaugh, 2002, p. 273) The inventory also included one *Xia*-class strategic ballistic missile submarine (SSBN) and five *Han*-class nuclear-powered attack submarines (SSN) and the PLAN planned to develop newer types to replace them.

Taiwan’s navy, for its part, had about 40 major surface combatants, composed of eight licensed-produced *Perry*-class FFGs, six *Lafayette*-class FFGs purchased from France, eight *Knox*-class FFGs leased from the U.S., and more than a dozen older, WWII-vintage *Gearing*-class destroyers. In addition, there were about 100 patrol boats, 30 mine warfare ships, and 25 amphibious vessels. (U.S. Department of Defense, 1999b) Taiwan’s small naval air force was tasked with ASW and composed of about 20 ASW helicopters and 30 fixed-wing aircrafts. Taiwan’s submarine fleet, as noted above, was quite small, with only two relatively modern *Zwaardvis* Design boats bought from the Netherlands in the late 1980s and two WWII-vintage *Guppy* II boats acquired from the U.S. in 1973 for ASW training. Despite being outnumbered, Taiwan’s navy led the PLAN in many technological areas, especially air defense, surveillance and C4I. (U.S. Department of Defense, 1999b)

As the 1995-96 crisis demonstrated, Chinese leaders clearly viewed its short-range ballistic missiles (SRBM) as one of the most potent weapons to put military and political pressures on Taiwanese leaders and populace. Due to China’s relative successful story of indigenously developing and producing ballistic missiles and the inherent difficulty of

missile defense,⁸⁶ a steady buildup of SRBMs opposite Taiwan understandably received high priority for the PLA in addition to other conventional military modernization programs. The two principle SRBMs in China's arsenal were DF-15 and DF-11, the former of which was "test-fired" during the 1995-96 crisis. The U.S. Pacific Command estimated that the PLA deployed about 200 ballistic missiles targeting Taiwan by the year of 2000 and increased the number by 50 a year. (Kan, 2000) The 1999 DoD report expected these SRBMs to be most likely used against air defense installations, airfields, naval bases, C4I nodes, and logistics facilities. (U.S. Department of Defense, 1999b) Moreover, China was also assiduously developing first-generation land-attack cruise missiles (LACM), which were expected to be operational early in the 21st century and was seen by some Taiwanese analysts as even a greater threat due to its accuracy and stealth. (U.S. Department of Defense, 1999b; Lin, 1999b, pp. 8-9) Taiwan's ballistic missile defense capability was limited to the Modified Air Defense System (MADS)—a modified PATRIOT system which was acquired in 1997 and provided some point defense against SRBMs.⁸⁷

⁸⁶ For an excellent account of China's ballistic missile programs, see (Lewis and Di, 1992)

⁸⁷ The Patriot system belongs to the so-called lower-tier ballistic missile defense, as is the Navy Area Defense that is based on the AEGIS ships and has not been provided to Taiwan by the U.S. At the end of the 1990s, there were also lots of discussions about possible inclusion of Taiwan in the U.S.-led upper-tier missile defense system, such as Theater High Altitude Area Defense (THAAD) and Navy Theater Wide (NTW) programs. For a brief classification of different missile defense systems, see "How missile defense works" at the DoD website. The issue became salient when the 1999 National Defense Authorization Act directed the U.S. defense secretary to study the "architecture requirements for the establishment and operation of theater ballistic missile defense (TMBD) systems" for Japan, South Korea and Taiwan. (U.S. Department of Defense, 1999a) A heated debate ensued regarding the feasibility and desirability of having Taiwan participate in the development of upper-tier missile defense system. The Taiwanese government took an ambiguous attitude due to the early stage of the upper-tier system and uncertain effectiveness, exorbitant costs and potential "crowding out" effect on other important military modernization programs, and vehement opposition from Beijing. In August 1999, Taiwan's Defense Minister Tang Fei said that Taiwan was committed to develop the TMD, but that meant an independent lower-tier Taiwan Missile Defense system. (*Taiwan Central News Agency*, August 23, 1999, FBIS-CHI-1999-0823) For a set of good analyses of the debate, see (Lin, 1999b; Mulvenon, 1999a; Fisher, 1999a; Christensen, 2000; Henry L. Stimson Center Working Group, June 2000; Lee, 2001; Chen, 2002)

In addition, the PLA also demonstrated enormous interest in information warfare (IW) after the 1991 Gulf War, in which the PLA strategists believed the U.S. informational superiority played a significant role in its impressive victory.⁸⁸ However, as of the late 1990s China's information warfare program was still in the early stages of research and higher priority was given to defensive IW programs and information technology development. (U.S. Department of Defense, 1999b) PLA specialist James Mulvenon also concluded in 1999 that the PLA IW capabilities may be growing, but "they do not match even the primitive sophistication of their underlying strategies, which call for stealth weapons, joint operations, battlefield transparency, long-range precision strike, and real-time intelligence." (Mulvenon, 1999b, p. 185) In other words, like the PLA's other modernization programs, much of the IW capabilities discussed in Chinese military journals still remained largely aspirational. Lastly, Taiwan's role as one of the world's largest IT producers meant that it did not lack the essential engineering capabilities and human resources to engage in offensive and defensive IW related activities if it deemed them as necessary. (U.S. Department of Defense, 1999b)

4.1.2. Possible course of action

The 1995-96 crisis demonstrated that the PLA was certainly capable of doing some "low-level intimidation" against Taiwan. These intimidation tactics included military exercises and missile testing as well as confrontations at sea or in the air and various kinds of covert subversion, which would exert sometimes significant psychologically pressures

⁸⁸ For a discussion of the PLA's doctrine and strategy of information warfare, see (Mulvenon, 1999b) For China's actual progress in this regard, see Stokes, 1999, Chapter 3. For a Taiwanese view of the PLA's information warfare, see (Peng, 2004)

upon Taiwanese society.⁸⁹ However, whether the PLA could do something more serious was in great doubt,⁹⁰ so the more interesting question is what kinds of higher-intensity military actions were within the PLA's reach after a few years of Taiwan-contingency-driven military modernization. Among the major possible courses of military action were naval blockade, missile strikes, and amphibious assault.

Naval blockade was seen by many Chinese as well as Taiwanese experts as probably the most likely option if the PLA decided to resort to the use of force given Taiwan's unusually high dependence on foreign trade and energy importation. (Song, 1996; Chai, 1996) Some Chinese analysts also believed that blockade had the advantages of "variety, flexibility, and controllability." (Hong Kong Ta Kung Pao, September 10, 1999, FBIS-CHI-1999-0910) However, on the critical question of whether the PLA was capable of conducting an effective blockade against the entire island or even one or two ports, views were mixed. The 1999 DoD report took an optimistic view that the PLAN's numerical advantage over Taiwan's surface combatants and submarines could prove overwhelming over time and barring third party intervention, a concerted Chinese military action could shut off Taiwan's key ports and sea lines of communication (SLOCs). (U.S. Department of Defense, 1999b) In contrast, a 2001 RAND report penned by PLA specialists Swaine and Mulvenon concluded that even a partial blockade of Taiwan was very difficult for the PLAN in the near term. (Swaine and Mulvenon, 2001, p. 115) The divergent assessments were probably a reflection of the evolutionary nature of the cross-strait naval and military

⁸⁹ The term "low-level intimidation" was borrowed from Bitzinger and Gill. (Bitzinger and Gill, 1996, p. 2). Swaine and Mulvenon also had some discussion of the "low-level intimidation". (Swaine and Mulvenon, 2001, pp. 114-116)

⁹⁰ As Shambaugh noted, the PLA's own "after-action assessments" after the 1995-96 crisis discovered that its capabilities against Taiwan were quite limited. (Shambaugh, 2005a, p. 69)

balance during this period and the fact that the success of blockade ultimately hinges upon Taiwan's political will, popular morale and the prospect of international support.

Ballistic missiles was one of the few areas where the PLA had apparent comparative advantage and the increasing number of SRBMs deployed in southeast China could be used for both counter-force (striking airfields, ports, and command and control center) and counter-value purposes. As noted earlier, Taiwan's missile defense capabilities were quite limited, and much of its more capable air defense capabilities, such as E-2T AWACs, the Changbai phased-array radar system, SAM systems, were of much less use to counter the missile strikes than those carried out by airplanes. (Shambaugh, 2002, p. 323) Moreover, the PATRIOT system acquired from the U.S. was deployed around population centers in Taipei and not intended to protect critical military installations. (Taiwan Central News Agency, January 23, 1997, FBIS-CHI-97-016) However, Chinese missiles forces had their own shortcomings at that time. The SRBMs were not accurate enough, with the DF-15s having a CEP of 300 meters and the DF-11s 150 meters. (Kan, 2000) The inaccuracy meant the problematic use of these missiles to carry out counter-force precision strikes; but China would also have qualms about using them for counter-value purpose, as attacks against civilians would more likely generate a "rally 'round the flag" effect and create an indignant and unruly population that did not serve Beijing's political objective.⁹¹ In addition, the number of SRBMs was estimated at 100~200, which undoubtedly constituted a major threat but might not be sufficient for some kind of saturation attack that could maximize its effectiveness. Still the prospect looked dim for

⁹¹ For a seminal work on "rally 'round the flag" effect, see (Mueller, 1973)

Taiwan's missile defense as China was expected to increase both the number and accuracy of its SRBMs in the coming years.

An all-out amphibious assault was a worst-case scenario for Taiwan but fortunately (for Taiwan) a last resort for the PLA. A successful amphibious campaign is multi-faceted and requires concerted "air assault, airborne insertion, special operation raids, amphibious landings, maritime area denial operations, air superiority operations and conventional missile strikes." (U.S. Department of Defense, 1999b) Most of the necessary conditions, especially the establishment of air and sea superiority, amphibious lift capabilities, and joint operations, had been the PLA's traditional weak points and would unlikely be met in the medium or even long term. Moreover, the massive movements and amassing of troops entailed for amphibious campaign would not escape the U.S. and Taiwan intelligence and make strategic surprise next to impossible.⁹² (Swaine and Mulvenon, 2001, p. 125) The 1999 DoD report noted that a PLA amphibious assault would still succeed if there were no third party intervention and Beijing were willing to accept the enormous political, economic, diplomatic, and military costs. (U.S. Department of Defense, 1999b) But these were very problematic assumptions and the U.S. involvement and associated costs would certainly weigh heavily in Chinese decision-making regarding the use of force against Taiwan.

⁹² Shambaugh pointed out that the weather and geography of the Taiwan Strait and the western side of the island also work against amphibious landing and attack. (Shambaugh, 2002, pp. 325-326)

4.2. Alliance strength: military exchange and political tilt

4.2.1. Security commitment

One of the most consequential changes in East Asian strategic landscape in the second half of the 1990s that potentially had significant implications for Taiwan's security was the strengthening and upgrading of the U.S.-Japan alliance, embodied in the 1996 Joint Declaration on Security and the 1997 new Guidelines on U.S.-Japan Defense Cooperation. Both the timing and substance of the declaration and new guidelines seemed to suggest that these moves were in direct response to what Tokyo and Washington had perceived as Beijing's aggressiveness during the 1995-96 crisis and that the U.S.-Japan alliance was being transformed from a relic of the Cold War to counter the Soviet threat to a new alliance fixating upon regional contingencies, including potential conflicts across the Taiwan Strait.

First of all, the new declaration was announced in April 1996 during President Clinton's visit to Japan but also shortly after the PLA's most provocative missile testing and military exercises and the U.S. dispatch of aircraft carrier battle groups in March 1996, so the timing seemed to be strong vindication of Beijing's suspicion that the strengthened alliance was aiming at China and meddling in the Taiwan issue. However, the timing was somewhat coincidental. The original plan was to sign the declaration in November 1995 during the annual APEC summit but the U.S. domestic budget crisis kept President Clinton at home so the declaration had to wait another few months before it was officially signed. This small change of timing was thus "fateful" and "what might have been a

modest bureaucratic achievement instead took on the character of a new strategic initiative.” (Green, 2001, p. 90)

More importantly, the idea of strengthening of U.S.-Japan alliance was fomented long before any PLA missiles were fired into the waters near Taiwan. Early during the post-Cold War years, a variety of factors had shaken the foundations of the U.S.-Japan alliance—economic and trade frictions, Japanese domestic political storm against the U.S. military bases in Okinawa, the alliance’s inability to effectively deal with the North Korean nuclear crisis, etc.—and for a while the phenomenon of “alliance adrift” concerned those in both Washington and Tokyo who saw continuation and strengthening of the alliance in the interests of both countries and crucial for the peace and prosperity of the Asia-Pacific region. (Funabashi, 1999) Thus both sides took steps to revitalize the alliance. The *U.S. Security Strategy for the East Asia-Pacific Region* released in February 1995 and supervised by Assistant Secretary of Defense Joseph S. Nye, Jr. reaffirmed the U.S. commitment to a long-term engagement in East Asia and made it one cornerstone to rebuild the alliance to meet post-Cold War security challenges.⁹³ (U.S. Department of Defense, 1995; Nye, 1995) The Japanese government, for its part, revised the National Defense Program Outline (NDPO) in November 1995. One of the most salient themes in the new NDPO was the centrality of the alliance not only to Japan’s security but also to the peace and stability of the whole Asia-Pacific region. (Funabashi, 1999, pp. 264-268) In light of these developments, the 1996 joint declaration and 1997 revised defense guidelines were natural next steps for Tokyo and Washington to realize new aspirations

⁹³ For criticisms of the report, see (Johnson and Keehn, 1995)

for an old alliance. However, as noted earlier, intervening events across the Taiwan Strait greatly complicated Beijing's perception of and attitude toward these efforts at alliance revitalization.

Secondly and perhaps more importantly, the revised defense guidelines notably added a new section referring to "cooperation in situations in areas surrounding Japan" that will impinge on Japan's security, in which case Japan would be expected to conduct a variety of logistic, intelligence, surveillance, minesweeping and other support activities in cooperation with the U.S. forces. (The U.S.-Japan Security Consultative Committee, 1997) The guidelines further stated that the concept of "situations in areas surrounding Japan" is not "geographic", but "situational". Thus whether the Taiwan Strait was included was subject to perpetual speculation. China saw the phrase just a euphemism for the U.S.-Japan alliance's attempted intervention in the Taiwan Strait, while the U.S. and Japan reassured that they were not aimed at China on one hand and refused to explicitly rule the Taiwan Strait out despite China's repeated requests on the other.⁹⁴ In fact this was probably calculated ambiguity since it served the U.S. and Japan's interests best. As one scholar noted, it enabled the U.S. and Japan "to de-emphasize the clear cut geographical specification of Taiwan" as part of the alliance's concern but retained "the option to operate in the Taiwan Strait if necessary." (Hughes, 2004, p. 181)

In a nutshell, it is an oversimplification to argue either that the revitalization of U.S.-Japan alliance did not have anything to do with the Taiwan scenario or that it was purely

⁹⁴ Even the Japanese officials themselves had contradictory statements regarding the Taiwan Strait scenario, which further aggravated the confusion. For example, in August 1997 the LDP secretary general promised during his visit to Beijing that Taiwan would not be included, while the next day the Japanese Chief Cabinet Secretary responded that Taiwan could not be excluded. (Green, 2001, p. 91-92)

a response to the 1995-96 crisis. Moreover, the fact that the initial impetus was nuclear crisis on the Korean Peninsula in and of itself did not prevent the alliance from expanding its functional scope to other contingencies such as the Taiwan Strait. All that said, for the analytical purpose here what mattered more were probably Beijing and Taipei's perceptions of the alliance adjustments. As noted earlier, the prevailing view in China was that the alliance revitalization was a thinly veiled attempt to gradually remilitarize Japan and to jointly contain China's rise in general and to interfere with the Taiwan issue in particular. (Garrett and Glaser, 1997; Christensen, 1999; Zhu, 1999a; Zhong, 2000; Guo, 2009) In Beijing's eyes, Washington and Tokyo's clarifications and assurances fell short of dispelling its apprehensions and were belied by other paralleling developments such as the proposed joint research and developments of the TMD system in East Asia.⁹⁵

Taiwan understandably also paid close attention to and welcomed the new developments of the U.S.-Japan alliance as the revised defense guidelines obliged "the two allies to effect closer cooperation to help ensure peace and stability in the region." (Taiwan Central News Agency, September 26, 1997, FBIS-CHI-97-269) Despite the ambiguities on the "situations in areas surrounding Japan", Taiwanese analysts in general tended to believe that the Taiwan scenario was indeed inside the purview of U.S.-Japan defense cooperation. First of all, the Taiwan Strait was crucial for Japan's maritime transportation and conflicts in this area would inevitably affect Japan's interests and "peace and security" and render Article 5 of the revised guidelines applicable. Second, the fact that the Japanese government had not explicitly excluded Taiwan from the guidelines

⁹⁵ For Chinese concerns about Japan's participation in the TMD system, see (Zhu, 1999b; Yan, 2000; Wu, 2003)

probably testified to its inclusion, which remained implicit simply to avoid further antagonizing China. (Chang, 1999; Chao and Ho, 2004) Thus in Taipei's eyes, its security situation somewhat improved with the revitalization of the U.S.-Japan alliance and a potentially greater role played by Japan in a cross-strait conflict.

Toward the end of the 1990s, another development that would have a bearing on U.S.-Taiwan security relations was the introduction of the Taiwan Security Enhancement Act (TSEA). The TSEA was seen by its advocates as a complement to the TRA and "to expand upon and make more explicit the provisions of one particular section of the TRA—Section 3, which deals with U.S. defense commitments." (Dumbaugh, 2000, p. 1) In particular, the TSEA called for enhanced military exchanges and operational training with Taiwanese military officers, increased number of U.S. technical staff for the AIT office in Taiwan, and most significantly, the creation of secure direct communications between the U.S. Pacific Command and Taiwan's military command. The new legislation also required an annual report to Congress detailing Taiwan's defense requests and needs and how they were met by the U.S. administration. The bill passed in the House in a modified version by a wide margin of 341-70, but was ultimately shelved in the Senate.⁹⁶

The Clinton administration opposed the congressional moves steadfastly and threatened a veto on the grounds that the bill would undermine rather than enhance Taiwan's security and East Asian stability, that some of the bill's specific clauses on military matters constituted congressional interference in the President's role as Commander-in-Chief to make military decisions, that the kind of interoperability between the two militaries was

⁹⁶ Allegedly some congressmen in the House voted for the legislation as a balancing act so that later they could vote for China's entry into the WTO without being seen as too pro-China and offending the Taiwan supporters too much.

incompatible with the unofficial relationship between Washington and Taipei, etc.

(Xinhua Domestic Service, February 3, 2000, FBIS-CHI-2000-0203; Dumbaugh, 2000)

The Taiwanese government adopted a low-profile attitude toward the TSEA without vigorously lobbying for it partly due to the Clinton administration's warning not to do so and partly due to the murky legal status of the TESA vis-à-vis the TRA.⁹⁷ (Lin, 1999; Tucker, 2009, pp. 244-248) Lobbying mainly came from a conservative group dubbed the Blue Team and the Taiwan independence-oriented Formosan Association of Public Affairs (FAPA).⁹⁸ In any case, the bill aborted and it was as much a manifestation of executive-congressional political wrestling and some legislators' efforts to derail Clinton's China policy as it was out of concern of Taiwan's security. The episode neither bolstered nor weakened the U.S. security commitment to Taiwan.

4.2.2. Arms sales

Even since the abrogation of the U.S.-ROC defense pact in 1979 bilateral military relations were essentially confined to arms sales and intelligence sharing. But after the 1995-96 crisis, the Pentagon expanded the much-restricted military relations by having conducted a series of so-called "software initiative" that focused on discussions of strategy, training, logistics, command and control, etc. with their Taiwanese counterparts. The deepening military ties were spurred by the crisis, throughout which Pentagon officials realized that they knew so little about what the Taiwanese military were thinking

⁹⁷ Interview with former senior NSC officials in the Lee Teng-hui administration, 2009, Taipei.

⁹⁸ The "Blue Team" is "a loose alliance of members of Congress, congressional staff, think tank fellows, Republican political operatives, conservative journalists, lobbyists for Taiwan, former intelligence officers and a handful of academics, all united in the view that a rising China poses great risks to America's vital interests." The term seemed to be borrowed from China's military exercises usually conducted between a red and blue team. (Kaiser and Mufson, 2000)

and doing and friendly firing upon each other was not unlikely. (Goldstein and Schriver, 2001, pp. 162-163; Tucker, 2009, p. 227) But Clinton administration officials also believed that the “software” cooperation could serve multiple purposes: reducing “the sense of isolation in Taiwan” and “giving it military leaders a greater confidence in their ties with the United States,” gaining “better information about the thinking and plans of Taiwan’s armed forces,” and responding to the Republican-led and Taiwan-friendly Congress. It was also believed that the software initiatives were less offensive to China in comparison with hardware sales. (Mann, 1999b)

According to Michael Pillsbury, several major steps have been taken during the late 1990s in the realm of “software” cooperation. First was the “Monterey talks”, which commenced in December 1997 and served as the highest- and strategic level annual meeting for U.S. and Taiwanese senior security and defense officials. (Pillsbury, 2004) The U.S. delegation was composed of officials from the DOD, NSC and Office of the Vice President, and Taiwanese delegation included MND, MOFA and General Staff personnel. (Chase, 2005, p. 174) According to Alexander Huang, a senior Taiwan analyst who helped create the Monterey talks, these talks were “originally designed to be a strategic-level bilateral dialogue that senior officials from both national security teams can share their views on regional security assessments, threat perceptions, and to the best concerted action items.” (Minnick, 2006) The second major step was a visit of a special DOD delegation to Taiwan in 1998 to present to a group of Taiwanese military officers on the role of civilians in developing military plans and the process of developing national military strategy, including the concepts of integrated threat assessment and

strategic planning.⁹⁹ Another step was the U.S. dispatching of a dozen DOD military survey and assessment teams to assess Taiwan's military weaknesses and needs.

(Pillsbury, 2004) The rising military-to-military interaction and exchange was thus a notable feature of the U.S.-Taiwan relations in the late 1990s.

4.2.3. Political relations

Political relations have always been the most volatile dimension. As tensions receded after the crisis was brought to a close, both Washington and Beijing realized that they had to rebuild the bilateral relationship that was important to each other and even move beyond the pre-crisis state. After a flurry of diplomatic missions by senior officials of both sides to both warm up the atmosphere and work out the technical and substantive details, President Jiang Zemin and President Clinton exchanged state visits in 1997 and 1998. The catchword for the summit meetings was the symbolically significant but somewhat elusive goal of building “toward a constructive strategic partnership” for the twenty-first century.¹⁰⁰ (Renmin Ribao Overseas Edition, November 10, 1997) Ever since Nixon's historic trip in 1972, high-level official visits between Washington and Beijing would inevitably alarm Taipei, and the Clinton-Jiang summits, with the Taiwan issue being only one out of a long list on the agenda, were no exception. In the end Taipei's

⁹⁹ A Department of Strategic Planning and Integrated Assessment Office were established under the MND shortly thereafter apparently with the U.S. guidance.

¹⁰⁰ Anthony Lake, national security advisor from January 1993 to March 1997, later observed that the declared goal of building a strategic partnership with China “created illusions, and disillusion is very dangerous.” (Tucker, 2009, p. 224) For an analysis that views establishment of strategic partnerships with the U.S. and other major powers as one critical element of China's grand strategy to ensure its continual rise, see (Goldstein, 2001, pp. 835-864)

worst fear of a fourth communiqué did not materialize, but the “three noes” caused considerable consternation and outrage on the island.¹⁰¹

During his visit to China in June 1998, President Clinton took an opportunity of meeting with Shanghai community leaders to reiterate that “we don’t support independence for Taiwan or two Chinas or One Taiwan, one China. And we don’t believe that Taiwan should be in membership in any organization for which statehood is a prerequisite.”

(Kan, 2011a, p. 58) The Clinton administration insisted that the “three noes” represented no change in U.S. policy and the fact that it was done as a response by President Clinton to audience comments at an informal roundtable forum in Shanghai instead of being enshrined in an official joint statement released in Beijing should further dilute its negative impact, if any, on Taipei.¹⁰² But critics quickly pointed out that the manner and context of the statements were new: “on Chinese soil, clustered together as a package of negatives directed at Taiwan, framed as a reassurance to China, devoid of the other elements of U.S. policy that were favorable to Taiwan, and given canonical status by public presidential utterance.” (Nathan, 2000, pp. 96-97)

Others observed that there actually was one subtle change of policy regarding Taiwan’s membership in international organizations. The original formulation of the three noes in

¹⁰¹ The “three noes” was not the only statement during Clinton’s China trip that concerned the Taiwanese. When President Clinton gave a speech in Beijing University, he seemed to suggest that the U.S. would encourage both sides of the Taiwan Strait to achieve peaceful unification instead of the customary U.S. position of peaceful resolution. But his staff said it was not a change of policy but a slip of the tongue. (Tucker, 2009, p. 235)

¹⁰² The “three noes” as a policy package probably had its origin in August 1995, when President Clinton reportedly sent a secret letter to President Jiang Zemin stating that the U.S. would oppose or resist efforts by Taiwan to gain independence; would not support the creation of “two Chinas,” or one China and a separate Taiwan; would not support Taiwan’s admission to the United Nations. Later on October 31, 1997, U.S. State Department spokesman reiterated the three noes during a routine daily news briefing immediately after Jiang Zemin’s visit. That was the first public statement of the three noes. Moreover, earlier in 1998 U.S. Secretary of State Albright and National Security Advisor Samuel Berger both repeated the three noes during their visits to China. (Mann, 1999c, pp. 330 & 358; Suettinger 2003, p. 348)

Clinton's secret letter to Jiang in 1995 indicated that the U.S. did not support Taiwan's efforts to join the United Nations, but now the non-support promise was expanded to all international organizations with only sovereign states as members. Moreover, the Clinton administration's 1994 Taiwan Policy Review pledged to help Taiwan gain admission to international organizations that did not require statehood for membership, but now the positive affirmation became a negative formulation that the U.S. would not support Taiwan's efforts to join international organizations composed of sovereign states.¹⁰³ (Suettinger, 2003, p. 348-349; Tucker, 2009, p. 236)

The immediate response in Taiwan was measured but soon gave way to an outburst of anger, apprehension, and sense of betrayal. Taiwanese analysts and scholars maintained that the three noes went beyond the U.S. longstanding policy on Taiwan, downgraded Taiwan's sovereignty, undermined Taiwan's bargaining power vis-à-vis Beijing, and would only embolden the latter to be more aggressive. Some lamented that the three noes represented the biggest diplomatic setback in the previous ten years. (Taiwan Central News Agency, July 5, 1998, FBIS-CHI-98-186; July 13, 1998, FBIS-CHI-98-194) It was also believed that there was a clear link between the U.S. willingness to establish a "strategic partnership" with China and the concessions made by President Clinton at the expense of Taiwan's interests. (Kau, 1999; Lasater and Yu, 2000) Although Taiwan could probably take some comfort in the U.S. congressional and media's blistering criticisms of the three noes statement, the Clinton administration's tilt toward China seemed to be out of question for the Taiwanese.

¹⁰³ But there was also one positive change for Taipei: the 1995 letter said that the U.S. would *oppose* Taiwan independence, while in 1998 it was that the U.S. would *not support* Taiwan independence.

