

Reinforcing the U.S.-Taiwan Relationship

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Mr. Chairman and esteemed subcommittee members, thank you for the opportunity to testify today alongside my two distinguished colleagues. My remarks address the United States and future policy options in the Taiwan Strait.

With the inauguration of President Tsai Ing-wen and the administration of the Democratic Progressive Party (DPP) in May 2016, the Republic of China (Taiwan) completed its third peaceful transition of presidential power and the first transfer of power within its legislature in history. Since that time, the People's Republic of China (PRC) and its ruling Chinese Communist Party (CCP) have sought to further isolate Taiwan internationally and coerce its democratically-elected government militarily. Panama and Sao Tome and Principe's abrupt shifts in diplomatic relations from the ROC to PRC are recent examples. Authorities in Beijing also have leveraged their financial influence to shut Taiwan out of international organizations, such as the International Civil Aviation Organization (ICAO), and the International Criminal Police Organization (INTERPOL), among others. Tourists holding ROC passports are denied entry into the United Nations.

The Chinese Communist Party has long sought the political subordination of people on Taiwan under its formula for unification -- "One Country, Two Systems." Under this so-called "One China Principle," there is One China, Taiwan is part of China, and the PRC is the sole representative of China in the international community. From Beijing's perspective, the Republic of China ceased to exist in 1949. The PRC functions as the successor state and sole legal government of a China that includes Taiwan.

Viewing political legitimacy as a zero-sum game and applying its One China Principle internationally, the Chinese Communist Party seeks further political isolation of Taiwan and co-management of U.S.-Taiwan relations as means to coerce the island's

democratically elected leadership into a political settlement on terms favorable to Beijing. Overtly or covertly, authorities have long sought to influence an amendment to, if not outright repeal of, the U.S. Taiwan Relations Act (TRA), the legal basis for bilateral relations since the break in diplomatic relations with the ROC in 1979. More recently, Beijing has protested enactment of the Taiwan Travel Act.

The CCP has demanded that people on Taiwan concede to Beijing's One China Principle as a precondition for resumption of formal dialogue. Political preconditions in the Taiwan Strait have a long history. Former presidents Lee Teng-hui and Chen Shui-bian implicitly linked the Chinese People's Liberation Army (PLA) missile buildup in southeast China with Taiwan's willingness to enter political negotiations. In the early 1990s, Taiwan's readiness to enter into political talks was conditioned upon China's democratic transformation. During his first term in office, former President Ma Ying-jeou explicitly established PLA withdrawal of missiles opposite Taiwan as a precondition for initiating political negotiations. And rightly so. Negotiation under duress almost always ensures a bad outcome. The PLA has not reduced its force posture opposite Taiwan. Its activities in the Taiwan Strait and the skies around Taiwan have become increasingly provocative. With self-imposed limits on U.S. political support for Taiwan's position, the Ma administration dropped its precondition and placed any hope of political negotiations on indefinite hold.

In a break from past policies, the Tsai administration has expressed willingness to engage counterparts in cross-Strait political dialogue without preconditions. Since 2016, it is Beijing that now has a precondition, namely that Taiwan must concede to a One China principle often associated with the so-called 1992 Consensus. President Ma and the KMT administration viewed this consensus as each side acknowledging One China, but each interpreting its meaning differently. Accordingly, "One China" could mean the People's Republic of China to Beijing, and the Republic of China to Taipei, which it believes has "*de jure* sovereignty over all of China."

On the other hand, the DPP traditionally has regarded "One China" as an issue to be negotiated, rather than unilaterally conceded or inherited. However, during her inauguration speech in May 2016, President Tsai conceded that "the new government will conduct cross-Strait affairs in accordance with the Republic of China Constitution, the Act Governing Relations Between the People of Taiwan Area and the Mainland Area, and other relevant legislation." Such a statement implies intent to conduct relations within a One China framework.

In the absence of countervailing policies by the United States, political, economic, and military pressure against Taiwan is likely to intensify. Taking advantage of U.S. ambivalence regarding Taiwan's international political legitimacy, the Chinese Communist Party has been steadfast in imposing its One China Principle and opposes any solution that it claims could create "Two Chinas," or "One China, One Taiwan." Regardless of policies adopted by the Tsai administration, authorities in Beijing are expected to continue their campaign to subordinate Taiwan to the PRC.

Schools of Thought in U.S. Cross-Strait Policy

While Beijing's policy towards Taiwan is shaped by concerns over political legitimacy, national interests and principles guide U.S. relations with Taiwan. At least four schools of thought have influenced U.S. policy in the Taiwan Strait for decades and continue to serve as options for future U.S. policy.

