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**“ONE CHINA” POLICY WITH TAIWAN: IMPLICATIONS FOR
FUTURE U.S. NATIONAL SECURITY STRATEGY**

by

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ABSTRACT

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For over three decades and six presidential administrations, the United States has remained steadfast in its "One China" policy. However, this policy is not congruent with our primary security policy document, the 2002 National Security Strategy (NSS). Understanding this complex issue requires acknowledging three competing political positions: the U.S. seeks to maintain the status quo, including a peaceful resolution between the PRC and Taiwan; the Peoples Republic of China (PRC) seeks unification with Taiwan by peaceful means; and Taiwan disputes China's claim and seeks formal international recognition as a sovereign independent nation. The time is right for a U.S. policy review. An evolving Asian strategic environment calls the current status quo policy's usefulness into question. The U.S. should not only strive for peaceful resolution to cross-Strait tension, but also support Taiwan's legitimacy as a sovereign nation. This paper will define U.S. policy through a review of current NSS employing the strategic thought process based on the use of ends, ways, and means; it will analyze the three options mentioned above using the elements of national power: diplomatic, military, and economic; and finally, it will conclude with recommendations and conclusions that support a change to the current NSS.

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"ONE CHINA" POLICY WITH TAIWAN: IMPLICATIONS FOR U.S. NATIONAL SECURITY STRATEGY

The United States will stand beside any nation determined to build a better future by seeking the rewards of liberty for its people.¹

—President George W. Bush, 2002

President Bush's observation that the U.S. will support any nation in the pursuit of liberty provides a sense of hope and opportunity to nations striving for recognized independence. But for Taiwan, the President's pledge may seem somewhat hollow. For over three decades and six presidential administrations, the United States remains steadfast in its "One China Policy" to promote East Asia security. This One China Policy recognizes Taiwan as an informal sovereign democratic state, but legally it remains as part of China's recognized territorial boundaries. However, Taiwan's first democratically elected leader, President Chen Shui-bian, publicly requested formal international recognition apart from China. In a 3 August 2002 speech to the World Federation of Taiwanese Associations, President Chen emphasized that, "Each side is a country."² He went on to say that, "Taiwan is an independent sovereign state, that the Chinese communists are threatening Taiwan and suppressing its international role, and that only Taiwan's people have the right to decide its country's future."³ This statement has put the U.S. into a difficult position and it revealed the challenge of understanding this complex issue. There are three diverging political positions: (1) the U.S. status quo policy encourages a peaceful resolution between PRC and Taiwan through mutual trust and cross-Strait dialogue; (2) the Peoples Republic of China (PRC) requests a peaceful settlement and Taiwan's reunification with PRC, also referred to as One China Two Systems (OCTS); and (3) Taiwan does not recognize PRC's policy claim and seeks formal international recognition as a sovereign independent state.

For many reasons, Taiwan has prospered despite its long and perplexing cross-Strait existence. Indeed, Taiwan has benefited from strong U. S. economic, diplomatic, and military influence in its democratic transformation. Nonetheless, perhaps the United States should revisit its One China Policy and its commitment to Taiwan's security. Is the time right for a policy shift? Or, should current U.S. policy-makers successively pass the torch of diplomatic restraint to the next administration? Further exacerbating an already ambiguous One China Policy is the ambivalence between U.S. national interest and ideals towards the U.S./PRC/Taiwan triangular relationship. According to President Bush, freedom is non-negotiable, and freedom has been challenged by the clashing wills of powerful states.⁴ Is the

U.S. concerns for freedom and democratic ideals being curtailed by its national interests, which generally take the form of economic, political, and military concerns? Under the One China Policy, the U.S. has steadfastly refused formal recognition of PRC's claim to sovereignty over Taiwan. The U.S. administration's informal political association with Taiwan seems to be placing diplomatic restraint on a country that wants nothing more but economic and political influence. The policy at issue, often referred to as one of "strategic ambiguity," has for decades sought to balance competing U.S. interest of both the PRC and Taiwan, and at the same time maintain peace and regional stability.⁵

To fully explore the One China Policy legitimacy, this paper will define the policy through a review of current NSS. Specifically, this policy is reviewed to verify full implementation of U.S. NSS objectives, concepts, and resources. Additionally, this paper explores several U.S. foreign policy options to consider in reshaping its policy towards China and Taiwan which include: maintain the status quo, adopt PRC's One China Two Systems (OCTS) policy, or support Taiwan's Democratic Progressive Party (DPP) request for independence. Each option is analyzed as to its inherent risks, or the gaps between what is desired, and the ways or resources available. Each option is also analyzed as to its feasibility, political acceptability, and suitability to attain the effect desired. Additionally, each option is then framed in terms of U.S. interests. Lastly, this paper concludes with recommendations and a conclusion that support a change to the current NSS.

U.S. ONE CHINA POLICY REVIEW

Before delving into the nuances of current U.S foreign policy and the NSS, it is essential to understand the history surrounding the U.S. involvement in the U.S./Taiwan/PRC triangular relationship since the 1940's. In 1949, Chiang Kai-shek's Republic of China (ROC) lost the civil war on the mainland and fled to Taiwan, where Chiang established the remainder of his regime. The same year, the Communist Party of China proclaimed a new People's Republic of China (PRC) as the government of all China, including Taiwan and its offshore islands. For the next four decades, the people of Taiwan lived under martial society. Chiang's Kuomintang (KMT) nationalist party maintained that they ruled all of China and would some day resume control of the mainland.⁶ In these years, Taiwan's sovereignty was unclear. It was argued that the 1951 San Francisco Peace Treaty, which provided for Japan's surrender of Taiwan, left no ruler for the island nation. The treaty concluded that the future status of Taiwan would be decided in accordance with the principles of a United Nations (UN) charter.⁷ However, it was not until 1971 that the UN presented a majority vote of the General Assembly to accord the PRC a seat both

as a member of the General Assembly and Permanent Member of the Security Council.⁸ In effect, the ROC-KMT seat in the UN as a representative of China was eliminated. Through the 1970's, most states came to accept the principle that there was but one China, a single entity embracing both Taiwan and the mainland.⁹ In 1982, President Ronald Reagan, in keeping with the 1972 Shanghai Communiqué of President Nixon, clearly stated that the U.S. has no intention of interfering with Chinese sovereignty or China's territorial integrity.¹⁰ This "One China" policy still remains in effect today as the formal U.S.-PRC diplomatic position.

