

Cross-Strait Economic Interdependence under the Leadership of President Ma Ying-Jeou and Strategic Implications on the Taiwan Issue

Wilfried Relwende Sawadogo*

Since 1949, Taiwan and Mainland China have been living in an atmosphere of political hostility, hostility that has reached its pick under President Chen Shui-bian Administration but been mitigated under the current leadership of President Ma Ying-jeou, who, instead of focusing on political independence, is strategically moving toward securing Taiwan's economic survival. So the deteriorating political relations originally based on a 'Taiwanese exceptionalism' with a strong desire for the Island's independence is gradually giving place to a growing economic interdependence that may give rise to new concerns defined in terms of the strategic implications of such economic convergence between Mainland China and Taiwan with a particular emphasis on Taiwan's political survival. The purpose of the present proposed research is to spell out the existing contradiction or dilemma in the cross-strait political and economic spheres. For a better operationalization, the present research paper, based upon a nomothetic causality perspective, will first and foremost try to figure out the most important factors that play in favor of the a cross-strait economic dynamism. Then it will try to identify the strategic implications of such economic interdependence on the future of

* Wilfried Relwende Sawadogo is a doctoral program student at the Department of Diplomacy, National Chengchi University, Taiwan. The author can be reached at: wilsonwilfried@hotmail.com

cross-strait relations with an emphasis on the security matters relating to Taiwan's political survival. Reaching out a meaningful approach of these obvious dichotomies nourished over the years by a political impasse (political coercion) and economic dynamism (economic cooptation) requires necessary a theoretical framework, and so, to explore, describe, explain, and possibly predict future outcome of cross-strait relations.

Key words: Economic Cooperation, Economic Interdependence, Cross-Strait Relations, Mainland China, Nomothetic Causality, Political Independence, Political Impasse, Political Survival, Security, Strategic Implications, Taiwan, Taiwanese Exceptionalism.

Introduction

If the end of the Cold War in the 1990s has led to a worldwide relieve due to the reduction of tensions, the Asia-Pacific region¹, unlike other parts of the world where regional disputes are either eased or weakened, remains a troubled zone. Despite the atmosphere of détente² between

¹ The Asia-Pacific region, from Samuel C. Y. Ku's perspective, is still troubled by three major problems, namely the uncertainty in relations across the Taiwan Strait, the sovereignty disputes over the Spratly Islands in the South China Sea, and the North-South Korean issue.

² This metaphor is use to describe the analogy of the relations between the US-Soviet Union relations during the Cold War and Taiwan-China relations. With the accession of President Ma Ying Jeou to power in March 2008, tensions over the cross-Strait have been cooled down and a relaxed atmosphere has prevailed since then.

Taipei and Beijing, the likelihood of war still looms on the Taiwan Straits. Taiwan is then more or less seen as not only the main reason of Beijing military build-up but probably also one of the crucial issues that could seriously threaten the current apparent stability of US-China relations. The recent incident of the American and Chinese submarine vessels in South China Sea on March 10, 2009 reminds us the fragility of US-China relations and shows the aggressiveness of Chinese regional ambitions. In spite of the historical³ security problem and the atmosphere of political hostility that define the interactions between Chinese-Taipei and Chinese-Mainland, a growing economic interdependence appears to reinforce Taipei-Beijing relations, especially with a recent keen interest of both Taipei and Beijing to sign an Economic Cooperation Framework Agreement (ECFA). To the tactical 'goodwill attitude' shown by the Kuomintang (KMT) government in Taipei, Beijing is sending a strategic 'rewarding signal' shaped in line with the Mainlanders' future aspirations, and which Steve Chan qualified as "the carrots and stick policy."⁴ With in mind the Marxist belief according to which "what prevails in economy will ultimately prevail in politics," economic interactions in the cross-Straits have been used as an indispensable tool to obviate the deadlock in high politics, bridge the lack of understanding and mutual

³ The security problem over the Taiwan Strait can be qualified as historical because it is more than a half century problem that has not yet found a definite answer. So will this problem find a solution soon (like the reunification of former East and West Germany that officially took place on October 3, 1990) or will the willingness of finding a solution be deferred indefinitely (like North and South Korea which still live under the threat of conflicts), the answer lies in the hand of the people of both side. What is sure is that people of both sides and the international community fears the repetition of the solution to North and South Vietnam division which has been done through military invasion of the South by the North.

⁴ Steve Chan, "The Politics of Economic: Carrots and Sticks in Taiwan-China-US Relations," *Issues & Studies* 42, no. 2 (June 2006): 1-22.

trust in the prospect of lubricating the process – still turbulent - toward political rapprochement. The controversy⁵ drawn by this ever increasing economic interdependence between Mainland China and Taiwan under the KMT government of President Ma Ying-jeou⁶ in the wake of a new US administration with Democrat President Barack OBAMA opens, in this period of lethargy and deepening global economic crisis, a new era of challenges that deserves a critical approach. Hence the ambition of this article which aims to provide an in-depth understanding of the ongoing cross-Straits interactions and possible future developments.

Analyzing this problem requires to first and foremost spell out key macro and micro-economic influencing factors (pull and push factors) at both domestic and international level that play in favor of a cross-strait economic convergence (I). The present paper will then try to figure out the implications or consequences that such economic cooptation would possibly mean for cross-strait political relations (II). A better understanding of the cross-strait relations goes undoubtedly hand in hand with theorizing on the cross-Straits relations⁷, an indispensable step in the

⁵ The debate over the economic interdependence has been brought up on the one hand by pro-independence hardliners who accuse the ruling KMT party of trying to sell out Taiwan and on the other hand by some American scholars and decision makers who perceive the economic over-reliance of Taiwan on China as threatening to American long term interest in the region as for them re-unification would mean strategic loss for Washington in the Asia Pacific Region.

⁶ Recently, the issue of Economic Cooperation Framework Agreement (ECFA) with China is a controversial issue in Taiwan and is diversely appreciated by the public opinion in Taiwan. It remains a crucial challenge for the KMT government under the leadership of President Ma Ying-jeou who's trying to prospect viable ways in order to boost domestic economy and regain Taiwan's image as competitive internationally.

⁷ A complete understanding of the contending theoretical approaches on cross-Straits relations can be found in: Wu Yu-Shan, "Theorizing on Relations across the Taiwan Strait: Nine Contending Approaches," *Journal of Contemporary China* 9, no. 25, (2000): 407-428.

comprehension of the cross-Straits economic cooperation and political confrontation. So if, on the one hand the divided-nation model and the constructivist approach based upon a political psychology perspective best explain the ongoing political impasse between Taiwan and Mainland China, *a contrario* the integration theory best suits in explaining the current growing economic interdependence while on the other hand the strategic triangle model remains transversal and appears to be the appropriate theoretical framework in addressing both the increasing cross-Straits economic engagement and political disengagement.