In the latter half of the 1990s, there was also a sense in Taiwan that the U.S. was deviating from its longstanding hands-off attitude toward cross-strait dialogue and negotiation and actually actively encouraging or even pressing Taipei to come to the negotiation table with Beijing.¹⁰⁴ In January 1998 and February-March 1999, former Defense Secretary William Perry twice led a delegation of former officials to visit Taipei and Beijing to encourage resumption of cross-strait dialogues.(Kan, 2011a, p. 25)

Meanwhile, a number of former or future Clinton administration officials started to explore the idea of some kind of “interim arrangements/agreements” between Taipei and Beijing to reach a *modus vivendi* and stabilize the strait. The most notable versions came from Kenneth Lieberthal, who was a University of Michigan professor and joined the NSC as the Senior Director for Asian Affairs in August 1998, and Joseph Nye, former Assistant Defense Secretary during President Clinton’s first term. Lieberthal proposed a 50-year “interim arrangement” in which the PRC would renounce the use of force against Taiwan in exchange for Taiwan’s agreement not to declare independence. (Kan, 2011a, p. 25) Nye’s “three-part package” presupposed a greater U.S. role for upholding “one China” and “no use of force”.¹⁰⁵(Nye, 1998)

On March 24, 1999, Stanley Roth, U.S. Assistant Secretary of State for East Asian and Pacific Affairs, infused the idea with some officiality when he addressed the Woodrow Wilson Center and the AIT in Washington, DC and brought up the possibility of “interim agreements” between Beijing and Taipei on “any number of difficult topics”.(Kan,

¹⁰⁴ The Reagan administration’s “Six Assurances” to Taiwan state explicitly that the U.S. will neither play any mediation role between Taipei and Beijing nor exert pressure on Taiwan to negotiate with the PRC. (Kan, 2011a, p. 39)

¹⁰⁵ For other discussions of “interim agreements”, see (Manning and Montaperto, 1997; Harding, 1999; Johnston, 2000; Lieberthal, 2005)

2011a, p. 61) Although the notion of “interim agreements” seemed to be at least innocuous, Taipei still had two-fold concerns. First, “interim agreements” implied a timetable, which Taipei feared would amount to a unification timetable. Second, Taipei was also concerned that “interim agreements” might impose some kind of grand framework to preclude Taipei’s options other than unification. (Guo, 2009, p. 35) Simply put, Taipei worried that an “interim agreement” might turn out to be one similar to the Sino-British agreement regarding the status of Hong Kong. (Mann, 1999a) Despite these concerns, the Taiwanese government did not openly oppose the “interim agreements” proposal, but attempted to interpret the idea differently. Senior Taiwanese officials such as SEF Chairman Ku Chen-fu noted that “interim agreements” did not necessarily mean establishing a “big framework” for cross-strait engagement or talks but could be the “signing of multiple accords” on practical issues such as “repatriating mainland stowaways and hijackers, solving fishing disputes, and combating criminal activities.” (Taiwan Central News Agency, May 18, 1999, FBIS-CHI-1999-0518) Clearly the Taiwanese government felt the pressure and wanted to steer clear of any agreements with political implications.¹⁰⁶ The bottom line, as then Chairman of the MAC Su Chi put it, is that “this idea itself was a good conceptual possibility, but given the U.S. tilt, it inevitably created a greater sense of anxiety in Taipei.” (Su, 2009, p. 39)

¹⁰⁶ In this regard, the Taiwanese government might be somewhat reassured when Stanley Roth used “interim agreements” in the plural form, which could be more easily interpreted in line with the Taiwanese preference for multiple accords on practical issues. Interview with one senior official in the Lee Teng-hui administration, June 2009, Taipei. Three months after Roth’s speech, AIT Chairman Richard Bush attempted to reassure Taiwan when he addressed the Taiwan Chamber of Commerce of North America in Chicago, “some people fear that maybe [Roth] had a specific type of agreement in mind, that the United States in effect was imposing such an agreement, and that such an agreement would be bad for Taiwan. Frankly, I think that these people are over-reacting. When Mr. Roth spoke of ‘interim agreements,’ he was referring to agreements that are less than an ultimate resolution, less than comprehensive, less than total. But he also had in mind agreements that are objectively achievable, that are meaningful, and that lead to a significant reduction in tensions.” (Bush, 1999)

Overall during the late 1990s the U.S.-Taiwan experienced both positive and negative developments for the latter. On the one hand, the revitalization of the U.S.-Japan alliance led most Taiwanese analysts to believe, rightly or wrongly, that it was about the Taiwan scenario, and the deepening military-to-military ties went beyond the traditional sole focus on military hardware sales. However, on the other hand, the U.S. political support for Taiwan seemed to wane noticeably after the three noes were announced in Shanghai and push for interim agreements added further pressure on Taiwan. These negative developments came against the background of the Clinton administration's pursuit of a constructive strategic partnership with Beijing and to borrow again from Su Chi, "Taiwan experienced to the full the flavor of the United States' 'turning its back on one lover and going to another'." (Su, 2009, p. 39)

4.3. Diplomatic standing: losing ground

The Lee Teng-hui government's pragmatic diplomacy had made significant headway in the early 1990s with the expansion and upgrading of its formal and substantive relations and increasingly active participation in international organizations. The progress was to be encountered strong pushback after hardline thinking dominated Beijing's approach to Taiwan and after Beijing was alarmed by the successes of Taipei's diplomatic offensive and determined to mount an intensified campaign on the international stage. In terms of formal diplomatic relations, the most notable development was South Africa's switching side from Taipei to Beijing in 1997. The "fall" of South Africa was particularly painful for Taipei given the long-standing bilateral relationship and Taipei's massive investments

in and aid to South Africa's old and new regime.¹⁰⁷ Lu Yi-cheng, a senior diplomat and the ROC's last ambassador to South Africa, lamented that this diplomatic setback was on par with the ROC's loss of the U.N. seat in 1971 and the U.S. de-recognition in 1979. (Liu, 2011)

The loss of South Africa, Taipei's last diplomatic ally with some political significance, was indeed significant. Beijing's strategy toward the diplomatic tug-of-war with Taipei used to be "hold the big, release the small," meaning targeting the relatively bigger and more influential countries while largely ignoring the tiny and impoverished ones. (Hu, 1998a) As one scholar pointed out, Beijing's establishment of diplomatic relations with Saudi Arabia, South Korea and South Africa were mostly driven by intrinsic economic and political importance of those countries themselves; they were not so much an attempt to further reduce the already small number of Taipei's diplomatic allies. (Chen, 2002, p. 49) But post-South Africa diplomatic battles heralded something new: Beijing was determined to try all means to win over all of Taipei's allies, big or small. Taiwanese senior foreign ministry officials alleged in 1998 that China adopted a "three zeros" policy—"zero ally for Taiwan, zero international space for Taiwan and zero bargaining chips for Taiwan to negotiate with mainland China," and that China intended to reduce the number of Taiwan's allies to zero before 2000. (Hu, 1998b) The goal of "three zeros" policy did not materialize as Taipei managed to keep diplomatic relations with 29 countries by 1999, but Taipei was clearly on the defensive, in sharp contrast to the golden years of aggressive pragmatic diplomacy in the early 1990s.

¹⁰⁷ Conversely, Beijing saw it as a big diplomatic victory. Chinese Foreign Minister Qian Qichen recounted the story of South Africa's termination of diplomatic relations with Taipei and establishment of diplomatic relations with Beijing in his memoirs, see (Qian, 2003, pp. 259-287).

Taipei's substantive relations also encountered difficulties as Beijing practiced great power diplomacy and established various partnerships with the world's leading states since the mid-1990s, including the U.S., Russia, and European countries.¹⁰⁸ Although endeavors to cultivate partnership with other major powers were part of China's grand strategy to ensure its continual rise during an era of U.S. supremacy and were not first and foremost about the Taiwan issue, Taiwan inevitably felt the pressure.(Tsai, 2004b) Since the potential economic and security benefits that were promised by the partnership would be jeopardized if China's important interests were infringed upon, other major powers would be at least more cautious in accommodating Taiwan's interests. However, it is also worth noting that even with the established partnerships, other countries are not always forthcoming in acceding to Beijing's demands as regards Taiwan. One notable example was PRC President Jiang Zemin's trip to Japan in November 1998, during which he failed to press the Japanese government to explicitly offer support for the three noes either in verbal or written form.¹⁰⁹ Taiwan was placated that there was no any domino effect after President Clinton's verbal statement in Shanghai.¹¹⁰ (Taiwan Central News Agency, November 29, 1998, FBIS-CHI-98-333) Overall Taiwan's diplomatic standing became more precarious in the late 1990s as Beijing's earlier lax approach turned into more intensified diplomatic strangulation, which was facilitated by its rising economic power, growing international influence and more adept diplomacy. But similar to

¹⁰⁸ For an elucidation of China's grand strategy and establishment of various types of partnership as one of its defining features, see Goldstein, 2005, chapter 6 and 7.

¹⁰⁹ Then Japanese Prime Minister Obuchi only stated that Japan does not support Taiwan independence, one of the three noes. In addition, Japan also refused to include a written apology in the 1998 Sino-Japanese Joint Declaration, which it did one month ago with the South Korean President Kim Daejung.

¹¹⁰ Interview with senior NSC officials in the Lee Teng-hui administration, 2009, Taipei.

developments in the military realm, the late 1990s was also a transitional period and there was yet a diplomatic debacle for Taiwan.

To summarize the power shift across the strait in the late 1990s: militarily the PLA's modernization started to focus keenly on the Taiwan scenario but military balance was more or less kept in place with the exception of the PLA's deployment of SRBMs; the U.S. seemed to have a bifurcated policy toward Taiwan with security commitment steadfast and political support dwindling; Taiwan's pragmatic diplomacy began to lose ground to Beijing's intensified diplomatic strangulation. Thus there was an adverse power shift for Taiwan in the late 1990s but the shift was relatively mild.

4.4. Domestic constraints

4.4.1. Resource constraints: muddling through

Taiwan's economic growth slowed down in the 1990s but still remained respectable compared to other economies. From 1996 to 2000, it had an average annual growth rate of 5.76%, which was remarkable given that the 1997-98 Asian financial crisis hit many neighboring countries hard. Taiwan was not completely insulated from the aftermath of the crisis, but a combination of factors such as high excess saving rate, lower external debt and highly controlled financial liberalization process minimized the economic and societal shocks to Taiwan. Thus when other countries were suffering severe recession in 1998, Taiwan still experienced a decent 4.6% growth rate.

Moreover, fiscal conditions were improved. Taiwanese government budget deficit emerged in the late 1980s after a long-term balanced budget amid impressive economic

growth, and in 1992 and 1993 the deficit in each year exceeded the total cumulative budget deficit for the previous forty years. (Sun, 2001) The alarmed government started from 1993 to balance the budget through a series of fiscal reform measures. The budget deficit was brought under control in the late 1990s and in 1998 it even recorded a budgetary surplus due to a big revenue increase. (Chen, 2005, p. 386) Although the next year in 1999 the budget fell into deficit once again, the amount was quite small especially when compared to the looming deficit surge in the first decade of the 21st century.

On the other hand, social welfare expenditure in Taiwan started to accelerate its expansion with democratization setting in and political competition intensifying. In 1995 the landmark universal health insurance was instituted and doubled the population eligible for the state-run health insurance program. (Tang, 1997) With limited government budget, social welfare spending inevitably competed with expenditure on national defense and foreign affairs, and with political competition lurking in the background politicians tended to favor the former. But the late 1990s was still transitional and welfare spending pressures would be even greater afterwards. All in all, the Lee Teng-hui government was still able to maintain a decent defense budget well above three percent of Taiwan's GDP, something that proved so elusive to achieve after Lee stepped down.

4.4.2. Political constraints: the strongman of Lee Teng-hui

Amid heightened tensions across the Taiwan Strait, Lee Teng-hui won the 1996 direct presidential election with a majority of 54%, outpolling three other candidates by a wide margin. The landslide victory provided Lee with much-needed popular mandate after his

consolidation of power inside the KMT. As Lee garnered more than twice as many votes as his nearest challenger, some from other political parties actually expressed concern that he might act without consultation and become dictatorial. (Tyler, 1996) However, as Taiwan's legislative bodies became increasingly powerful and assertive and opposition parties' challenges—both from the DPP and the KMT's own splinters—mounted, there was no lack of political constraints for Lee Teng-hui. In the National Assembly election that was held concurrently with the presidential election, the KMT gained 54.79% of the seats with 49.68% of the votes, while the DPP won 29.64% of the seats with 29.85% of the votes. The New Party, formed after the non-mainstream KMT figures lost the political struggle against Lee, obtained 13.77% of the seats with 13.67% of the votes. Although the KMT had a majority in the National Assembly, that was a far cry from the $\frac{3}{4}$ supermajority required for constitutional amendment.

The KMT's performance in the Legislative Yuan election that was held four months earlier in December 1995 further indicated that the legislative bodies were no longer at the mercy of the ruling party. The KMT barely maintained its majority after winning 51.5% of the seats but that was only a three-seat majority.¹¹¹ The KMT's slack discipline and lax attendance in the LY meant that it actually could lose de facto majority at some moments and on some issues. (Rigger, 1999, p. 172) More dismal for the KMT was that its percentage of popular vote of 46% was below 50%, the first time in any major elections in Taiwan. The DPP and the NP won 33% and 13% of the LY seats respectively. The NP's performance was especially startling for some observers given

¹¹¹ The KMT's majority was further reduced later after it expelled one legislator.

that it was only two years old by then and had little financial or organizational clout. (Copper, 1996, pp. 28-29) Despite their ideological differences, the DPP and the NP did cooperate with each other in the LY and challenged the KMT's dominance. Thus coming into the latter half of the 1990s was a stronger presidency empowered by popular election facing more recalcitrant legislative bodies. As an astute politician, Lee Teng-hui would engineer to further strengthen the presidency through constitutional amendment.

But since the KMT no longer enjoyed the $\frac{3}{4}$ supermajority in the National Assembly, it had to co-opt other political parties in order to push through constitutional reforms. An important step was the National Development Conference (NDC) that Lee convened at the end of 1996. The NDC brought together 170 representatives from major political parties as well as from the government, academia, business and the media to forge consensus on critical issues such as cross-strait relations, revitalizing the economy and reforming the constitution and polity.¹¹² (Chao, Ramon H. Myers, and Robinson, 1997) The KMT and DPP managed to reach a number of consensuses, paving the way for constitutional amendment the next year.

Table 4.1 Presidential Election, March 23, 1996 (Hsieh and Niou, 1996)

Candidate	Party	Votes (%)
Lee Teng-hui	KMT	54.00
Peng Ming-min	DPP	21.13
Lin Yang-kang	Independent*	14.90
Chen Li-an	Independent	9.98

*Endorsed by the New Party.

¹¹² Similarly, Lee Teng-hui convened a National Affairs Conference in 1990 shortly after he assumed presidency to promote political reform.

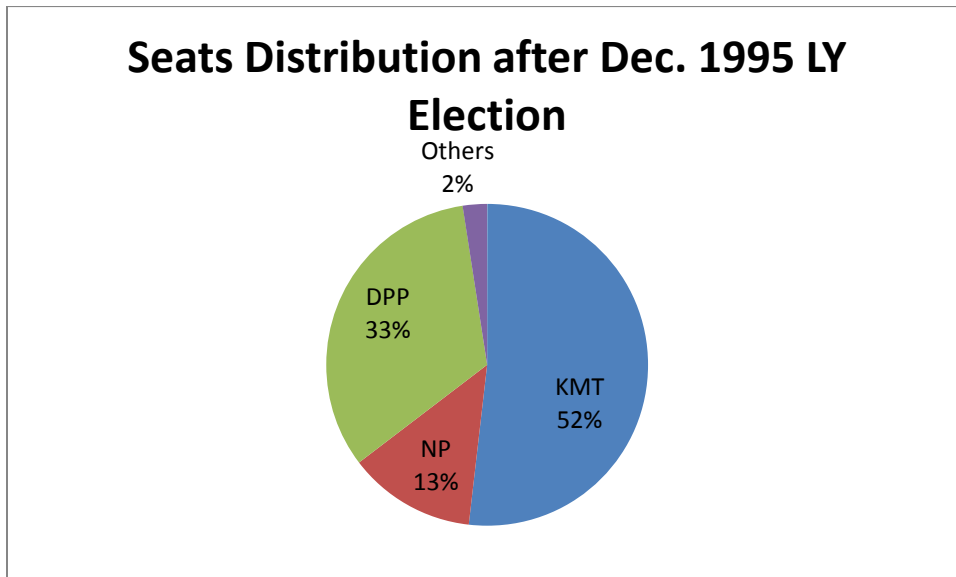
Table 4.2 National Assembly Election, March 23, 1996 (Hsieh and Niou, 1996)

Party	Votes (%)	District 234 seats	List (I)* 80 seats	List (II)** 20 seats	Total 334 seats	Seats held before the election
KMT	49.68	129	43	11	183	239
DPP	29.85	68	25	6	99	56
NP	13.67	31	12	3	46	3
Other	6.80	6	0	0	6	7
Total	100.00	234	80	20	334	305

*Representing the nationwide constituency, allocated according to the district vote;

**Representing overseas Chinese communities, allocated according to the district vote.

Figure 4.1 Seats Distribution after the 1995 LY election



The fourth constitutional amendment in 1997 had two most significant changes. First of all, the president could appoint the premier, head of the Executive Yuan without the

approval of the LY. This change, combined with the abolishment of the requirement of the premier countersignature for the president's personnel appointments that was made in the 1994 amendment, effectively turned the premier the "chief of staff" of the president. Moreover, the president may, within ten days following the passage by the LY of a no-confidence vote against the premier, dissolve the LY. The LY's power was also enhanced to some extent: a simple majority (instead of two-thirds) in the LY can now override cabinet's veto power over any bill; and the impeachment power was transferred from the Control Yuan to the LY. Nevertheless, overall the 1997 amendment "strengthened the presidency at the expense of parliament and other branches of the government," and moved the ROC polity closer to a semi-presidential system. (Myers, Chao, and Kuo, 2002; Su, 2010b) Some scholars and politicians even criticized the amendment as creating an institutional basis for an imperial presidency. (Cheng and Liao, 1998, p. 56)

The second significant change was the "freezing" of the Taiwan Province. In practice it means that after the current Taiwan Provincial Governor and the Provincial Assembly served out their terms at the end of 1998, there would be no more elections for them and a much downsized provincial government would be appointed by the president. The Taiwan Province, despite its existence in name, effectively ceased to be one level of government without independent budget or personnel. The oft-used rationale for the downsizing was the redundancy of the provincial government given its overlapping with the central government in terms of both geographical jurisdiction and functions and the resultant governmental inefficiency.¹¹³ But it was widely believed that there were other

¹¹³ The only areas not controlled by Taiwan Province were the offshore islands and the directly-controlled

two important factors at work: downsizing or even eliminating Taiwan Province was highly preferred by the DPP and thus became necessary in exchange for the DPP's collaboration on other proposed reforms; the downsizing would undermine a potential political rival of Lee—Taiwan Province Governor James Soong Chu-yu, who was popularly elected in 1994 even before Lee himself obtained popular mandate in 1996 and built widespread local connections and unmatched island-wide popularity.(McBeath, 2000, pp. 252-255) In any case, the freezing of the Taiwan Province enhanced the power of the central government and increased resources at its disposal.

The KMT's relative success in the 1998 LY election further consolidated its majority in the legislature and eased the difficulty of getting the LY on board for its policy initiatives. The KMT increased both its vote share and seats in the enlarged LY, while both the DPP and NP suffered setbacks. It was actually the first time since the early 1980s that the KMT managed to reverse a long-term trend of declining electoral performances in legislative elections. Meanwhile, the election also gave the KMT a more comfortable majority (55% seats share) in the LY than the precarious one it had after 1995. (Chu and Diamond, 1999, p. 812) The KMT gladly announced that it had achieved its goal of controlling the LY “substantially,” and that the outcome would facilitate legislation. The DPP and NP both expressed disappointment and pessimism about the election, and one senior DPP politician was even concerned that Taiwanese politics might revert “to a time when the KMT dominated.”(Copper, 1999, p. 34)

municipalities such as Taipei City and Kaohsiung City. The Taiwan provincial government also exerted all functions of the central government except in the realms of cross-strait relations, national defense and foreign affairs.

To summarize the domestic constraints in the late Lee Teng-hui era: governmental resources might not be as abundant as the late 1980s and early 1990s, but continued economic growth and balanced budget weakened resource constraints on the government; in terms of political constraints, even when there was greater legislative activism, Lee strengthened his power through winning the first democratic presidential election, engineering constitutional reform, and achieving better results in the 1998 LY election. Simply put, domestic constraints were in general weak in the late 1990s.

4.5. Sovereignty assertiveness: one China under fire

So in the latter half of Lee Teng-hui's rule, there was medium adverse power shift across the strait while domestic constraints were weak. Consequently sovereignty assertiveness rose to a limited extent. During this period, Taipei apparently became more skeptical of the one China policy, and Taiwanese officials frequently referred to "one China" as a "political trap" for Taiwan, as MAC chairman Chang King-yuh did in November 1996 and the Premier Vincent Siew did in December 1997. Toward the end of 1996 the MAC issued an analysis of the PRC's tactics of using "one China" to claim its jurisdiction over Taiwan. The MAC pointed out that the PRC attached so much importance to its "one China principle" just to negate the reality of the ROC's existence. Moreover, the "one China principle" connoted opposition not only to Taiwan independence, but also to pragmatic diplomacy, the U.N. campaign, acquisition of advanced weaponry from foreign countries, or even defining the presidential election as realization of popular sovereignty. In February 1997 the Government Information Office under the Executive Yuan warned that if the PRC's "one China principle" were accepted, then it amounted to

a “verbal annexation” of the ROC, and it was better to talk about “one divided China” than simply “one China”. (Academia Historica, 2000)

In early 1998 Beijing and Taipei took positive steps toward resuming dialogue, which was suspended by the former in response to Lee’s Cornell visit in June 1995. Five years after the first Koo-Wang talk in Singapore in 1993 the heads of the SEF and ARATS met again when Koo Chen-fu paid a visit to Beijing in October 1998. Although the resumption of the dialogue and Taipei’s willingness to discuss political issues were to Beijing’s pleasure, Taipei did not shy away from emphasizing the fundamentals of its position or soften its tones. In June 1998, two months after the SEF and ARATS already met in Beijing in preparation for Koo’s visit, the MAC claimed that the essence of cross-strait conflict was the PRC’s attempt to annex the ROC. This was in stark contrast to the MAC’s 1994 formulation that the essence of China’s division was a competition between systems. During the meeting with his counterpart, Wang Daohan, Koo Chen-fu stressed once again that “one divided China” was not only a historical fact, but also political reality.

The real revolutionary redefinition of Taiwan’s status and the nature of cross-strait relations had yet to come. On July 9, 1999, three months before Wang Daohan’s scheduled visit to Taipei, Lee Teng-hui brought forward the famous “special-state-to-state theory” when he was conducting an interview with *Deutsche Welle*:

“Since the PRC’s establishment, the Chinese communists have never ruled Taiwan, Penghu, Jinmen, and Mazu, which have been under the jurisdiction of the Republic of China ... Since our constitutional reform in 1991, we have designated cross-strait ties as nation-to-nation (guojia yu guojia), or at least

as special state-to-state ties (teshu de guoyuguo de guanxi), rather than internal ties within 'one China' between a legitimate government and a rebellion group, or between central and local governments.” (Kan, 2011a, p. 61)

The new formulation was read by many as formally scrapping the one China policy.

Referring to the special state-to-state theory, *The New York Times* reported, “Taiwan has abandoned the political formula that has long helped avert war with China, declaring today that it will no longer adhere to the principle that the Chinese mainland and Taiwan are two parts of the same country.” (The New York Times, July 13, 1999) It also dashed any hope of cross-strait dialogue during Lee’s presidency and China concluded that Lee was unmistakably a separatist and regarded his move as “an attempt to fundamentally change the status of Taiwan as a part of China.” (The Taiwan Affairs Office, 2000)

4.6 Conclusion

Taiwan’s security environment has been fundamentally reshaped after the Taiwan Strait crisis: the Taiwan scenario had become the key component of the PLA’s military modernization ever since and Taiwan’s pragmatic diplomacy encountered much stronger pushback from an alarmed Beijing; meanwhile, the Clinton administration’s perceived political tilt toward Beijing generated considerable anxiety in Taipei. On the other hand, Taipei could take comfort from that fact that Beijing’s military and diplomatic pressures were just off to the start and Washington strengthened its military ties with Taipei. On the domestic side, the Asian financial crisis did not hurt Taiwan’s economy as much as it did to other Asian economies, Taiwan’s fiscal situation improved, and Lee Teng-hui’s power was further strengthened through elections and constitutional reform, making resource mobilization more viable an option in response to the changed security environment. As a

consequence of the moderately adverse power shift and weak domestic constraints,
Taiwan's sovereignty assertiveness rose to a limited extent in the late 1990s.

Chapter 5 The Taiwan Independence Policy under Chen Shui-bian (2002-2007)

This chapter tests the theory proposed earlier by examining the history from 2002 to 2007, starting with Chen Shui-bian's "one-state-on-each-side" statement and running through the remaining years of his tenure. As is the case with previous chapters, I will first examine the nature of the power shift and Taiwan's security environment during this period, discuss the domestic constraints on Chen Shui-bian's resource mobilizational capacity, and then trace the degree of sovereignty assertiveness.

5.1. Military balance: shifting in favor of the PLA

At the turn of the century, China specialist David Shambaugh warned of Taiwan's "eroding military advantage" vis-à-vis China and its closing "window of invulnerability". He surmised that the balance of conventional force across the strait will tip in favor of China sometime in the second half of the 21st century's first decade. (Shambaugh, 2000)

The unfolding of the cross-strait military development mostly countenanced his prediction. Through overseas acquisition of advanced weaponry and equipment complemented by indigenous production, the PLA had coupled its traditional numerical advantage with qualitative advancement to present Chinese leaders with more credible means to conduct coercive campaign against Taiwan and to deter, delay and complicate the U.S. intervention.

5.1.1. Military balance

Some Taiwanese analysts contended that command of the air over the strait would be the key in the defense of Taiwan. (Yang and Su, 2004) As of 2006 China had more than 700 fighter aircraft deployed within 600 nautical miles of Taiwan, and more than 150 were within range of radar. Most significantly, about 400 of them were four-generation advanced fighter aircraft. (National Security Council of the ROC, 2006) The advanced aircraft inventory was composed of Su-30MKK multi-role aircraft, Su-30MK2 maritime strike aircraft, Su-27SK fighter aircraft and its Chinese version of J-11, and the indigenous J-10. Moreover, China renegotiated the coproduction agreement with Russia to produce the multi-role Su-27SMK for the remainder of the production run. (U.S. Department of Defense, 2006) In addition, the PLAAF had made substantial progress in acquiring other support aircraft as force multipliers and weapon systems, including transport aircraft, air refueling aircraft, AWACS aircraft, AAMs, ASMs, etc. (Saunders and Quam, 2007) During the course of modernizing aircraft and weapon systems, the PLAAF was transformed from a local air defense force to one with offensive capability to strike against ground and naval targets further from Chinese borders.¹¹⁴

On the other side of the strait, the ROC had a relatively modern air force, but the qualitative edge was gradually eclipsed by the pace of PLAAF's modernization. The ROC air force had about 330 modern fourth-generation aircraft, including 146 F-16 A/B fighters, 57 French-made Mirage 2000-5 fighters, and 128 Ching-kuo Indigenous

¹¹⁴ China's 2004 Defense White Paper stated that the PLAAF "has gradually shifted from one of territorial air defense to one of both offensive and defensive operations," a goal reaffirmed by White Papers in subsequent years. (Information Office of the State Council of the PRC, 2004) Still China does not have credible strategic air power due to the lack of capable long-range bombers, but it uses traditionally tactical platforms such as air-superiority fighters and fighter-bombers to carry out strategic operations in China's periphery. One analyst characterized the doctrine as "offensive airpower with Chinese characteristics." (Erik Lin-Greenberg, 2007, p. 67)

Defense Fighters (IDFs). (IISS, 2006) In addition, a number of support aircraft such as reconnaissance, transport, and patrol aircraft were also in the inventory of the ROC air force. With the PLAAF catching up in terms of equipment and training, the quantitative inferiority of Taiwan's air force became a more serious problem. One Taiwanese analyst emphasized that "one should not underestimate the pressure of quantitative advantage on the shoulder of Taiwanese pilots." (Chen, 2004, p. 42) The quantitative imbalance was exacerbated by a shortfall of pilots, as "the ratio of pilots to aircraft is dangerously low for sustained combat operations."