According to John Tkacik, Heritage Foundation Policy Research and Analysis, this policy simply means that the U.S. recognizes one Chinese government at a time.¹¹ Mr. Tkacik also refers to the nuances of the U.S. Taiwan policy espoused by Deputy Secretary of State Richard Armitage during a visit to Beijing. Secretary Armitage declared that One China does not mean Taiwan is part of China. The U.S. State Department addresses this ambiguity by saying the U.S. does not support Taiwan independence and that the U.S. has an abiding interest that China should share, above all else, in the peaceful resolution of cross-Straits differences.¹² A 2001 Congressional Research Service Report articulated the One China policy as evolutionary, noting that the U.S. did not explicitly state its own position on the status of Taiwan in three diplomatic policy communiqués (Shanghai-1972, Normalization-1979, Arms Sales 1982), although it "acknowledged" the One China position.¹³ There is no direct mention of the One China policy in the National Security Strategy (NSS), but it does acknowledge there are disagreements between China and the U.S. regarding U.S. commitment to the self-defense of Taiwan under the Taiwan Relations Act (TRA).¹⁴ Nonetheless, the current U.S. administration has taken many steps that have departed from recent past practice by leaning in favor of Taiwan and against Mainland China in the US-PRC-Taiwan triangular relationship. Previously, such steps would have prompted PRC protest and actions precipitating a downturn in relations with the U.S.¹⁵ This may be an indication the amorphous One China policy no longer supports the ends, ways, means, and risks of our current national strategy in Asia.

US POLICY OBJECTIVES (ENDS)

The regional U.S. objectives continue to promote stable and free democratic states, to ensure U.S. commitment to Taiwan security, and to communicate the U.S. opposition to any PRC use of force against Taiwan. However, achieving these objectives has challenged U.S. interests and ideals in the past. A 2003 International Crisis Group (ICG)¹⁶ report noted that the period between 1970-1995 was considered a "Taiwan Strait Détente," a sustained relaxation of U.S. and PRC military confrontation.¹⁷ According to the ICG, several factors contributed to this

Cold War posture and policy. The U.S. withdrawal from Vietnam and cooperation between PRC and the U.S. against the USSR were particularly important. The U.S. and PRC chose to overlook differences over Taiwan and concentrate on bringing down the Iron Curtain. But with the Soviet threat long gone dead, is there still a strategic rationale for supporting a One China policy?

According to Randall Schriver, Deputy Assistant Secretary of State For East Asian and Pacific Affairs, the U.S. has an interest in resolving cross-Strait differences; thus regional stability is a fundamental U.S. objective.¹⁸ What complicates current U.S. foreign policy is the changed security environment since September 11, 2001.¹⁹ The U.S. immediately called on world leaders to help fight the war on terrorism, which included China's help. China is a country that the U.S. believes provided technology and components for weapons of mass destruction and their delivery systems to terrorist sponsoring states in the past.²⁰ However, during a visit to China in February 2002, President Bush met with former Chinese President Jiang Zemin and, regarding Taiwan, stressed the need for a peaceful cross-Strait settlement while pledging that the U.S. will adhere to the One China policy.²¹ In strong terms, he encouraged them to follow the mandates of democracy, free expression, and human rights for the individual. Reinforcing President Bush's comments, the NSS also states that the U.S. must promote a stable, peaceful, and prosperous Asia Pacific where a democratic development of China is critical.²² Thus the U.S. is clearly sending a message that it will persevere in developing democracies and ensuring political freedom in the Asian Pacific region.

However, the Bush Administration moved quickly and firmly to curb President's Chen's advocacy for a referendum on independence in August 2002, indicating that Chen's remarks were seen as provocative by many in the U.S.²³ In December 2003, the US sent a senior official on a quiet mission to Taiwan to urge President Chen hold off on a defense referendum designed to change Taiwan's status or to seek its independence if its sovereignty was under threat.²⁴ It is obvious that the U.S. leadership will continue to caution Taiwan not to press its luck when it comes to threatening U.S. interests by increasing tensions in U.S. – PRC relations. U.S. interests are enhanced by an orderly, stable, peaceful, and secure Asia Pacific region that does not disrupt U.S., PRC, and Taiwan relations. The U.S. expects Taiwan to contribute to regional stability – not disrupt it. A senior Taiwanese government official also indicated President Chen's recent political moves were causing an even more acute wariness in his country about angering the U.S. by allowing any crisis to develop with China at a time when the Bush Administration is already preoccupied with Iraq and North Korea.²⁵

U.S. business interests, which include both trade and commerce, remain a powerful domestic force in promoting cross-Strait stability. Trade among the three countries is inextricably linked to their political and economic growth across many industries. President Bush's careful emphasis on maintaining mutually advantageous economic relations with China despite differences over other issues like human rights, missile defense, and weapons proliferation illustrate this important point in the triangular relationship.²⁶ In 2000, Taiwan – China trade increased 25.8 percent to 32.4 billion U.S dollars and about 17% of Taiwan's exports go to mainland China, which in fact was the largest single importer of Taiwan-made goods and services after the U.S.²⁷ In 2002, Taiwan – U.S. trade in goods amounted to 44.8 billion, or 18% of the total between Taiwan and the rest of the world - which is down from 25.6% a decade ago, primarily due to the draw of the Chinese market.²⁸ If trade interests are to be maintained, all parties need to operate much more visibly and vigorously in the positive domains of cross-Strait relations (trade, investment, direct links, exchanges, joint oil exploration, and fisheries ventures in the Taiwan Strait), and they must continue to refrain from any tendencies to provoke one another.²⁹ This positive capitalism, democratic reform, and free market systems conform to U.S interests and ideals.