I. Contributing Factors to Cross-Strait Economic Dynamism

Social and economic interactions between Mainland China and Taiwan start taking off in the late 1980s due to specific factors that have played in favor of such an economic dynamism, and encouraged the increasing investment and trade flow across the Taiwan Straits. These factors can be classified into two main levels: the domestic level (A) which comprises the push and pull factors and the international level (B) with the two level game and United States (US) influence as a defining feature.

A- Domestic Factors

Trade between Taiwan and China has grown at an impressive rate during the past two decades, going steadily from approximately US\$25.7 billion to nearly \$76.4 billion from 1999 to 2005⁸. Such a fast and

⁸ Brett V. Benson and Emerson M.S. Niou, "Economic Interdependence and Peace: a Game-Theoretic Analysis," *Journal of East Asian Studies* 7, no. 1 (January–April 2007): 35-59.

http://www.accessmylibrary.com/coms2/summary_0286-31765878_ITM (Accessed December 16, 2008)

impressive economic growth has been possible thanks to domestic factors from both Taiwan and Mainland China, factors that can be categorized into two main spectra: the push factors seen from Taipei's side and the pull factors perceived from Beijing's side.

1. From Taiwan's perspective (Push Factors)

The years before 1980s were characterized by the rarity if not the quasi-inexistence of direct contacts between the two sides of the Taiwan Strait. Apart from small amounts of indirect trade through third countries like Hong Kong and the highly scrutinized cross-strait visit for humanitarian reasons, the movements between China and Taiwan remained primarily rudimentary, situation that appears to be unimaginable nowadays in view of the current closer ties between Taipei and Beijing especially after the recent establishment of the direct links under the leadership of President Ma Ying-jeou.

Since Taiwan has begun its economic, technological and industrial development, Taipei has been seen as one of the fastest-growing overseas investors in the developing world. In the 1990s, Taiwan even was the second largest investor in Mainland China after Hong Kong. Recent promising outflows investments by Taiwanese businessmen in Mainland China are undoubtedly due to the increasing number of investment projects⁹. Besides, the increasing push from Taipei to further liberalize the economy in line with the domestic economic development and the

⁹ Taiwanese businessmen are currently investing in sectors such, as among others, Electronic and Electric Appliances, Food and Beverage Processing, Basic Metals and Metal Products, Plastic Products, Chemicals, Non-Metallic Minerals, Textile, Precision Instruments, Transport Equipment, Rubber Products.

political pluralism in vogue in Taiwan, and so, since the 1980s, had a non-negligible effect on the cross-strait economic interactions. Following its economic achievement, Taiwan has entered into a phase of an ever-growing industrialization process which has supplanted technology and well-established international marketing network oriented toward the Mainland as a preference. Correlatively, this major transformation of the economic and industrial structure of Taiwan from the old “sunset” industries to the new generation of technology-oriented industries has stimulated growing capital outflows from Taiwan to Mainland China. The sharp appreciation of the New Taiwan Dollar, in the late 1980s, combined with the rising pressure of cost at home has also weighted in favor of such economic behavior. Due to such a high economic pressure, Taiwanese low-technology small-and medium-size enterprises have started shifting their production units to Mainland China with the hope of having a better chance to survive.

The boom of Taiwan Direct Investment toward Mainland China is also caused by the substantial rise of Taiwan wages that put the business sector in difficult situation as regards honoring the monthly salary, and the taxes to be paid to local and/or central government. The rising wages have also led many companies to fall short of labor since the salary they were proposing was not attractive enough to newly graduate students and experienced workers hunting for better jobs.

Moreover, Taiwanese Foreign Direct Investment (FDI) basically has three main motives. First, Taiwanese businesses are export-oriented hence their eager to minimize their cost and correlatively maximize their

production capacity and channel in the prospect of being always able to keep up with such a motive.

Second, Taiwanese businesses are market-oriented entities so much so that invading Mainland China would give them a better chance of increasing and reaching out the big ever Chinese market.

Third, Taiwanese investments are resources-oriented, motive that inspires them to take advantage of huge resources available in the Mainland.

In a word, there is no secret that the substantial rise of Taiwan wages, the labor shortages, costly lands, high priced research centers and trades barriers, restrictive environmental regulations, to only cite a few, are forcing Taiwan businessmen to move to Mainland China. And so, to avoid trade barriers and take advantage of cheap labor, lower price lands, less restrictive environmental regulations, low cost R&D, natural resources and market opportunities.

Last but not the least, it is indispensable to mention that the geographic proximity, cultural and linguistic linkages are turning Mainland China into an Eldorado¹⁰, a favorite destination for Taiwanese investments since geographic neighborhood and cultural similarities, contrarily to going to other remote countries with different cultural and mostly different languages, help to much easier integrate the business

¹⁰ An Eldorado is a word first coined by the 16th-century explorers in their adventure in South America. This term is nowadays used as an imaginary place of great wealth and opportunity.

environment in China.

2. From Mainland China's Perspective (Pull Factors)

Economically, China was a very closed international actor until comprehensive economic reforms have been boosted under the leadership of Deng Xiao Ping. Deng indeed embarked Mainland China on a historic journey toward a socialistic market system based upon Chinese cultural characteristics. His enterprise aimed at attracting both international trade and foreign investment, goal that has received positive responses from regional and international economic actors. So, over the last two decades, Mainland China has been coined as the largest Foreign Direct Investment (FDI) recipient among the developing world with an ever increasing Taiwan Direct Investment (TDI) in the Mainland. Following then “Deng’s open-doors policy” or “Deng’s market reforms”¹¹ that has led to a sustained and outstanding economic performance, and so since 1979, Mainland China has made Taiwanese businessmen feel more confident of the possibility of maximizing their economic profits in Chinese economic environment. Besides, the opening of key sectors such as the telecommunication, transportation, banking and insurance sectors by Mainland China was a seducing enterprise toward Taiwanese businesses which enjoy a better competitiveness and leverage over China in the above-mentioned fields. This charming economic atmosphere has left Taiwanese businessmen attracted by the idea of doing business in China. Taiwanese businessmen’s confidence is also founded on the Mainlanders

¹¹ Deng Xiaoping’s open doors policy and market reforms had moved the People’s Republic of China (PRC) away from the Maoist emphasis on heavy industry and state corporations toward a more capitalist-oriented economic order under a Chinese framework of understanding.

formal and official request for a membership in the World Trade Organization (WTO) body. Such move has sent good signals to regional and global economic actors, particularly to the Taiwanese business society since Beijing's intentions have been interpreted as a sincere engagement and commitment to the WTO and its principles.