Bigger challenges for the ROC air force came from the lack of strategic depth and the "no-first-fire" rules of engagement. The Taiwan Strait is between 130 km and 220 km, and PLAAF aircraft could fly into Taiwan's airspace within 8-15 minutes after taking off. If missile strikes were initiated by the PLA, Taiwan had at most 37-40 minutes to respond if missiles were detected immediately after they were moved to the launch sites but had only 3-4 minute response time if missiles were detected after being launched. The combination of the lack of strategic depth and "no-first-fire" meant that the ROC air force would most likely have to survive a first strike from the PLA and mount a counterattack with its remaining forces. (Chen, 2004, pp. 41-43) Arguably most significantly, Taiwan's air bases would fall prey to air and missile strikes at the onset of a conflict, and without sufficient active and passive defense measures its runway, fuel supply sites, radar, C2 facilities and aircraft would be damaged or destroyed and air power be neutralized. (Tsai, 2004a)

Similar to the balance of air power, naval power was also shifting to the favor of the PLA, eroding the ROC navy's qualitative advantage and ability to command the sea across the Taiwan Strait. As of 2006 the PLAN had seventy major surface combatants, fifty landing ships, fifty diesel submarines, five nuclear submarines, and forty –five coastal missile patrol craft. (U.S. Department of Defense, 2006, p. 48) In terms of surface combatants, China ordered two additional Sovremenny-class destroyers in 2002 from Russia to join the existing two which entered service in 1999 and 2001. Six indigenously-produced destroyers such as *Luyang I* (Type 052B), *Luyang II* (Type 052 C) and *Louzhou* (Type 051C) with advanced hull designs, propulsion systems, sensors, weapons, and electronics also went into service during this period. Moreover, new classes of indigenous frigates [*Jiangwei II* (Type 053H3) and *Jiangkai I* (Type 054)] and fast attack craft [*Houbei* (Type 022)] were added to the fleet as well. (O'Rourke, 2011) The new classes of destroyers and frigates enormously strengthened the PLAN's anti-air warfare capability and could "facilitate acquiring local air superiority during maritime operations." (U.S. Department of Defense, 2006, p. 30)

In addition to surface combatants, the PLAN submarine force was "one of the primary thrusts of its military modernization effort." (Office of Naval Intelligence, 2009) As of 2007 the PLAN had a dozen Russian-made *Kilo*-class SSs and produced four classes of indigenously built submarines—*Shang* SSN, *Yuan* and *Song* SS, and *Jin* SSBN. The new classes of attack submarines, with larger weapons loadouts, better weaponry, improved quieting, and more advanced computer processing, were gradually replacing the older

and less reliable *Romeo* and *Ming* SSs and *Han* SSNs.¹¹⁵ The *Jin* SSBN equipped with the JL-2 SLBM gave the PLAN “its first credible second-strike nuclear capability.”

(Office of Naval Intelligence, 2009, p. 23)

On the other hand, as of 2007 the ROC navy had four destroyers, twenty-two frigates, sixteen landing ships, four submarines, and about fifty coastal patrol craft. (U.S. Department of Defense, 2006) The major surface combatants included four decommissioned Kidd-class destroyers acquired from the U.S. during 2005-2006, which enhanced the ROC navy’s air defense, ASW, and battlefield management capabilities, as well as six French-designed *Kang Ting (Lafayette)* class frigates, seven *Cheng Kung*-class frigates (U.S. *Perry*-class design), and eight *Chi Yang*-class frigates (formerly U.S. *Knox*-class) . (Cole, 2006) Although the relatively smaller surface fleet looked fairly capable, the ROC navy’s submarine force was nowhere near the PLAN’s. Taiwan had only four diesel-submarines: two modern Hai Lung-class ones (Zwardvis design) acquired from the Netherlands in the 1980s and two obsolete Hai Shih-class (U.S. Guppy II-class) ones that can only be used for training purpose. Moreover, Taiwan could only rely on a few dozen ship-based and shore-based ASW helicopters to counter the PLAN’s submarine threat, as only half of its twenty-one S-2T ASW aircraft were operational but still suffered from age and maintenance problems. “Simply put, Beijing is expanding and modernizing its navy, while Taipei is not,” (Cole, 2004) and as a result the naval balance of power was also shifting in favor of the PLAN.

¹¹⁵ The older and less capable submarines, however, could still be used as minelayers or as bait or decoy submarines to draw out enemy submarines that can then be attacked by other Chinese naval forces. (O’Rourke, 2011, p. 23)

The growing number of increasingly accurate and lethal short- and medium-range conventional ballistic and land attack cruise missiles constituted probably the most credible and immediate threat to Taiwan. Both in practice and discourse the missile threat embodied the grave danger from and hostile intentions of Beijing. The deployment of one or more missile brigades opposite Taiwan allegedly started in 1994 and was subsequently augmented and accelerated after the 1995-6 crisis. (Pollack, 2006) The ROC's 2006 *National Security Report* put the number of total ballistic missiles within the range of Taiwan at eight hundred, complemented by two hundred cruise missiles.¹¹⁶ (National Security Council of the ROC, 2006, p. 33) A variety of warheads were also available, including runway-cratering submunitions, penetration warheads for hardened targets, and fuel air explosives. Electromagnetic pulse and radio-frequency warheads were also being researched. (U.S.-China Economic and Security Review Commission, 2006, p. 148)

The ballistic and cruise missiles could serve as coercive capabilities as well as war-fighting instruments.¹¹⁷ Conceivably they could be used to strike Taiwan's airfields, command and control centers, air defenses, transportation systems and other military installations and civilian infrastructure in the opening phases of a military campaign in order to paralyze Taiwan's military and demoralize the society. The missiles were also a critical component of the PLA's anti-access/area denial strategy to deter, delay or complicate the U.S. military intervention. Taiwan's air and missile defense capability

¹¹⁶ It was suggested that the number of missile transporter-erector-launchers is a better indicator of the missile threat, as it provides "a more accurate reading of operational effectiveness in terms of raid size", "or the ability to overwhelm Taiwan's missile defense architecture." The seven missile artillery brigades opposite Taiwan had 168-336 launchers capable of reloading every 45 minutes. (U.S.-China Economic and Security Review Commission, 2006, p. 148)

¹¹⁷ A senior official of the ROC Defense Ministry under the Chen Shui-bian administration laid out four uses of the missiles: psychological warfare, bargaining chips, economic benefits (available for sale if not used), anti-access to counter the U.S. intervention. He emphasized the missiles' coercive use but discounted the possibility that they would actually be used for war-fighting purpose. Interview, June 2009, Taipei.

consisted of three PAC-2 batteries, the indigenous Tien-kung II SAMs, and some short-range and vehicle-mounted air defense missile systems.¹¹⁸ (Chase, 2008, p. 108) These limited air and missile defense capabilities were far from sufficient to intercept the hundreds of missiles whose deployment left little time to respond to an incoming strike. Indeed, a full-scale PLA attack would have incoming missiles outnumber interceptors by six or seven to one. (Campbell, 2006, p. 21) In fact, Taiwanese government officials acknowledged their goal was not a foolproof defense but “to avoid diplomatic coercion and raise uncertainty in an opponent’s mind about the success of a quick, perhaps limited decapitation strike.” (Campbell, 2006, p. 21)

The goal was quite modest but still its attainability was not guaranteed. Given the technical difficulty and political hurdles in building up an effective missile defense system as well as the unfavorable cost-effectiveness,¹¹⁹ some in Taiwan therefore called for developing medium- to long-range missiles of its own to serve as a deterrent weapon.¹²⁰ Local media in Taiwan reported that the Chung-Shan Institute of Science and Technology (CSIST) had been researching and developing three new types of missiles—the Hsiung-feng III supersonic anti-ship missile, the Tien-kung III anti-tactical ballistic missile, and the Hsiung-feng IIE cruise missile. (Tie, 2005) The Hsiung-feng IIE cruise missile was reported to have a range of up to 1,000 kilometers and could thus cover many

¹¹⁸ The six PAC-3 batteries that the Bush administration approved for sale to Taiwan were not appropriated full funding by Taiwan’s Legislative Yuan until 2008. (Kan, 2011b, p. 16)

¹¹⁹ Political hurdles centered on the lack of consensus on the island as to whether and how an effective missile defense system should be built. Even the military was divided, with the Army opposing it, the Navy favoring it and the Air Force being split. The reason was that the Army would have to pay for the missile defense systems, while the Air Force and Navy would operate them. (Campbell, 2006, p. 22) The unfavorable cost-effectiveness was partly due to the fact that theoretically two missiles are required to intercept one incoming missile.

¹²⁰ During the late Lee Teng-hui years, there was already talking about using counterstrike missiles as a deterrent. For example, Liu Tai-ying, a close aide to Lee Teng-hui, trumpeted in August 1999 shortly after Lee’s “special-state-to-state theory” controversy that if Beijing fired missiles at sea near Taiwan, then Taiwan could do the same near Hong Kong or Shanghai. (Zhao, 2002, p. 135)

military and civilian targets in China's coastal areas and hit as far as Shanghai, which meant that the ROC military had a "strategic weapon" for the first time and had "far-reaching military and political consequences." (The China Times, 2005)

The attention paid to establishing limited strategic counterstrike capabilities was accompanied by a subtle change of national defense strategy. During the Lee Teng-hui years, the declared strategy was "resolute defense, effective deterrence", but Chen Shui-bian reversed the order by placing "effective deterrence" ahead of "resolute defense".¹²¹ Moreover, there was a parallel adjustment of military strategy. The DPP and Chen Shui-bian proposed the concept of "decisive battle offshore" during the 2000 presidential campaign and Chen reiterated it when he addressed the Army Academy in June 2000. In practice "decisive battle offshore" was to engage and defeat PLA invading force further from the island of Taiwan and push the battlefield westward to the center line of the strait or even to the interior of the mainland. The goal was to spare the island itself the deaths, damage and destruction resulting from a military conflict. Both "effective deterrence" and "decisive battle offshore" introduced a clear offensive component to Taiwan's defense strategy and necessitated developing deep-strike missiles such as the Hsiung-feng IIE and adopting preemption.

¹²¹ "Effective deterrence" referred to "by establishing effective deterrent counterstrike and defense capabilities and by deploying forces capable of effectively neutralizing or delaying enemy attacks, the enemy will be persuaded to give up any military ambition after rationally assessing the outcome"; "resolute defense" meant "once deterrence fails and the enemy launches a military invasion against us, we will combine comprehensive all-out defense capabilities and joint operations capabilities to firmly defend our homeland and stop, defeat, and destroy the invading enemy." (Ministry of National Defense of the ROC, 2004) It seemed that the *National Defense Report* conflated dissuasion by punishments and dissuasion by denial and put both of them under the term "deterrence". For a succinct discussion of the strategic terms, see Goldstein, 2000. In addition, after the ROC government fled to Taiwan its defense strategy experienced several different periods: offensive defense (1949-1966), forward defense (1966-1979), defense in depth (1979-2000) [resolute defense, effective deterrence, 1996-2000], active defense (2000-2008). (Chen, 2009)

The adjustments of defense and military strategy were partly a reflection of the increasing military imbalance across the strait and Taiwan's losing faith in a purely defensive strategy.¹²² But the new strategy itself encountered a few technical and political obstacles. First, it was doubtful if the Taiwanese armed forces had the capability to carry it out. In particular former Chief of the General Staff and Defense Minister Hau Pei-tsun pointed out that fighting a decisive battle was a strategy for the strong; Taiwan, as the weaker side, should aim at strategic sustainability and a protracted war. (Wang, 2001b, p. 187) Second, the offense-oriented strategy was potentially destabilizing and was viewed by Beijing as very provocative.¹²³ (Wen Wei Po, 2000) Third, it was highly doubtful if Beijing would be deterrable by Taipei's limited deep strike capabilities, especially if it was a counter-force conventional strike.¹²⁴ Moreover, Taiwanese analysts pointed out that the CCP and PLA's history fraught with grave losses and near annihilation endowed them with a culture that emphasized endurance for sacrifices. This also heightened the threshold for successful deterrence.(Chen, 2010, pp. 52-53) Some realized that the only way to possess an effective deterrent capability was to go nuclear.¹²⁵ Lastly, the United States opposed Taiwan's development of offensive weapons. The policy community in

¹²² For example, the impossibility of defending against all of China's SRBMs was one major reason for those who opposed the PAC-3 purchase and turned to deterrent capabilities. (Chang, 2006)

¹²³ Taipei was not entirely clear about whether the offensive weapons would be used for counter-value or counter-force purposes. It would be even more provocative and escalation-prone if the missiles aimed at counter-value targets such as population centers such as Shanghai and civilian infrastructure such as the Three Gorges Dam. But the majority view among civilian and military officials seemed to espouse a counter-force strategy.(Chase, 2008, pp. 119-120) Interestingly, Beijing saw the "decisive battle offshore" strategy as both provocative and infeasible given Taiwan's current military capability. (FBIS-CHI-2000-0804, 2000)

¹²⁴ In December 2003 the PLA's Maj. Gen. Peng Guangqian listed six prices the China would be willing to bear if war became necessary: boycott of the 2008 Olympics, loss of foreign investment, deterioration in foreign relations, damage to the southeast coastal areas, economic slowdown or recession, and some sacrifices of the PLA. Although the statements were not from the very top Chinese leaders, they were meant to send the message that China was willing to pay "any costs" on the Taiwan issue and demonstrated the very high threshold to "deter" Beijing. (Peng, 2003; Kahn, 2003)

¹²⁵ PRC analysts also realized that the offensive-oriented strategy increased Taipei's incentive to pursue weapons of mass destruction. (Zhao, 2002, pp. 139-140)

the U.S. had divided opinions,¹²⁶ but in 2006 and 2007 both AIT Director Stephen Young and NSC senior director Dennis Wilder unambiguously stated the U.S. government's objection. (Kan, 2011b, p. 44)

In addition to the shifting balance of air and naval power and the increasing missile threat for Taipei, the PLA had also been building a smaller and elitist army and made strides in electronic warfare, information operations, space weapons and C4ISR. Nevertheless, I will not devote too much space here to discuss those developments for a couple of reasons. First, the priority of PLA's modernization was the navy, air force and second artillery force, (Information Office of the State Council of the PRC, 2004) and given the small possibility of an amphibious invasion whose success relied heavily on air and naval superiority, the PLA army was a less high-profile threat for Taipei. Second, despite the PLA's keen interest and a few eye-catching breakthroughs in unconventional warfare options such as information and electronic warfare, those unconventional capabilities would most likely play a supporting role and could not conceivably be independently decisive in achieving military or political objectives.¹²⁷ Most importantly, survey of developments in those areas only reinforces the conclusion that military balance had been shifting in favor of Beijing.

¹²⁶ For commentaries from U.S. analysts, see (Roy, 2006; McDevitt, 2007; Tkacik, 2007) William Murray, an associate professor at the U.S. Navy War College and former Navy officer, proposed that instead of developing potentially destabilizing offensive counterstrike capabilities or engaging in symmetric countermeasures of attempting to maintain air and naval superiority, Taiwan should adopt a "porcupine strategy", hardening key facilities, building redundancies into critical infrastructure and processes, stockpiling critical supplies, and developing a mobile and elite professional standing army to dissuade the PRC from attacking and repel an attack if necessary. (Murray, 2008) Murray's article, published in summer 2008 during the power transitional period from Chen Shui-bian to Ma Ying-jeou, made a splash in Taiwan. It was reported that the National Security Council of the Ma administration thought highly of Murray's ideas, but the Defense Ministry and military dismissed it out of hand. (The LibertyTimes, December 2, 2008) For critiques of Murray's article, see (Shen, 2008; Lin, 2008b)

¹²⁷ For more discussion on unconventional warfare options, see Fisher, 2006.

5.1.2. Course of action

As a result of the PLA's sustained Taiwan contingency-driven modernization after the mid-1990s, into the first decade of the 21st century Chinese top leaders had much more credible military options if they decided to employ military force against Taiwan.

According to the Taiwan Security Research Group led by Chen Ming-tong, there were ten possible ways of the PLA's use of force:

1) The PLA could use its airborne troops, special operation forces, and amphibious forces to launch a direct attack on the island of Taiwan; 2) the PLA could launch a missile attack, destroying Taiwan's economy and naval defense capabilities; 3) China could send a hostile air and naval fleet to cross the middle line of the Taiwan Strait; 4) the PLA could conduct large-scale military maneuver and exercises along the southeast coast to wage psychological warfare; 5) the PLA could launch a surprise attack to occupy the less-fortified surrounding islands; 6) China could orchestrate its operatives to infiltrate and sabotage Taiwan; 7) the PLA could induce the ROC military on the frontline to open fire accidentally; 8) the PLA could use "unlimited warfare" or information warfare against Taiwan; 9) the PLA could sabotage or invade Taiwan's important military installations and governmental facilities; 10) the PLA could interfere with or completely close Taiwan's surrounding waterways. (Chen and The Taiwan Security Research Group, 2005, pp. 251-252)

Among those courses of action air and missile campaign, naval blockade and amphibious invasion constituted major military actions and areas where the PLA had made steady progress. One noted U.S. analyst pointed out that aerospace power became an increasingly powerful tool of PRC coercion as "the range and payload of PLA aircraft improve, land attack cruise missiles are fielded, and lethality and accuracy of PLA theater ballistic missiles increase." (Stokes, 2005, p. 222) There could be different strategies for using air power for coercive purposes—punishment and risk (counter-value), denial

(counter-force) and decapitation,¹²⁸ PLA writings tended to focus on denial in the context of the Taiwan Strait, i.e., degrading Taiwan's defensive and counterstrike capabilities to the extent that its political leaders believed that continual resistance would be futile and they would be better off by acceding to Beijing's demands. Potential targets by the PLA's air and missile campaign included military command and control centers, early warning facilities, communication facilities, ground-based air defense, air bases, and surface-to-surface missile sites. Other lesser targets could be naval bases, electrical power grids, logistics centers, etc. (Stokes, 2005, pp. 285-290) Chinese strategic culture's emphasis on shock and surprise would magnify the PLA's military advantage and maximize the air and missile campaign's psychological effects on Taiwan's political leadership and public. Moreover, Taiwan also took the PLA's potential decapitation strategy very seriously. In August 2004 Taiwan's Premier Yu Shyi-kun warned that Beijing learned from the U.S. operations in Iraq and began to practice a decapitation strategy to kill or capture its leaders. (The Taipei Times, 2004) In response, Chen Shui-bian and the Taiwanese military had taken a few measures to hedge against decapitation. First, an anti-decapitation brigade was formally established in March 2006 to protect the Taipei metropolitan area. The brigade drew its members from the National Security Bureau's Special Service Center, the Military Police, the Special Operations Forces, and the Marine Corps.(Huang, Zhang, and Xiong, 2007, p. 11) Meanwhile, the Chen Shui-bian government also hardened the presidential office and residence, and made contingency plans to help Chen's escape through land, sea and air routes in a crisis. (Cheng, 2006)

¹²⁸ For more elaboration on the differences of the coercive air strategies, see Pape, 1996.

Taiwan's 2007 annual Han Kuang military exercises reportedly included how to keep up the resistance after the PLA's initial attack brought about Chen Shui-bian's "missing".

(Gong, 2007, p. 20)

Naval blockade constituted another potent coercive tool that can be leveraged against Taipei. It could be directed against either shipping or key ports with missiles, torpedoes, or sea mines. The expansion and upgrading of the PLA's submarine force and mine warfare capabilities added much credibility to naval blockade as a realistic option for Chinese leaders.¹²⁹ Sea mines, in particular, were potentially effective given "the proximity of Taiwan to the mainland... Taiwan's massive trade dependence... the inherent difficulty in clearing mines, and the extreme weakness of American mine-clearing capacity..."¹³⁰ (Christensen, 2001, p. 33) In fact one study concluded that the PLAN's mine warfare capability already enables it to blockade Taiwan and other crucial sea lines of communication in the Western Pacific and the combined minesweeping capability of the U.S. and Taiwan's is insufficient to respond to this growing threat.¹³¹ (Erickson, Goldstein, and Murray, 2009)

With an eye to possible U.S. intervention in a conflict across the Taiwan Strait and the still huge gap between China's military and its U.S. counterpart in terms of technology, doctrine, training and experience, the PLA developed an asymmetric strategy of what U.S.

¹²⁹ For accounts of China's submarine force and mine warfare capabilities, see Goldstein, 2004; Erickson, Goldstein, and Murray, 2009. For a different argument that contended that the threat of a successful submarine blockade by the PLAN was overstated, see Glosny, 2004. In addition to the military challenges of conducting naval blockade, one salient downside is the "protracted nature", i.e. although it "would have immediate economic effects, but would take time to realize decisive political results, diminishing the ultimate effectiveness and inviting international reaction." (Christensen, 2001, p. 31; U.S. Department of Defense, 2007, p. 33)

¹³⁰ For an estimate of a blockade's impact upon merchant shipping for Taiwan, see Grubb, 2007.

¹³¹ Japan has some decent capabilities in terms of mine countermeasures (MCM), but its military support cannot be taken for granted in the event of a cross-strait military conflict.

analysts called “anti-access/area-denial”.¹³² A RAND report defined an anti-access/area-denial measure as an “action by an opponent that has the effect of slowing the deployment of friendly forces into a theater, preventing them from operating from certain locations within that theater, or causing them to operate from distances farther from the locus of conflict than they would normally prefer.” (Cliff, 2007, p. 11) In order to achieve the goal of deterring, delaying and disrupting the U.S. military intervention, PLA strategists have paid particular attention to attacking U.S. C⁴ISR systems, logistic, transportation, support functions, air bases, sea lines and ports, and aircraft barriers. (Cliff, 2007) Means for carrying out anti-access/area denial strategy include ballistic and cruise missiles, aircraft armed with precision-guided munitions, special operational forces, sea mines, jamming, anti-satellite weapons, computer network operations, electromagnetic pulse weapons etc.¹³³ Taiwanese analysts also reckoned that the PLA’s anti-access/area denial capabilities has seriously challenged the U.S. military dominance in East Asia. (Tsai, 2008)

Despite the PLA’s sustained modernization and impressive advancement in many areas, an amphibious invasion of Taiwan is still operationally challenging and politically risky. As the DoD 2006 report on Chinese military power stated, a successful amphibious campaign hinges on “establishing persistent air superiority over the Strait and Taiwan, the availability of amphibious and air lift, attrition rates, interoperability of PLA forces,

¹³² The U.S. DoD’s 2006 Quadrennial Defense Review Report referred to it as “disruptive” capabilities. (U.S. Department of Defense, 2006) For a general discussion of the anti-access/area-denial challenges facing the U.S., see (Krepinevich,2003)

¹³³ A declassified report from the U.S. National Ground Intelligence Center dated August 17, 2005 claims that China is developing electromagnetic pulse (EMP) weapons for use in a Taiwan scenario. (National Ground Intelligence Center, 2005)

the ability of China's logistics system to support the necessarily high tempo of operations, Taiwan's will to resist, and the speed and scale of international intervention." (U.S. Department of Defense, 2006, p. 41) Many of these prerequisites, such as joint operations, logistic support, and air lift capability, have traditionally been the PLA's weak points and thus introduced substantial uncertainties to an amphibious attack. This still does not say anything about international repercussions and a highly alienated Taiwanese society once a large-scale amphibious invasion is launched. Most Taiwanese analysts also discounted the possibility of an amphibious attack, not only due to the PLA's questionable capability in this regard, but also because of Beijing's political objective, i.e., unifying the island instead of destroying it.¹³⁴ Former head of the National Security Bureau (1999-2001) and National Security Council (2001-2002) Ting Yu-chou elaborated on how the PLA's use of force against Taiwan will look like in his memoirs:

1) "Over-the-sea" attack will replace "cross-the-sea" attack... the PLA's missiles and new classes of aircraft and submarines could all directly threaten the island of Taiwan and even the east coast; 2) "point" attack will replace "surface" attack, i.e., attack will aim at strategic locations such as political and military leadership, command centers, transport nodes, and energy supplies in order to reduce collateral damage; 3) "paralysis" attack will replace "annihilation" attack, i.e., precision-guided, sustained and violent pinpoint attack would paralyze our fighting force. The paralysis, coupled with psychological warfare, was to destroy Taiwan's will to resist to coerce us to negotiate under disadvantageous circumstances and accept its political demand of "one country, two systems".(Ting, 2004, p. 474)

Ting's analysis clearly regarded coercive use of force instead of an amphibious assault as the most likely scenario confronting Taiwan's military. Moreover, Ting pointed out that the coercive campaign would probably combine multiple courses of action discussed

¹³⁴ Interview in 2009 with former senior officials from the ROC's Defense Ministry and the Mainland Affairs Council.

above to bring the greatest pressure to bear on Taiwanese government and people. In a similar vein, the 2006 *National Security Report* stated:

In the event of a future Chinese invasion of Taiwan, it is highly likely that China will launch missiles to carry out precision strikes, combine its special operations forces with the personnel it has in place in Taiwan, and coordinate airborne, heliborne, and amphibious assaults to conduct simultaneous multipoint, multilevel attacks on Taiwan's core political, economic, and other centers. This new type of warfare, put together after the integration of new military capabilities, is designed to allow the PLA to mount attacks from within and outside Taiwan, paralyze and control the core of Taiwan's government and economy, and quickly destroy the government's decision-making mechanisms and capabilities to respond, so that it may achieve decisive results on the battlefield. This, along with the implementation of its "three warfare" strategy to undermine the people's understanding of who the enemy is, serve China's political goal of fighting a "quick war with quick results."¹³⁵ (National Security Council, 2006, p. 41)

5.2. Alliance strength: estranged Washington-Taipei ties

The U.S.-Taiwan relations during the period of 2002-2007 had been on an ironic downward slope, and the tense relations between the Bush administration and Chen Shui-bian's government in Taiwan were oftentimes characterized by Washington's public censure and Taipei's surprising defiance. Indeed, as Richard Bush noted, the Bush administration started as "the most Taiwan-friendly administration since the termination of diplomatic relations (or since World War II)," but ended up "as probably the most hostile". (Bush, 2007) Although the U.S. security commitment by and large remained steadfast, the "hostility" toward Taipei manifested itself clearly in the bilateral political relations and arms sales unexpectedly became another area of contention.

¹³⁵ The "three warfares" refer to media warfare, psychological warfare and legal warfare. The "three warfares" were formally written into *Regulations of the PLA on Political Work* in December 2003. For a Taiwanese commentary on the "three warfares", see Shu, 2008.