US POLICY CONCEPT (WAYS)

To reassure Taiwan and deter China, America's commitment to the Taiwan Relations Act offered a formidable way to keep China from using military force against Taiwan. Signed into law on April 10, 1979, the U.S. created the TRA to find a way to protect its significant political, economic, and security interests on Taiwan in the wake of President Jimmy Carter's termination of diplomatic relations and a mutual defense treaty of 25 years.³⁰ The TRA was born of the U.S. decision to normalize relations with the PRC and recognize the government of Beijing as the sole legal government of all of China. The TRA asserted that the U.S. would oppose any effort to determine the future of Taiwan other than by peaceful means.³¹ According to Assistant Secretary of State for East Asian and Pacific Affairs, Stanley Roth, the TRA officially serves several purposes to advance U.S interests: it helps to maintain peace, security, and stability in the Western Pacific; it promotes U.S. foreign policy by authorizing commercial, cultural, and other Taiwan – U.S. relations; it is the law; and, most importantly, because it enhances Taiwan's confidence to engage PRC.³² The TRA serves not only as a tool for preventing use of force, but it also offers U.S. diplomacy as a likely alternative to direct military action. Assistant Secretary of State Roth also sees Taiwan's democratic transformation as a result of the TRA's

protective umbrella. The TRA not only has secured a U.S. – Taiwan relationship, but it has contributed to some level of multilateral diplomacy between the U.S., Taiwan, and the PRC.

Other U.S. alternatives to maintain cross-Strait stability include active diplomacy, engagement to promote economic well being, and a direct informational campaign. Deputy Assistant Secretary of State Shriver advocated these instruments when he declared that a secure and self-confident Taiwan is a Taiwan that is more capable of engaging in political interaction and dialogue with the PRC.³³ In the area of economic well being, U. S. House Majority Leader Tom DeLay observed that Taiwan was our eighth largest trading partner in 2002.³⁴ In its informational campaign, the U.S. actively supports Taiwan's democratic principles. During President Bush's 2002 trip to China, Taiwan's Foreign Minister Eugene Chien hailed President Bush for having publicly honored his commitment to Taiwan and the world, thereby showing confidence in U.S. diplomacy and the One China policy.³⁵ On balance, however, the pro-Taiwan forces in the United States have been satisfied with the current Bush Administration policy, so there is little sense of urgency to see more support from the United States. President Bush's personal pledge on U.S. national television that he would do 'whatever it takes' to protect Taiwan in the event of an attack demonstrates a rebalancing of U.S. policy towards PRC and Taiwan.³⁶

US POLICY RESOURCES (MEANS)

The NSS guides U.S. policy toward China and Taiwan. Deputy Under Secretary of State Shriver claims that the One China policy provides the means but not the ends to this dilemma. Richard Haass, Director, Policy Planning Staff, Department of State, summed up the U.S. foreign policy by quoting President Bush: "We have our best chance since the rise of the nation-state in the 17th Century to build a world where the great powers compete in the peace instead of preparing for war."³⁷ Director Haass further elaborates on U.S. policy as

a process of integration in which the U.S. seeks to include other countries, organizations, and peoples in arrangements that will sustain a world consistent with the interests and values we and our partners share – values such as rule of law; opposition to terrorism and to the proliferation of WMD; limits on the power of the state; religious tolerance; private property rights; commitment to market principles; equal justice, and respect for women...these interests and values guide U.S. policy toward China.³⁸

The resources specified by Director Haass that shape the One China policy may be less tangible, but they rhetorically demonstrate a commitment to countries promoting democracy. But Assistant Secretary of State Shriver claims that the TRA obligation is to provide Taiwan with

sufficient self-defense capability, noting that the U.S. administration accomplishes this with the sale of F-16's, frigates, helicopters, tanks, and a variety of defensive missiles.³⁹

Throughout the 1990's, most of Taiwan's new military equipment imports came from the U.S. While its defense spending has been reduced slightly from a decade ago, Taiwan's defense budget still amounted to an impressive US\$7.57 billion in 2002.⁴⁰ According to the latest reports, at the encouragement of the U.S., Taiwan will, among other things, spend US\$1.5 million on creating a C4ISR capability, which will enhance its missile, submarine, and other defenses, through enhanced integration of military systems.⁴¹ Taiwan's significant defense acquisition and revolution in military capability should ensure that its armed forces are among the best in the region and serve to counter the PRC cross-Strait military threat, thereby stabilizing the region.

U.S. deterrent posture towards China in the Taiwan Strait has taken a number of other overt measures in terms of planning, deployments, and exercises in the area close to China. These actions are specifically tied to its resolve to oppose Chinese rhetoric or use of force ideas and to prepare U.S. forces for any cross-Strait contingencies. This is very obvious with carrier battle group exercises in the South China Sea; in carrier transits of the Taiwan Strait; in the extension of U.S.-Japan mutual support arrangements; and in rejuvenation of the military alliance with the Philippines.⁴² In 2002, a senior U.S. commander noted that U.S. forces could make it very unattractive for China to conduct military aggression, and that the U.S. believes its Pacific-based forces are strong enough to resist and contain a Chinese attack on Taiwan.⁴³

US ONE CHINA POLICY RISK ASSESSMENT

Risk includes the possibility of loss or damage in pursuit of a given policy or of not achieving an objective.⁴⁴ Deputy Under Secretary of State Shriver noted that the U.S. is careful to provide only weapons to Taiwan that are defensive in nature, so they will not destabilize the cross-Strait situation.⁴⁵ The U.S. clearly walks a tight rope to maintaining regional diplomatic, economic, and military stability. A PRC invasion of Taiwan may not be imminent, but we must remember that China did fire missiles off Taiwan's coast in 1996 – an incident that forced the U.S. to respond with a show of military force in the Straits. The One China policy depends on a fragile balance of cross-Strait options in support of U.S. foreign policy of containing communism. Clearly, the threat of war increases as China's military and force projection capabilities increase each passing year.