Furthermore, the flexibility shown by Chinese leaders in terms of the convertibility of the Renminbi (RMB) following comprehensive reform and institutional change in Mainland China has enhanced Taiwanese determination to prospect China as an alternative to their business activities. In fact the RMB was not a convertible currency. This uncomfortable economic reality has created problems since foreign firms and investors were in a difficult situation when it comes to reconverting their investment and repatriate their earnings. Such comprehensive reform and institutional change have played in favor of Mainland China, whose economy began soaring with an increasing Gross Domestic Product (GDP) and an accumulation of huge foreign reserves, leading *ipso facto* China's economic growth to a stage of maturity and confidence that will play a positive role as a pull force by pulling Taiwanese businessmen into Mainland China. China, in order to keep these Taiwanese businessmen, has shaped out policies aiming at giving favorable incentives¹² to foreign investors and especially to Taiwan businessmen in the prospect of supporting and helping them succeed in doing business in the Mainland.

¹² The incentives could be seen as a favorable treatment reserved to Taiwanese businessmen. It is also necessary to notice that recently, in view of the economic difficulties businessmen are facing nowadays all over the world, Beijing leaders have decided to provide economic support to Taiwanese companies operating in the Mainland. This is an encouraging move to keep the companies already in China but also an attractive move that will surely pull other companies from Taiwan into China.

If the domestic factor has been crucial in the cross-strait economic interactions, the cross-strait relations have exceeded the sphere of a domestic issue since the international system in general, and United States (US) strategic involvement in particular on the Taiwan issue has also played a non-negligible economic and political role that deserves our attention.

B- Factors deriving from the International System

The question of how such international system has influenced the relationships between Mainland China and Taiwan requires us to structure this section based upon two parts. The first paragraph will have to point out a two-level game that can be assimilated to the “Outside In”¹³ framework. The second paragraph will close up this section by elaborating on the US factor in the cross-strait interactions, situation analyzed from the loophole of a strategic triangle perspective.

1. The Two-Level Game

The cross-strait critical characteristic of “no-peace no-war” has to a certain extent contributed to influence global players’ attitude toward the two cross-strait allies, China and Taiwan. This first approach could be seen as the “Inside Out” framework. In return, the outcome of the international politics also contributes to impact the policies designed by both China and Taiwan as a response to the cross-strait crisis. This second approach, coined as the “Outside In” model, will mainly retain our

¹³ The “Outside In” model is opposed to the “Inside Out” model. But for a better efficiency and based on the purpose of this work, the focus will mainly remain, in the present paper, to review the impact that the international politics might have on the cross-Straits political and economic relations.

attention throughout this first paragraph.

From the “Outside In” perspective, it is undeniable that the global economic and political environment has impacted the cross-strait relations. Indeed with the rise of China, the power politics game between rising China and other major powers has somehow increased worries about the outcome of the Taiwan issue. Hence the growing outside request of China’s being a responsible stakeholder and the ever increasing global pressure for better and in-depth political reforms, economic restructuration, democratic governance and more transparency in the conduct of political and economic affairs. Such international/global pressure has made Mainland China be aware of the international community’s attention on Beijing’s Taiwan policy. This awareness has made Mainland China more cautious on any political decisions that could affect Taiwan. Hence the appearance of the economic tool as the only viable way for Beijing to peacefully serve its historic mission which is to “bring back home the renegade Taiwan Province,” split from the Mainland since 1949 during the Chinese Civil War led by two rivals, Mao Zedong from the Communist side and Chang Kai-Shek from the Kuomintang (KMT). The Mainlanders in their strategic approach seek to create a “greater China” or a “China Circle,”¹⁴ strategy that has also received, in the post Chen Shui-bian era, a comparable positive response from Taipei since both are gaining economic profits in a win-win partnership. The recent ambition of the KMT government, under the

¹⁴ These terms “Greater China” and “China Circle” have been mentioned respectively by David Shambaugh and by Barry Naughton. Their approaches nevertheless differ from each other since Naughton’s perspective is much more narrowly economic than Shambaugh’s model which includes social and cultural, as well as economic, ties.

leadership of President Ma Ying-jeou, to sign an Economic Cooperation Framework Agreement with Mainland China is a palpable example.

In addition, the World Trade Organization (WTO) appears to be a tangible case of the international factor. For instance, the WTO-induced liberalization is certainly influencing the economic flows across the Taiwan Straits. First of all, the WTO membership gives Taiwan the opportunity, on an equal footing with China, to discuss international trade issues based on parity without forgetting that it allows Taiwan to work with other governments. Hence Beijing's ambition of internationally isolating Taiwan seems to be eroded leaving more room for the enhancement of economic cooperation owing to the fact that Mainland China will be reluctant to challenge Taiwan in such a multilateral framework.

To sum up, it is obvious that both domestic and international factors have moderated political turbulences and led to massive and increasing economic interactions across the Taiwan Straits. However, the US strategic involvement in the management of the cross-straits crisis remains central and critical to the understanding of the cross-strait relations.

2. The US Factor in the Cross-Strait Convergence

Both Taiwan and Mainland China share a convergence of economic interests and are highly dependent on an open US market. As argued Professor Richard Bush, the then-Chairman of the American Institute in Taiwan (AIT) during five years, "the United States and Taiwan share

economic interests, political values, and the challenge posed by China's military modernization.”¹⁵ If Taipei and Beijing are more focused on the convergence of economic and commercial interests, it is obvious that originally Washington has been less interested in so doing. However over the time, the United States of America came to realize that in a context of a game of changing-rules, it might have to re-broaden its strategy and tactics by promoting the participation of US firms with the PRC and Taiwan on equal footing and so, in order to enhance cross-strait dialogue and avoid cross-strait collusion. This promising cross-strait commercial relationship under the blessings of the US is opening a new era for the trilateral relations between Washington, Taipei and Beijing with the US possibly to be playing the role as good offices and why not a probable future mediator that can help ease tensions and work for a peaceful settlement of the Taiwan-PRC turbulent political relations. So from the economic perspective, US-Taiwan-China triangular relations can be qualified as a *ménage à trois* framework since all the three actors are maintaining positive economic relations based on a win-win game that allows them to mutually accept each other on an equal footing for the defense of their mutual, common interests. Increasing cooperation between Beijing and Washington on the management of the Taiwan issue has then become a tangible reality in both economic and political arena. However, with the rising power of Mainland China, apprehensions still remain on whether US-China relations will become more cooperative or competing/conflictual. These worries became reality when Mainland

