

Cross-Strait Relations and U.S. Roles in the Taiwan Strait Crisis*

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The recent crisis in the Taiwan Strait has not only brought cross-Strait relations to their lowest point since the 1958 Kinmen (Quemoy) crisis, but also threatened to involve the United States in military confrontation with the People's Republic of China. The root cause of the crisis was Beijing's attempt to "punish" Taipei for its "pragmatic diplomacy," which has threatened to undermine Beijing's effort to internationally isolate and delegitimize the Republic of China. U.S. intervention has defused the crisis; however, it is unlikely that Washington would send combat troops to defend Taiwan.

Keywords: cross-Strait relations; Taiwan Strait crisis; U.S. roles in the Taiwan Strait crisis

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The recent crisis in the Taiwan Strait has not only brought cross-Strait relations to their lowest point since the 1958 Kinmen (Quemoy) crisis, but also threatened to involve the United States in military confrontation with the People's Republic of China (PRC).

After ROC President Lee Teng-hui made a private visit to Cornell University, his alma mater, in June 1995, Beijing launched wave after wave of rhetoric against him, accusing him of engaging in activities which aimed to create "two Chinas," "one China, one Taiwan," or "Taiwan independence." During July and August 1995, the PRC conducted two sets of highly publicized missile tests close to the northern coast of Taiwan. In March 1996, as the ROC was holding its first-ever direct presidential election, Beijing held a series of military

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exercises in the Taiwan Strait, including a missile test exercise with a target area just thirty to forty miles away from Keelung and Kaohsiung, Taiwan's two largest ports. Beijing's saber-rattling put Taiwan's military on high alert. Meanwhile, the United States sent two aircraft carriers, the USS *Independence* and *Nimitz*, to the Taiwan area to "monitor" Beijing's missile tests. While cross-Strait economic relations continued without interruption, Beijing cut off dialogue between its Association for Relations Across the Taiwan Straits (ARATS) and Taiwan's Straits Exchange Foundation (SEF).

After the conclusion of the presidential election, Beijing ended its military exercises, and the United States also moved its two carrier battle groups away from the Taiwan area. The storm has ended, but the sun has yet to shine through so far as cross-Strait relations are concerned. What caused the crisis? What role(s) did the United States play in the crisis? What are the prospects for future cross-Strait relations? When push comes to shove, will the United States send combat troops to defend Taiwan? These are the questions this paper will try to answer, using the conceptual framework of "a threat game against inequality."

The first section of the paper outlines this conceptual framework; the second explains the causes of the cross-Strait crisis; the third describes the roles the United States played in the crisis; the fourth examines the U.S. policy of strategic ambiguity; the fifth attempts to predict future cross-Strait relations; and finally, the paper concludes with the suggestion that the United States should encourage Taipei and Beijing to find a new *modus vivendi*.

The Threat Game Against Inequality

The threat game against inequality was developed by Anatol Rapoport and his associates in the 1970s. As Karl Deutsch points out, the game model focuses on situations of inequality, and its matrix is shown in figure 1.¹

In the matrix, player A is the underdog and player B is the top dog. If A plays strategy S (submission), and player B plays strategy S (supremacy), then A gets nothing and B will gain +20; if A plays

¹Karl W. Deutsch, *The Analysis of International Relations*, 3rd edition (Englewood Cliffs, N.J.: Prentice-Hall, 1988), 155-56.

Figure 1
A Threat Game Against Inequality

		"Top Dog" B	
		B-1 (S: Supremacy)	B-2 (T: Tolerance)
A-1 (S: Submission)	0	+20	0
A-2 (T: Threat)	-30	-20	-10

“Natural” or Minimax Outcome: SS (0, +20)

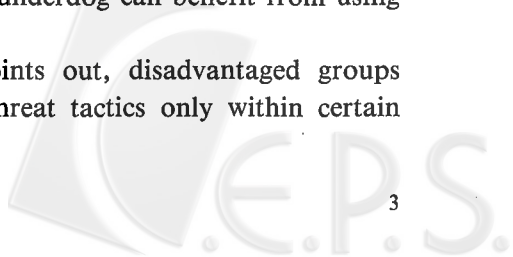
Cooperative Outcome: A-S, B-S, and T alternating (average +20, +20)

- > Early shifts of strategy
- ←----- Final alternating strategy

strategy T (threat), A will lose 30 or 20, depending on what strategy player B takes. If B discovers that A cannot be shifted from his/her costly and seemingly unreasonable “rebellion,” then B’s self-interest will encourage him or her to shift to strategy T (tolerance), so as to minimize losses. If B does this, A will shift back to strategy S (submission) in order to collect a gain of +20. At that point, B in turn will shift back to strategy S (supremacy), so as to collect once more a gain of +20.