After the Bush Administration entered office, the media focused on the President's absence of high-level China experts with a 'lack of vision' about China.⁴⁶ In particular,

- China was seen as a rising economic and military power, seeking to confront the United States over Taiwan and over time to ease the United States out of East Asia;
- China has opposed the U.S. support for Taiwan, and has given top military priority to dealing with the U.S in a Taiwan contingency;
- China also opposed the strengthening of the U.S. – Japan defense alliance and U.S missile defense plans; it worked against U.S interest in Asian and world affairs, in ASEAN Plus Three, the Shanghai Cooperation Group, the UN, and elsewhere.⁴⁷

Responding to these uncertainties, President Bush repeatedly endorsed the pursuit of a constructive, cooperative, and candid relationship with China.⁴⁸ But his initiatives are not definitively spelled out clearly in the One China policy concerning Taiwan sovereignty. A policy of strategic ambiguity cannot avoid the ongoing dilemma of deterrence in the face of, a cross-Strait arms race and military modernization. We must acknowledge the possibility of U.S. military involvement in a potential cross-Strait conflict.⁴⁹

ONE CHINA POLICY ANALYSIS

On the surface, the One China policy seems sustainable and supportive of an overarching NSS in the Asia Pacific region. But how reliable is it to support U.S. foreign affairs into the future, especially since 9/11 changed the global security environment? The One China policy has withstood the test of time, threats, and rhetoric from PRC, the growth of Taiwanese democracy, and U.S ambiguity regarding state-to-state relations. Despite its success, U.S. leaders should review three options in terms of diplomatic, economic, and military elements: retain the status quo, support China's OCTS concept, or support an independent Taiwan. It is these three options that will now be discussed using the following evaluation criteria: feasibility, acceptability, and suitability.

OPTION 1: RETAINING THE STATUS QUO

Historically, the One China policy contributed to regional stability and fulfilled U.S. policy goals of deterring aggression, promoting economic freedom, and protecting human rights for Taiwanese. This success can be viewed as having providing the venue for Taiwan to reform into the state it is today. However, Taiwan has moved cautiously away from its commitment to the idea that it is part of Mainland China. Indeed, if the U.S. stays the course, PRC may peacefully transform under the weight of regional democratic reform, a similar model to East Germany and the former Soviet Union.

Diplomatic

Taiwan's 23 million residents now share in democratic elections, benefit from freedom of the press, share in global economic prosperity, and most importantly, live free from the repressive marshal society of past decades. However, there is a risk posed by retaining the status quo policy of One China. Professor Eliot A. Cohen, John Hopkins University, noted the Taiwanese public opinion has changed; now acknowledging that China and Taiwan are, in fact, two viable independent states.⁵⁰ He then charges that considering them as just one country is a self-willed, if convenient fraud. Congressmen Steve Chabot (Ohio Republican) and Robert Andrews (New Jersey Democrat) reinforce Professor Cohen's position that a One China policy has outlived its original intent. With the former USSR's threat long dead, they believe the strategic rationale for continuing to humor Beijing's threats against Taiwan is questionable.⁵¹ These legislators urge the U.S. administration to rethink One China policy because Taiwan represents one of Asia's most vibrant young democracies and one of America's biggest trading partners. The status quo policy indicates the U.S. is satisfied with its Taiwan-PRC foreign policy and views its success in East Asian regional stability, cross-Strait dialogue, and positive economic freedom as a platform to support its current path. However, it took over 40 years before the fall of communism in the former USSR. Is the U.S. posturing itself to wait out the PRC? Is the U.S. capable of supporting another 20+ years under the TRA to thwart the spread of communism and promote Taiwan's well-being considering all other U.S engagements worldwide? Beijing now seems alarmed that its "soft diplomatic" approach in the past few years, as well as its preoccupation with its extensive leadership transition, may have sent Taiwan the wrong political signals.⁵² As a result, PRC is accepting risk by resuming public threats to discourage any attempts of Taiwan to declare independence.

Economic

Close economic exchange has been essential to promoting a strong U.S.–Taiwan relationship, of great significance to the Taiwanese. Taiwan is the 14th largest trading economy in the world, seventh largest market for U.S exports, fifth largest foreign agriculture market, and a major market for U.S. automobiles.⁵³ To ensure favorable trade links continue with the U.S., the Ministry of Economic Affairs (MOEA) drew up guidelines for promoting a future Taiwan – U.S. Free Trade Agreement (TUFTA) in April 2002.⁵⁴ Although not in effect yet, this bilateral trade agreement demonstrates not only a commitment to each other, but further demonstrates to other nations that Taiwan is now an important player in the global economy. In August 2002, Present Chen Shui-bian announced that Taiwan would seek free trade agreements with a

number of other nations, thereby seeking to develop trade relations globally and encouraging local businesses to stay on the island. So successful have been Taiwanese exports to China over the past two decades that China replaced the U.S. in 2002 to become the top buyer of Taiwan exports.⁵⁵ Taiwan continues to show significant economic growth. Also in 2002, it even completed bilateral negotiations with the World Trade Organization.⁵⁶ Taiwan can enjoy this economic freedom primarily because it is protected by security arrangements under the TRA. In fact, supporting the status quo provided the necessary buffer to allow the three nations to prosper and enjoy substantial economic freedom in the region, a situation that is likely to continue. As President Bush states in the NSS, the path to economic freedom is not America's alone and the U.S. will ignite a new era of global economic growth through free markets and free trade.⁵⁷

Military

The U.S. maintains a significant forward presence in the East Asia region, which contributes to Taiwan's stability and supports a status quo option. The 2003 ICG report noted U.S. military posture in the region has become an object of concern however to the Chinese leadership.⁵⁸ The ICG report points to two distinct phases in U.S. military support of Taiwan under the One China policy: an arms sales phase (1979-2000) and a phase of restoration of normal alliance (2001-2003). In the first 20 years of the TRA, military sales represented little concern to China and were seen more as propaganda. However, the ICG report states that in the last two years, China is growing concerned over President Bush's attempt to redress deficiencies in operational readiness of Taiwan's armed forces. This new approach demonstrates a willingness to bolster U.S security policy towards Taiwan to maintain a stronger deterrence factor in the cross-Strait relations. For the moment, supporting the status quo is in China's interest. According to the U.S. Army's Strategic Studies Institute,

It keeps Korea divided and thus more easily influenced by the PRC, and it prevents Japan - China chief Asian rival – from expanding its power in the region. It also prevents Taiwan from altering its status in ways inimical to Chinese interest and buys time for the mainland to persuade the Taiwanese to reunification.⁵⁹

It would appear that militarily, each nation is taking a cautious and yet calculated approach to ensuring a measured national security posture.