¹⁵ Richard Bush, “U.S.-Taiwan Relations: What’s the Problem?” *Brookings online paper*, December 3, 2007.

http://www.brookings.edu/speeches/2007/1203_taiwan_bush.aspx?rssid=bushr
(Accessed on January 3, 2009)

China, despite the politics of goodwill shown by the Obama Administration to slow down the multi-secular arrogance of Americans, did not hesitate, on March 10, 2009, to riposte aggressively and with toughness to US submarine vessels accused of spying on Mainland China from the South China Sea. Such attitude is a warning sign by Beijing to the international community, especially to the US that Chinese ambitions are unstoppable and that regaining the Chinese lost mighty and glory is, from now on, on the agenda of Chinese leaders. This certain fragility of US-China partnership, sometimes rooted on conflictual and contradictory national interests of both American and Chinese governments, will undoubtedly have negative impact on cross- strait relations.

Indeed the outcome of US posture in the cross-strait relations will surely depend on China's response to the current cross-strait problem, response that will, with no doubt, determine the quality of relations because as said Ttorkel Patterson, deputy secretary of defense in George W. Bush's administration, "US is going to do what it should do for its own interest"¹⁶ without forgetting that Washington will show up to the entire world its credibility as regards its security and strategic commitment toward protecting and securing Taiwanese people. However, many observers went negative or pessimistic by asserting that US defending Taiwan is a mere dream since US has little interest in Taiwan compared with its interests in Mainland China. Their assertion may be justified if we recall President De Gaulle's declaration when he stated that "States have

¹⁶ Monique Chu, "US Likely to Walk Similar Taiwan Strait Line," *Taipei Times*, December 18, 2000, p. 3.
<http://www.taipeitimes.com/News/local/archives/2000/12/18/65982> (Accessed January 3, 2009)

no friends. They only have interests.” In addition, the issue of Taiwan has been downplayed by the Obama Administration during the London Summit on April 2, 2009 and so, to please Mainland China and have their full cooperation in the prospect of better tackling the ongoing economic crisis that is hurting more US and its western allies.

In short, the cross-strait economic convergence and its contributing factors will have tremendous political consequences on the Taiwan Strait crisis, situation that will receive a thorough examination in the next paragraph.

II. Cross-Strait Economic Interdependence and Strategic Implications on the Taiwan Issue

Previously known as a unified nation¹⁷ that came to split into separate entities as a result of the internal civil war between Mao-led communists and the Chiang Kai Shek-led KMT in 1949, Taiwan and Mainland China in their interactions can be grasped in the loopholes of the divided-nation model¹⁸. Indeed based upon a deep sense of common culture and history shared by the peoples of the two sides, there is, to a certain extent, a strong desire among Chinese over the possibility of reunification via active and peaceful rapprochement. So if this divided-nation model can reasonably explain the roots of the political confrontation between the two-decade-long rivals, it nevertheless presents

¹⁷ Here I would like to imply that before 1949, Taiwan and Mainland China were seen as parts of the same country, China, and so until the 1949 political split.

¹⁸ The notion of divided-nation model implies that Taiwan and Mainland China were a common nation based upon a common culture and history. Unfortunately some internal circumstances have obliged the two sides to split into two different entities.

some shortcomings in approaching current ongoing engagement strategies such as the direct link policies which ambitiously seek to redesign a new Taiwan's China policy that less contradicts Beijing's grand strategy. Referring then to the integration theory as tangible framework that best explains current trends in cross-strait relations appears to be an indispensable step. To give a better structural layout to the present research paper, the first section (A) will have to explore the implications that economic interdependence may have on the unlikelihood of a cross-strait war while the second section (B) will try to squeeze out the challenges that a deep cross-strait economic interdependence may present to Taiwan's aspiration for a politico-international survival.

A- Economic Integration and the Unlikelihood of War over the Cross-Strait

From the integration theory perspective, variant of liberalism, trade and economic interdependence between Taiwan and Mainland China is perceived as a viable path able to strengthen cooperation for profit maximization with a correlative outcome known as the minimization of damages and leading *ipso facto* toward peace and stability. Based upon the integration theory, peace and wealth have been given better chances, as argued the spill over effect approach¹⁹, to spread their positive effect among the Taiwanese and their Chinese counterpart. Hence the affirmation that economic interdependence between the two political rivals promotes progress over the cross-strait crisis. So the concept of progress can be operationalized or measured in terms of the elimination of

¹⁹ The spill over effect is extensively developed by the neo-functionalists, another variant of the integration theory or liberalist approach.

conflicts through the adoption and implementation of inclusive and cooperative policies in both Taiwan and China. Such increased economic interdependence has previously received the seal of well-renown economists for whom economic interdependence is a noble way toward perpetual peace. They indeed claimed that cooperation and interdependence keep the cost of war/conflicts high while in return give a better chance to a greater realization of peace, welfare and justice. In a word, economic interdependence appears to be the antidote against wars/conflicts, and injustices.

Viewed also from a functionalist or a neo-functionalist perspective, variant of the integration theory, economic cooperation starts with a functional cooperation in areas of lower sensitivity such as technological development and economic coordination, and then gradually spill over to high politics. So, empirically talking, economic interdependence between Taiwan and Mainland China is considered, according to Chinese strategic approach, as an indispensable way to lubricate and smooth over the existing conflictual relations and pave the way for peaceful re-unification. Such China's grand strategy is designed with in mind the Marxist maxim according to which "What prevails in economy will ultimately prevail in politics." In other terms, from both Beijing and Taipei's understanding, economy is perceived as the *sine qua non* means to achieve integration, should it be gradual²⁰ or based on the holistic approach²¹.

²⁰ Integration via gradual approach describes the process of integration as follows: "Integration first, unification later." This approach is favored by Taiwan.

²¹ The holistic approach, preferred by Mainland China, seeks to promote the opposite way: "Unification first, integration later."

Beyond the obvious economic benefit in a win-win economic partnership, economic integration has another any less important virtue: the tunnel toward political rapprochement and then gradually to peaceful political amalgamation. For instance the establishment of social, cultural links and the growing commercial ties between Taiwan and Mainland China under the leadership of President Ma Ying-jeou seeks to promote better communication, increased convergence of economic interests that will undoubtedly strengthen mutual trust and help prevent any resort to forceful means to resolve disputes. President Ma's Diplomatic Truce and policy of deepening bilateral economic interactions between Taiwan and Mainland China can also be cited as a tangible example.