5.2.1. Security commitment

At the beginning of the Bush presidency the U.S. security commitment to Taiwan seemed to be elevated to an unprecedented level when President Bush declared on national television on April 25, 2001 that the U.S. had a clear obligation to defend Taiwan and would “do whatever it took” in that regard. Although immediately the White House and State Department officials denied that there was any fundamental change of its “one China policy” or the traditional strategic ambiguity, the ROC in Taiwan did take the statement as a signal that “Washington’s commitment to maintain peace across the Taiwan Strait more convincing”. Moreover, the strengthening and deepening of U.S.-Taiwan military relations, in the form of higher-level military exchanges and enhancement of interoperability, led many observers from Beijing to conclude that Taipei and Washington was establishing a “quasi-military alliance”. (Xin, 2009; Guo, 2009)

Even after the September 11 terrorist attack, after when China’s cooperation and partnership became more important to the U.S. campaign against terrorism in Central and South Asia,¹³⁶ the Bush administration reassured Taiwan that there was no *quid pro quo* on U.S. policy toward Taiwan.¹³⁷ (Snyder, 2001) President Bush also reaffirmed the TRA-based commitment to Taiwan during the Shanghai APEC summit in October 2001, and further impressed the Taiwanese with his remarks on February 19, 2002 that “America will remember our commitments to the people of Taiwan” when he spoke to the Japanese Diet in Tokyo en route to Beijing. (Tung, 2004)

¹³⁶ Indeed, China had been surprisingly forthcoming in terms of diplomatic support, intelligence gathering and sharing, and financial tracking and controls. (Christensen, 2002b; Kan, 2011c)

¹³⁷ Taipei was understandably very concerned about this possibility, as one Taiwanese MoFA official acknowledged that “we want to be very, very careful and be very observant to the conduct of business between Washington and Beijing because we don’t want our interests to be at the expense of this relationship.” (Hickey, 2004, p. 474)

However, the deteriorating political relations did spill over to the security arena by the end of President Bush's first term, and compromised the U.S. security commitment to Taiwan, at least in word. On December 10, 2004 Richard Armitage described Taiwan as probably the biggest "landmine" in terms of U.S.-China relations when he discussed U.S. foreign policy on PBS in his capacity as the Deputy Secretary of State. Furthermore, Armitage clarified that under the TRA the US is "not required to defend" Taiwan, but only "to keep sufficient force in the Pacific to be able to deter attack", and that the decision to defend Taiwan rested with the Congress instead of the administration. He also seemed to deviate from the previous U.S. stances on Taiwan's sovereignty by saying that "we all *agree* that there is but one China, and Taiwan is part of China." (Kan, 2011a)

Although Armitage's statement was nothing more than a literal interpretation of the TRA since the U.S. in fact did not have obligations to come to Taiwan's rescue under all circumstances under the TRA and it can be argued that Armitage merely reiterated existing Taiwan policy in different language, the shift in language and emphasis did raise doubts and confusion over Washington's security commitment. (Snyder, 2004) Most interesting and potentially damaging to Taipei's confidence in counting on Washington's help is Armitage's implying that defending Taiwan or not "are questions that actually reside with the U.S. Congress, who has to declare an act of war." (Kan, 2011a) It is a well-known fact that since the U.S. was founded the Congress only formally declared war

against eleven countries during five separate wars, so Armitage's words implicitly heightened the threshold for the U.S. use of force in the Taiwan Strait.¹³⁸

However, a more positive development from Taiwan's perspective occurred in early 2005. After the U.S.-Japan 2+2 meeting—meeting between the U.S. Secretary of Defense Donald Rumsfeld and Secretary of State Condoleezza Rice and their Japanese counterparts—a joint statement issued on February 19, 2005 laid out several common strategic objectives, one of which was “to encourage the peaceful resolution of issues concerning the Taiwan Strait through dialogue.” (Kan, 2011a) The wording was rather mild, but this was the first time that the U.S.-Japan alliance explicitly stated its strategic interests in regard to Taiwan and implied a greater role for Japan in case of any future conflicts across the Taiwan Strait. Taiwanese analysts tended to believe that “Washington is enhancing, not reducing, its military commitments toward Taiwan.”¹³⁹ However, amidst tense and worsening political relations between Washington and Taipei and much to the latter's chagrin, the Taiwan scenario was excluded from the shared strategic objectives in May 2007 after another round of U.S.-Japan 2+2 meeting. (The U.S.-Japan Security Consultative Committee, 2007) The good news for Taipei was that the 2007 Joint Statement noted that both countries “reconfirmed” their commitment to the common strategic objectives identified in 2005, and the U.S. Secretary of State

¹³⁸ It was striking that it was Richard Armitage who made those remarks given his enormous efforts to raise Taiwan's profile in the initial years during Bush's presidency.

¹³⁹ Some Taiwanese analysts doubted the significance of the joint statement for Taiwan's security. Shaw argued that the statement merely showed the common concern of the U.S. and Japan instead of their willingness to intervene; moreover, peaceful resolution of the Taiwan issue had been the U.S. and Japan's long-held policy ever since the normalization of Sino-U.S. and Sino-Japanese relations in 1972 so there was nothing new; lastly, the statement on Taiwan was put in the broader context of promoting cooperative relationship with China and encouraging China to become a responsible and constructive player in international affairs. (Shaw, 2005) For Chinese concerns about the enhanced U.S.-Japan alliance, including its implications for the Taiwan issue, see (Wu, 2006c)

Condoleezza Rice also stressed after the meeting that the U.S. Taiwan policy remained unchanged. Seasoned Taiwanese analysts thus downplayed the significance of the changed wording and emphasized that it at most amounted to a tactical adjustment of the U.S. and Japan, especially in light of the hard-won improvement of Sino-Japanese relationship after Japanese Prime Minister Shinzo Abe came into power in September 2006 and China's recent contributions to rein in North Korea's nuclear ambition. The U.S. fundamental strategy and policy toward Taiwan, however, remained steadfast (Yang, 2007) On balance during the 2002-2007 period despite some small fluctuations brought about by what had happened on the political front between Taipei and Washington, the U.S. security commitment continued within the broad contour set by the TRA and successive administrations' past practices.

5.2.2. Arms sales

The U.S. arms sales to Taiwan usually served dual purposes: enhancing the latter's war-fighting capabilities and demonstrating the former's compliance with the TRA and security commitment.¹⁴⁰ But the arms sales during this period ironically turned out to be a major source of friction for the bilateral relations and a manifestation of the strong domestic constraints facing President Chen Shui-bian. In April 2001 the Bush administration offered to Taiwan the largest arms sale package in history. The April package, together with a few other items approved later that year, was valued at US\$ 15 billion and intended to "reverse twenty year of relative neglect and frontload systems that

¹⁴⁰ Some suspect that Taiwan's weaponry procurement from the U.S. mainly serves the former's political purpose of demonstrating the U.S. support instead of genuine military purpose of repelling a potential PRC military attack, which explains why Taiwan often prefers highly visible and big-ticket items. (Swaine, 1999, pp. 31-33) Interviews with Taiwanese civilian and military officers got mixed answers.

Taiwan had asked to be made available as the Clinton administration drew to a close.” (Stokes, 2006, p. 2) Most noteworthy were eight diesel-electric submarines, twelve P-3C ASW aircraft, and four decommissioned Kidd-class destroyers.¹⁴¹ (Kan, 2011b) The approval on the submarine sales was particularly striking given its arguably offensive nature and the U.S. twenty-year refusal to sell them to Taipei. Meanwhile, President Bush announced that he would drop the traditional annual arms talks process in favor of normal, routine considerations of Taiwan’s requests on an as-needed basis.¹⁴² (Kan, 2011b, p. 4)

The initial elation at Bush’s decision in Taipei, however, was not translated into quick response and action. It was only after three years and after Washington pressed Taipei on procurement priorities that the Chen government finally decided in June 2004 to request a special budget from the legislature to buy the three big-ticket items—submarines, P-3Cs, and PAC-3 missile defense systems. But the opposition-dominated Legislative Yuan (LY) proved to be an insurmountable obstacle: despite being cut a few times from an original US\$17.8 billion to \$ 9.3 billion, the special budget was blocked in the Procedure Committee of the LY and kept from being considered at an extraordinary 56 times. The Chen administration finally gave up on the special budget efforts in early 2006 and turned to raising regular defense budget in 2007 and 2008 to finance the arms sales. (Chase, 2008) The LY finally passed Taiwan’s 2007 defense budget in June 2007 with funds for P-3C, PAC-2 upgrades, and F-16 C/D fighters and approved \$ 6 million for the submarine design phase.¹⁴³ (Kan, 2011b)

¹⁴¹ The Bush administration deferred decisions on the more advanced Aegis-class destroyers.

¹⁴² On the annual arms talks, see Kan, 2001.

¹⁴³ Neither the Bush nor the Obama administration has notified the Congress of the submarine design program, making

The drama of the arms deal in Taipei resulted from a variety of institutional, economic and political factors: overhaul of the defense establishment and increasing legislative oversight,¹⁴⁴ financial hardship and soaring budget deficit, and sheer political wrangling between the incumbent Pan-green camp and the opposition Pan-blue camp. (Stokes, 2006; Chase, 2008; Roy, 2004) Moreover, the unusually big size of the 2001 arms deal surprised the Taiwanese defense establishment and overloaded the bureaucratic capacity to handle operational requirement documentation, systems analysis, budget planning, etc. in a timely manner.¹⁴⁵ (Stokes, 2006) Some of these domestic constraints will be discussed in more detail later in the chapter. But whatever the reason, the message for Washington was crystal clear: Taipei lacked commitment for its own defense and attempted to free ride on Washington.

Since 2003 an unusual near-consensus that Taipei was not serious enough about its own defense gradually took shape in Washington.¹⁴⁶ Officials from the Defense Department and State Department, Congressmen, former officials, and policy community one after another urged Taipei to increase its defense budget and pass the special budget for the proposed arms sales.¹⁴⁷ The U.S. frustration and dissatisfaction was aggravated by the feeling that it was offering what Taiwan had asked for and had already paid the

it the only one pending from the decisions in 2001.

¹⁴⁴ As Ku Chung-lian, a legislator and former admiral commented, the fierce debate revolving around purchasing the Kidd-class destroyers marked that for the first time the LY's oversight over defense and security issues went beyond merely disclosing foreign arms procurement scandals to the discussion of strategic doctrine and fore structure. (Ku, 2003, p. 129) The four Kidds deal had a better fate than the rest of the arms deal, as Taipei agreed to buy them in May 2003 and they were delivered in 2005 and 2006.

¹⁴⁵ Taipei was surprised because it had used a "spaghetti-on-the-wall approach" for arms procurement from the U.S., i.e., throw a list out and see what sticks. The U.S. usually approved only a fraction of the list.

¹⁴⁶ More sympathetic views toward Taipei were expressed by two Senior Country Directors for the PRC, Taiwan, and Mongolia in the Office of the Assistant Secretary of Defense for International Security, see (Stokes, 2006; Blumenthal and Schmitt, 2005)

¹⁴⁷ See for example (Brookes, 2003; Tkacik, 2003; Logan and Carpenter, 2007; Young, 2007)

diplomatic price for irking China and now Taiwan was reluctant to pay. Initial appeals to Taipei for moving quickly on the arms deal finally turned into open complaints and explicit threat that the U.S. support hinged upon Taiwan's own commitment and efforts. Richard Lawless' (Deputy Under Secretary of Defense for Asian and Pacific Affairs, 2002-2007) blistering speech at the 2005 U.S.-Taiwan Defense Industry Conference typified the kind of scathing criticisms and strong tone directed at Taipei,

“Taiwan must fulfill its unwritten, but clearly evident obligations under the TRA by appropriately providing for its own defense ... The U.S. ability to contribute to Taiwan's defense in a crisis is going to be measured against Taiwan's ability to resist, defend, and survive based on its own capabilities... As the long superpower, our interests are plentiful and our attention short. We cannot help defend you, if you cannot defend yourself.”¹⁴⁸ (Lawless, 2005)

Taiwan, for its part, was wondering why it could not even discuss the operational utility of the items included in the arms package,¹⁴⁹ show concerns about overcharging, or explore the possibility of industrial cooperation in the production of some of the weapons, especially diesel submarines.¹⁵⁰ The complaints mainly came from the opposition Pan-blue camp, but pressures from the legislature and media led then Defense Minister Tang Yao-ming to openly respond that “Taiwan is a sovereign state. We will not buy every weapons system that the U.S. wants to sell to us. We will only buy the ones that really serve our defense needs.” (Roy, 2004, p. 3) Moreover, many in Taiwan saw an apparent

¹⁴⁸ The speech was delivered by Edward Ross, a DSCA official, on behalf of Richard Lawless due to the latter's delay in Beijing at the Six-Party Talks.

¹⁴⁹ The Kidd-class destroyers received most doubts about its operational utility, especially given that Taiwan requested up-to-date destroyers equipped with the Aegis radar system instead of the Kidds. For a detailed discussion of the politics of the procurement of the Kidd-class destroyers, see (Peng, 2005)

¹⁵⁰ Some legislators insisted that Taiwanese shipbuilders should produce at least some of the submarines, but the U.S. government did not support such a proposal on the grounds that it would not be cost-effective and would delay the program. The submarine deal was also complicated by the fact that the U.S. stopped manufacturing diesel-electric submarines in the 1950s and other non-U.S. manufacturers might not be able to withstand the PRC pressures.

lack of respect and even arrogance out of the U.S. impatient attitude and unfair accusation, since Taiwan was just implementing what the U.S. had encouraged it to do for many years—a truly democratic system and rule of law, and the long-drawn debate on the proposed arms package was all the more impressive given that military affairs and weapons procurement used to be the most secretive, least accountable and scandal-prone realm in the past.¹⁵¹

More radical criticisms of the U.S. attitude pointed to perceived U.S. “extortion,” “sucker’s arms deals,” “arms dealers’ profits”, etc. (Kan, 2011b, p. 30) Ku Chung-lian even contended that the U.S. arms deal to Taiwan was a conspiracy to curtail Taiwan’s indigenous development and production and perpetuate its dependence on the U.S. since oftentimes the U.S. approval of arms sales coincided with major breakthroughs of defense technology on the island.(Ku, 2003, pp. 120-121) The Chen government was caught between a rock and a hard place, trying to convince the opposition of the necessity of the arms deal and secure budgetary support on the one hand and appeasing the U.S. impatience and reassuring about its commitment and resolve to self-defense on the other. Whoever to blame for the impasse, Randall Schriver’s personal bemoaning is better characterized as one for all sides involved in the arms deal. Schriver was the one who delivered the Bush administration’s exciting decision to Taiwan, but six years later, “I only feel regret, disappointment and frustration upon seeing the arms sales devolve into one of the most contentious bilateral issues between Washington and Taipei... the

¹⁵¹ Taiwan enacted two defense laws in 2002—the National Defense Act and the amended Organization Act of the MND. Among the important clauses were making weapons procurement more transparent, prioritization of indigenous development, production and maintenance of defense articles, and emphasis of technology transfers during foreign procurement. For a discussion of the two defense laws by one of its stalwart sponsors in the LY, see Tsai, 2011.

presentation we made to Taiwanese friends in 2001 has become a lingering source of dispute.” (Schriver, 2007)

5.2.3. Political relations

The evolution of political relations between Washington and Taipei during the Bush and Chen Shui-bian years turned out to be the most dramatic, unexpected and regrettable (especially for Taipei). As Tucker observed, the coming into power of the Bush administration in 2001 was auspicious for Taiwan in many aspects, since it “provided Taiwan an advantageous constellation of people and policies”,¹⁵² and Bush and his national security and foreign policy team were to build “a better U.S.-Taiwan relationship in a more vigorous, well-informed, and purposeful way than Taipei could have expected.” Moreover, the Taiwan-friendly policy was an unusual inter-agency consensus. (Tucker, 2009, pp. 255-259) In addition to the arms sales and Bush’s “whatever it takes” statement in April 2004, the more accommodating and supportive gestures from Washington was also reflected on better treatment of U.S. visits by senior Taiwanese officials. Besides the three traditional principles of “comfort, safety, and convenience” applied to transit stops on the U.S. soil by senior Taiwanese leaders, the Bush administration seemed to add a fourth: dignity. (Liu, 2010, p. 2)

President Chen Shui-bian had personally recalled the continued improvement and relaxed restrictions under the Bush administration. During his first transit stop as head of state in LA in August 2000, Chen could not engage in any public activities and was allowed to

¹⁵² These people included Richard Armitage (Deputy Secretary of State, March 2001-February 2005), Paul Wolfowitz (Deputy Secretary of Defense, January 2001-June 2005), Torkel Patterson (Senior Director of Asian Affairs of the NSC, March 2001-January 2002), James Kelly (Assistant Secretary of State for East Asian and Pacific Affairs, May 2001-January 2005), and Randall Schriver (Deputy Assistant Secretary of State for East Asia, 2003—2005).

receive only 15 Taiwanese community representatives in the hotel room; in May 2001, Chen met more than twenty members of Congress in New York, visited the New York Stock Exchange and received 150 Taiwanese in a hotel restaurant; in October 2003, Chen shook hands with a large crowd of admirers outside his hotel, received the 2003 Human Rights Award presented by the International League for Human Rights, and toured in a cruise on the Hudson River. (BBC Summary of World Broadcasts, 2003) A close aide to Chen admitted that the high-profile transit stop at New York in 2003 was the best that could be achieved without official relationship. (Wu, 2011, p. 42) Meanwhile, Taiwan's Vice President, Annette Lu and Defense Minister, Tang Yao-ming also visited the U.S. in early 2002. Tang Yao-ming attended a U.S.-Taiwan Defense Summit in Florida in March 2002, became the first Taiwan defense minister to make other than a transit stop in the U.S. since 1979, and met senior U.S. Pentagon and State Department officials like Paul Wolfowitz and James Kelly.

In sharp contrast was the humiliating transit stop for Chen in May 2006. Chen was to pay official visits to two diplomatic allies—Paraguay and Costa Rica and was hoping to make layovers again on the U.S. soil. The U.S. allowed Chen to stop only at Hawaii and Alaska for refueling, and Chen chose to reject the meager U.S. offer to demonstrate his displeasure and fly westward instead over Abu Dhabi and Amsterdam en route to Paraguay. The whole trip took nearly forty hours and was ridiculed that it was “a lost trip” and “looking for landing spots only after (the airplane) taking off”. (Liu, 2010, pp. 154-156) The “lost trip” episode, of course, was only one symptom of much larger problems underlying the strained political relations between Washington and Taipei.

From Washington's perspective, President Chen was the one who should bear most, if not all, of the blame and responsibility for the broken U.S.-Taiwan relationship. Since August 2002, when Chen's "one country on each side" statement shocked Washington, Beijing, and many on the island, Chen Shui-bian's domestic political agenda and electoral imperatives had almost completely overrode his previous more restrained and cautious approach to cross-strait relations and considerations of the U.S. interests. In addition to the "one country on each side" statement, other notable provocations from Chen included proposing a referendum on a new constitution in September 2003, holding a "defensive referendum" alongside the presidential election in March 2004, abolition of the NUC and NUG in February 2006, holding a referendum on applying to join the U.N under the name of Taiwan alongside the presidential election in March 2008, etc. Chen's image in Washington was characterized as "pushing the envelope", "creating surprises", "trouble-making", "salami-cutting", "brinkmanship".¹⁵³ (Liu, 2010, p. 9) The view of Chen as a "trouble-maker" was also nearly an inter-agency consensus in the U.S. government. Even the usually Taiwan-friendly members of the U.S. Congress were increasingly irritated by Chen. One indicator of decreasing congressional support for Taiwan was that the State Department officials were feeling "less pressure from Congress" on executive branch decisions concerning Taiwan, such as the U.S. apparent punishment of Chen by the 2006 transit stop decision. (Dumbaugh, 2007)

¹⁵³ For a brief period after Chen's second inauguration in May 2004, the U.S.-Taiwan relations was restored to a limited extent due to the U.S. satisfaction with his inaugural address, the National Day's address in October 2004, and the "ten declarations" released after the NSC meeting in November. But the rebuilding of mutual trust lasted for only a few months.

Initially some thought that the discord between Washington and Taipei resulted from miscommunication, i.e. the latter received mixed messages from different U.S. officials affiliated with different governmental branches and possibly with different views on Chen's policies.¹⁵⁴ The lack of adequate communication always exists due to the unofficial relationship and highly restricted contact between high-level officials, a problem aggravated by Chen's distrust of the Washington-based TECRO representatives due to their alleged pro-KMT stances.¹⁵⁵ However, any kind of miscommunication, if ever existed, should have evaporated after senior officials from the White House, the State Department and the NSC one after another expressed the U.S. firm opposition to Chen's policies through private channels as well as on public occasions. In Thomas Christensen's (Deputy Assistant Secretary of State for East Asian and Pacific Affairs, 2006-2008) words, the U.S. had delivered "consistent, unmistakable, and authoritative messages over an extended period of time", and the problem was not "misunderstanding or lack of communications".

So the real problem ran deeper than miscommunication. Taipei and Washington had increasingly divergent strategic interests and goals. As one close aide to Chen analyzed in 2011,

¹⁵⁴ One of the sources of mixed messages came from Therese Shaheen, then AIT chairwoman (2002-2004) and regarded by President Chen as a close ally. An oft-cited example was her famous public comment in 2003 that President Bush was President Chen's "secrete guardian angel". She also commented that Chen's push for referendums sounded "reasonable and logical". She resigned in April 2004 under strong pressures from the State Department. (Lawrence, 2004)

¹⁵⁵ The first two TECRO representatives—Chen Chien-jen and Lee Ta-wei—during the Chen Shui-bian administration were both KMT-cultivated professional diplomats. One the one hand, Chen Shui-bian suspected if they were able or willing to explain or defend his controversial policies; on the other hand, the U.S. government had doubts if they really represented the Chen government and what Chen had in mind. In April 2007 Jaushieh Joseph Wu was appointed to replace Lee Ta-wei to become the first head of TECRO from the DPP.

“Chen Shui-bian believed that the U.S. overlooked Beijing’s growing threat to Taipei and was also unable to push Beijing to talk with Taiwan’s democratically elected leaders and government, so Taiwan had no other alternatives but to rely on itself to safeguard its independent sovereignty and national security. The Bush administration believed that what Chen Shui-bian had done was neither pragmatic nor conducive to cross-strait peace. Chen’s measures were only to consolidate the deep-green supporters without regard to seriously conflicting with the U.S. interests, and they could unilaterally change the cross-strait status quo and draw the U.S. into a military crisis in addition to the two ongoing wars. (Liu, 2010, p. 170)

As the perception gap widened and strategic interests differed, Taiwan acutely felt a readjustment of the U.S. policy toward itself and the Taipei-Beijing-Washington triangular relationship. On April 21, 2004, James Kelly (Assistant Secretary of State for East Asian and Pacific Affairs, 2001-2005) provided the most comprehensive authoritative report of the U.S. policy toward Taiwan of the Bush administration before the House International Relations Committee. Kelly’s testimony was seen as “the most negative statement of U.S. policy on Taiwan ever delivered publicly”,¹⁵⁶ (Bush, 2005, p. 252) and for the first time the U.S. indicated that its support for Taiwan’s democracy was limited.¹⁵⁷ For Taiwan this meant that the U.S. had a double standard in promoting democracy and would choose to suppress Taiwan’s democratic developments if necessary. (Lin, 2009a, p. 354) Kelly also seemed to have a more expansive interpretation of President Chen’s “five nos” statements—first proclaimed in his first inaugural address in May 2000 and reiterated during his second inauguration in May 2004. One of the “nos” was that no promoting “a referendum on unification or

¹⁵⁶ In the author’s view, Christensen’s address before the U.S.-Taiwan Business Council in September 2007 was even more negative and harsher. (Christensen, 2007) But Bush wrote in 2005, before the Christensen speech was delivered.

¹⁵⁷ In Kelly’s original words, “as Taiwan proceeds with efforts to deepen democracy, we will speak clearly and bluntly if we feel as though those efforts carry the potential to adversely impact U.S. security interests or have the potential to undermine Taiwan’s own security. There are limitations with respect to what the United States will support as Taiwan considers possible changes to its constitution.” (Kelly, 2004)

independence”, but Kelly took it as “no plebiscite or referendum on sovereignty issues”. Since “sovereignty issues” covered issues other than unification/independence, the change of wording seemed to portend a more constraining U.S. policy on Taiwan.¹⁵⁸ (Lin, 2009a, pp. 355-356) Moreover, officials from the Bush administration often used President Chen’s “five nos” to press him to abide by his pledges, but they ignored the precondition to the “five nos”—“as long as the PRC has no intention to use military force against Taiwan”.¹⁵⁹ (Lin, 2009a, p. 355; Liu, 2010, p. 23)

On Taiwan’s sovereign status, the U.S. government became more straightforward and negative. In October 2004 Secretary of State Colin Powell stirred a diplomatic tempest when he said during an Asian trip that “Taiwan is not independent; it does not enjoy sovereignty as a nation”, and he seemed to imply a preference for “peaceful unification” between Taiwan and the PRC. Although the State Department quickly clarified that there was no change of the U.S. longstanding policy and Powell’s statement on peaceful unification was a slip of the tongue, Taiwanese media correctly pointed out that “the core problem” was not the “narrow question” of the accuracy of Powell’s statement but “the extent to which the triangular relationship between the U.S., Taiwan and the PRC has been transformed and how this transformation would influence Washington’s policy”. (BBC Summary of World Broadcasts, 2004) There was indeed no inconsistency with the

¹⁵⁸ For example, the defensive referendum on national security issues—buying more missile defense systems and negotiation with Beijing—was not about unification/independence, but it did have some sovereignty implications. (Lin, 2009, pp. 355-356) Clifford Hart (Director of Taiwan Coordination of the State Department) offered a similar expansive interpretation of Chen’s commitments, when Hart delivered a speech in the 2006 U.S.-Taiwan Business Council Defense Industry Conference: “we assign special importance to President Chen’s June 8, 2006 public reaffirmation of his commitments that Taiwan will not declare independence, change the national name, push for sovereignty themes in the constitution, or promote a referendum to change the status quo.” (Hart, 2006)

¹⁵⁹ What constituted “intention to use military force against Taiwan”, of course, is highly controversial. The Chen government pointed to Beijing’s rapid military modernization, especially the hundreds of SRBMs targeting Taiwan, as evidences, but obviously capability does equal to “intention”.

U.S. policy to say that Taiwan did not have sovereignty, but Washington had also been careful not to deny its sovereignty; there was a distance between non-recognition and active denial.¹⁶⁰ Similar statements on Taiwan's sovereignty were reiterated by Dennis Wilder (Senior Director in the NSC, December 2005-January 2009) in August 2007. (Dumbaugh, 2007, pp. 5-6)

Another perceptible adjustment of the U.S. position on cross-strait relations was the shift of emphasis on the peaceful resolution of the cross-strait disputes: the Bush administration tended to stress that the Taiwan issue has to be resolved in a way acceptable to the people on both sides of the Taiwan Strait, somewhat veering from the Clinton administration's insisting that it be resolved not only peacefully but also "with the assent" of Taiwan's people. (Kan, 2011a, p. 26) Although the change of working seemed to be minor and innocuous, it explicitly gave Beijing a voice and more legitimacy in determining Taiwan's political development and its future. Given China's rising ascendancy and non-renouncement of the use of force, the co-determining the future of Taiwan put Taiwan in a disadvantageous position. (Lin, 2009a, pp. 364-367)

On top of all the concerns about the U.S. policy adjustments on Taiwan's political development, its sovereign status, and the resolution of cross-strait dispute was an emergent phenomenon of Beijing-Washington co-management of the Taiwan Strait. Chen Shui-bian lamented in early 2004 that "Beijing's tactics of using Washington to pressure Taiwan is more and more evident." On the other hand, Beijing did modify its insistence that Taiwan Strait issue was purely an internal affair and openly asked the U.S.