Feasibility, Acceptability, Suitability

If the U.S. maintains a status quo policy, Taiwan will continue to live under constant PRC rhetoric and threat of war, be subject to U.S. economic scrutiny, and live under an uncertain

future of international recognition. This is in direct contradiction to the interests and ideals expressed in the NSS.⁶⁰ This posture may be feasible to sustain for each country as a defensive military stance but may not be acceptable politically. In a recent New York Times article published November 2003, Wang Zaixi, vice-minister of the Chinese Cabinet's Taiwan Affairs Office stated that, should Taiwan authorities continue its pro-independence activities and challenge mainland's One China principle, the use of force might become unavoidable.⁶¹ China will likely wait until the Taiwan 2004 elections and see if the Chen pro-democracy and pro-independence administrations are reelected.

Presently, the population on Taiwan overwhelmingly supports the status quo, through which it enjoys economic prosperity, democracy, and de facto autonomy. The 2003 Annual Report on the PRC Military Power to Congress states that Beijing believes that any coercive measures that threatened the island's livelihood likely would subject Taiwan's leadership to substantial internal pressure.⁶² It goes on to say that China's leaders also realized that the sensitivity of Taiwan's economy to changing cross-Strait dynamics would enable them to directly or indirectly manipulates Taiwan's stock exchange and investor confidence during periods of tension. The status quo approach is suitable as a U.S. foreign policy option because it survived 30 years of deterrence. However, the One China policy does little to support Taiwan's push for complete economic freedom, a legitimate democracy, and international recognition. If the U.S. does nothing, then the U.S. is falling short of its core national values that enable Taiwan to build peace, stability, and potential well-being. However, maintaining the status quo allows the U.S. to remain in the political safe zone and continue its delicate balancing act of advancing U.S. interests in both China and Taiwan.

OPTION 2: ONE CHINA TWO STATES (OCTS)

An alternative policy would support a PRC - Taiwan reunification, similar to the PRC-Hong Kong reunification. In a February 2003 meeting with President Bush, former PRC President Jiang Zemin elaborated on the Chinese government's basic position of peaceful reunification, advocating OCTS as the solution for Taiwan.⁶³ However, President Chen flatly rejects this PRC - Hong Kong reunification, stating explicitly that Taiwan is not a part of any other country, nor is it a local government or province of another country.⁶⁴ He goes on to declare that Taiwan can never be another Hong Kong because Taiwan has always been a sovereign state. The U.S. appears reluctant to endorse either position, since this would give the impression of choosing sides.

Diplomatic

Is Hong Kong's OCTS reunification with PRC a political success story that Taiwan should consider and the U.S. should support? Certainly the concept of OCTS was bold and untried anywhere else in the world.⁶⁵ Life in Hong Kong under Chinese rule, at first glimpse, appears to be just the same. This continuity may be due to the basic agreement in the reunification pact that stipulates that the previous systems and Hong Kong way of life shall remain unchanged for 50 years. This set in place five decades of delay for which PRC promised to ensure a high degree of autonomy for Hong Kong. In the negotiations that led up to the handover, Great Britain and PRC both hoped that this long period would be enough time to defuse a ticking time bomb.⁶⁶ In 1984, a Joint Declaration signed by Britain and China agreed that the sovereignty of Hong Kong would revert back to China in 1997. The agreement formalized the stipulations of the original 1898 treaty, which gave Hong Kong over to Britain for 99 years. Hong Kong would then become a Special Administrative Region (SAR) of the People's Republic of China. The Joint Declaration provided that for 50 years after 1997, Hong Kong's lifestyle stay unchanged. The territory would enjoy a high degree of autonomy, except in foreign and defense affairs, and China's socialist system and policies will not be practiced the SAR.

Unfortunately, there is evidence that the Hong Kong government is not independent of Chinese influence. In fact, the erosion of the foundation of Hong Kong as a free society with a vibrant and highly competitive economy backed by the rule of law has certainly started.⁶⁷ Steve Tsang, Director of the Asian Studies Center, Oxford University, notes,

The best-known one involves the right of abode in the SAR for children born out of wedlock. In this, as in other cases...the problems that emerged do not concern the independence of the judicial branch. On this occasion, the appeal process ended with the Court of Final Appeal deciding in early 1999 in favor of the children and against the wish of the SAR government. This ruling was subverted, and the Court of Final Appeal was later forced to reverse itself after the chief executive invited the Chinese National People's Congress to reinterpret the Basic Law in order to deny the right of abode to the children concerned and make this effective retroactive.⁶⁸

Tsang further mentions that this process can only be slowed or even stopped by the international community paying close attention to these incidents and the people of Hong Kong persuade Beijing to not meddle in its rule of law.

An article from the Jamestown Foundation in Washington, DC states that China continues to ignore Taiwan's political reality and democratic development.⁶⁹ However, the Foundation admits that Beijing may persist in pretending that Taiwan can be politically squeezed into the Hong Kong-style OCTS mold, but this persistence nonetheless simply denies current reality. An article in the Hong Kong Update, published by the Asia Program of the Center for Strategic and

International Studies (CSIS), notes a particularly important and worrying development in Hong Kong is the convergence of two trends: the shifting ethos of the government from an essentially laissez-faire to an interventionist and the falling standard of public life.⁷⁰ It raises question of whether civil liberties in Hong Kong have been changed and whether Hong Kong still has its freedom and rule of law it maintained under the British. If not, the OCTS is not viable for a Taiwan option.