The Accommodation School. The Accommodation School promotes the alignment of U.S. policy with CCP positions on sovereignty in the Taiwan Strait. Accommodation comes in multiple forms, implicitly advancing the CCP's goal of unification under a One Country, Two Systems formula. In its purest form, accommodation would be achieved through revoking or amending the Taiwan Relations Act through striking its two security-related provisions. Some have called for a halt to US arms sales to Taiwan. Others advocate accommodation of Beijing's interpretation of the 1982 Communiqué and recognizing the PRC's right to use force to resolve sovereignty disputes as an internal matter. The accommodation narrative holds that China's rise as a great power is inevitable; U.S. interests require cooperative relations with the PRC; Taiwan is of little value to the United States and the international community; and, as a result, the United States should accommodate authorities in Beijing to preserve regional peace and stability.

The Status Quo School. Since 1979, the dominant school of thought has stressed maintenance of the status quo in U.S. policy toward Taiwan. Relying on ambiguity in the U.S. One China policy, defenders of the status quo stop short of defining the nature of relations between the two sides of the Taiwan Strait. Supporters of the status quo rightly argue that the current approach — formal diplomatic relations with the PRC and unofficial relations with authorities in Taipei under the Taiwan Relations Act — has contributed to peace and stability in the region. White House-directed policy guidelines define "symbols of sovereignty" and specify self-imposed restrictions on relations with Taiwan. By provision of necessary defense articles and services to Taiwan, status quo advocates highlight the role that arms sales play in enabling authorities in Taipei to

engage counterparts in Beijing with confidence. The benefits of the status quo are that, in the short term, Taiwan continues to enjoy a *de facto* form of independence, albeit with significant limitations to its international political legitimacy. Authorities in Beijing are fundamentally opposed to the status quo.

The Normalization School. Another school of thought promotes the abandonment of the U.S. One China policy altogether and diplomatic recognition of Taiwan as an independent sovereign state. Following this line of thought, advocates for a "One China, One Taiwan" policy argue that normalization is ultimately in the interests of both the U.S. and the PRC. Normalization proponents advocate a policy that could leave behind the legacies, contradictions, and animosities of the Chinese Civil War between the KMT and CCP.

The Soft Balancing School. A fourth school of thought advances a "soft balancing" policy that gradually extends equal legitimacy to governments on both sides of the Taiwan Strait within an existing U.S. One China policy framework. A U.S. One China policy has never been easy to define. As former Assistant Secretary of State Jim Kelly noted in 2004 testimony before the House Committee on Foreign Affairs:

The definition of One China is something that we could go on for much too long for this event. In my testimony, I made the point "our One China," and I didn't really define it, and I'm not sure I very easily could define it. I can tell you what it is not. It is not the One-China policy or the One-China principle that Beijing suggests, and it may not be the definition that some would have in Taiwan.

Soft balancing in the Taiwan Strait can be traced to proponents of a U.S. One China, Two Governments policy in the 1960s and 1970s. The option remained on the table until the Carter administration. Between 1972 and 1979, the U.S. maintained relatively normal relations with governments on both sides of the Taiwan Strait in a manner consistent with a U.S. One China policy. The Carter administration, making one of the most significant concessions in American foreign policy history, reverted to a narrow, zero sum game interpretation of One China in 1979.

Beijing has traditionally opposed a U.S. One China, Two Governments policy, which it claims would contradict its zero-sum One China Principle and embolden advocates of "Taiwan independence." To the contrary, however, critics on Taiwan view a U.S. One China, Two Governments policy as a Faustian bargain that could legitimize the ROC and its legacies, and complicate steps toward Taiwan's permanent legal separation from China.

Rationales for a Fundamental Review of U.S. Cross-Strait Policy

In a 2015 article published in *The National Interest*, former Representative Randy Forbes asserted that “the status quo in the Taiwan Strait is the existence of two legitimate governments. One, the Republic of China (Taiwan), is a liberal democracy. The other, the People’s Republic of China, is an autocracy under the control of the Chinese Communist Party.” He asked Xi Jinping, General Secretary of the Chinese Communist Party, "applying your One Country, Two Systems narrative to U.S.-Taiwan relations, how can you claim the right to represent 23 million people on Taiwan who enjoy popular sovereignty?"

U.S. policy helped create the conditions within which Taiwan transformed from an authoritarian party-state to a representative democracy. However, U.S. cross-Strait policy has not adjusted to reflect this fundamental transformation. The zero-sum framework of formal diplomatic relations with one side and informal ties with the other may have been appropriate in 1979, when both governments were authoritarian. However, with each passing election on Taiwan and consolidation of popular sovereignty, U.S. cross-Strait policy increasingly warrants a fundamental review. Putting aside the 1994 Taiwan Policy Review, the last fundamental assessment of U.S. cross-Strait policy took place during the initial months of the Carter administration in 1977. A fundamental reassessment of U.S. policy toward Taiwan may be warranted for at least three reasons:

Objective Reality. First, foreign policy should, to the maximum extent possible, align with objective reality. The objective reality is that Taiwan, under its current ROC constitution, exists as an independent, sovereign state. In 1979, the U.S. withdrew diplomatic recognition. The shift in recognition was and is a matter of policy and political expediency. The ROC (Taiwan) did not cease to exist. A significant difference exists between existence of a state and recognition of its legitimacy. For purposes of domestic law, the TRA states:

The absence of diplomatic relations or recognition shall not affect the application of the laws of the United States with respect to Taiwan, and the laws of the United States shall apply with respect to Taiwan in the manner that the laws of the United States applied with respect to Taiwan prior to January 1, 1979.