¹⁶⁰ This is similar to the U.S. framing of its position on Taiwan independence: it does not support it. In most instances the U.S. has been careful not to say that it "opposes" it.

to join together to oppose Taiwan independence and safeguard cross-strait peace and stability.¹⁶¹ One notable example of such co-management was Bush's public censure of Chen Shui-bian on the defensive referendum in the face of Chinese Premier Wen Jiabao in December 2003. (Zhao, 2006, pp. 62-63) Another example was U.S. low-key reaction to the passage of the Anti-Secession Law by Beijing in March 2005 despite Taipei's intensive lobbying in Washington. (Tan, 2005)

The U.S. never recognized the so-called "co-management" and Thomas Christensen in September 2007 categorically denied that Washington coordinated its Taiwan policy with Beijing. (Christensen, 2007) Maybe Washington never intended to co-manage or coordinate its policy with Beijing, but the unintended perception on the island was the contrary. Taipei also reckoned that the U.S. policy adjustment tilting toward Beijing and implicit embracing of co-management to a great extent resulted from the U.S. changing strategic imperatives to combat terrorism and prevent nuclear proliferation and the increasing importance of China's cooperation on addressing these issues, since after all the U.S. Taiwan policy was directly affected by its China policy, which was in turn affected by its strategic posture in the Asia-Pacific and the world.¹⁶² (Wu, 2010; Lin, 2010; Dumbaugh, 2007)

¹⁶¹ For example, Chinese President Hu Jintao said after meeting with President Bush at the U.N. in New York in September 2005 that "I hope that the United States will join the Chinese side in safeguarding peace and stability across the Taiwan Straits, and opposing so-called Taiwan independence." (Hu, 2005) Hu Jintao also emphasized the common interests of China and the U.S. to oppose Taiwan independence on several other occasions. See Kan 2011a; Wang, 2005. Analysts from Beijing and Taipei also discussed the U.S.-China co-management phenomenon, see Tan, 2005; Wu, 2006b; Lin, 2007; Guo, 2007; Chen, 2006) Interestingly, analysts from Beijing believed that China's willingness to co-manage the Taiwan Strait with the U.S. was a reflection of self-confidence, while at least one Taiwan analysts considered it as an indication of lack of confidence and ability to manage the Taiwan issue by itself. (Lin, 2009, p. 362)

¹⁶² Former officials from the Bush administration tended to deny that the anti-terrorist campaign, the North Korea and Iran nuclear issues and China's needed cooperation in those aspects necessitated a Taiwan policy flip-flop. As mentioned above, they attributed the breakdown of U.S.-Taiwan relations to the Taiwan government, especially Chen

5.3. Diplomatic standing: shrinking space for Taipei

The first few years of the 21st century also witnessed a continual deterioration of Taiwan's diplomatic standing. The fact that Taipei was losing out in the diplomatic tug-of-war manifested itself in many fronts: formal diplomatic relations, substantive relations with major powers and important regional powers, participation in inter-governmental organizations, etc. The diplomatic failures certainly did a heavy blow to Taipei's efforts to present itself as a sovereign political entity on the world stage.

The Chen Shui-bian administration attached great importance to relations with “friendly countries”—a term for diplomatic allies, which was reflected by Chen and other senior officials' unusually high frequency of visits to Africa, Central and South America and South Pacific, the main strongholds of Taipei's formal diplomacy.¹⁶³ Chiou I-jen, then Secretary-General of Taiwan's NSC, advocated the “War-Flame Diplomacy” (*fenghuo waijiao*), taking aggressive measures and every opportunity to establish and upgrade relation with diplomatic allies and non-allies so that Beijing may not be able to take countermeasures for every case and Taipei could consolidate and even expand its diplomatic achievements. However, the diplomatic activism did little to change the cold reality for Taipei, and if anything, the reality got colder. When Chen Shui-bian and the DPP came into power in 2000, Taipei had 29 diplomatic allies, but the number decreased

Shui-bian. For one example, Michael Green had this line of argument, see Tucker, 2009.

¹⁶³ Taiwanese leaders' visits to diplomatic allies—especially those to Central and South America, of course, also provide them with opportunities to make stopovers on the U.S. soil.

to 23 in 2007. During this period Taipei lost Macedonia, Liberia, Dominica, Grenada, Senegal, Chad, Costa Rica, and Malawi and gained Kiribati and Saint Lucia.¹⁶⁴

The major cause of Taipei's shrinking number of diplomatic allies was, as Chen Shui-bian and other senior leaders often accused, Beijing's diplomatic strangulation. As early as the late 1990s, Taipei already believed that Beijing adopted a "three zeros" policy and China's rising economic power and political influence and adroit diplomacy in the first few years of the 21st century have made the "three zeros" policy an increasingly realistic goal for Beijing. Moreover, Beijing had utilized a variety of instruments against Taipei: money diplomacy, manipulation of veto power in the U.N. Security Council, professional lobbying, overseas Chinese connections, political party diplomacy, and parliamentary diplomacy, etc. (Chen, 2002, p. 48) The first two turned to be the most effective to deal with Taipei's tiny allies. In terms of "money diplomacy", the ROC's MoFA officials candidly admitted that it was a losing battle to compete with Beijing due to the latter's stronger financial prowess and less oversight on money spending.¹⁶⁵ (Lai, 2006) China also did not hesitate to use its veto power on peacekeeping operations in the U.N. Security Council to sway small countries' decisions on relations with Taipei.¹⁶⁶

¹⁶⁴ Taipei lost Nauru in 2002 but gained it back in 2005.

¹⁶⁵ Interview with ROC Foreign Ministry officials, Taipei, 2008. Tubilewicz and Guilloux concluded that to the contrary of many criticisms of the money diplomacy/chequebook diplomacy squandering taxpayers' money, the Chen Shui-bian administration actually demonstrated "frugality" toward foreign aid to diplomatic allies, and this frugality contributed to Chen's diplomatic failures. (Tubilewicz, 2011)

¹⁶⁶ In January 1997, China vetoed a U.N. mission to monitor the Guatemala peace accords due to its diplomatic relations with Taiwan, but later lifted its veto after a presumable compromise from Guatemala that it would not support Taiwan's U.N. membership bid. The veto was China's first time in 26 years on any matter other than the selection of the Secretary General. (Lewis, 1997) In the same year China also objected sending U.N. troops to Haiti for the same reason, but after the Chinese ambassador said that there were no new instructions from Beijing and left the Security Council chamber, the other 14 members authorized keeping 500 troops and additional civilian policy in Haiti. In February 1999 China again vetoed an extension of the U.N. peacekeeping force in Macedonia for its diplomatic recognition of Taipei. (Lewis, 1999) Macedonia ultimately chose to abandon Taipei and reestablish diplomatic relations with Beijing in 2001. Incidentally, China's three more recent uses of veto power (all together with Russia) were against

Relations with EU countries have long been secondary to those with the U.S. and Japan due to historical and strategic relations, but the Chen Shui-bian administration realized that the EU's continual integration and enlargement increased its economic and political influence and attempted to adopt a "forward-looking" strategy in increasing the allocation of manpower and other resources to promote a "comprehensive relationship" with Europe. (Chen, 2000; MoFA of the ROC, 2002) However, the biggest achievement seemed to be the establishment of the "European Economic and Trade Office" (EETO) in March 2003 as the European Commission's permanent presence in Taiwan. But the bilateral relationship was strictly confined to trade, investments, science, education, culture, etc., and the Chen administration could hardly move the bilateral relationship beyond "low politics" issues to the political or security sphere. Although the European Parliament (EP), often on the initiative of the EP-Taiwan Friendship Group, has been more sympathetic and vocal in support of Taipei's participation in intergovernmental organization and expanding EU-Taiwan political ties and on other cross-strait issues, it is highly unlikely that its positions towards Taiwan would have any significant influence upon the EU and its Member States due to its marginal role in the decision-making process in external relations. (Lan, 2004; Chang, 2009)

In fact some developments during this period suggested that the European Council and Commission and its Member States were much more susceptible to Beijing's pressures and less forthcoming to support Taipei: the EU had not explicated stated support for Taipei's bid for its participation in the World Health Organization (WHO); the EU, led

U.N. resolutions on Myanmar in 2007, on Zimbabwe in 2008, and on Syria in 2011.

by France and Germany, was contemplating lifting the arms embargo on the PRC between 2003 and 2005;¹⁶⁷ leaders of the EU and some of its Member States publicly condemned the Chen administration's provocative decisions such as holding referenda and abolishing the National Unification Council and Guidelines; the EU also condemned Taiwan's veto of the nomination of a PRC national as a member of the appellate body of the Dispute Settlement Body (DSB) in the WTO. (Su, 2010) This should come as no surprise, as one European scholar put it plainly, "the spectacular rise of China has made the EU member states unwilling to upset China. Taiwan's interests can only be defended at the margin." (Laursen, 2006) On top of this, a key difference between the EU and U.S. in regard to cross-strait relations is that Europe has no strategic interests or military forces in Asia, or any responsibility for the defense of Taiwan, nor is there an active pro-Taiwan lobby in Europe. (Shambaugh, 2005b, p. 20) Tien Hung-mao, former Minister of Foreign Affairs (2000-2002) and Representative to the U.K. (2002-2004) also acknowledged in 2005 that for European countries cross-strait relationship is a "distant" issue and without considerations of democracy or human rights it is mostly an American thing, so Taiwan should not be too optimistic. (Tien, 2005)

To Taipei's further dismay, its Southeast Asian policy turned out to be an abysmal failure. In 2002 the Chen administration revived the "Southward Policy" to encourage Taiwanese businessmen to invest in Southeast Asian countries,¹⁶⁸ but Taipei's endeavors were significantly overshadowed by Beijing's successful engagement in this region by

¹⁶⁷ The process of lifting the arms embargo stalled after Beijing passed the Anti-Secession Law in 2005 and Washington demonstrated its strong opposition.

¹⁶⁸ The Southward policy (also translated as Go South policy) was initiated by Lee Teng-hui in 1993. For a detailed account of the ebb and flow of this policy, see Soong, 2006.

downplaying territorial disputes and focusing on trade relations.¹⁶⁹ A Taiwanese analyst noted in 2005 that “Taiwan’s dealings with Southeast Asia in recent years have been frustrating. Senior government officials have had to travel under unnecessary restrictions, and Taiwan was excluded from a Southeast Asia-based FTA...Taiwan’s Southward policy has reached a dead end... at the same time, China has been gaining ground in Southeast Asia. Negotiations for the ASEAN-China FTA are ahead of schedule. China’s influence in Southeast Asia has been expanding in geometrical progression in recent years... China’s rapidly increasing influence on ASEAN also enhances its ability to oppress Taiwan. A senior editor of *the Nation* (Thailand) shared with the author last year that Taiwan had lost almost all of its political bases in Southeast Asia.” What is revealing is that the analyst was clearly nostalgic of the golden times of the pragmatic diplomacy by pointing out that during 1993-1994 President Lee Teng-hui could travel to Southeast Asian countries through “vacation diplomacy” and enjoyed diplomatic courtesy and dignity, which was impossible for now. (Lai, 2005)

Given the many diplomatic setbacks encountered by the Chen administration, its relationship with Japan seemed rather to be an exception, which experienced quite noticeable upgrading and expansion. First of all, both side exchanged more frequent visits by former and incumbent higher-level political figures. Among others, Furuya Keiji, then vice-minister of Trade, Economics and Industry, became the highest-level Japanese government official to visit Taiwan since 1972 when he attended the funeral of an ex-representative of Taiwan to Japan in May 2002. On the other hand, Yu Shyi-kun, ex-

¹⁶⁹ For the development of China-Southeast Asian relations during this period, see Vaughn, 2006.

premier and then acting DPP chairman, visited Japan in August 2006. Other seemingly minor but still unprecedented exchanges included Taiwan's national day celebration in Tokyo in October 2002 attended and given speeches to by the speaker of the Diet's House of Representatives and a cabinet minister and the Taipei office of the Japan Interchange Association's (JIA) open celebration of the Japanese emperor's birthday—a kind of “official” activity. (Bridges, 2008) Since 2002 Japan have also explicitly supported Taiwan' bid for the WHA observer status. Most significantly, military exchange and security cooperation between Taiwan and Japan were growing steadily. In 2002 a Ground SDF major-general took early retirement and assumed a post with the JIA in Taipei while Taiwan sent a lieutenant-general to TECRO in Japan, (Yan, 2006, p. 106) In 2005, Taiwan's annual large-scale military exercise planned a hypothetical joint operation with both the U.S. and Japan and the three sides made assessment of the operation through war games using a hook-up of computers. (Bridges, 2008, p. 590) Lastly, the February 2005 U.S.-Japan joint security statement listed the “peaceful resolution of issues concerning the Taiwan Strait” as a “common strategic objective”, further boosting Taiwan's confidence in securing Japan's military support in case of future conflicts.

Developments in both Taiwan and Japan contributed to the warming bilateral relationship. The Chen administration recognized the importance of relations with Japan from the very beginning. It set up an inter-agency “Special Group for Japan Work” (*Duiri Gongzuo Zhuananzu*) inside the President Office in 2002 to coordinate activities of various ministries vis-à-vis Japan; the MoFA subsequently created its own small group

on Japan work. In March 2002 Foreign Minister Eugene Chien pointed out five priorities to improve relations with Japan, including high-level reciprocal visits, government-to-government contact, peace and stability across the Taiwan Strait, Japan-Taiwan FTA and Taiwan's participation in international organizations. (Tsai, 2007b) Indeed, Taiwan's goal was rather ambitious: it attempted to break the so-called "1972 system" limiting official exchanges between the two governments, establish a "semi-strategic partnership" with Japan and have Japan as a quasi-ally by conceivably passing the Japanese version of the TRA. (Kyodo News, 2005; Yan, 2006, Bridges, 2008) In contrast to its shortage of expertise in dealing with Washington, the DPP is filled with many more capable Japan hands to facilitate upgrading relations with Tokyo.¹⁷⁰ On the other hand, developments in Japan's domestic politics were also conducive to favorable policies towards Taiwan: pro-Taiwan Japanese politicians ("Taiwan Gang") gained increasing prominence not only in the LDP but also in opposition parties such as the DPJ, while the MoFA and its "China School" were being marginalized in the decision-making process. (Wu, 2006a)

In terms of participation in intergovernmental organizations (IGOs), as of 2007 Taiwan had membership in 27 IGOs and their subsidiary bodies and observer status or associate membership in 21 other IGOs and their subsidiary bodies. (MoFA of the ROC, 2008) But much of Taipei's membership and observer status belonged to those who were derivatives from other existing IGOs or government entities and were extended to Taipei through its membership in the parent organization. (Li, 2006, p. 614) The biggest achievement was Taiwan's accession to the World Trade Organization after twelve years

¹⁷⁰ For example, the two TECRO representatives to Japan under the DPP administration, Lo Fu-chen and Koh Se-kai, both were educate and had widespread connections in Japan.

of negotiations under the name “Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu” on January 1st 2002. But its efforts on other fronts were largely futile, especially its bid for the U.N. and its affiliated agencies. The WHA case was particularly frustrating: neither its low-key approach by applying for an observer status as a “public health entity”, nor the more confrontational way of applying for a membership under the name “Taiwan”, nor the 2003 SARS epidemic or the U.S. and Japan’s explicit support helped Taipei make any progress.¹⁷¹ In other functional and politically insignificant international organizations, Beijing also pressed for “name changes” to “localize” and downgrade Taipei’s status. For example, in May 2007 the World Organization for Animal Health passed a resolution unilaterally proposed by China to refer to Taiwan as “Taiwan, China” and a “Non-sovereign Regional Member.” (MAC of the ROC, 2007) Jaushieh Joseph Wu, former Chairman of the Mainland Affairs Council (2004-2007) and TECRO representative to Washington (2007-2008), accused China’s such tactics as “*de jure* unification”. (Wu, 2007)

On balance, Taiwan’s diplomatic standing during the period of 2002-2007 deteriorated with a decreasing number of diplomatic allies, substantive relations with Europe and Southeast Asia overshadowed by the PRC’s rising economic power and political influence in these regions and participation in international organizations stagnating. Although Taipei-Tokyo relations made some headway, it was not sufficient to compensate for the overall shrinking international space for Taipei. This, combined with the shifting military balance in favor of the PLA and troubled U.S.-Taiwan relationship,

¹⁷¹ For a careful analysis of Taiwan’s evolving strategies for the bid for the WHA, see Chang, 2010.

left Taipei in the most precarious security environment since the end of the Cold War. Next I will examine the domestic constraints faced by Taiwanese leaders to see if they had enough domestic resources and extractive ability to respond to the new and perilous situation effectively. As my theory postulates, I will discuss both resource constraints and political constraints.

5.4. Domestic constraints

5.4.1. Resource constraints: deficit and debt

Three interrelated economic indicators suggest that the Chen administration did face strong resource constraints during this period: sluggish economic growth rate, swollen government budget deficit, and a changing government expenditure structure favoring social security programs. From 1952 to 2009, Taiwan's average annual economic growth rate was 7.4% and one of the fastest in the world. But as Chart 1 shows, there is a gradual slowdown of the growth rate since the heyday of the 1970s and into the first few years of the 21st century its economic vitality resembled much less of its erstwhile "miraculous" days. The bursting of the dotcom bubble, the 911 terrorist attacks and the SARS epidemic all put downward pressures on its economy, and so did the island's politics. Most significantly, Taiwan's economy fell into recession in 2001 for the first time since the 1950s. The proximate cause of the downturn was the Chen administration's decision in October 2000 to halt the fourth nuclear power plant on the grounds that it was "unnecessary and would create unacceptable environmental and safety hazards." (Landler, 2000) The project had already cost \$1.4 billion, was one-third complete and part of it was contracted to U.S., Japanese and Korean companies. So the decision

damaged the government's credibility among foreign investors and rattled domestic business community as well. By the end of 2000 Taiwan's stock market fell by more than 50%, defaults on loans surpassed the period of Asian financial crisis during 1997-98, and massive capital exodus to the mainland took place. (Wu, 2001b, pp. 47-48)

Taiwan's economy slowly recovered since 2002, but grew at an anemic rate during the remainder of Chen's tenure. As a result this period witnessed Taiwan's deteriorating economic power vis-à-vis other economies: its gross national product slid from the 16th largest in the world in 2002 to the 22nd largest in 2006; the size of its economy dropped from 30 percent of mainland China's economy to 18 percent; its per capita income was surpassed by South Korea, etc. (Copper, 2009, p. 182) A related though different sort of resource constraints was Taiwan's mounting budget deficit. The first huge budget deficit emerged in 1989, and the first half of the 1990s saw the first peak of deficit spending due to a new series of major infrastructure projects and expansion of social welfare programs. The budget deficit was brought under control during 1998-1999 but rose dramatically again due to sluggish or even declining revenue growth and further increase in social welfare spending. (CEFD of the ROC, 2010, p. 31)

Figure 5.1 Taiwan's GDP Growth Rate (CEPD of the ROC, 2008)

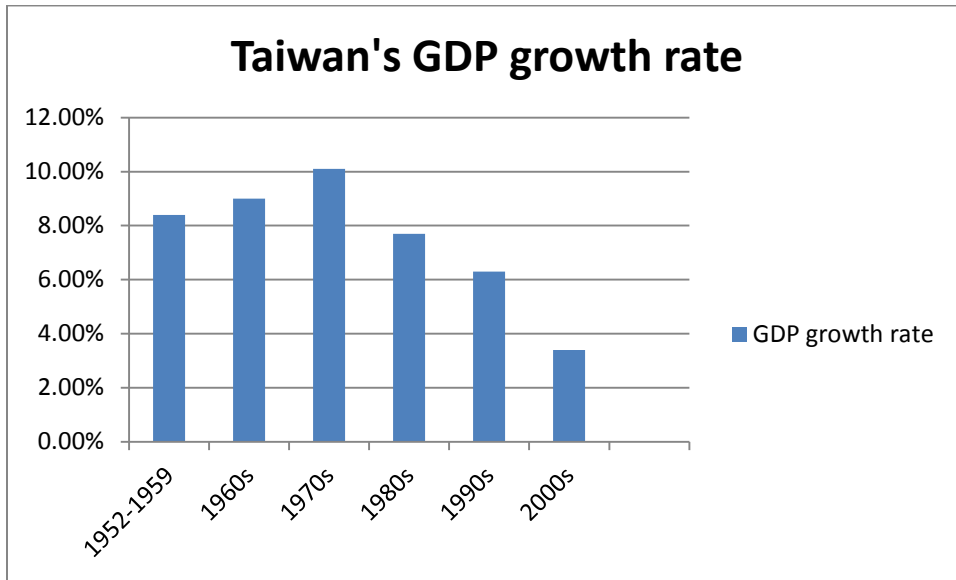
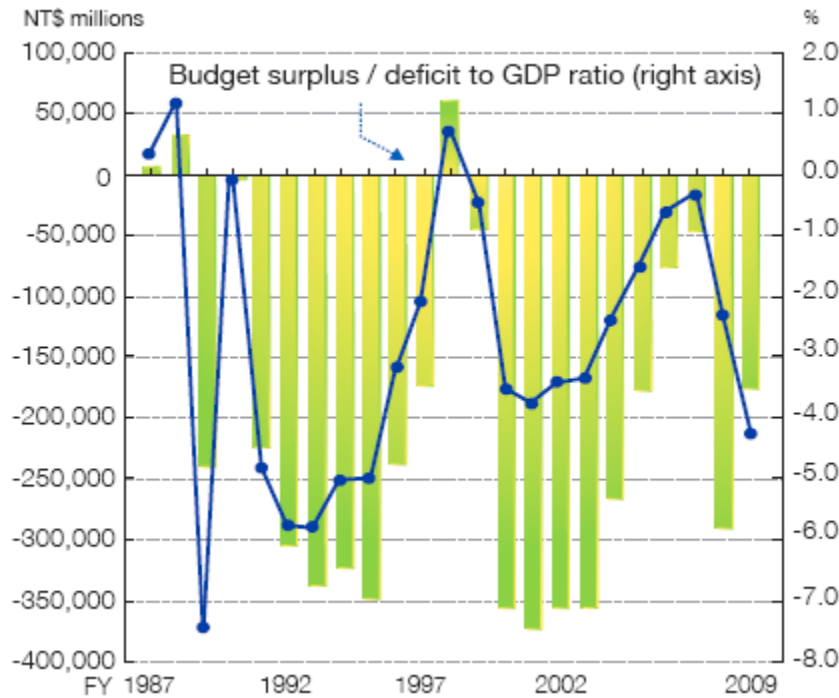


Figure 5.2 Taiwan's Budget Surplus/Deficit¹⁷² (CEPD, 2010)



¹⁷² Net budget revenue excludes revenue from government bond issuance and borrowing, and surplus from previous fiscal year; net budget expenditure excludes debt principal repayments. In addition, before 2000, the fiscal year begins July 1 of preceding year and ends June 30. FY 2000 extends from July 1, 1999 to Dec. 31, 2000. Subsequent fiscal years follow the calendar year (from Jan. 1 to Dec. 31).

Figure 5.3 Taiwan's Government Debt (Ministry of Finance of the ROC, 2011)

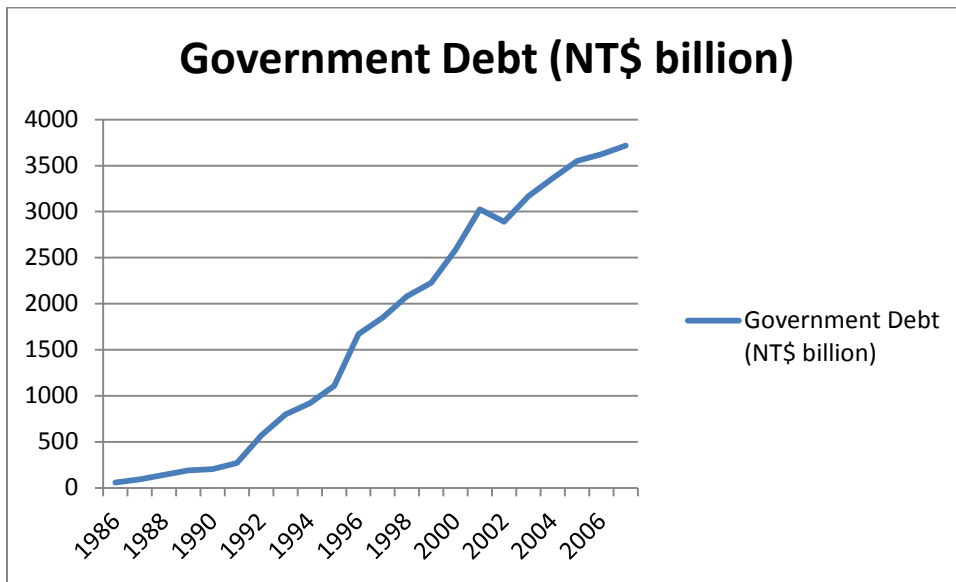
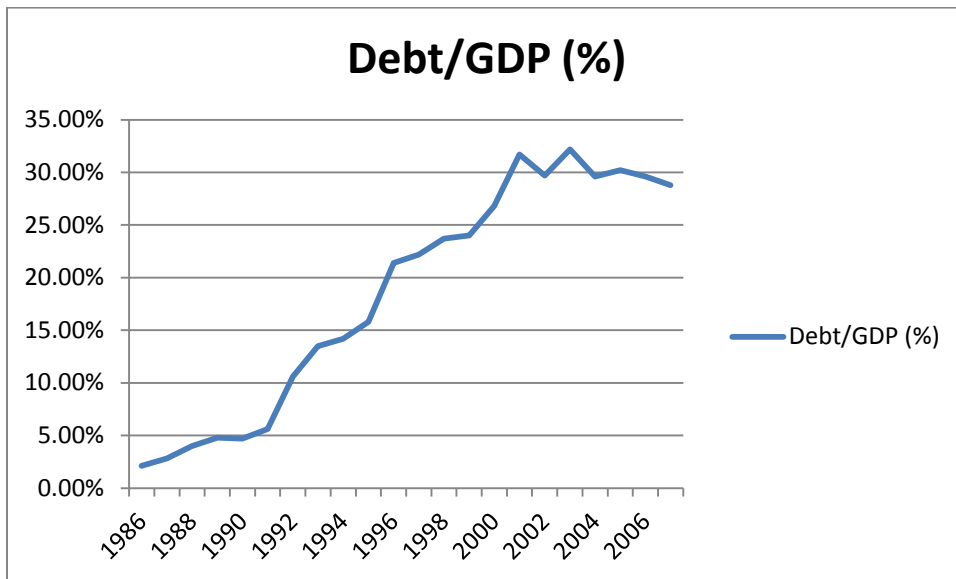


Figure 5.4 Taiwan's Debt/GDP Ratio (Ministry of the Finance of the ROC, 2011)



In order to finance government expenditure, Taiwan's government chose issuing bonds instead of raising taxes or printing money, because the latter two measures were unpopular and politically risky. The Taiwanese government has long been wary of inflation given the fact that hyperinflation was one of the reasons for the KMT's losing

the mainland to the Communist Party, and indeed Taiwan has been one of the most price-stable economies during the postwar history. (Cheng, Haggard, and Kang, 1998; CEPD of the ROC, 2010) Likewise, raising taxes was not an attractive option for any political party, and the competition between the KMT and the DPP actually resulted in a decreasing tax burden in Taiwan: from 20.1% of GNP in 1990 to 12.3% of GNP in 2003. (Chen, 2005) As a consequence the only way of financing the government's excessive spending was issuing bonds, which in turn contributed to its snowballing government debt. As Chart 3 and 4 shows, Taiwan's government debt skyrocketed since the mid-1990s and accounted for roughly 30% of its GDP during Chen Shui-bian's reign. The economic slowdown and rapidly growing budget deficit and government debt did not mean an automatic cut in military spending or diplomacy expenditure, but they made it harder for political leaders to justify pouring resources into these areas and made spending politics more contentious.