Besides, President Ma's strategy of moving toward a real economic integration with the advent of the Economic Cooperation Framework Agreement (ECFA) with China without forgetting the multiple high level visits over the Cross-Strait aims not only to improve Taiwan international competitiveness and economic survival but also to smoothen the belligerent relations that have always characterized Cross-Strait interactions. President Ma's strategy has indeed produced some palpable result since the international community has official recognized that under his leadership Taiwan and Mainland China have enjoyed a laudable political stability and economic integration.

This liberal proposition of trade and economic exchange as peace promoters results from the fact that economic interdependence binds trade partners to emphasize on mutual benefits and profits maximization, all of which will be lost if conflict erupts and interrupts their partnership. So the

theorists of the economic integration as a viable path toward peaceful settlement of the cross-strait crisis believe that an increasing level of trade also increases the cost of conflict so much so that based upon the ongoing growing economic interdependence between Taiwan and China it is becoming increasingly true that, at such an optimal level of their win-win economic partnership, they will be less willing to initiate a conflict or increase existing levels of conflict since conflict will severely decrease their marginal benefit that could possibly lead to an ultimate cessation of their trade exchanges. Strategically, only less interdependent states or entities would find greater utility in going to war since their opportunity costs at stake are much lower based upon lower level economic exchanges (import and export or financial interdependence). But for the case of Taiwan and Mainland China, war is something any of them could risk. It is even optimistically suggested that an ever-increasing cross-strait economic interdependence, based upon the "Kantian tripod,"²² will contribute to bring democracy and liberalization in Mainland China, what will surely make China be less aggressive since the Mainlanders will no more see force as a viable option against a fellow democracy. Such claim is rooted on the democratic peace theory according to which democratic countries do not go to war against each other because, according to Bruce Russett, a theorist of international relations, they share similar ideologies, norms, political institutions, and decision-making processes. In addition, such economic interactions, from a liberalist perspective, will deepen the individual and social interactions between Taiwanese and Mainlanders,

²² From a series of recent works by John R. Oneal and Bruce Russett with statistical empirical evidence, it is increasingly true that trade, along with democracy and international organizations, promotes peace. So trade, democracy and international organizations are called the "Kantian tripod."

and help them to get to discover each other and ease their getting along with each other so that Taiwanese will feel less frightened and be less interested in pursuing independence. Indeed Taiwan independence is an aspiration that Mainland China cannot tolerate. And any move toward *de jure* independence would definitely trigger the use of military might by Mainland China and so, based upon the spirit and the letter of the Anti-Secession Law ratified on March 14, 2005 in order to defend the One-China Principle, perceived by the Mainlanders as a *sine qua non* condition for China's sovereignty and territorial integrity.

To sum up, it is clear that cross-strait exchanges have steadily increased since 1987 due to the Taiwanese government push to further liberalize the economy, leading *ipso facto* to growing capital outflows toward Mainland China. So from this perspective if Mainlanders and some Taiwanese expect unification from such an economic interdependence in the cross-strait, it is also indispensable to remember that the “apple” is divided into two parts: on the one hand, some Taiwanese expect unification only after China democratizes and fully liberalizes its economy while, on the other hand, an increasing number of Taiwanese see unification as an unwelcomed move if not impossible. Most hardliners such as the Democratic Progressive Party proponents in Taiwan and overseas clearly express their interest in seeing the country become independent *de facto* and *de jure*. Hence the appearance of growing challenges and dilemma for Taiwan that can be summarized as political survival versus economic interests.

B- Economic Interdependence and Challenges for Taiwan Political Survival

The growing and promising economic dynamism between Taiwan and Mainland China may somehow have some negative strategic influence on Taiwan's national interest defined in terms of Taiwan's aspiration for independence and international recognition. In fact, beyond the economic benefits and based upon the spill over effect approach, Taiwan economic reliance on Mainland China would certainly lead to a shrinking room of maneuver for Taiwanese politicians. Such strategic approach over the cross-strait can, in this perspective, be explained with the neo-functionalist approach. For instance, from the neo-functionalist perspective, variant of the integration theory, in an atmosphere of political impasse, it is better to start the functional cooperation from areas of lower sensitivity such as technological development and economic coordination and then spill over gradually to high politics. In line then with such challenges, current policy debates over the cross-strait relations have been focused on devising on Taiwan's political survival in a context of ever growing economic exchange with Mainland China. So in order to explore this problem, it is indispensable to figure out the impact that cross-strait economic interdependence might have on Taiwan's security concerns before digging into the implications for Taiwan's political sovereignty and international recognition.

1. Security Implications

The change of the international system due to the end of the Cold War and the ever growing Mainland China's economic and military power are both shaping out new dynamics for the Taiwan issue.

Historically speaking, after Chiang Kai-shek debarked in Taiwan, the two sides of the Straits were in a very hostile relationship with each side fearing about its security and trying to protect itself. Links between the two entities were cut off and interactions no matter social, economic or political were unimaginable. The following table clearly shows the policy stand of the two sides at that time:

Table 1. Interactions and preferences across the Taiwan Straits, 1949–1978

	Status quo	Confrontation	Beijing liberates Taiwan	Taipei recovers Mainland China
PRC	Desirable	Less desirable	Most desirable	Least desirable
ROC	Desirable	Less desirable	Least desirable	Most desirable

Note: PRC denotes the Mainland China or the People's Republic of China; ROC refers to Taiwan or the Republic of China.

Source: Zhaoyong Zhang, Xin Xu, Wei-Bin Zhang

<http://www3.interscience.wiley.com/cgi-bin/fulltext/118892897/PDFSTART>

The interactions between Taiwan and Mainland China were and still remain mainly security-driven relationships, situation that can also find its explanation from the divided-nation²³ framework. If the Cold War era, characterized by the power struggle between the capitalist camp led by the United States (US) and the communist coalition led by the Soviet

²³ Contemporary examples referring to the divided-nation model can be found in the following cases: East and West Germany until the peaceful reunification in the 1990s; North and South Vietnam until the North (Communist) re-conquered the South (Anti-Communist portion) by force in 1976; Yemen split in 1967 into two countries, North Yemen (a.k.a. Yemen Arab Republic) and South Yemen (a.k.a. People's Democratic Republic of Yemen) until 1990 when the two rejoined to form a unified Yemen; North Korea and South Korea division due to the intervention of external forces such as the USA since 1953; Mainland China and Taiwan division due to internal factors such as the civil war between Mao Zedong and Chang Kai-shek in 1949.