Economic

Further, it is important to look at Hong Kong's economic position since its return to China in 1997. To ensure acceptable terms were reached in assuming autonomy for Hong Kong, China agreed to allow capitalism to flourish there under the OCTS concept. An editorial in the September 2003 *Taiwan Review* notes that as part of the PRC – Hong Kong agreement, the former colony would retain some degree of political independence and be encouraged by the aging communist officials in Beijing to keep the economy roaring.⁷¹ In fact, Hong Kong remains the world's freest economy according to the Economic Freedom of the World: 2003 Annual Report released by the Cato Institute.⁷² And, effective 1 January 2004, China and Hong Kong started implementing specific commitments in liberalization of trade in goods and services under the Closer Economic Partnership Arrangement (CEPA).⁷³ The first consignment of goods of Hong Kong origin claiming zero tariffs under CEPA were imported to Mainland China successfully on 7 January 2004. Thus, Hong Kong's OCTS does not appear to be directly impacting economic growth.

China has repeatedly thrown the Hong Kong style OCTS proverbial bone to Taiwan, but the business leaders of the island country continues to focus on political freedom rather than forging economic relations. After a decade of painstaking negotiations, Taiwan joined the WTO in January 2002. However, in February 2003, at the behest of China, the WTO Secretariat proposed that the title of Taiwan's delegation be changed from 'permanent' mission to 'office' mission, granting a status identical to that of Hong Kong and Macau, which are both part of PRC.⁷⁴ Thus there are credible doubts that Beijing can curb its authoritarian ways and let autonomous regions retain the many factors necessary for a flourishing economic and political life.⁷⁵ Conversely, OCTS option for Taiwan may pose a significant economic threat to all interested partners in the region, including the U.S. Limiting freedom of navigation through the Taiwan Straits is an example of how the PRC could easily influence the collective good of global trading partners. This interventionism could very well lead to threats against the political regimes of some of its regional neighbors.⁷⁶

Military

An OCTS policy would potentially jeopardize the security Taiwanese enjoy and pose a credible threat to U.S. interests. China may decide to expand its ever-growing military might in a cross-Strait build-up that would threaten the democratic freedoms Taiwan now enjoys. The U.S. would find it hard to enforce the TRA if it indeed did support an OCTS option. Military capabilities on both sides of the Strait are a U.S. concern. The 2003 Annual Report on the PRC Military Power to Congress states that China continues to spend billions to modernize its military, which casts doubts about resolving differences with Taiwan peacefully.⁷⁷ Indeed, the report suggests that preparing for a potential conflict in the Taiwan Straits is the primary driver for China. Ultimately, the OCTS policy could only be achieved through a direct military intervention by China. According to the Jamestown Foundation, a war would destroy any economic progress in China.⁷⁸ Although not inevitable, a near term cross-Strait military intervention is not a suitable national objective for the PRC.

Feasibility, Acceptability, Suitability

OCTS is incompatible with the U.S. NSS. It does not provide hope and opportunity for Taiwanese who are striving for international freedom and recognized independence. Likewise, U.S. support for OCTS is simply not politically acceptable. The problem with an OCTS policy for Taiwan is that the seeds of freedom and democracy are deeply rooted in all aspects of Taiwan's culture. This is a fundamental difference between the Hong Kong case and Taiwan. In Hong Kong, China sought control from nominal British colonial rule. Taiwan is accustomed to controlling itself. Thus, this model may prove unsuitable, given with such a fundamental difference in traditional political systems in Hong Kong and Taiwan. The British gave back Hong Kong; no similar governmental party exists in Taiwan.

Let there be no doubt that the current Taiwan Administration under President Chen does not support reunification. Taiwan's sovereignty is non-negotiable in the eyes of the DPP and a strong percentage of Taiwanese. It is about national identity, thus the OCTS is not acceptable. In an opinion poll conducted several times each year since 1996,

On average about 60 percent of respondents have seen China as hostile towards the Taiwan government and about 45 percent have seen it as hostile toward the people of Taiwan. In a poll released in August 2002, some 55 percent recorded the view that Taiwan should continue to press for an end to its international isolation even at the risk of increased tension with China. About 70 percent were against the 'one country, two systems' concept.⁷⁹

Thus, given Taiwan's total opposition to OCTS and its threat to the U.S. interests of stability in the region, the OCTS alternative appears too untenable for a U.S. administration to support.

An additional question is what would happen to Taiwan's economy if China instituted some level of control under an OCTS model? Taiwan's trade dependency on PRC has grown significantly over the past two decades. This economic posture may be feasible in the short term, but demonstrates how vulnerable the island country could be economically if the political or security environment across the Taiwan Strait deteriorates.⁸⁰ If Taiwan opts for OCTS, they put their whole democratic framework at risk to the PRC authoritarian ways interested in self-preservation and political hegemony, thereby losing economic partnership and international parity.

OPTION 3: AN INDEPENDENT TAIWAN

The final policy option is for the U.S. to support Taiwan's leadership for independence and to recognize it diplomatically as a sovereign Nation-State. Taiwan's independence movement is internationally significant. Taiwan's formal declaration of independence is one of the three conditions under which the PRC has stated that it will take military action against Taiwan. The other conditions being that Taiwan develops an atomic bomb, or if Taiwan comes under foreign interference. PRC military action would certainly raise the possibility of an intervention by the United States under the TRA and the possibility of a superpower conflict in East Asia. Obviously, no one wants to see war break out over Taiwan with the PRC-US on either side. That said, should the U.S. fully back the Taiwanese President's efforts for a referendum on independence? According to the NSS,

a quarter of a century after beginning the process of shedding the worst features of the communist legacy, China's leaders have not yet made the next series of fundamental choices about the character of their state. In pursuing advanced military capabilities that can threaten its neighbors in the Asia-Pacific region, China is following an outdated path that in the end, will hamper its own pursuit of national greatness.⁸¹

The U.S. keeps close tabs on PRC modernization of its armed forces, and elements of this modernization is making the U.S. and U.S. partners in the Asia Pacific region feel less secure.