Furthermore, as Table 1 and Chart 5 show, the expansion of social security spending in Taiwan had a more direct negative bearing on the financial resources available for other purposes, including national defense. The spending on social security accounted for 18.6% of government expenditure in 1990 but rose to 26.7% in 2007, while spending on national defense dropped from 19.2% in 1990 to 11.2% in 2007. Both changing socioeconomic structures (aging population, rise of the dual-career family, decline in family functions, etc.) and welfare politics engendered by democratic transition led to the proliferation of social welfare programs, which "consisted of expansion of the scope of social welfare programs, the degrees of protection and coverage under various insurance

schemes, and the increasing numbers of eligible recipients under each program.” (Chow, 2001, p. 21)

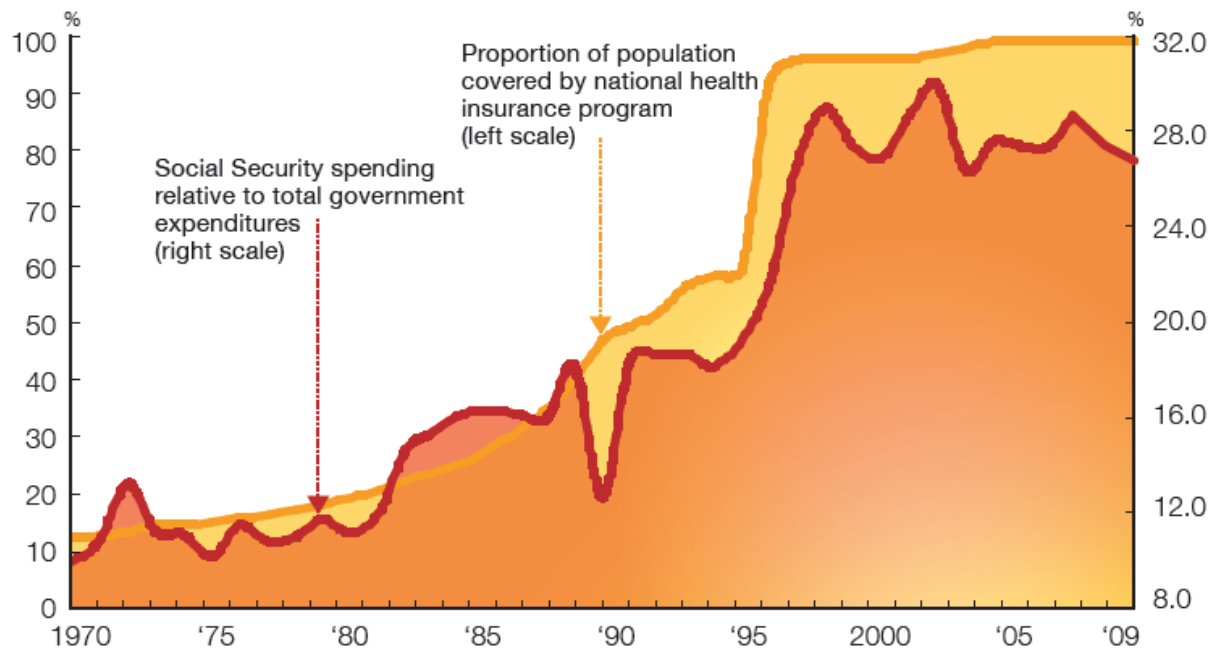
Party politics in Taiwan also put a twist on the welfare politics. Historically the KMT can be characterized as a center-to-right party favoring national security and paying attention to social security only insofar as it concerned the politically privileged groups—the military, government employees and teachers, while the DPP is a center-to-left party and advocated expansion of social welfare programs for less privileged group. But the KMT co-opted the DPP’s positions in the 1990s,¹⁷³ and became even more liberal after the DPP came into power in 2000 partly to embarrass the deficit-ridden DPP government. (Lee, 2009) The end result was that each party tried to outbid the other in initiating electorally beneficial social welfare programs with little regard for the financial or national security consequences. Thus welfare politics in Taiwan was conducted at the expense of the defense budget, which did not only account for an increasingly smaller portion of government expenditure, but also stagnated or even declined in absolute terms into the 21st century. Moreover, both quantitative and qualitative data revealed that foreign affairs budget was also woefully insufficient to engage in the diplomatic tug-of-war with Beijing. (Tien, 2005; Tubilewicz, 2011)

¹⁷³ In fact one of the most significant developments in social security—the universal national health insurance, was introduced in 1995 under the KMT rule.

Table 5.1 Taiwan's Government Expenditure Structure (in %) (CEPD of the ROC, 2008)

Period	General Administration	National Defense	Education, Science & Culture	Economic Development	Social Security	Obligations	Others
1986	11.4	24.9	20.9	25.1	16.1	0.9	0.8
1987	11.2	23.2	20.8	26.7	16.1	1.1	0.9
1988	11.0	22.1	20.3	26.5	18.2	1.1	0.8
1989	8.1	15.6	17.0	44.8	12.7	0.9	1.0
1990	11.5	19.2	20.7	27.5	18.6	1.5	1.0
1991	12.0	17.8	22.6	25.2	18.8	2.6	1.0
1992	12.7	15.3	20.8	29.6	18.8	2.2	0.7
1993	11.9	14.4	19.9	31.1	18.2	3.6	0.8
1994	11.8	17.6	20.9	25.6	19.2	4.1	0.6
1995	11.6	14.1	18.7	22.9	21.7	10.2	0.6
1996	13.2	15.5	20.3	17.9	26.9	5.8	0.5
1997	13.0	15.5	20.0	15.7	28.9	6.2	0.7
1998	12.9	15.7	20.7	16.8	27.4	5.8	0.8
1999	13.6	14.0	20.9	17.1	26.9	6.9	0.6
2000	14.9	11.4	20.9	15.1	28.7	8.6	0.4
2001	14.5	10.9	18.9	17.6	30.0	7.6	0.6
2002	15.2	10.5	20.4	18.9	26.4	8.0	0.6
2003	15.0	10.3	20.9	18.3	27.6	7.2	0.5
2004	14.9	11.1	20.6	19.0	27.4	6.2	0.6
2005	14.8	10.8	20.4	20.2	27.4	5.7	0.7
2006	15.3	10.5	21.6	17.0	28.9	6.1	0.6
2007	15.0	11.2	21.8	16.4	26.7	5.9	1.5

*Figure 5.5 The Development of Social Security in Taiwan*¹⁷⁴ (CEPD of the ROC, 2010)



5.4.2. Political constraints: persistent executive-legislative impasse

In addition to resource constraints, political constraints further circumscribed what the Chen administration were able to do in the face of an increasingly perilous security environment. Political constraints stemmed from constitutional and institutional characteristics as well as a few unforeseen developments of events, and Chen's efforts to

¹⁷⁴ Debt repayments are excluded from government expenditures.

break the constraints and expand his maneuvering space ultimately failed. To begin with, the ROC's constitutional framework introduces a possibility of executive-legislative impasse and does not offer effective means of resolving it. The ROC's original constitution adopted in 1946 on the mainland envisioned a parliamentary system, but after the KMT fled to Taiwan political power was concentrated in the hands of the presidency under martial law and the political system operated more like a presidential system in practice.¹⁷⁵ Since the democratization process commenced in the late 1980s, the Lee Teng-hui-led KMT government initiated a series of constitutional reform that simultaneously empowered the presidency and the legislature without a clear orientation toward either presidential or parliamentary system.

The problem is that to a great extent the constitutional amendments were made by “short-term calculations and improvised compromises” without due attention to the coherence and rationalization of the whole system. (Chu, 2005, p. 48) As Shelly Rigger noted, “as the hegemonic party, the KMT was able to manipulate reforms in ways that prolonged the party's influence at the expense of efficient, effective democratic institutions. Thus, the presidency was strengthened, but without regard for maintaining a workable relationship between executive and legislature, while the rubber-stamp legislature was given power without the resources to wield the power effectively. The opposition DPP acquiesced in many of these flawed reforms, because at one time they seemed to offer a shortcut to power.” (Rigger, 2005, p. 43)

¹⁷⁵ Except for a few years immediately after Chiang Kai-shek's death, the president has always held the dominant power. From 1975 to 1978, Vice President Yen Chia-kan became the president, but his power was overshadowed by then Premier Chiang Ching-kuo.

When the DPP and Chen Shui-bian won the presidential election in 2000, the political system in Taiwan resembled mostly closely the semi-presidential system practiced in France.¹⁷⁶ But Taiwan's system has its unique features which make it especially prone to unmanageable political gridlock. Firstly, after the 1997 constitutional revision the premier can be appointed by the president without the approval of the legislature. This effectively meant that the president did not have to pick a premier acceptable to the legislature, which augmented the president's power and discouraged the president from seeking compromise with the majority party in the legislature.¹⁷⁷ Secondly, since 1997 the president may dissolve the legislature *only* after a vote of no-confidence against the cabinet from the latter, and under these circumstances legislators in general refrain from initiating a vote of no-confidence because that would almost automatically trigger a dissolution and force them to face another costly and unpredictable election campaign. (Cabestan, 2008) So the president is not able to initiate to dissolve the legislature, while the legislature is not willing to take the initiative of a vote of no-confidence. The executive-legislature impasse, once formed, is likely to persist, and opposition legislators would turn the legislature into a battleground against policy proposals of the cabinet and president.

Still all these problems of institutional design will not come into surface as long as one party dominates both the executive and legislature, which has been the case before the DPP's presidential victory in 2000. But when Chen Shui-bian was inaugurated in May

¹⁷⁶ French political scientist Maurice Duverger coined the term "semi-presidential system". For discussions of the concept, see Duverger, 1980; Bahro, Bayerlein, and Vesser, 1998; Elgie, 2007. For the operation and evolution of semi-presidential system in Taiwan, see Huang, 2006; Wu, 2009; Shen, 2011.

¹⁷⁷ Under the French Fifth Republic system, the president would be forced into "cohabitation" with a prime minister and cabinet in consistent with the opposition majority in the parliament.

2000 as the ROC's 10th president, both he and the ROC's political history were stepping into an uncharted territory of divided government. As of May 2000 the DPP held less than a third of the seats in the legislature, while the KMT held more than half. Although the December 2001 legislative election witnessed a huge failure for the KMT and another victory for the DPP, and the latter became the biggest party in the legislature, the blue camp—the KMT and its allied parties still held a thin majority. The uncomfortable situation still stayed three years later after the December 2004 legislative election. And it was not just the minority status of the DPP and the green camp in the legislature. Chen's government was facing a “triple minority syndrome”: “he was elected as a minority president;¹⁷⁸ his party is a minority party in parliament; and his faction, the Justice Alliance, remains a minority force within the DPP.” (Chu, 2001, p. 105)

Still even combining the aforementioned institutional weaknesses and a divided government did not have to produce the political deadlock had Taiwanese politics not been so hypercompetitive and there been some degree of compromise. But for historical and institutional reasons politicians had been habituated to a winner-take-all mode of political competition and the spirit of compromise was alien to both political camps. (Rigger, 2005, pp. 28-29) This was manifested clearly in the early days of the Chen administration when both parties were confronted with the prospect of a divided government. Although Chen was receptive to drawing talents from other political parties for cabinet positions,¹⁷⁹ he categorically rejected the idea of party-to-party negotiation over a possible coalition government with either the KMT or the PFP. (Chu, 2001, p. 103)

¹⁷⁸ Due to the three-way race, Chen won the presidential election with only 39% of the votes.

¹⁷⁹ This was also partly attributable to the DPP's shortage of talents and lack of administrative experiences.

The KMT, for its part, penalized those party members who agreed to serve in the cabinet by expulsing them from the party. A few months later the unmanageable executive-legislative impasse was on full display after controversy erupted over Chen government's decision to halt the construction of the fourth nuclear power plant, which was one of Chen's campaign promises but firmly opposed by the majority pan-blue camp in the legislature. There was no institutional channel to resolve the standoff and finally it took the Council of Grand Justices to bring the dispute to an end.¹⁸⁰ (Rigger, 2002) The nuclear power plant drama crystallized the confrontational political atmosphere and made inter-party or executive-legislative cooperation all but impossible.

Taken together, the flawed institutional design, divided government and hypercompetitive political competition crippled the Chen government's ability to take policy initiatives, including its ability to mobilize resources to respond to the adverse power shift and a rapidly changing security environment. In the legislature the KMT-led pan-blue camp played a quintessential obstructionist game. The fate of the special budget for the Bush administrations' arms sales to Taiwan was a typical example: it was blocked more than fifty times in the legislature's procedure committee and the pan-blue legislators opposed the very same articles the KMT requested from the U.S. before the DPP came into power. A DPP-leaning newspaper *Taipei Times* lamented the situation in January 2006, "national security has taken a back seat to partisan maneuvering in Taiwan, and will continue to do so for the foreseeable future. The pan-blue alliance is pathologically opposed to any measure that would give the Chen administration a

¹⁸⁰ The Council of Grand Justices ruled that the government's decision was "procedurally flawed" and recommended that the cabinet ask for the legislature's approval retroactively. Later executive-legislative negotiation produced an agreement to complete the fourth nuclear power plant but make no further nuclear plant constructions. (Rigger, 2002)

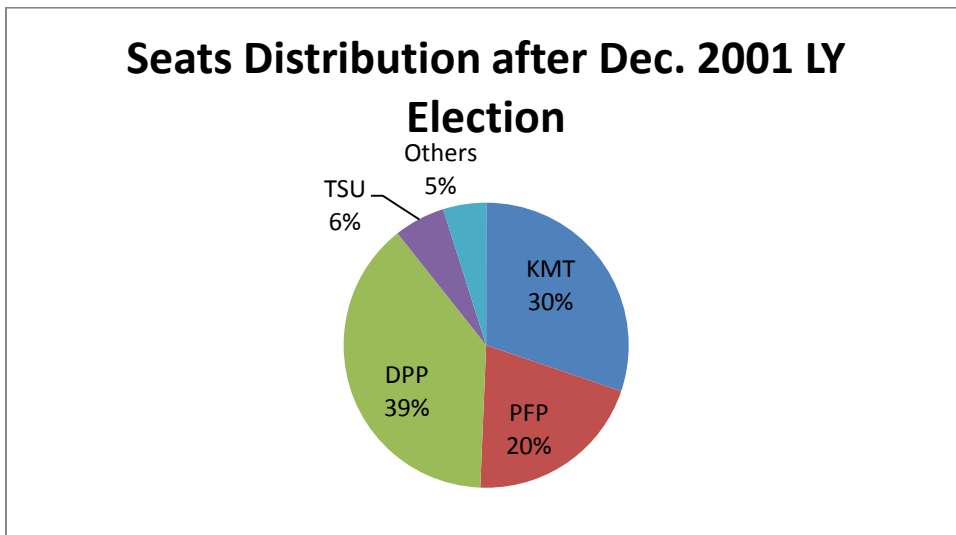
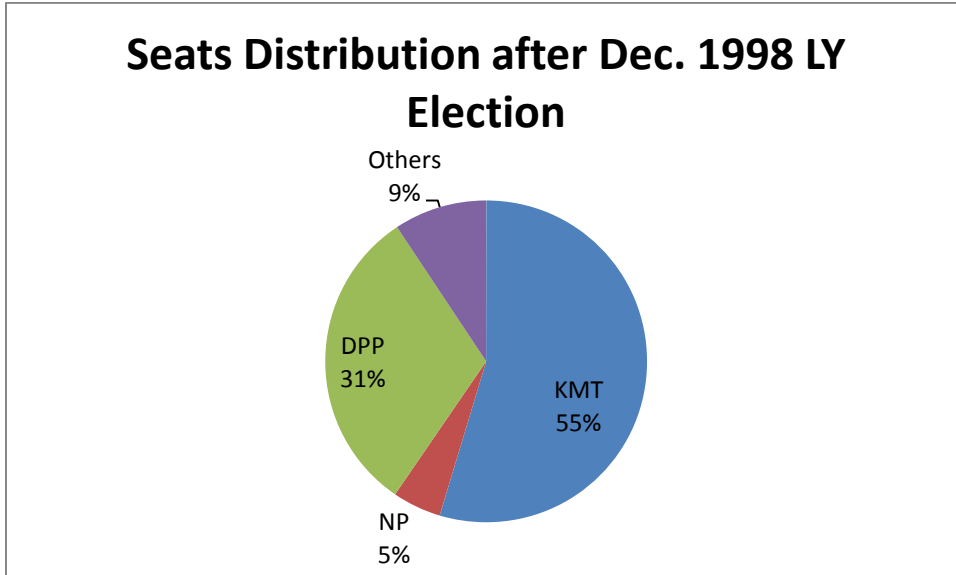
legislative victory. And the pan-green camp is powerless to implement any action on its own.” (Taipei Times, 2006)

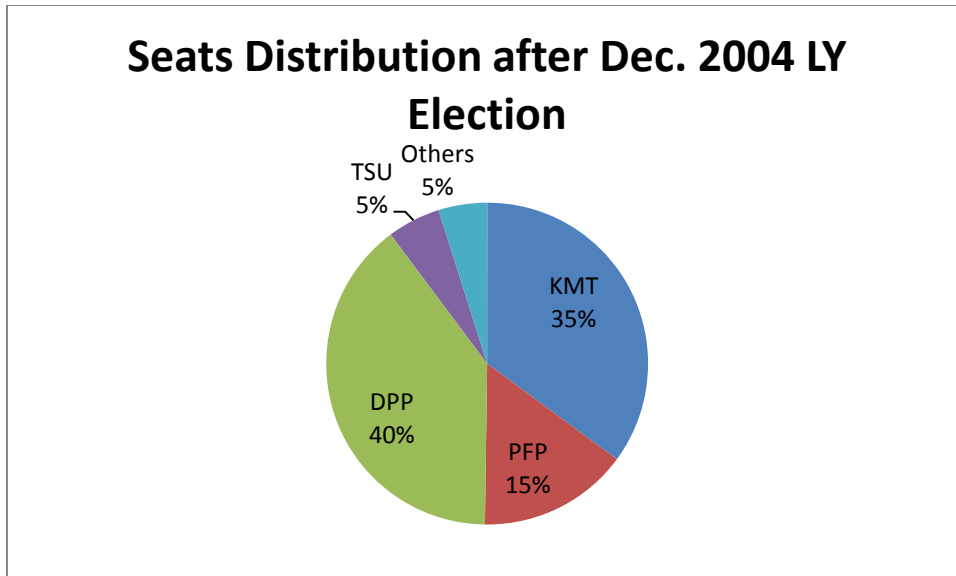
At times Chen attempted to improve the situation and break these political constraints. One such attempt was the appointment of Tang Fei, a KMT military general and ex-defense minister under Lee Teng-hui, as his first premier.¹⁸¹ But Tang Fei was not able to help him in the legislature at all and the KMT legislators treated Tang as a betrayer instead of a comrade. Tang soon resigned due to his opposition to Chen’s decision over the fourth nuclear power plant. Another such attempt was made in early 2005. Chen tried to build some sort of coalition with the PFP—the junior partner in the blue camp—to overcome the green camp’s minority status, and in February he held a meeting with the PFP chairman James Soong and produced a ten-point joint statements.¹⁸² But due to mutual distrust the coalition building was short-lived, and soon James Soong followed on the heels of the KMT chairman Lien Chan to visit mainland China. Not only was Chen unable to build a successful coalition with non-green parties, but he was further weakened politically after a series of scandals involving his family members and close aides were exposed in 2006 and his popularity plummeted. Thus throughout the two terms Chen and his government faced unprecedented political constraints, which tightened the straitjacket already imposed by resource constraints.

¹⁸¹ For Tang Fei’s own account of the critical period of power transition from the KMT to the DPP and his experience as premier under Chen, see his recently-published memoir (Tang, 2011).

¹⁸² For an analysis of the motives behind the Chen-Soong meeting and its failure, see Liu, 2010, pp. 92-99.

Figure 5.6 Seats Distribution in the Legislative Yuan in Taiwan (Central Election Commission, ROC)





5.5. Sovereignty assertiveness: Taiwan independence at its height

So given the adverse power shift across the Taiwan Strait –the PLA’s growing coercive capabilities, troubled U.S.-Taiwan relationship and shrinking international space—and strong resource and political constraints, the theory expects to see a rise of sovereignty assertiveness from the Chen government. This is exactly what had taken place from 2002 to 2007. It started in August 2002 with the “one-country-on-each-side” statement. In July 2002, Beijing scored another success in the diplomatic battlefield with Taipei by luring away Nauru and announced the establishment of diplomatic relations on the very same day when Chen assumed the DPP chairmanship.¹⁸³ Chen responded by saying that “Taipei would not rule out the possibility of going its own way”, and it was not long

¹⁸³ Interview with Chen’s close aides revealed that the “Nauru Incident” was a proximate cause of Chen’s “one-country-one-each-side” statement.

before he acted on his words. On August 3 addressing by teleconference to a group of overseas Taiwanese supporters in Tokyo, Chen dropped the rhetoric bomb, one comparable to that of the “special-state-to-state theory”, by asserting that “Taiwan is our country, and our country cannot be bullied, downgraded, marginalized, nor treated as a local government. Taiwan is not a part of any other country, nor is it a local government or province of another country. Taiwan can never be another Hong Kong or Macau because Taiwan has always been a sovereign state. In short, Taiwan and China are standing on opposite sides of the strait, there is one country on each side. This should be clear.” This is the so-called “one-country-on-each-side” theory (*yibian yiguo*). Beijing was again enraged, and Washington became concerned.

The “one-country-on-each-side” formulation was followed by a series of moves that were deemed by Beijing as “creeping independence”, salami tactics to achieve formal independence. Taiwan seemed to be drifting further away from the mainland. Throughout most of the time in 2003 the issue of referendum became hotly debated in Taiwan. Calls for referendum to address issues such as nuclear power, the size of the legislature and Taiwan’s membership in the World Health Organization (WHO) came mainly from Chen and the DPP, still the minority in the legislature despite its control of the executive branch. Beijing watched these developments anxiously.¹⁸⁴ Toward the end of the year, Chen announced that a “defensive referendum” would be held alongside the presidential

¹⁸⁴ The issue of referendum in Taiwan raised two sorts of concerns to the PRC. First and foremost, a referendum might be used to change Taiwan’s legal status or sovereignty, such as its national title or territory. Second, even if the referendum only involved public policy issues instead of the sensitive issue on Taiwan independence, the use of an island-wide referendum would probably by itself lay bare Taiwan’s political separation from the mainland.

election the next March.¹⁸⁵ Chen initially claimed that the referendum would be used to call on China to withdraw ballistic missiles aimed at Taiwan and to renounce the use of force against the island, but the final topics of the referendum were more carefully worded to be innocuous: whether the government should acquire more advanced anti-missile weapons; and whether the government shall engage in talks with Beijing in establishing a peace framework.¹⁸⁶

Chen insisted the referendum was an attempt to safeguard Taiwan's sovereignty and security by consolidating the Taiwanese "mental fortitude", by bringing to other countries' awareness China's military threat, and by having the true voice of Taiwan heard by Beijing. (Central News Agency, December 6, 2003, FBIS

CPP20031206000032) But for Beijing, the defensive referendum was "an important means for 'gradual independence' whereby to 'show off sovereignty of Taiwan' by a 'legal' symbol and justify 'independence' awareness", and it was "only an exploration, once the 'independence' forces deem the time is ripe, they would dish out an 'independence referendum'." (The People's Daily online, February 12, 2004) On top of the referendum issue, in September 2003 at a DPP meeting marking its 17th founding anniversary Chen also called for a new constitution to be completed by 2006, and he deemed a new constitution as "a necessary stop to build Taiwan into a normal, complete

¹⁸⁵ According to the Referendum Law, passed on November 27, 2003, "the president is entitled to initiate a referendum on national security issues whenever the country faces an external threat that could interfere with national sovereignty." *Taipei Times*, November 28, 2003.

¹⁸⁶ The exact wording of the referendum questions were announced on January 16, 2004: 1) the people of Taiwan demand that the Taiwan Strait issue be resolved through peaceful means. Should mainland China refuse to withdraw the missiles it has targeted at Taiwan and to openly renounce the use of force against us, would you agree that the Government should acquire more advanced anti-missile weapons to strengthen Taiwan's self-defense capabilities? 2) Would you agree that our Government should engage in negotiation with mainland China on the establishment of a "peace and stability" framework for cross-strait interactions in order to build consensus and for the welfare of the peoples on both sides? The referendum ultimately failed on the Election Day (March 20, 2004) because of the less than 50% turnout.

and great country.” (Central News Agency, October 3, 2003, FBIS CPP20031004000071) To China’s vigilance, the creation of a constitution was seen as the “Taiwan independence road map” contrived by Chen. (Xinhua Domestic Service, January, 2004, FBIS CPP20040103000041)

Chen won his second term by a razor-thin margin and made a fairly conciliatory inaugural speech on May 20 2004. He reaffirmed the assurances made four years ago and explicitly excluded such issues as Taiwan’s sovereignty and territory from the “constitutional reengineering project”. Although having rejected the “one China principle”, Chen acknowledged that so long as the Taiwanese people consented, any future between the two sides across the strait was possible. (The Washington Post, May 21, 2004) But for those who believed that the inaugural speech signaled that moderation was restored and the previous radical stances were merely electoral tactics, they soon found themselves to be wrong. In the National Day’s speech on October 10 2004, while referring to the 1992 Hong Kong meeting as the basis for resuming dialogue and consultation, Chen also made strong statements with implications for Taiwan’s sovereignty, “Taiwan is a small country... The sovereignty of the ROC is vested in the 23 million people of Taiwan... Taiwan is the Republic of China and the Republic of China is Taiwan.” (Central News Agency, October 10, 2004). Chen also continued to press on the constitutional reengineering project in October 2005 when he announced that constitutional reform would be a “bottom-up, outside-in” process, that is, “relevant proposals will be first initiated by the social groups before political parties are involved.”

The grassroots approach, if implemented, easily opened the door for radical independence-oriented constitutional drafts. (Romberg, 2006, p. 6)

Another significant institutional change took place when Chen announced on February 27 2006 that the National Unification Council would “cease to function” and the Guidelines would “cease to apply”. Although Chen himself never called an NUC meeting in his capacity as the head of the NUC, the NUC served as a manifestation of Taipei’s commitment, however symbolic and tenuous, to the long-term goal of unification, and its cancellation was perceived to be Chen’s attempt at further severing Taiwan’s relations with China. Furthermore, Chen indicated that Taiwan should adopt new strategy for its U.N. bid, that is, to apply for the U.N. membership under the name of “Taiwan”, instead of its official title, “the Republic of China”. (Central News Agency, September 13, 2006) Later Chen turned it into another referendum campaign that was to be held in tandem with the legislative elections at the end of 2007 or the presidential election in early 2008. Chen claimed that the referendum would probably even lead the U.S. to review its “one China” policy. (Central News Agency, October 21, 2007) Both China and the U.S. strongly and unmistakably opposed the proposed referendum, but only to no avail.¹⁸⁷ Thus Chen ended his second term with continual and assertive push for more independent sovereignty for Taiwan.

¹⁸⁷ The DPP-proposed referendum asked whether voters agreed that “the government should *apply* for U.N. membership under the name ‘*Taiwan*’.” (emphasis added) Lest it was outdone by the DPP on this issue, the KMT brought up its own version of referendum, which asked whether Taiwan should “*return* to the U.N. and to join other international organizations under the name ‘Republic of China,’ or “Taiwan,” or other name that is conducive to success and preserves our nation’s dignity.” (emphasis added) Both referenda failed due to the below-threshold (50% of eligible voters) turnout.

5.6. Conclusion

During the period of 2002-2007, Taiwan's strategic environment deteriorated in terms of all the three dimensions I examined: the PLA's growing coercive power and anti-access/area-denial capabilities tipped the military balance across the Taiwan Strait, U.S.-Taiwan relations turned from bad to worse despite a sound start due to increasingly divergent strategic interests and goals, and Taipei's formal and substantive diplomatic relations were losing ground to Beijing. The perilous situation increased the Chen government's incentive to respond by asserting Taiwan's separate sovereignty. Moreover, tight resource and political constraints circumscribed the Chen government's capacity to mobilize sufficient resources to respond strongly in military or diplomatic ways to the mounting multi-pronged threats to its security and survival. Sovereignty assertions, less effective and more provocative as they may be, are the very few alternatives left for the Chen government. To be sure, it is not argued here that domestic political and electoral considerations were absent from the story or Chen and his government were completely detached from parochial political interests. Indeed electoral considerations clearly impacted the timing and even substance of some of the sovereignty assertions. However, electoral politics cannot explain sovereignty assertiveness during the *whole* period of 2002-2007, and it does not dictate that the Chen government's stances on sovereignty had to be the way they were without the aforementioned external and internal constraints at work.

Chapter 6 Chen Shui-bian's Initial Moderation (2000-2001) and the Grand Rapprochement under Ma Ying-jeou (2008-2010)

In this chapter I will discuss the initial couple of years of the Chen Shui-bian administration (2000-2001) and the Ma Ying-jeou era (2008-2010). The two cases are grouped together because they *prima facie* challenge the predictions of my theory. Simply put, in both cases Chen and Ma adopted a low-sovereignty assertiveness approach without an apparent favorable power shift or stronger domestic mobilizational capacity. A closer look reveals that Chen's initial moderation exposes the inevitable lacuna of my theory focusing on external and internal constraints but leaving out individual-level factors, while Ma Ying-jeou's approach actually lends support to my theory.