Leveling the Playing Field. Secondly, resolution of cross-Strait differences is constrained without broad acknowledgement if not recognition of the Taiwan’s legitimacy within the international community. The U.S. should not serve as a mediator or pressure Taiwan to negotiate. However, U.S. policy plays an important role in creating conditions for the two

sides to resolve political differences peacefully. If one assumes that negotiation on the basis of equal legitimacy is a necessary prerequisite for cross-Strait political talks, one could argue that a policy that gradually extends legitimacy to both sides, within a broad U.S. One China policy framework, could be the only solution to create that kind of conducive environment. U.S. policy currently discourages “symbols of sovereignty,” such as displaying the ROC flag on government websites. Rather than “symbols of sovereignty,” measures such as display of the flag are substantive steps toward balancing legitimacy in the Taiwan Strait.

Principles. Finally, soft balancing in the Taiwan Strait could better reflect foundational American interests in promoting democracy around the world. If our One China policy is viewed in a zero-sum light, America extends legitimacy to an autocratic government in Beijing while denying equal legitimacy to an ROC government that has evolved into a vibrant democracy. Popular sovereignty has fundamentally altered the nature of the ROC on Taiwan. Taiwan’s institutionalized democracy is of intrinsic, fundamental value to the United States, and could be instrumental in influencing political reform on the other side of the Strait. Indeed, Taiwan may gradually influence the course of Beijing’s own democratization. To be sure, U.S. relations with China are important. However, if the democratic peace theory that posits that democracies are less likely to go to war with each other has any merit, China’s political liberalization is a matter of utmost importance. Arguably, no other society is as capable as Taiwan in demonstrating democracy to China with meaning and impact.

While measurements of Taiwan’s “soft power” is inherently subjective, Taiwan and its influence on China presents a paradox. On one hand, the prosperity that Taiwan has helped to create through business investments and manufacturing may have shored up the CCP’s legitimacy. On the other hand, Taiwan’s democratic government—an alternative to the PRC’s autocratic model—presents an existential challenge to the Communist Party’s legitimacy and monopoly on domestic political power. This need not be the case.

Conclusion and Recommendations

Taiwan is an anomaly blessed with an abundance of innovative energy and natural beauty. With 23 million people, compressed into an area roughly on a par with the Netherlands, Taiwan’s diminutive size belies its power, influence, and shared values with the international community of democratic countries. It is at the cutting edge of globalization, and a driving force behind the revolution in information technology that is creating a flatter world order. But politically, Taiwan remains a global paradox. Under its current

ROC constitution, Taiwan exists as an independent, sovereign state. However, acquiescing to demands of a CCP that views Taiwan's democratic system of government has an existential challenge to monopoly on political power, most of the international system does not recognize Taiwan as such. As is evident from their overlapping histories, the two sides of the Taiwan Strait share a common heritage and culture. Yet, Taiwan also shares notable historical legacies and interdependencies with the United States, Japan, and with the rest of the world, making it both a contested territory and a global political player.

Assuming the Chinese Communist Party could steer the PRC in a positive direction in the foreseeable future, some resolution is possible. But forces shaping the future of cross-Strait relations transcend the simple reasoning that growing PRC power necessarily means a more compliant Taiwan. Power has limits, and Beijing's exercise of the power it has now and in the future can produce unintended consequences. Barring a fundamental or abrupt change in the PRC or catastrophic breakdown of political order on Taiwan, the ROC is unlikely to willfully subordinate itself to Communist Party rule. Indeed, the willingness of people on Taiwan and their elected leadership to subordinate themselves to CCP authority is marginal, and likely to be even less so in the future. The old ideological competition over legitimacy to govern a unified China is no longer merely between the CCP and KMT. That competition is now between the CCP on one side, and the democratic system that has emerged on Taiwan under its existing constitutional order.

The PRC and Taiwan are engaged in a political competition over legitimacy and existential values as legitimate governments. Both, in one form or another, assert legal jurisdiction over the territory of the other. Yet Beijing's statecraft transcends mere constitutional principles and are integrated into its national policies. While implied in the ROC Constitution, Taiwan has not been active in its claims of jurisdiction over China since abandoning use of force more than 25 years ago. Despite this, Taiwan is often cast as a survival issue for the CCP. In contrast, the CCP poses a real existential threat to the sovereignty of Taiwan.