Diplomatic

Even in its own NSS, the U.S. is critical of PRC's proliferation of military activities and lack of political reform. Conversely, the Taiwanese people enjoy freedom and are not resistant to a formal declaration of independence, but they realize the risks inherent with deviation from traditional values. This ambiguity amongst the people is shown in polls conducted by Taipei's Mainland Affairs Council. These polls indicate that between May 2000 and December 2002, there was Taiwanese support for independence sooner or later, around 15 to 20 percent.⁸² With

the U.S. currently supporting an emerging government of self-rule and democratic reform in Iraq, how can the Bush Administration ignore President Chen's referendum attempts for an independent and sovereign Nation-State? In August 2002, the Taiwanese President had the boldness to say that Taiwan is a country and would not be bullied, downgraded, marginalized, nor treated as a local government of China.⁸³ The PRC strongly criticized President Chen's demand for the referendum, while the U.S. remained neutral, indicating it did not support Taiwan's claims. In Dec 2003, the State Department bluntly discouraged President Chen from holding a referendum on independence. Secretary of State Powell advised both PRC and Taiwan to realize where their interests lie and to refrain from provocations.⁸⁴ It appears Taiwan is pushing the U.S. political buttons at a time when the U.S. is not open to abandoning its One-China policy. But, according to Congressman Tom DeLay, the One China policy is entirely outdated and incongruent with the current political/economic environment in Taiwan and China.⁸⁵ He argues that in a time when Taiwan can be utilized as a vital democratic ally in the war against terrorism, the U.S. must confront the inadequacies of the One China policy. Arguably we are in a zero sum game diplomatically. Twenty years ago, trade, personal contacts, and cross-Strait dialogue were diplomatic endeavors. Today, we see the U.S., PRC, and Taiwan leadership striving for alternative options to eliminating ambiguity. Unfortunately, until each nation abides by the same international norms and rules, success in this zero sum game may be representative to achieving stability in hot spots like Iraq.

Economic

Global economic well-being is the cornerstone for success for the U.S-Taiwan-PRC triangular relationship. Any trade disruption would certainly have an unfavorable effect perhaps prompting immediate diplomatic, military, or economic actions. Taiwan's economy is catapulting forward as one of the vibrant Asian Tigers. Specifically,

Through nearly five decades of hard work and sound economic management, Taiwan has transformed itself from an underdeveloped, agricultural island to an economic power that is a leading producer of high-technology goods. Taiwan is now a creditor economy, holding one of the world's largest foreign exchange reserves of more than \$100 billion in 1999. Despite the Asian financial crisis, the economy continues to expand at about 5% per year, with virtually full employment and low inflation. The population also enjoys an annual average income equal to U.S.\$13,152 (1999).⁸⁶

However, as mentioned earlier, with such interdependence with China for trade and investment, the movement to independence would possibly cause a radically shift in Taiwan's economic trade strategy. According to political scientist David Denoon,

We see that Taiwan has concentrated both its trade and its investment plans on China. This focus entails three kinds of risks: (a) having an unbalanced portfolio that could suffer if China's economy turns sour; (b) reinforcing the asymmetry in constituent groups, leading businessmen on Taiwan to press for concessions to China, where there is no comparable group; and (c) assisting the Chinese economy through capital and technology transfers when there is no comparable return flow.⁸⁷

From a purely economic perspective, Taiwan appears to have shifted its investment focus. Its economic partnership with PRC and the U.S. continues with promising growth potential. However, its complex relationship with PRC must be thrown into the equation, which skews the economic formula. Again, in its pursuit of independence, it is likely Taiwan will suffer PRC consequences.

Military

Taiwan's armed forces have been reformed in recent years to bring them in line with democratic reforms and civilian control, while never losing sight of their primary mission, guarding against a possible invasion from the PRC.⁸⁸ Over the last decade, Taiwan has secured its place in modernizing its armed forces by moving to number two in the world for arms imports and 15th as the world's largest military force.⁸⁹ Taiwan's military evolution in the past decade is inextricably linked to changes in the political landscape. Taiwan is in the process of adopting a revolution in military affairs, which will change its strategy for future security. Taiwan's defense strategy has evolved from a counterattack strategy up to the 1960s to an offensive-defensive strategy up to the 1980s, to a purely defensive strategy up to the present. Currently Taiwan's strategists are contemplating an active defense whereby the objective would be to ensure that any conflict with PRC will be fought as far away from Taiwan's shores as possible.⁹⁰

However, a move towards independence would present a formidable military risk to this island nation.

In April 2001, and much to the consternation of the PRC, the United States also agreed to sell Taiwan eight diesel power submarines, four mothballed Kidd class destroyers, instead of the Aegis destroyers that Taiwan had been requesting, P3 Orion maritime surveillance and reconnaissance aircraft. Taiwan is also believed to have purchased Patriot 3 SAMS from the United States and has expressed an interest in buying Apache attack helicopters. The acquisition of these new capabilities should help the island counter the growing and well-documented challenge posed by the PRC.⁹¹

As stated above, the evolution of Taiwan's military might pose a significant threat to any attempt by PRC use of force. However, Taiwan also realizes that confidence in its security is only

possible through continued close relations with the world's only significant projection platform superpower, the U.S. As mentioned earlier, the U.S. believes its Pacific-based forces are strong enough to resist and contain a PRC military attack on Taiwan. Besides its obvious nuclear deterrent capability, the PRC has also invested heavily in a Theater Ballistic Missile (TBM) program to offset U.S. and Taiwan's capability both in the Taiwan Strait and ashore in Taiwan.

Feasibility, Acceptability, Suitability

An independent Taiwan is compatible with the U.S. NSS. Although politically acceptable and militarily feasible, there is still significant risk in the U.S. guaranteeing its support for this option. In the Mainland Affairs Council polls mentioned early, when the Taiwanese were given the option between independence, status quo, or unification, typical results indicated only 20% in favor of independence, 15% in favor of unification, about 50% in favor of status quo, with 15% undecided.⁹² Even though President Chen Shui-bian's cabinet communicates a vision for independence, its lack of overwhelming popular support may present some unpredictable challenges to the U.S. The focus of the independence movement has moderated in recent years because of decreasing friction between mainlander and native communities on Taiwan, because of increasing economic ties with the mainland, because of continuing threats by the PRC to invade if it declares independence, and because of doubts as to whether or not the United States would support a unilateral declaration of independence.