6.1. Chen Shui-bian's surprising moderation

The 2000 presidential election marked the first transfer of power to the opposition after five-decade rule by the KMT in Taiwan. Chen Shui-bian, the DPP's candidate, edged out his opponents due to a split in the KMT. Since the DPP, as well as Chen himself, had a long record of advocating Taiwan independence, the somewhat surprising election outcome sparked a good deal of consternation among those who contemplated that tensions across the strait would rise with Chen and the DPP's coming into power. Yet to the contrary of the pessimistic expectations, Chen's initial approach to cross-strait relations demonstrated considerable moderation and conciliation.¹⁸⁸

¹⁸⁸ In fact the DPP's stance on Taiwan independence already moved toward moderation and the center before the 2000

Chen's inaugural address on May 20 2000 was the first sign of his "middle-of-the-road" approach and expression of "goodwill". Chen Shui-bian emphasized the same "ancestral, cultural, and historical background" across the Taiwan Strait and was willing to discuss "the question of a future 'one China'." Although apparently he did not embrace the PRC's version of "one China principle", Chen did not rule out the possibility of future unification. More importantly, his famous "Four Nos and One Without" reassured all parties concerned: Beijing, Washington, and the Taiwanese public: "as long as the CCP regime has no intention to use military force against Taiwan, I pledge that during my term in office, I will not declare independence, I will not change the national title, I will not push forth the inclusion of the so-called 'state-to-state' description in the Constitution, and I will not promote a referendum to change the status quo in regard to the question of independence or unification, furthermore, there is no question of abolishing the Guidelines for National Unification and the National Unification Council." Furthermore, Chen indicated on June 5 that Taiwan was willing to deal with the question of a future "one China" based on all agreements, consensus or conclusions reached through dialogue and contacts between the two sides in the past. At the end of June, Chen went a step further to signal that he was willing to accept "the 1992 consensus" if it meant "one China, respective interpretations" instead of the PRC's rigid "one China principle".¹⁸⁹ (Bush, 2005, p. 63) Allegedly Chen also contemplated resuscitate the moribund NUC but after MAC Chairwoman Tsai Ing-wen opposed Chen established a

presidential election, especially with the adoption of a party resolution in May 1999. For a review of the evolution of the DPP's positions on Taiwan independence, see Rigger, 2001, chapter 7.

¹⁸⁹ Reportedly after then MAC chairwoman Tsai Ing-wen showed strong opposition, later on the Presidential Office then denied it.

President's Advisory Group on Cross-Strait Relations headed by Academia Sinica President Lee Yuan-tesh and composed of members from different political camps in order to integrate different views and forge consensuses. In December 2000 the advisory group proposed to respond to Beijing's demand for recognition of the "one-China principle" with the ROC constitution.¹⁹⁰

In short, Chen did not only retreat significantly from the DPP's traditional radicalism of formal Taiwan independence, he also stood explicitly apart from his KMT predecessor, Lee Teng-hui's provocative "special state to state theory". A few months later, Chen's statements once again caught people's attention with his 2001 New Year messages. He suggested the two sides to build trust, "starting from the integration of cross-strait economic, trade, and cultural affairs and the jointly searching for a new framework of lasting peace and political integration", "thereby working together to explore the space of unlimited possibilities in the utmost interests of the people on the two sides of the Strait." The term "political integration", although still short of unification, did incite a flurry of imagination about Chen's vision of the framework of a future "one China".¹⁹¹ As late as

¹⁹⁰ The group proposed "three acknowledgements" and "four recommendations". In addition to the adherence to the ROC constitution, they also include: the current state of cross-strait affairs is a result of historical development and neither side represents or belongs to the other; any change to the current cross-strait situation should be approved by the people through democratic procedures; as the two sides of the strait use a similar language and are closely situated, their people should share long-term and mutual benefits; establish a new mechanism or adjust the existing one to continue to integrate different views on national development and cross-strait relations; appeal to the PRC to respect the ROC's international dignity and living space and to give up on the use of force; declare to the world that the ROC and its people stick to beliefs in peace, democracy and prosperity, etc. (President's Advisory Group on Cross-Strait Relations December 6, 2000)

¹⁹¹ There were different interpretations of Chen's "political integration" statements. Harvey Sicherman, President of the Foreign Policy Research Institute, believed that Chen "appeared to commit himself as clearly as any of his predecessors to the goal of 'one China' in the sense of an integrated political future." Chen Kuei-miao, a pro-unification New Party official, also suggested that "the political integration concept outlines an intermediate stage in the eventual unification process with mainland China." But Frank Hsieh, chairman of the DPP, only considered it as another "goodwill gesture" and denied that "integration" was equal to "unification". Byron S. J. Weng characterized the integration concept as "independence with the possibility of unification [and] unification with room for independence." See Hickey and Li, 2001.

May 2002 Chen, when giving a speech at the very frontline of Kinmen, still reiterated the possibility of political integration and the necessity of establishing the three links.(Chen, 2002)

The Chen administration also went beyond words by authorizing the so-called “three mini-links” between the two offshore islands of Kinmen and Matsu and the Chinese mainland in January 2001. Given that direct transportation, trade and postal linkages (“the three links”) across the strait were still prohibited by Taiwan at that time, the initiation of the “mini-three links” was perceived as “the most significant move made by the DPP government since winning power” in terms of cross-strait affairs. (Gao, 2001) In November 2001, the Chen government adopted a more liberal economic policy vis-à-vis mainland China, replacing the more restrictive “no haste, be patient” policy under Lee Teng-hui with “aggressive opening, effective management.” Most notably, the new policy scrapped a \$50 million limit on individual investments in China and automatically approved projects of less than \$20 million. (Landler, 2001)

Other smaller conciliatory measures aiming at closer cross-strait relations included Taiwan’s support for Beijing’s bid for PNTR with Washington and to enter the WTO and campaign to host the 2008 Olympic games. Taipei also permitted reporters from the PRC to be stationed in Taiwan and promised to ease restrictions on mainland travelers and on trade and investment in the mainland by Taiwanese businessmen and to realize the “three links” sometime in the future. (Hickey and Li, 2002) Taken together, although Chen’s mainland policy in the first two years of his presidency was not comparable to that of the early 1990s, it was a noticeable retreat from the late Lee Teng-hui years and by no means

a separatist agenda, although the moderation and conciliation proved to be transient and would soon give away to more radical stances.

So why the moderation? There was neither perceptible favorable power shift nor enhanced domestic mobilizational capacity, yet Chen displayed a low-sovereignty assertiveness approach vis-à-vis mainland China. Instead of being driven by external and internal constraints, Chen's initial approach seemed to stem in large part from his eagerness to open dialogue with Beijing and personal ambition of becoming "Taiwan's Nixon".¹⁹² (Liu, 2010, p. 23) This reflects the inevitable lacuna of the kind of macro-theory that focuses on external and internal constraints but leaves out individual-level factors. Indeed individual-level political leadership is sometimes crucial to our understanding of human history, and although external and internal constraints may incentivize political leaders to act in certain ways, sheer human voluntarism may simply decide to act otherwise. But the occurrence of one deviation from theoretical predictions should not falsify the theory; a real and big challenge for the theory would be that the deviation is sustained over an extended period of time. This was clearly not the case: soon in August 2002 Chen Shui-bian reversed course and chose instead a hard-line approach with high sovereignty assertiveness. Put differently, structural constraints trumped individual leadership.

¹⁹² "Taiwan's Nixon" means that Chen Shui-bian, from a political party which has openly advocated Taiwan independence, might nevertheless open dialogue with Beijing and even set foot on the mainland's soil, just as President Nixon did in his historic 1972 trip to China despite his strong anti-communist credentials.

6.2. The grand rapprochement under Ma Ying-jeou

Having campaigned for moderation and pragmatism in terms of cross-strait relations, among other things, Ma called for a “win-win” situation during his inaugural address. He reiterated the principle of “no unification, no independence, and no use of force” and promised to maintain the status quo in the Taiwan Strait “under the framework of the ROC Constitution”. Ma also called for the resumption of cross-strait negotiations based on the “1992 Consensus”—one China, respective interpretations. Moreover, he proposed a “truce” in both the cross-strait and international arenas. Analysts in Beijing saw the speech “full of goodwill” and tended to believe that “one China” existed in Ma’s mainland policy. (Central News Agency, May 20, 2008)

Ma’s statements and characterization of cross-strait relations afterwards suggested that he stuck quite closely to the notion of one China. On August 26 2008, when interviewed by Mexican Daily and asked on the idea of “two Chinas”, Ma said that “we (Taiwan and China) have a special relationship, but not that between two countries,” a sharp contrast to either Lee or Chen’s previous formulations. (*The China Post*, September 4, 2008)

Later the Presidential Office Spokesman defended Ma’s statement and went a step further by defining the relationship between Taiwan and China as one between two regions: the “Taiwan region” and “mainland region.” (*The Taipei Times*, September 5, 2008) In October Ma said that under the ROC Constitution, the ROC “definitely is an independent sovereign state, and mainland China is also part of the territory of the ROC.” (*The Taipei Times*, October 8, 2008)

With the political hurdles overcome, resumption of dialogues came about quickly. On June 11 2008, the SEF and the ARATS, the two semi-official bodies established in the early 1990s by both sides, met again in Beijing after a hiatus of nine years. Eight rounds of SEF-ARATS summit meetings have been held so far, and a series of agreements had been signed on a wide range of issues, including trade, transportation, tourism, travel, finance and investment, crime control, and food safety. The November 2008 meeting was particularly significant in two aspects. First, Chen Yunlin, head of the ARATS, flew to Taipei to meet with Chiang Pin-kun, head of the SEF. The visit by Chen made him “the highest-ranking official to set foot on Taiwan proper in six decades.” (*Taiwan Journal Online*, November 7, 2008) Second, the meeting signed several agreements regarding direct shipping links, expansion of air links from weekend to daily nonstop charter flights, and direct postal services, thus setting into full realization of the “three links” between the mainland and island, again after six decades. (Central New Agency, December 15, 2008) Moreover, a cross-strait Economic Cooperation Framework Agreement (ECFA) was signed in 2010 during the fifth round of talks between the SEF and ARATS. In the realm of security, ideas of a “peace agreement” between the two sides have been floated for a while, although no substantive moves have been taken so far.¹⁹³ So why has the Ma Ying-jeou government been able to sustain its low-profile approach on sovereignty, especially given the seemingly widening gap of military capabilities across the strait?

¹⁹³ For an analysis of the feasibility of a “peace agreement” in light of the current developments across the Taiwan Strait, see (Saunders and Kastner, 2009)

Indeed the military dimension seems to be the exception to the overall increasingly warmer cross-strait relationship with the military balance continuing to shift to Beijing's favor and many of the PLA's aspirational capabilities developed and put into service. As the ROC's 2011 *National Defense Report* stated,

“With regard to the PRC’s policy towards Taiwan, although evaluations of the security situation show that cross-strait relations are gradually improving, the PRC still emphasizes that ‘Taiwan Independence’ separatist forces are a threat to its territorial sovereignty and security, and has objected to the continued U.S. arms sales to Taiwan. Up to date the PRC has not showed military good will towards Taiwan, nor has it adjusted its concept of intimidation and unification.” (Ministry of National Defense of the ROC, 2011)

The Taiwanese defense sectors took the establishment of new missile bridges in Guangdong, Fujian and Jiangxi areas, deployment of advanced fighters in airbases within 600 nautical miles from Taiwan, continued upgrading of amphibious landing capabilities, etc. to be evidence that the PLA's modernization still has a significant Taiwan focus. (Ministry of National Defense of the ROC, 2009) pp. 31-32 Moreover, the two sides have yet established substantial Confidence Building Measures (CBMs). There are a few declaratory and transparency measures in place such as publication of defense reports and announcements of plans for major military exercises, but communication (such as hotlines), regulatory (such as a code of conduct over the strait), or limitation measures (such as limitations on the deployment of certain forces) have largely been absent.¹⁹⁴ (Ministry of National Defense of the ROC 2009, pp. 33-34)

¹⁹⁴ For analyses of the feasibility and implications of establishing cross-strait CBMs, see Bonnie S. Glaser, Kwei-bo Huang, and Steven M. Goldstein's pieces in Cliff, Saunders, and Harold, 2011.

However, this does not mean nothing has changed. First of all, rhetorically Beijing has attempted to make reassuring rather than threatening statements about the cross-strait military situation. (U.S.-China Economic and Security Review Commission, 2011, p. 282) If one contrasts China's 2010 defense white paper on Taiwan and its 2004 version, the difference is striking. As regards the Taiwan scenario, the 2010 white paper states,

“The Chinese government has formulated and implemented principles and policies for advancing peaceful development of cross-strait relations in the new situation, promoted and maintained peace and stability in the area. Significant and positive progress has been achieved in cross-strait relations.”
(Information Office of the State Council of the PRC, 2011)

The rhetoric in the 2004 white paper is much more threatening,

“The situation in the relations between two sides of the Taiwan Strait is grim... The separatist activities of the ‘Taiwan independence’ forces have increasingly become the biggest immediate threat to China’s sovereignty and territorial integrity as well as peace and stability on both sides of the Taiwan Strait and the Asia-Pacific region as a whole.” (Information Office of the State Council of the PRC, 2004)

Secondly, the PLA's other missions start to compete for attention and resources as the cross-strait rapprochement continues. In 2005 Hu Jintao proposed in abstract terms the PLA's "historic mission in the new phase of the new century": maintain the CCP's status as the ruling party; provide a security guarantee to safeguard China's continued development; help safeguard China's expanding national interests; and play a role in fostering world peace. (Xinhua News Agency, September 27, 2005) In particular, two recent developments seem to foreshadow some adjustments of the relative importance of the Taiwan scenario for the Chinese military. The first development is China's intensified maritime disputes in the East and South China Sea with its neighbors, which would

require at least some limited power projection capabilities if China wants to defend its maritime claims and even seize and control disputed islands. (Glosny 2009, 109-125, p. 122)

The second development is the rise of the PLA's non-combat military operations such as disaster relief and rescue, counterterrorism, peacekeeping, evacuation of overseas Chinese citizens, anti-piracy, etc. (Fravel, 2011) With China's now far-flung economic interests still expanding, it is expected that the PLA's non-combat missions will only increase. Although these new developments do not necessarily mean that Beijing will ease its military pressures upon Taiwan or shift the PLA's focus further away from the Taiwan scenario, it does mean that military as well as civilian hardliners on Taiwan will have to try harder to justify expending limited resources in an arguably improved situation.

If the military dimension casts a shadow over the long-term sustainability of Ma's conciliatory approach on sovereignty, the restoration of U.S.-Taiwan relations and the latter's expanded international space in recent years have tempered the impetus to sovereignty assertions. The inauguration of Ma Ying-jeou offered high hope to both capitals to rescue the U.S.-Taiwan relationship from the nadir during most of the Chen Shui-bian years. Despite the Bush administration's quietly turning down Ma's hope that he could visit Washington before the inauguration, (Romberg, 2008a) Washington-Taipei ties were off to a good start. Senior officials from the White House, State Department, and the U.S. Pacific Command one after another commended Ma's approach of handling mainland affairs and shrugged off rumors that Washington was concerned about closer

cross-strait relations.(Romberg, 2008b, p. 17) The U.S. support of Ma’s policies continued after Bush left office and Obama sworn in. On March 18, 2009, then AIT Chairman Raymond Burghardt emphatically and unambiguously conveyed the U.S. endorsement of Ma’s policies at a press conference in Taipei, which is worth citing at length:

I’d like to emphasize that the Obama administration, like the Bush administration before it, has a very positive view of the progress that has been made since last May in restoring dialogue across the Taiwan Strait and in the many steps toward improved cross-Strait relations that have been taken... Our relationship with President Ma and with his administration has been excellent... We will continue to encourage constructive cross-Strait engagement. At the same time our commitments under the Taiwan Relations Act will remain unchanged. We believe, as President Ma does as well, that Taiwan must negotiate from a position of confidence.(Burghardt, 2009)

Throughout the course of Ma’s first term, its relations with Washington had been mostly cordial except in a few areas such as its policy flip-flop of the importation of U.S. beef, on which the unprincipled domestic wrangling is still ongoing. The state of U.S.-Taiwan relationship led Ma Ying-jeou to proclaim that it is the “healthiest” in 30 years. (Chan, 2012) Moreover, toward the second half of 2011 there were a series of moves taken by the U.S. government that were interpreted by the DPP and many others as tacit tactics to shore up Ma Ying-jeou’s domestic support for the upcoming presidential election in January 2012. First came multiple high-level visits of U.S. officials to Taipei, including assistant secretary of commerce, assistant secretary of the Department of Housing and Urban Development, deputy assistant trade representative, administrator of the U.S. Agency for International Development, and finally Deputy Secretary of Energy Daniel

Poneman, who became the highest-ranking government official to visit Taiwan in over a decade. (Romberg, 2012)

Then in December 2011 the AIT announced that Taiwan was being nominated for inclusion in the United States Visa Waiver Program (VWP). Although the AIT emphasized that the decision was due to Taiwan having met the U.S. statutory requirements for membership of the VWP and had nothing to do with the election, the timing was delicate enough to warrant some speculations. (Yeh, 2011b) Finally, right before the election Douglas Paal, former AIT director, commented in Taiwan that that the “1992 consensus” was a “creative formulation” to enable Taipei and Beijing to negotiate issues pragmatically and that the DPP presidential candidate Tsai Ing-wen’s policies could threaten the stability of the region. The AIT quickly pointed out that Paal by no means represented the U.S. government and distanced itself from him by calling off a scheduled meeting, but still the suspicion of U.S. non-neutrality in the election was reinforced. (Shih and Wang, 2012) No matter whether these moves were intended to have an impact on Taiwan’s election or not, they demonstrated that the Ma Ying-jeou government relations with the U.S. and mutual trust were in good shape.

Skeptics might argue that the U.S. support has actually been waning in light of the U.S. government stalling in selling arms such as F-16 C/Ds to Taiwan and the plethora of “abandon Taiwan” thesis from some quarters of the U.S. academics and former officials. Both objections, however, do not bear close scrutiny.

After the Ma administration came into office, Taiwan received three arms sales packages from the U.S. and despite critics' accusations of the U.S. government's inadequate efforts to supply Taiwan with necessary defensive arms in a timely manner, the three packages are actually large in historical perspective and have reassured the Taiwanese government of the U.S. continued adherence to its longstanding policy on arms sales to Taiwan. On October 3, 2008, the Bush administration notified the Congress of a long-anticipated arms sales package worth of \$6.4 billion to Taiwan, including most notably 330 PAC-3 missile defense missiles and 30 Apache attack helicopters. (Kan, 2011b) The Ma government responded with euphoria, "we feel that [the Oct. 3] announcement by the U.S. administration marks an end to the turmoil in Taiwan-U.S. relations of the past eight years and also represents the beginning of a new era in peace and security, as well as mutual trust between Taiwan and the United States." (McNeil, 2008)

The Obama administration has sold Taiwan defense articles and services totaling more than \$12 billion in less than two years. The first package came in January 2010 and among others included 114 PAC-3 missile defense missiles and 60 Black Hawk utility helicopters. Most of the items were actually pending from the 2001 big basket and represented no breakthroughs, but it elicited unusually harsh reactions from Beijing, including another rupture of military-to-military relations and proposed sanctions against U.S. firms involved in the production of those arms. (Wolf and Blanchard, 2010) Then in September 2011, the Obama administration announced its decision to upgrade Taiwan's inventory of F-16 A/Bs at a possible cost of \$5.3 billion. Given that Taiwan has requested buying 66 newer F-16 C/Ds since 2006 and the upgrading decision again circumvented

the F-16 C/D issue, Taiwan's friends in the Congress and the defense industry criticized the Obama administration for buckling under China's pressure.

The U.S.-Taiwan Business Council, for example, while acknowledging the upgrading will "help Taiwan address diminishing manufacturing sources and obsolescence issues, improve reliability and maintainability, improve survivability, and update aircraft capabilities to remain abreast of current mission requirements," alleged that the balking at the F-16 C/D issue will "represent a capitulation of America's obligation to provide Taiwan with defensive arms based solely on Taiwan's needs." (Hammond-Chambers, 2011) Nevertheless, government officials and supporters of the upgrading decision pointed out correctly that retrofitting Taiwan's existing F-16 A/Bs with radar, weapons and structural upgrades was a faster and cheaper way to strengthen Taiwan's air power without doing serious damage to the fragile U.S.-China relationship.¹⁹⁵ Former AIT head Richard Bush believed the decision also demonstrated the U.S. continuing commitment to Taiwan's defense. (Bush, 2011) The Taiwanese government, though still pressing for the F-16 C/D sale, echoed the U.S. government's argument that the retrofitting would advance its air power significantly and was a reflection of the U.S. commitment. (Yeh, 2011a)

In the past few years quite a few U.S. academics and former officials called for a fundamental adjustment of its Taiwan policy in light of the cross-strait rapprochement

¹⁹⁵ A *National Journal's* survey of defense and foreign policy experts found that two-thirds of its "National Security Insiders" agreed with the Obama administration's upgrading decision. (Sorcher, 2011) Additionally, according to *the Taipei Times*, a classified Pentagon report actually believed that F-16 C/Ds were not suitable for Taiwan's defense on the grounds that "the planes and runways from which they would operate could not survive an initial missile attack from China." Rather the Pentagon recommended short takeoff and vertical landing fighters for Taiwan. (Lowther, 2011)

and changing strategic landscape in East Asia. Different variants of these arguments suggested substantial scaling back the U.S. support to Taiwan at a minimum or even an outright abandonment of Taiwan, i.e., repealing the TRA.¹⁹⁶ For example, Bruce Gilley argued in *Foreign Affairs* that the U.S. should facilitate the “Finlandization” of Taiwan. The term “Finlandization” means Finland’s post-WWII arrangement with the Soviet Union under which Helsinki agreed not to join hands with other countries to challenge Soviet interests in exchange for the Kremlin’s promise to respect Finnish domestic autonomy and democracy.

In the cross-strait context, Taipei should distance itself from being a U.S. strategic ally and refrain from undermining the CCP’s rule in China, while Beijing would reduce its military threats and grant more international space and economic benefits to Taipei. The U.S., for its part, should consult with Beijing about its contacts with Taipei, exclude Taiwan from its battle plans, and most significantly, cut back its arms sales to Taipei.

(Gilley, 2010) In another prominent piece, Charles Glaser was more explicit in tying an abandonment of Taiwan with the importance of U.S.-China relations by saying that “backing away from its commitments with Taiwan” would “remove the most obvious and contentious flash point between the United States and China and smooth the way for better relations between them in the decades to come.” (Glaser, 2011, p. 87)

The “abandon Taiwan” chorus is not without serious critics. Nancy Tucker and Bonnie Glaser criticized the abandonment idea head on by arguing that the benefits of such a move are elusive and risks are high. (Tucker and Glaser, 2011) Specifically they pointed

¹⁹⁶ In addition to the two pieces cited below, see also Owens, 2009; Miller Center of Public Affairs, 2011.

out that abandoning or reducing support for Taiwan will unlikely secure China's cooperation on issues over maritime rights, nuclear proliferation, cyber security, etc., as China's positions are determined by its own national interests and are "not taken as favors to Washington." (Tucker and Glaser, 2011, p. 25) Instead, an abandonment of Taiwan and the almost certain consequence of Taiwan being incorporated into mainland China in some form will hurt the U.S. economic interests in an autonomous Taiwan and the U.S. stature as the beacon of democracy, and perhaps more significantly, put the U.S. credibility at risk in the eyes of its friends and allies in Asia. (Tucker and Glaser, 2011) Moreover, Richard Bush noted that Taiwan is a strategic asset rather than a liability to the U.S. because it is "a litmus test of what kind of great power China will become," i.e., how China will approach the Taiwan Strait issue sends a message about whether China's rise will be peaceful and constructive or not. (Bush, 2012) Beyond these strategic concerns over ditching Taiwan, Shelley Rigger added that moral reasons should also prevent the U.S. from ending its security assistance to Taiwan hastily given the "decades of friendship, cooperation, common purpose, and shared sacrifice." (Rigger, 2011, p. 4) If Taipei does not take enough comfort from these criticisms of abandoning Taiwan from prominent experts on U.S.-China-Taiwan relations given their non-official status, senior officials from the Obama administration have certainly driven home that an abandonment of Taiwan is far from being a serious option for Washington. Jeffrey Bader, former senior director for Asian affairs in the NSC, commented in Taipei in March 2012 that the idea of abandoning Taiwan is like something from a "kids' playground" rather than something learned at "school," and it is simply "unthinkable." Moreover, Bader emphasized, "there

is a pretty strong consensus” in Washington “about the importance of Taiwan—democracy, stability, and the peaceful resolution [of cross-strait differences],” and that his view was shared by his colleagues in the NSC and the State Department. (Shih, 2012)

Bader’s colleague, Kurt Campbell, who was Assistant Secretary of State for East Asian and Pacific Affairs, more systematically elucidated “why Taiwan matters” in the strategic context of the U.S. “rebalancing” toward Asia when he testified before the House Foreign Affairs Committee in October 2011. Campbell stressed that an important part of the U.S. Asian strategy is “maintaining a robust and multidimensional unofficial relationship with Taiwan,” and “consistent with this interest is the United States’ strong and enduring commitment to the maintenance of peace and stability across the Taiwan Strait.”

Moreover, the U.S.-Taiwan relationship advances many of the U.S. economic and security interests in the region and the management of the relationship will have a great impact on the way partners view the U.S. across the Asia-Pacific region. Campbell also “categorically” rejected the assertion that the U.S. effort to build a “positive, cooperative, and comprehensive” relationship with Beijing would come at the expense with relations with Taiwan. (Campbell, 2011) In short, although the “abandon Taiwan” thesis has inevitably caught plenty of media attention, it has not come close to be the mainstream view and has not influenced the Obama administration’s Taiwan policy in any perceptible way. Although the Taiwanese government and Taiwan’s friends in the Congress, defense industry and think tanks would still fault the Obama administration for not offering enough support, the truth is that the U.S.-Taiwan relations have been in a far better state characterized by considerable mutual trust.

Moreover, Taiwan's international space has been expanded, if only to a limited extent. The limited expansion of Taiwan's international space is reflected in several aspects. First of all, it managed to preserve the number of its formal diplomatic allies at 23 with a tacit understanding of "diplomatic truce" with Beijing. Given the downward trend of the number of Taipei's diplomatic allies and Beijing's rising economic and political clout, this is actually a more remarkable achievement than it appears to be. Beijing has so far been tacitly observed the "truce" and reportedly turned down at least three of Taipei's allies' requests to switch sides.

Moreover, Taiwan has participated in the UN-affiliated World Health Assembly (WHA) under the name "Chinese Taipei" as an official observer for the past three years. In particular, its presence in the WHA in May 2009 marked the first time to participate in a meeting or activity of U.N. specialized agencies since 1971, when the ROC's seat in the U.N. was taken over by the PRC. It was also the first time for Taiwan to take part in the WHA after 12 unsuccessful attempts to join the body since 1997. (Low, 2009) It also meant that China relaxed its longstanding position that Taiwan was not eligible to join the U.N, its affiliated bodies or any other international organizations composed of sovereign states. However, the opposition DPP mounted strong criticisms against the seemingly welcome development for Taipei. The DPP pointed out that the participation in the WHA was no more than a malicious favor from Beijing and that the negotiation process was not transparent enough to ensure that no secret deals were conducted between the KMT and the CCP. Most importantly, the DPP alleged, Taiwan's status in its participation in the WHA could be relegated to that of the NGOs or an "associate member" subordinate to

Beijing's sponsorship.¹⁹⁷ (deLisle, 2009) The Ma Ying-jeou government defended the participation as a major breakthrough in terms of Taiwan's international space without compromising its dignity or sovereignty. In light of Taiwan's domestic political atmosphere, the wrangling over WHA may never end, but one would be hard-pressed not to admit that the participation is an overall positive development for Taipei, albeit with limits.