The United States has significant interests in the future of Taiwan and an important role to play in helping to shape that future. U.S. policy toward Taiwan over the last 30 years has been shaped by its interests in managing the peaceful emergence of the PRC as a major power and peaceful resolution of differences between the two sides of the Taiwan Strait. U.S. cross-Strait policy has operated on the premise that we only have an interest in the process, as opposed to the outcome.

Taiwan is not an instrument in a great game. Nor is Taiwan an American card that can be traded away to attain favor with Beijing. Taiwan is of intrinsic value to the United States simply because of its existence, historical significance, and contributions to the international community.

The PRC can be expected to increase reliance on coercive persuasion and accelerate its isolation of Taiwan internationally. Reflecting a Cold War mentality, Beijing's intransigence in recognizing Taiwan's political legitimacy remains one of the most significant obstacles to regional peace and stability.

As its pressure increases, the U.S. should consider expanding interactions with the Taiwan within the framework of our existing U.S. One China policy. Greater balance in U.S. cross-Strait policy could help create conditions, without playing a mediating role, for resumption of cross-Strait negotiations on terms acceptable to both sides. The onus is on Beijing, and others in the international community, to conceive of some alternative that would be acceptable to people on Taiwan and mindful of Taiwan's popular sovereignty. How authorities in Beijing manage their political differences with Taiwan is perhaps the most important barometer of Chinese intentions in the Asia-Pacific region. As long as it remains strong, confident, and economically viable, Taiwan is uniquely positioned to influence the peaceful emergence of China as a responsible member of the international community. The U.S. should actively encourage Beijing to engage counterparts on Taiwan without preconditions and renounce use of force to resolve differences.

In the near term, the following recommendations are offered for consideration:

- The Trump Administration should convene an interagency policy working group to evaluate how best to achieve a *normal, stable, and constructive* relationship with Taiwan over the long term. Substantive changes to U.S. policy should be incremental, coordinated with senior government officials on Taiwan, and scrupulously avoid getting pulled in to domestic politics on Taiwan.
- Based on the legal foundations of the Taiwan Relations Act and Taiwan Travel Act, officials at the highest levels should be encouraged to engage ROC government counterparts on a regular, institutionalized basis. As an interim measure, one consideration could be appointment of Assistant Secretaries of State and Defense responsible for U.S. Taiwan policy to serve in unofficial capacities as *ex officio* board members of the American Institute in Taiwan. If necessary, structural adjustments could include possible resubordination of the State Department's Office of Taiwan

Coordination as a direct reporting agency under the Assistant Secretary of State for East Asian and Pacific Affairs or perhaps integrated with U.S. Southeast Asia policy. The Director of the American Institute in Taiwan should be considered for ambassadorial rank with Senate confirmation.

- In addition, the U.S. State Department could consider institutionalizing the diverse range of educational and cultural exchanges through establishment of a senior level U.S.-Taiwan Consultation on People-to-People Exchange (CPE), with Congressional funding to support expansion of exchanges. The US-China CPE, a significant priority of the Obama administration, could serve as a model.
- In addition to deepening and broadening trade relations, the Trump administration should consider establishment of a U.S.-Taiwan Bilateral Working Group on Supply Chain Security and Defense Industrial Cooperation. Assuming sufficient senior level White House attention, such a working group could ensure that the cutting-edge technologies of tomorrow continue to serve as drivers for sustained economic development of both parties.
- The Trump administration should consider developing and implementing a joint workplan for bilateral defense and security relations, as well as a more routine process for addressing Taiwan's requests for defense articles and services. In addition, the U.S. position on the Taiwan Strait's status as international waters should be publicly confirmed.

In summary, it is in the national interest of the United States to gradually and carefully adjust its policy toward one that more accurately reflects the status quo in the Taiwan Strait. More balanced relations with both sides of the Taiwan Strait need not fundamentally challenge U.S. "One China" policy. Nor would it be prudent to promote "One China, One Taiwan" or "Two Chinas" in the absence of a political consensus on Taiwan and amendment to its domestic legal statutes governing relations between the two sides of the Strait. For purposes of U.S. policy, each government effectively exercises exclusive administrative jurisdiction over the territory under its respective control, with neither side subordinate to the other government. Legitimacy should not be conflated with sovereignty, the latter being an issue on which the U.S. should not take a position.

Authorities in Beijing have an opportunity to enhance CCP legitimacy by demonstrating peaceful intentions; a new ROC with a democratic system of government would attain the international political legitimacy it deserves; and the United States would align its policies with objective reality. In short, soft balancing in the Taiwan Strait may be the

optimal means of creating an environment conducive to a peaceful resolution of differences between the two sides of the Taiwan Strait.