Union, has benefited to some extent rival powers such the cross-strait actors, it is obviously true that with the rise of China as the sole probable peer competitor able to counter-balance the US, the question of Taiwan's security seems to be under serious threat. The increasing economic interdependence with Mainland China has made many scholars and politicians point out that Taiwan is heavily dependent on China's economy so that it is negatively affecting its security. And with the democratization in vogue in Taiwan, and based upon the developmental state paradigm, the central government is increasingly losing the monopoly of the decision-making as regards Taiwan-China economic relations. So, contrarily to Mainland China which still maintains a strong control of its economy, Taiwan after democratization has lost state autonomy and state penetration so much so that it could be at the mercy of the Mainland Chinese policy designers. Also owing to the fact that the current economic situation gives Mainland China a better leverage over Taiwan, fears are amounting due to the fact that the growing economic engagement with the increasing number of Taiwanese industries de-locating toward Mainland China, lobbying forces will certainly emerge. Such lobbying forces will come from the Taiwanese counterpart based upon the fifth column effect with Taiwanese businessmen claiming for economic policies favorable to Mainland China, framework in which they might be able to maximize their profit and minimize the cost of doing business in Mainland China. All the above-mentioned situations will lead to a changing balance of power in the cross-strait, change that will undoubtedly play in favor of Mainland China due to the gradual shift of the military balance in China's advantage. Hence the necessity of Taipei turning toward Washington to seek assistance and secure its national

interest defined in terms political survival. However, if some observers have praised the current peaceful developments over the cross-strait in contrast with what they called the turbulences under President Chen Shui-bian Administration, others in the US policy designers circle have shown apprehensions over the current political and economic rapprochement under the leadership of President Ma. They mainly worry about the fact that “Growing PRC [People’s Republic of China]-Taiwan ties (are) eroding US influence, strengthening PRC leverage and, particularly in the face of expanding economic links, jeopardizing Taiwan autonomy and economic security.”²⁴ Such deepening economic and social links between Taiwan and Mainland China under President Ma Ying-jeou “poses increasingly difficult, competing policy challenges for the United States,”²⁵ obliging the Obama Administration to nourish the idea of whether and to what extent the United States of America should reassess its Taiwan policy in light of changing cross-strait environment. The question of the type of defense assurances to offer Taiwan is also on the table of the Obama Administration.

In addition, from the power asymmetry model, Taiwan’s small size appears to be a disadvantage leaving Taiwan with little policy options but to choose either to bandwagon with China or to balance China. With the help of the US, such balancing strategy against China’s military and economic power has led to the forming of a strategic triangular partnership between Washington-Taipei-Beijing, aimed at better managing the Taiwan issue. This situation is even triggering a regional

²⁴ William Lowther, “CRS Study Urges Review of US-Taiwan Ties,” *Taipei Times*, April 29, 2009, p. 1. <http://www.taipeitimes.com/News/front/archives/2009/04/29/2003442308>

²⁵ Ibid.

security concern with the implication of Japan. Indeed Tokyo sees the Taiwan issue as related to its own security so that strategically it needs strengthen its security and defense cooperation with Taipei so that it can secure its supply routes. In fact, Japanese industries mainly rely on overseas for their energy supplies. So, from Tokyo's perspective, a PRC-controlled Taiwan is thus extremely negative because Japan would lose an important security partner in the Asia-Pacific region. Hence also, from a realist perspective, the appearance of a Beijing-Taipei-Tokyo strategic alliance in which all three actors are trying to deal with the inevitable security dilemma they are facing.

Viewing itself as more and more vulnerable vis-à-vis Mainland China, Taiwanese people began to fear that the DPP's pro-independence stance is dangerous in such an economic convergence and will probably be interpreted as a provocation by rising powerful Mainland China. Hence their swift move during the March 22, 2008 presidential elections in which they expressed their preference of the "reconciliation-with-the-Mainland paradigm" over the "pro-independence paradigm"²⁶, choice that has led to the victory of the KMT candidate Ma Ying-jeou over DPP candidate Frank Sieh.

Engaging China both politically and economically is now gaining momentum than ever based upon Mainland China's preferential treatment toward Taiwan and Taiwan's rewarding attitude toward the Mainland. Such seducing politics by Beijing toward Taipei, with what has been

²⁶ Wang Zhengxu has made in-depth comments on these paradigms in his article entitled "Paradigm Shift in Taiwan's Politics."

<http://en.chinaelections.org/NewsInfo.asp?NewsID=18025> (Accessed January 7, 2009)

recently considered as the Panda Diplomacy²⁷, seems to be a tangible challenge possibly encroaching Taiwan's aspiration for political independence. All depends on interpretations. In addition, the recent accession of Taiwan to the World Health Assembly (WHA) can be interpreted as a seducing romance or a rewarding attitude of Beijing toward Taipei's accommodating politics²⁸.

Voices have then risen from the Pentagon warning of the PRC-Taiwan increasing friendly ties. Indeed John Pike, head of the highly-respected Global Security military think tank in Washington has expressed his worries on the fact that "There is a concern within the Pentagon. If this new era of closer-contact results in friendly military-to-military meetings, then obviously such meetings will increase the opportunity for espionage"²⁹, jeopardizing *ipso facto* Taiwan's national interest defined in

²⁷ On December 23, 2008, Beijing has accepted to grant two Pandas to Taipei with in mind the willingness to improve the political impasse and stagnant political relations across the Taiwan Straits. Such move has been interpreted as a "Panda Diplomacy" that will surely improve the relationship between Taipei and Beijing. However, from the deep green (DPP) perspective or the hardliners of pro-independence such move from China aims at constraining Taiwan internationally and shrinking its aspiration for international recognition and sovereignty.

²⁸ The Diplomatic Truce of President Ma Ying-jeou is one of the accommodating politics. Such diplomatic truce has however made Taiwan remaining 23 diplomatic allies worry about the future relationship and projects with Taiwan. Such diplomatic truce has played in favor of Taiwan since it has helped Taiwan secure its current 23 diplomatic allies (Rumors have even said that around 5 diplomatic allies of Taiwan have already approached Beijing in the prospect of switching their diplomatic ties from Taiwan to Mainland China). Indeed the bilateral agreement in the diplomatic truce has been to freeze the number of diplomatic allies. In such circumstances, neither Taipei nor Beijing can approach any country to establish new diplomatic ties. Also even a third country tries to approach Taiwan or China in the prospect of switching diplomatic recognition, both Taipei and Beijing should refuse such offer. Furthermore, one must know that double recognition is not an option for both Taiwan and Mainland China.