Another development in terms of Taiwan's participation in international organizations is that former Vice President and honorary chairman of the KMT Lien Chan became the highest-level Taiwanese official to attend the APEC from 2008 to 2011. (Chan, 2011) This is in sharp contrast to the 2001 APEC summit in Shanghai, when Chen Shui-bian was unable to send another former Vice President Li Yuan-zu as his envoy and decided to withdraw from the meeting altogether. Taipei also substantially expanded its membership in visa waiver programs around the world by increasing the number from 53 to 124. In the economic sphere, Taipei acceded to the Government Procurement Agreement under the WTO and it has continued to vigorously pursue free trade agreements (FTAs) with other countries: It signed an investment protection accord with Japan in September 2011, is negotiating an FTA with Singapore, and is conducting feasibility studies for possible FTAs with India and the Philippines.

In his second inaugural address on May 20, 2012, President Ma boasted of the diplomatic achievements during his first term by pointing out the Taiwan-U.S. relationship being the

¹⁹⁷ In May 2011, the release of an internal memo of the WHO which referred Taiwan as a province of China exacerbated these concerns and prompted the Ma Ying-jeou government to protest against the WHO and Beijing. (Mo, 2011)

most solid “security and economic partnership” of the past 30 years, the Taiwan-Japan “special partnership” being the “friendliest” in 40 years, the European Union and the European Parliament’s support on many occasions, and breakthroughs in international organizations. (Ma, 2012) Ma attributed these achievements to the practice of “viable diplomacy”. In August 2008 Ma elaborated on the concept and strategy of his viable diplomacy when he delivered a speech to the Ministry of Foreign Affairs,

Viable diplomacy is in line with the spirit of the “pragmatic diplomacy” previously promoted by the government, both being based on the principle of pragmatism... Further, we realize that the difficulties we’ve previously encountered in foreign relations did not result from our promotion of any policy opposed by the world, or from any rhetoric or behavior despised by the international community. Rather, they were entirely the consequence of the many years of competition and struggle, confrontation and conflict, between Taiwan and mainland China in the arena of foreign affairs... The basic idea of our resultant policy... is to find a viable path for the development of the ROC’s foreign relations. The concrete approach for doing so is for Taiwan and mainland China, building on positive development in cross-strait relations, to come up with a modus of interaction in the international community that is conducive to co-existence and co-prosperity. (Ma, 2008)

The logic of viable diplomacy is quite straightforward: since the diplomatic competition and confrontation between Taipei and Beijing is the root of the former’s diplomatic predicament, cross-strait rapprochement should be conducive to Taipei’s foreign relations; on the other hand, a continuation of Taipei’s deteriorating diplomatic standing will create a backlash against the positive development of cross-strait relations. Similar to the attacks on Taiwan’s participation in the WHA, the DPP also criticized the practice of viable diplomacy on the grounds that it was too dependent on Beijing’s good will and whatever tangible results achieved through viable diplomacy were at the expense of Taiwan’s sovereignty. (Yan, 2010) Some of the DPP’s concerns are not illegitimate, but

the fact remains that whatever diplomatic strategy Taiwan adopts, Beijing could always be an insurmountable obstacle. If more international visibility and participation is the goal of Taiwan's diplomatic endeavors, then viable diplomacy may be the only "viable" option indeed.

On balance, the three dimensions of power shift across the Taiwan Strait have exhibited somewhat different trajectories after 2008 with the military balance being the exception to the overall relaxed atmosphere. But limited expansion of Taiwan's international space and improved U.S.-Taiwan relationship has ameliorated the deteriorating military balance for Taipei. In addition, the Ma Ying-jeou administration has faced some resource constraints. The global financial crisis and the havoc wrecked by the 2009 Typhoon Morakot in southern Taiwan probably explained why the government failed to consistently raise its defense budget to the promised three percent of Taiwan's GDP. On the other hand, President Ma has had a relatively freer hand in resource mobilization due to weak political constraints. He won the 2008 presidential victory with an unprecedented wide margin—58% vs. 42% of the DPP candidate, which came on the heels of the KMT's sweeping victory in the legislative election by grabbing 81 out of the total 113 seats. With the assumption by Ma of the KMT chairmanship in 2009, it is fair to say that Ma's political stature has been unrivaled for a while and he can more easily pursue his preferred policies to ensure Taiwan's survival and security.

To summarize the Ma Ying-jeou era, improved U.S.-Taiwan relations, expanded international space and weak political constraints are sustaining the conciliatory approach of low sovereignty assertiveness, but shifting military balance and resource constraints

cast a shadow on the long-term prospect of the still fragile cross-strait rapprochement. On January 14, 2012, Taiwan had its fifth fully democratic presidential election and a concurrent legislative election, and Ma successfully won his second term and the KMT was able to pull off a majority in the legislature.¹⁹⁸ Albeit President Ma and the KMT both received reduced mandate in light of the much narrower margins of victory, in all likelihood the current rapprochement will continue provided that no dramatic changes take place in the realm of power balance or domestic constraints.

¹⁹⁸ For a lucid analysis of the election, see (deLisle, 2012)

Chapter 7 Conclusion

7.1 Key arguments revisited

Security and sovereignty have been inexorably interwoven for Taiwan, a fact that is easily underappreciated because few, if any, political entities in the world can be put in the same category. The security-sovereignty nexus derives from both an international setting—the unassailable status of the norm of sovereignty—and a domestic setting—Taiwan’s ambiguous sovereign status. Under this broader context, Taiwan’s aspiration for sovereignty—the Taiwan independence policy—will become stronger if the security environment becomes more perilous as a result of adverse power shift and alternative means of security-seeking are not readily available due to domestic constraints. On the other hand, Taiwan’s pursuit of sovereignty will subside if the external or internal constraints become more benign and its survival and security is not at stake.

I have tested the hypotheses by examining the rise and fall of the Taiwan independence policy from 1988 to 2012. From the late 1980s to early 1990s, Taiwan faced a very benign security environment as a result of its qualitative edge in military balance, enhanced ties with the United States and fruitful pragmatic diplomacy. Moreover, domestic resources were abundant due to sustained economic boom and growing government revenue. Although President Lee Teng-hui’s power was contested from the KMT conservatives, the political division did not undermine his ability of resource mobilization for national security purposes because the conservatives were generally supportive of strengthening Taiwan’s military capability and diplomatic status. Under these auspicious circumstances, sovereignty assertiveness was low. However, the 1995-

96 Taiwan Strait crisis was a turning point, after which mainland China intensified both its Taiwan scenario-focused military modernization and diplomatic strangulation. Also ominously for Taiwan, the Clinton administration's efforts to restore and build better relations with China were accompanied by some concurrent policy change towards Taiwan, mostly notably the announcement of the three noes. These unfavorable developments were to some extent ameliorated by weak domestic constraints on resource mobilization: resources were still sufficient and Lee's political power was strengthened after the 1996 presidential election and 1997 constitutional amendment. As a consequence, sovereignty assertiveness rose to a limited extent in the late 1990s.

During the Chen Shui-bian years, the security situation was most precarious for Taiwan: the PLA coupled its traditional numerical advantage with qualitative advancement to present Chinese leaders with more credible means to conduct a variety of coercive campaigns against Taiwan and to deter, delay and disrupt possible U.S. intervention; political relations with Washington was severely damaged and mutual distrust pervaded bilateral relations; and Taipei's international space shrank noticeably in terms of both formal and substantive relations. The precarious security situation was compounded by strong resource and political constraints: sluggish economic growth, swollen government budget deficit, increasing spending on social welfare programs, and an executive-legislative impasse throughout Chen's whole terms. These external and internal constraints prompted the Taiwanese government to be the most assertive on sovereignty from 2002 to 2007.

The new security environment confronted by the Ma Ying-jeou administration is characterized by a mixture of negative and positive developments: on the one hand, military balance is still tilting in favor of mainland China even though Chinese leaders and the PLA rhetorically toned down military threats; on the other hand, mutual trust has been restored and improvements of bilateral relations have been made between Taipei and Washington and Taipei's international space has been expanded to some extent. In terms of domestic constraints, although the global financial crisis and the 2009 Typhoon Morakot limited available resources for the government, Ma's unprecedented political power ensured that he has faced fewer political constraints to mobilize these resources to ensure survival and security.

Chen Shui-bian's early moderation on sovereignty cannot be fully explained by my theory. As noted earlier, Chen's personal political leadership was instrumental in taking a series of somewhat surprising initiatives characterized by low sovereignty assertiveness. More generally, I readily admit that I am not offering a mono-causal argument here and many other factors are also important in understanding the rise and fall of the Taiwan independence policy, such as electoral politics, shifting identity, party ideology, etc. But I do argue that the proposed theory focusing on power shift and domestic constraints provides the greatest theoretical purchase on Taiwan's sovereignty assertiveness in a deductively consistent way. Moreover, it is also plausible that these other factors are themselves secondary and their effects can at least be partially explained by elements of power shift. For example, the PLA's growing military threats might explain why being assertive on sovereignty is sometimes electorally beneficial; likewise, Taiwan's

deteriorating diplomatic standing seems to be quite closely associated with Taiwanese shifting identity.

7.2. Theoretical and policy implications

Given the distinctiveness of Taiwan, it is arguably harder for the findings to travel very far. Still there are some theoretical implications. First, international relations literature has abundant work on balance of power and balancing strategies, but Taiwan's sovereignty assertions have indicated that balancing, under certain circumstances, can take a political face. In addition to hard and soft balancing, the study of Taiwan's behaviors suggest that there is "political balancing", too.¹⁹⁹ Political balancing is no different from other balancing strategies in terms of its fundamental goal of maintaining survival and security; and it is also similar to other balancing strategies in terms of possible counterproductive consequences if it engages the adversary in an action-reaction spiraling dynamic. Moreover, different balancing strategies are interactive: when more orthodox means are not readily available or beyond reach due to external or internal constraints, political leaders are more incentivized to turn to unorthodox ones.

Second, the findings also demonstrate that international norms do matter in political leaders' strategic calculations. This is especially true if a norm is as undisputed and universally enshrined as sovereignty and its associated rules. The operation of international norms is not as visible as military buildup, economic sanctions or diplomatic maneuvering, but the fact that all three sides—Beijing, Washington and Taipei—have taken pains to frame Taiwan's sovereignty issue in its own favor can only

¹⁹⁹ For classical works on balance of power, see Gulick, 1955; Waltz, 1979; Walt, 1987. For the new developments of the concept, see Paul, Wirtz, and Fortmann, 2004. For soft balancing, see Pape, 2005; Paul, 2005; Brooks, 2005.

be explained by its normative significance. On the other hand, however, the significance of norms should not be overstated. Political leaders tend to rely more heavily on international norms when there are few alternative and arguably more effective means to ensure national security.

The findings also have policy implications. First of all, there is an external origin of the Taiwan independence policy. The conventional understanding of the Taiwan independence policy is that it is a result of internal developments on the island of Taiwan: shifting identity, domestic politics, political leaders' ideological predilection, etc. These domestic "roots" of Taiwan independence certainly matter, but the findings here suggest that its external origin is at least equally, if not more, important. The changing security environment as a consequence of changing military threat, U.S. support and diplomatic standing has had a strong bearing on how much incentive Taiwanese leaders had to resort to sovereignty assertions to maintain survival and security. An improved security environment and a relatively secure Taiwan will be less obsessed with its sovereign status.

A related implication is that some of Beijing's measures at containing Taiwan independence and promoting unification could paradoxically have the opposite effects. Beijing tends to believe that if outdone militarily, economically and diplomatically and left with no other alternatives, Taipei could only choose to accept unification under "one country, two systems". It is possible. But it may well be the contrary. Instead of conceding in the face of Beijing's formidable coercive power, waning U.S. support and deteriorating diplomatic standing, Taipei may decide not to capitulate but to assert its separate and independent sovereignty as one last hope.

Secondly, partisan and individual preferences on Taiwan's sovereignty issue may matter less than the external and internal constraints facing Taiwan's leaders when it comes to actual policy. The division over Taiwan's relations with mainland China between the KMT-led blue camp and the DPP-led green camp is well known and their constant wrangling seems to suggest that their differences are irreconcilable. Beijing has acted out of this belief and preferred to deal with the more Beijing-friendly KMT government and avoided the DPP whose party charter still retains the Taiwan independence clause. In terms of individual leaders, Beijing also tends to make judgments about their "true color" first and then decide whether to deal with this particular Taiwanese leader or not. For example, when Beijing concluded that Lee Teng-hui was a diehard separatist after Lee's interview with a Japanese journalist in 1994 and his Cornell trip in 1995, the deep suspicion had never escaped its interaction with Taiwan during the rest of Lee's presidency.

Likewise, when Chen Shui-bian won the presidential election in 2000, Beijing's attitude was "listening to his words, and watching his deeds", i.e. determining Chen's political inclination first before giving credit to him. And when Chen's "one-country-on-each-side" statement dropped a bombshell in August 2002, Beijing again concluded that he was not trustworthy at all and never had a real dialogue with him. What Beijing did not seem to realize, however, was that those "words and deeds" were as much a product of external and internal constraints in which Beijing played an important part as they were a manifestation of ideological preferences. Indeed in the past twenty years or so, different political parties and political leaders on Taiwan have adopted similar policies and the

same political parties and political leaders have adopted different policies during different time periods, testifying the often overvalued importance of partisan preferences and the overlooked significance of strategic constraints.

Thirdly, the sustainability of the current cross-strait rapprochement hinges upon how Taiwan assesses the evolving security environment. If the security environment becomes more benign, Taiwan will more likely continue the low-profile approach on sovereignty and its engagement with the mainland; if, on the other hand, the security environment deteriorates, Taiwan's sovereignty assertiveness may once again rise and cross-strait rapprochement will break down as a consequence. In an address to the Washington think tank Center for Strategic and International Studies (CSIS) on May 12, 2011, President Ma Ying-jeou elucidated the "three lines of defense for the ROC's national security": institutionalizing the cross-strait rapprochement, enhancing Taiwan's contributions to international development and aligning defense with diplomacy. (Ma, 2011) Implicit in his remarks was that the three lines are a "bundle", i.e. the rapprochement of cross-strait relations cannot be sustained without Taiwan's increasing international participation and a strong defense.

In terms of policy specifics, Beijing's interests will actually be well served by easing military pressures upon and granting more international space for Taiwan because these moves reduce Taiwan's incentive to push on the sovereignty issue and sustain the cross-strait rapprochement. Mainland China has the perennial concern that easing military pressures will undermine its coercive power against Taiwan, but after decades of the PLA military modernization, big and small crises, and the enactment of the Anti-Secession

Law, both Beijing's deterrent capability and credibility have been well established and some goodwill gestures will unlikely change that. As a first step Beijing could consider redeploying or withdrawing some of the SRBMs and LACMs targeting against Taiwan. For both countervalue and counterforce purposes, the number of deployed missiles is already excessive, and a partial redeployment or withdrawal will only sway the island's threat perception without sacrificing the PLA's coercive power.²⁰⁰ The same can be said about Taiwan's international space. Beijing is concerned that expanding Taiwan international space now could be taken advantage of either by the DPP or by other potential "separatists" later. But the cross-strait gap of diplomatic standing is so huge and Taiwan is so isolated that a few more IGO memberships for Taiwan will unlikely create the slippery slope that Beijing is anxious about. And Taiwan independence will only become less appealing when there are other ways of surviving in the precarious world.

7.3. Future research

One line of future research could extend the timeline to Taiwan's authoritarian era. Although this project is on the Taiwan independence policy, which was a nonissue before Taiwan's democratic transition, its framework focusing on external and internal constraints could be useful in explaining Taiwan's survival strategies during its authoritarian era. A brief historical overview reveals how Taiwan adapted its strategies to the more and more constraining environment. Immediately after the communist victory on the mainland in 1949 and before the end of 1958, the KMT government on Taiwan

²⁰⁰ A RAND study concluded that between 90 and 240 sufficiently accurate, submunition-equipped SRBMs would be sufficient to shut down Taiwan's fighter force in a few minutes by attacking runways and parking ramps. (Shlapak, 2009). In history Beijing has indicated its flexibility in the missile development once. In October 2002, former PRC President Jiang Zemin reportedly proposed to President Bush that China could reduce the missiles opposite Taiwan, but on the condition that the U.S. reduces its arms sales to Taiwan. (Brown, 2003)

adopted an aggressive strategy of military counter-attack, when the US support was particularly strong after the outbreak of the Korean War and the East-West confrontation was intense. Subsequently between 1958 and 1971, its strategy shifted from military counter-attack to political counter-attack. From the 1960s, the West-East relationship came into a period of détente and the US support of Taiwan became less whole-hearted, the ROC thus had to modify its initial aggressive and offensive strategy and turned to a strategy of political counter-attack. The modified strategy suggested “a long-term plan of ‘political influence’ in winning over the hearts and minds of enemies rather than one of drastic military confrontation”. (Hsieh, 1985, p. 289) After the diplomatic debacle in the 1970s, the ROC’s new strategy was “economics- and trade-first diplomacy”, which emphasized Taiwan’s international economic, trade and other unofficial contracts rather than on the traditional diplomacy of political and/or official interactions. The ROC government hoped to “enmesh other countries in a network of trade, economic and technological relations with Taiwan so that it would be against, or even be harmful to, their interests for the PRC to take over Taiwan.” (Hsieh, 1985, p. 292)

Another line of future research could move beyond Taiwan and study more generally “weapons of the weak” in international politics. In order to preserve survival and security interests, weaker actors in international politics have to be more innovative and creative than the stronger ones and they have to utilize their more limited resources more fully. In the case of Taiwan, the sovereignty norm has been presented from time to time to make the case that Taiwan should not be attacked or coerced when its military, diplomatic and economic means are woefully insufficient to make itself secure. Historically, guerrilla

warfare, terrorism, and nuclear weapons can all be characterized as weapons of the weak in one way or another. A recent study found that “coercive engineered migration” can also be used strategically as a weapon of the weak to extract concession from foreign targets. (Greenhill, 2010) Since the unusual circumstances and limited resources are often unique to the weak actors and their behaviors are sometimes seen either as incomprehensible or irrational, this is an area worthy of further study.

APPENDIX

Timeline

The early Lee Teng-hui Era (1988-1995)

- ❖ 1988/01/13, Lee Teng-hui assumed presidency upon Chiang Ching-kuo's death;
- ❖ 1988/07, Lee Teng-hui was elected party chairman at the KMT's 13th National Congress;

- ❖ 1989/5-1989/6, Tiananmen Square Protest and Crisis;

- ❖ 1990/05/20, Lee Teng-hui was inaugurated as the 8th president of the ROC, and set three conditions for the PRC for unification: democratization, renouncement of the use of force, exercising diplomatic restraint;
- ❖ 1990/10/07, the NUC was established;

- ❖ 1991, Taiwan became the biggest holder of foreign exchange reserves;
- ❖ 1991/02/23, the NUG was passed by the NUC;
- ❖ 1991/05/01, Lee Teng-hui abolished the "temporary provisions" during the "period of national mobilization for the suppression of communist rebellion";
- ❖ 1991/11, Taipei joined the APEC together with Beijing and Hongkong;
- ❖ 1991/12/21, the 2nd National Assembly election;
- ❖ 1991/12/25, The Soviet Union was formally dissolved and the Cold War was over;

- ❖ 1992/08/01, the NUC passed "the Meaning of 'One China'", the core of which was "one China, different interpretations";
- ❖ 1992/09/02, President Bush announced the sale of 150 F-16s to Taiwan;
- ❖ 1992/09, Taipei was granted GATT observer status;
- ❖ 1992/12, U.S. Trade Representative Carla Hills became the first cabinet-level official to visit Taiwan since 1979;
- ❖ 1992/12/19, the 2nd Legislative Yuan election;
- ❖ 1992/12/22, France notified China that it decided to sell 60 Mirage 2000s to Taiwan;

- ❖ 1993/2, Lee Teng-hui firmly consolidated power by having Lien Chan replace Hao Pei-tsun as the premier;
- ❖ 1993/4/27-1993/4/29, summit meeting of the SEF and ARATS between Koo Chen-fu and Wang Daohan in Singapore;
- ❖ 1994/9, the Clinton administration's Taiwan Policy Review was released;
- ❖ 1995/01/30, PRC President Jiang Zemin proposed "eight points" regarding the Taiwan issue;
- ❖ 1995/04, Lee Teng-hui responded to Jiang's "eight points" with his "six points";

The late Lee Teng-hui Era (1995-1999)

- ❖ 1995/06/7-1995/06/12, Lee Teng-hui visited the United States;
- ❖ 1995/07-1996/03, the third Taiwan Strait Crisis;
- ❖ 1996/03/23, Lee Teng-hui won the ROC's first genuinely democratic presidential election;
- ❖ 1996/04/17, the U.S. and Japan announced the Joint Declaration on Security;
- ❖ 1996/12, Lee Teng-hui convened the National Development Conference to discuss further constitutional reform;
- ❖ 1997/07, the National Assembly approved the fourth constitutional amendment;
- ❖ 1997/09/23, the U.S. and Japan announced the revised Guidelines for Defense Cooperation;
- ❖ 1997/10/27-1997/11/03, PRC President Jiang Zemin visited the United States;
- ❖ 1997/12, "Monterey talks" was initiated;
- ❖ 1997/12, South Africa broke diplomatic relations with the ROC;
- ❖ 1998/02, Kenneth Lieberthal proposed a 50-year "interim arrangement" between Taipei and Beijing;
- ❖ 1998/06/30, U.S. President Clinton announced the "Three No's" in Shanghai;
- ❖ 1998/10, the second Koo-Wang meeting was held in Beijing;
- ❖ 1998/12, the KMT acquired a solid majority in the Legislative Yuan election;
- ❖ 1999/03/24, U.S. Assistant Secretary of State Stanley Roth proposed "interim agreements" between Taipei and Beijing;

- ❖ 1999/07, Lee Teng-hui announced the “special state-to-state theory”;

The Chen Shui-bian Era (2000-2008)

- ❖ 2000/05/20, Chen Shui-bian was inaugurated as the 10th president of the ROC, and he announced the “four noes and one without”;
- ❖ 2000/06/05, Chen Shui-bian indicated that he was willing to deal with the question of a future “one China”;
- ❖ 2000/10, the Chen Shui-bian government ordered the shutdown of the fourth nuclear plant;
- ❖ 2000/10/06, Premier Tang Fei resigned over the fourth nuclear plant controversy;
- ❖ 2000/12/31, Chen Shui-bian’s New Year messages mentioned “political integration” across the strait;

- ❖ 2001/01/01, the three mini-links were realized;
- ❖ 2001/04/24, President Bush approved a big arms sales package to Taiwan;
- ❖ 2001/04/25, President Bush said the U.S. will do “whatever it took” to defend Taiwan;
- ❖ 2001/11, “aggressive opening, effective management” replaced “no haste, be patient”;
- ❖ 2001/12/01, the 5th Legislative Yuan election; the DPP became the biggest party in the LY but was not able to acquire a majority for the green camp;

- ❖ 2002, China ordered two additional Sovremenny-class destroyers from Russia;
- ❖ 2002/01/01, Taiwan joined the WTO;
- ❖ 2002/03, the ROC Defense Minister Tang Yao-ming attended the U.S.-Taiwan Defense Summit in Florida;
- ❖ 2002/05/09, Chen Shui-bian’s talk on the Dadan island;

- ❖ 2002/08/03, Chen Shui-bian’s “one country on each side” statement;

- ❖ 2003/09/28, Chen Shui-bian said at the DPP’s 17th founding anniversary that a new constitution should be completed by 2006;
- ❖ 2003/10, Chen Shui-bian made a high-profile transit stop at New York;
- ❖ 2003/12, Chen Shui-bian announced the plan to hold a defensive referendum alongside the presidential election next year;

- ❖ 2003/12/09, President Bush rebuked Taiwan's planned referendum when meeting with the PRC Premier Wen Jiabao;
- ❖ 2004/03/20, Chen Shui-bian won the presidential election with a razor-thin margin for a second term;
- ❖ 2004/04/21, U.S. Assistant Secretary of State James Kelly testified before the House International Relations Committee on the Taiwan issue;
- ❖ 2004/06, the Chen Shui-bian government decided to request a special budget for the arms deal;
- ❖ 2004/10, U.S. Secretary of State Colin Powell said during an Asian trip that "Taiwan is not independent; it does not enjoy sovereignty as a nation";
- ❖ 2004/12/10, U.S. Deputy Secretary of State Richard Armitage described Taiwan as probably the biggest "landmine" in U.S.-China relations;
- ❖ 2004/12/11, the 6th LY election; the blue camp still held a thin majority;
- ❖ 2005/02/19, the joint statement of U.S.-Japan 2+2 meeting included peaceful resolution of the Taiwan issue as one of the "common strategic objectives";
- ❖ 2005/02/24, Chen Shui-bian met with PFP Chairman James Soong and issued a ten-point joint statement;
- ❖ 2005/03/14, the PRC's National People's Congress passed the Anti-Secession Law;
- ❖ 2005/04/26-2005/05/03, KMT Chairman Lien Chan visited mainland China;
- ❖ 2005/05/05-2005/05/13, PFP Chairman James Soong visited mainland China;
- ❖ 2006/02/27, Chen Shui-bian abolished the NUC and NUG;
- ❖ 2006/05/20, Taiwan's first National Security Report was released;
- ❖ 2006/08-2006/10, mass protest asking Chen Shui-bian to resign;
- ❖ 2007/5, Chen Shui-bian proposed to hold a referendum on applying to the U.N. under the name "Taiwan";
- ❖ 2007/09/11, U.S. Deputy Assistant Secretary of State Thomas Christensen delivered a blistering speech at the U.S.-Taiwan Business Council;

The Ma Ying-jeou Era (2008-2012)

- ❖ 2008/03/22, the KMT candidate Ma Ying-jeou won the 12th presidential election;
- ❖ 2008/05/20, Ma Ying-jeou proposed in his inaugural address “no unification, no independence, no use of force”;
- ❖ 2008/08/26, Ma Ying-jeou said during an interview that the cross-strait relationship is a “special relationship, but not that between two countries”;
- ❖ 2008/06/11, the SEF and ARATS resumed meeting after a hiatus of nine years;
- ❖ 2008/10/03, the outgoing Bush administration notified the Congress of an arms sales package worthy of \$6.4 billion to Taiwan;
- ❖ 2008/11, at the second Chiang-Chen meeting, the three links were realized;
- ❖ 2008/11, former Vice President Lien Chan attended the APEC in Japan;

- ❖ 2009/05, Taiwan participated in the World Health Assembly for the first time since 1971;
- ❖ 2009/10, Ma Ying-jeou assumed the KMT chairmanship;

- ❖ 2010/01/29, the Obama administration notified the Congress of an arms sales package worthy of \$6 billion to Taiwan;
- ❖ 2010/06/29, the Economic Cooperation Framework Agreement (ECFA) was signed;

- ❖ 2011/09/21, the Obama administration notified the Congress of an arms sales package worthy of \$5.8 billion to Taiwan, including upgrading of Taiwan’s 145 F-16 A/Bs;
- ❖ 2011/09/22, Taiwan signed an investment protection pact with Japan;
- ❖ 2011/10/04, U.S. Assistant Secretary of State Kurt Campbell testified before the House Foreign Affairs Committee on “Why Taiwan Matters”;
- ❖ 2011/12/12, U.S. Deputy Secretary of Energy Daniel Poneman visited Taiwan;
- ❖ 2011/12/22, Taiwan was nominated for inclusion in the U.S. Visa Waiver Program (VWP);

- ❖ 2012/01/12, former AIT director Douglas Paal said in Taipei that the 1992 Consensus was a “necessary compromise” and expressed concern for the DPP presidential candidate Tsai Ing-wen;
- ❖ 2012/01/14, Ma Ying-jeou won the 13th presidential election.

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