However, U.S. ambiguity on Taiwan's independence only strengthens the PRC's position towards OCTS, not Taiwan's pursuit of independence. Professor Cohen, regards this inconsistency as potentially disastrous:

first, the success of stable and free democratic states is an overwhelming national interest of the U.S.; second, Washington's credibility in Asia is profoundly tied up with its guarantees to Taiwan; third, should Beijing ever gain control of Taiwan, it will establish a Geostategic position in the South China Sea that would extend its influence far beyond its immediate surrounding.⁹³

Professor Cohen's observation acknowledges the U.S. policy ambiguity and emphasizes the extreme challenges in maintaining peace and stability.

Since the late 1990s, supporters of Taiwan independence have argued that since Taiwan is already independent, a formal declaration of that fact is unnecessary, except in the case of an immediate attack by the PRC. Nonetheless, now would present the best time for Taiwan to declare independence from a military balance of power review. Today, PRC lacks an invasion or power projection capability to threaten coercive power against its East Asian neighbors.⁹⁴

Nonetheless, PRC is becoming an increasingly capable military force that over time will be able to project substantial power off its shores.⁹⁵ In December 2003, Senior PRC military officers warned that Taiwan was facing the abyss of war declaring that PRC would accept boycotts of the 2008 Beijing Olympics, reduced foreign investment, and military casualties to prevent any Taiwanese move to advance independence.⁹⁶ To subdue this awareness, the U.S. will likely continue its NSS regional engagement initiatives to protect its interests under the TRA. U.S. policy is to build an environment in which open cross-Strait dialogue is peaceful and which reduces such political tension.

POLICY RECOMMENDATION

The forgoing foreign policy review indicates the need for a more deliberate U.S. policy for Taiwan. We can no longer rely on the tenuous One China policy. First, the U.S. should consider its own National Security Strategy when deciding whether to formally recognize support for the current Taiwanese government's move towards independence. The NSS states the U.S. will stand beside any nation determined to build a better future by seeking the rewards of liberty for its people.⁹⁷ The U.S. already sent a message to both the world and to China in 1996 that any PRC attempt to unify with Taiwan by force will be countered with U.S. military might. President Bush applied his plainspoken political approach to Taiwan when he responded with the infamous, "Yes, whatever it takes," comment on what it would take to defend the island. The U.S. should now recognize Taiwan in its NSS as a successful democratic nation and continue to provide its security, as it has for over two decades. The time has come to develop a more formal US-Taiwan relationship, especially if the Taiwanese substantially vote yes to any referendums on independence.

Second, the U.S. should continue its bi-lateral support of the 1979 TRA. The shelter of the TRA, entrusted by each successive U.S administration, helped to make Taiwan's transition to democracy successful. Providing Taiwan with planes, ships, tanks as well as defensive missiles offers an example for other sovereign nation-states to promote democracy and regional security. The U.S. should continue this commitment to ensure Taiwan builds not only confidence in its security, but develops a sufficient self defense capability to secure its borders.

Finally, the U.S. must keep all elements of national power (military, economic, informational, and political) focused on the PRC. This deliberate action will help secure Asian economic growth, broaden access to foreign markets, and discourage further spread of communism. PRC's advocacy of OCTS will not work in Taiwan because the Taiwanese reject it; Taiwan is not Hong Kong. According to Jamestown Foundation's Stockwin, when Deng

Xiooping created OCTS, it was a different Taiwan from the one that exists today. Then, an unreformed cadre of Kuomintang Nationalist ruled Taiwan and both China and Taiwan were authoritarian political systems.⁹⁸ Today, Taiwan is a democracy.

There is much ambiguity in the One China policy. Researching U.S. policy statements, congressional reports, and political commentaries reveals that the U.S. successfully pursued this Sino-American approach to foreign relations with incredible political savvy. The current U.S. ends, ways, and means for supporting a One China policy are not specified clearly enough to achieve the 2002 NSS objectives. The U.S. One China policy has potentially outlived its intended use. It does not fully support current U.S. regional objectives and a U.S. Presidential Administration focused on establishment and preservation of democracy. U.S. national values may equal U.S. national policy, but together they do not offer collective agreement between Taiwan and the PRC. Under current U.S. strategy, it appears the U.S. will not alter its relationship with Beijing with the hope that the PRC will eventually evolve into a democratic state. For strategists, hope is not a method.

CONCLUSION

U.S. pursuit of a One China policy was successful for almost two decades. Amazingly, by pursuing the status quo, we averted direct confrontation. However, the evolving Asian strategic environment calls this status quo policy's usefulness into question. Taiwan's President Chen Shui-bian argues that Taiwan maintains all the characteristics of a state and that it has not been replaced or succeeded by the PRC. The U.S. and the UN must recognize the legitimacy of developing democracies like Taiwan and not hinder their efforts to become sovereign nations. The U.S./Taiwan/PRC triangular relations have arrived at a sensitive time, with elections in the both U.S. and Taiwan in 2004 and new PRC leadership. For the immediate future, the current status quo policy offers the suitable solution until the U.S. has stabilized from its engagement across many global hot spots. However, the ideals stated in the U.S. National Security Strategy are designed to foster a strategic environment conducive to regional peace and stability. Thus, the U.S. must stand firm on promoting democracy directed at both Taiwan and the PRC. The U.S. should recognize this fact with strong policy language supported by a strategy with clear objectives, and favor a formal declaration of independence should the Taiwanese vote on such a referendum. This implies that America may come into conflict with China under its obligations in the TRA. Regrettable as it may be, defending core values and ideals is the price of promoting freedom in an increasingly democratic world. Alternatively, if the U.S. administration is not willing to back up its position of freedom across the globe, then change the NSS. To ignore or

underestimate the significance of this issue or to ignore the ambiguity of a One China, falls short in successfully employing all U.S. elements of national power.

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