²⁹ William Lowther, "Pentagon Wary of PRC-Taiwan Ties," *Taipei Times*, January 7, 2009, 1.

<http://www.taipeitimes.com/News/front/archives/2009/01/07/2003433112> (Accessed January 7, 2009)

terms of security, national integrity and sovereignty.

2. Implications on the Political Sovereignty of Taiwan

One of the defining features in the cross-strait relations can be summarized as follows:

- The continued Chinese nation-state building aimed at the assumptive desirability for future re-unification;
- And the emergence of Taiwanese nation-state building based on a growing Taiwanese-centered identity or 'Taiwanese exceptionalism' with claims for legal independence and political *de jure* sovereignty on the Island.

Indeed the question of Taiwan's sovereignty is a delicate issue. Although Taiwan enjoys international sovereignty by ruling its domestic matters while keeping away foreign forces from intervening inside the Formosan³⁰ borders, the Island still lacks international *de jure* sovereignty which would confirm its status as a *de jure* independent state.

Mainland China, however, is pushing relentlessly hard to isolate Taiwan on the international arena, refraining it from declaring legal independence. By so doing, Mainland China has transformed Taiwan from an internationally recognized country with a veto power (1949-1971) to the most isolated Island in modern history, so to use the terms of Chien-min Chao³¹.

³⁰ Formosa was the name given to Taiwan by the Portuguese in reference to the picturesque beauty of the Island.

³¹ Chien-min Chao, "Taiwan's Sovereignty Dilemma," *Asia Media News Daily*, October 19, 2004.

<http://www.asiamedia.ucla.edu/article.asp?parentid=16055> (Accessed January 7, 2009)

With an economic integration that has grown from nearly zero baselines in the late 1980s to \$30 billion annually without forgetting estimated investments that reach \$80 billion to \$100 billion³² and hundreds of thousands of Taiwanese living semi-permanently in Shanghai and elsewhere on the mainland, Taiwan has become far more economically over-dependent on Mainland China than the Mainland is on Taiwan. Such an asymmetry of cross-strait economic integration appears to provide a certain leverage that the PRC could and would probably use against Taiwan's political autonomy³³. For instance, during President Chen Shui-bian's era, Beijing had taken a hard-line by cracking down on various business leaders who had shown support for President Chen. Beijing even went farther by suggesting the "one China principle" based on the 1992 Consensus as a precondition for any negotiations on trade and investment. Beijing has also defended that PRC-Taiwan WTO disputes must be handled as domestic matters, a stance that President Chen is not ready to accept since he came to power under a pro-independentist agenda.

Besides, the rise of a Taiwan-centered-national-identity, combined with the advent of democratization and the prolonged and separate exercise of the ordinary attributes of sovereignty on the Island have shaped a lasting rejection of the "one China" as a formula of sovereignty.

³² Jacques deLisle, "Varieties of Sovereignty and China: Challenges and Opportunities in the Cross-Strait Relationship," *Conference Report*, July 1, 2002. <http://www.fpri.org/enotes/20020701.delisle.sovereigntychina.html> (Accessed January 8, 2009)

³³ To such worries, Professor Chen-Yuan Tung in his article entitled "Cross-Strait Economic Relations: China's Leverage and Taiwan's Vulnerability" argued that Mainland China's economic leverage over Taiwan and Taiwan's vulnerability toward Mainland China are both groundless.

In such an atmosphere, both sides and the US have found the status quo more tolerable, status quo that is characterized by ambiguity since neither is keen to achieve a fully conventional “one state” or “two states” solution.

From Taiwan’s perspective, the status quo is, what Jacques deLisle points out in his conference paper, “a ‘pragmatic stand-off’ in which Taiwan enjoys *de facto* autonomy but not formal independent sovereignty,” knowing that Beijing also seeks to exercise such authority over Taiwan; hence the ongoing economic and political battles between Taiwan and Mainland China.

The rise of China has left many countries fearsome about the Mainland and willing to take advantage of Chinese economic growth. Many countries have even already shifted diplomatic recognition from Taipei to Beijing, shrinking *ipso facto* Taiwan’s international space. Taiwan repeated efforts to join the United Nations and its agencies have also been unsuccessful due to China’s international influence.

Mainland China’s new grand strategy designed to engineer the country’s rise to the status of a true great power that shapes, rather than simply responds to, the international system will surely hamper Taiwan in its struggle and quest for international recognition and *de jure* sovereignty.

Conclusion

Along this research paper, various theories have been used to

approach cross-strait political and economic relations. Indeed the divided-nation paradigm has been called upon to explain the historical roots of the cross-strait political rivalry, and Beijing's decisive recalcitrance vis-à-vis Taiwan. The integration theory has entered the dance in order to explain and describe the importance of cross-strait economic exchange as a mutually beneficial path, while predicting a growing and promising economic interdependence as a viable way to smoothen cross-strait political confrontation. The strategic triangle model has been referenced as a theoretical framework which describes US influence as a defining feature in the comprehension of the cross-strait crisis. The power asymmetry model as referred to in the present research paper seeks to point out the policy options available to Taipei in its dealings with Beijing. Finally, referring to the developmental state paradigm has been the author's ambition to demonstrate that democratization has made Taiwan central government or the state elite lose the monopoly as concerns the decision-making process relating to Taiwan-China economic and political relations. To sum up, the theoretical approaches in play in this article have been used to explain, describe the contradictory political and economic dilemma (cold politics, hot economy) between Taiwan and Mainland China. For instance Taiwan and Mainland China have been emphasizing on their economic integration with an ever increasing economic agreements between Taipei and Beijing while at the same time building up their military arsenals. Recently there have been deep economic dialogues, financial flows and agreements, socio-economic exchanges between the two entities. However the political relations between the two still remain belligerent with Taiwan buying more arms from the US to protect itself from potential Chinese

military attack and Mainland China increasing its military might which is targeted towards Taiwan with the prospect of having Taiwan return to the homeland.

To a certain extent, from such theoretical framework, future developments, except for accidental events³⁴, could still be predicted, predictions that will surely affect policy prescription and suggestion as regards the management of the Taiwan Strait.

³⁴ This assumption is based of the fact that, as argued Kenneth N. Waltz, in *Neo-realism and its Critics*, a theory cannot explain accidental events.

Bibliography

Books:

- Ball, Desmond and Amitav Acharya. 1999. *The Next Stage: Preventive Diplomacy and Security Cooperation in the Asia-Pacific Region*. Strategic and Defence Studies Center, Canberra: Australian National University.
- Doyle, Michael. 1997. *Ways of War and Peace: Realism, Liberalism, and Socialism*. New York: W.W. Norton & Company.
- Gilpin, Robert. 1981. *War and change in world politics*. London: Cambridge University Press.
- My, Kau. 1996. *Democratization in Taiwan and its Impact on the Relationship to the Mainland*. Indianapolis: Hudson Institute.
- Russett, Bruce, and John R. Oneal. 2001. *Triangulation Peace: Democracy, Interdependence, and International Organizations*. New York: W.W. Norton & Company.
- Waltz, Kenneth N. 1986. *Neo-realism and its Critics*. New York: Columbia University Press.
- Yu, Peter Kien-hong. 2009. *The Second Long March: Struggling Against the Chinese Communists Under the Republic of China (Taiwan) Constitution*. New York: Continuum International Publishing Group.

Journals:

- Acharya, Amitav. 1999. A Concert of Asia? *Survival* 41: 84-89.
- Arase, David. 2007. Japan, the Active State: Security Policy after 9/11. *Asian Survey* 47: 560-583.

- Barbieri, Katherine. 1996. Economic Interdependence: A Path to Peace or a Source of Interstate Conflict? *Journal of Peace Research* 33: 29-49.
- Benson, Brett V. and Emerson M.S. Niou. 2007. Economic Interdependence and Peace: a Game-Theoretic Analysis. *Journal of East Asian Studies* 7: 35-59.
- Cal, Clark. 2002. The China-Taiwan Relationship: Growing Cross-Strait Economic Integration. *Orbits* 46: 753-766.
- Chan, Gerald. 2004. Diplomacy across the Taiwan Strait: from Competition to Cooperation? *East Asia* 21: 24-39.
- Chan, Steve. 2006. The Politics of Economic: Carrots and Sticks in Taiwan-China-US Relations. *Issues & Studies* 42: 1-22.
- Gasiorowski, Mark. 1986. Economic Interdependence and International Conflict. *International Studies Quarterly* 30: 23-38.
- Kastner, Scott L. 2006. Does Economic Integration Across the Taiwan Strait Make Military Conflict Less Likely? *Journal of East Asian Studies* 6: 319-346.
- Ku, Samuel C. Y. 1998. Southeast Asia and cross-Strait Relations: The Policy of Separation of Politics and Economics. *Journal of Contemporary China* 7: 421-442.
- Leng, Tse-Kang. 1998. A Political Analysis of Taiwan's Economic Dependence on Mainland China. *Issues & Studies* 34: 132-154.
- Lin, Gang. 2007. U.S. Strategies in Maintaining Peace across the Taiwan Strait. *Issues & Studies* 43: 217-235.
- Maoz, Zeev. 1997. The Controversy over the Democratic Peace: Rearguard Action or Cracks in the Wall? *International Security* 22: 162-198.
- Oneal, John R., Francis H. Oneal, Zeev Maoz, and Bruce Russett. 1996.

- The Liberal Peace: Interdependence, Democracy, and International Conflict. *Journal of Peace Research* 33: 624-38.
- Oneal, John R., and Bruce Russett. 1997. The Classical Liberals Were Right: Democracy, Interdependence, and Conflict 1950-1985. *International Studies Quarterly* 41: 267-293.
- Sutter, Karen M. 2002. Business Dynamism across the Taiwan Strait: The Implications for Cross-Strait Relations. *Asian Survey* 42: 522-540.
- Tung, Chen-Yuan. 2003. Cross-Strait Economic Relations: China's Leverage and Taiwan's Vulnerability. *Issues & Studies* 39: 137-175.
- White III, Lynn T. 2000. War or Peace over Taiwan. *China Information* 14: 1-31.
- Zhao, Quansheng. 2005. Beijing's Dilemma with Taiwan: War or Peace? *The Pacific Review* 18: 217-242.
- Zhang, Zhaoyong, Xin Xu, and Wei-Bin Zhang. 2003. The Dynamics of Political and Economic Interactions between Mainland China and Taiwan. *Papers in Regional Science* 82: 373-388.

Conference Papers:

- Acharya, Amitav. 1999. International Relations Theory and Cross-Strait Relations. Paper presented at The International Forum on Peace and Security in the Taiwan Strait, July 26-28, in Taipei Taiwan.
- Chen, Edward I-hsin. 2008. The Cross-Strait Relationship under the Leadership of President Ma Ying-jeou. Paper presented at the 25th Taiwan-European Conference, the Institute of International Relations, December 2-3, in Taipei, Taiwan.
- Wu, Jaushieh Joseph. 2008. "Taiwan's Cross-Strait Politics in a DPP

Perspective.” Paper presented at the 25th Taiwan-European Conference, the Institute of International Relations, December 2-3, in Taipei, Taiwan.

Newspapers, online Articles:

- Bush, Richard. 2007. “U.S.-Taiwan Relations: What’s the Problem?” *Brookings*, December 3.
- Chao, Chien-min. 2004. “Taiwan's Sovereignty Dilemma.” *Asia Media News Daily*, October 19.
- Chu, Monique. 2000. “US Likely to Walk Similar Taiwan Strait Line.” *Taipei Times*, December 18.
- Ding, Sean. 2008. “Can cross-Strait Relations Defy Realism?” *China Elections and Governance*, June 20.
- Eckert, Paul. 1999. "Limits Seen to China's Rage at Taiwan." *Reuters*, July 16.
- Gelpi, Christopher and Joseph M. Grieco. 2001. “Economic Interdependence, the Democratic State, and the Liberal Peace.” *Duke University*, June 27.
- Liu, Shih-chung. 2008. “Strategies for a Cross-Strait Truce: *China, Taiwan, Diplomacy.*” *Taipei Times*, November 20.
- Lowther, William. 2009. “Pentagon Wary of PRC-Taiwan Ties.” *Taipei Times*, January 7.
- Ibid., 2009. “CRS Study Urges Review of US-Taiwan Ties,” *Taipei Times*, April 29, 2009.
- Roy, Denny. 1999. "Taiwan Takes a Strategic Gamble." *The Straits Times*, July 16.

- Tyler, Patrick E. 1996. "As China Threatens Taiwan, It Makes Sure U.S. Listens," *New York Times*, January 24.
- Wang, Zhengxu. 2008. "Paradigm Shift in Taiwan's Politics." *China Elections and Governance*, June 11.

Official Websites:

Taiwan Security Research <http://taiwansecurity.org>