The result of one round of four plays is a net loss of -30 for A, and of -10 for B. But sooner or later, B will discover simply that alternating between S and T would be more beneficial, provided that A will always play S. In that case, A will collect +20 at every second move, and B will collect +20 at every other move. By threatening B with a net loss of -30 or -20, A can compel B to make a number of concessions. In other words, the underdog can benefit from using threat tactics.

However, as Karl Deutsch points out, disadvantaged groups or nations can benefit from such threat tactics only within certain limits:



First, there must be a positive payoff in the system that can be shared among the contending parties. Second, the favored side or actor must retain enough of a share of this payoff to make it worthwhile to agree to a concession to the underdog; and third, the costs of the threats and conflicts to the underdog must not be greater than that player can bear, nor greater than what that player can expect to gain over a longer period if the threat and struggle should be successful.²

In the game played between the two sides of the Taiwan Strait, the PRC is no doubt the top dog, and the ROC is the disadvantaged party, especially since 1971. But from the late 1980s, Taipei has become more assertive in trying to improve its international status. It has taken various initiatives in the international community which from Beijing's perspective threatens to break it out of the isolation imposed by the latter. In other words, the Taiwan Strait crisis may be considered the result of Taipei's "rebellion" against Beijing's "supremacy" and Beijing's "suppression" of the "rebellion."

Struggle for Legitimacy and Status

There are several possible explanations for the recent cross-Strait crisis. For instance, one possible explanation links the crisis to the ongoing power struggle inside the PRC. According to this explanation, because Beijing leaders have been jockeying for position in the struggle to succeed Deng Xiaoping, they have been inclined to adopt a hard-line stand toward the ROC either to protect themselves or to score political points over their opponents. Another popular explanation is that Beijing has tried to influence Taipei's presidential voting. However, in my opinion, the root cause of the crisis is that Taipei's "pragmatic diplomacy" has steadily improved its international status, and threatened to undermine Beijing's effort to isolate and delegitimize the ROC in the international community. Beijing thus raised tensions in the Strait in order to force the ROC to abandon pragmatic diplomacy. A brief review of the struggle for legitimacy and status that Taipei and Beijing have engaged in since 1949 will shed much light on the cause of the crisis.

Both the ROC and the PRC have long agreed that there is only one China. They have differed, however, on which of them should represent China. Each has claimed to be the only legitimate repre-

²Ibid., 157.

sentative, and come to view its own legitimization as dependent on the delegitimation of the other party. They have thus engaged in a competitive zero-sum game in the international arena. As Samuel Kim states, "In a sense, the Chinese civil war not so much ended in 1949 as it shifted from a military to political background—indeed the beginning of the politics of competitive legitimization of divided China."³ Prior to 1971, the ROC had the upper edge in the contest, as it was recognized by most states and international organizations, particularly international governmental organizations (IGOs), as the only lawful government of China. After the ROC was forced to withdraw from the United Nations in October 1971, the situation was reversed, as most states and IGOs recognized the PRC as the legal representative of China. The PRC has since asserted that there is only one China, and that Taiwan is part of China. It has also opposed "two Chinas" or "one China, one Taiwan" proposals in IGOs, and adopted a Chinese Hallstein Doctrine against any country that establishes diplomatic relations with the ROC. If the ROC is already a member of an international organization, the PRC would demand the expulsion of the ROC as a precondition for joining it. If the ROC applies for admission to an international organization, no matter whether the PRC is already a member of that organization or not, it would try to block the application using all means at its disposal. In short, taking advantage of its enhanced international status, Beijing is determined to isolate Taipei in the international community, in spite of the fact that it has repeatedly made peace overtures to Taiwan.

In the 1970s and 1980s, Taipei lost its seat in all the UN family agencies, and the number of countries recognizing Taipei dropped from fifty-nine in 1971 to the low twenties in the late 1980s. Nominally, it is still a member of ten IGOs, but among them, only the Asian Development Bank (ADB) is of real importance. Making virtue of necessity, the ROC has gradually adopted a more flexible policy in the struggle for legitimacy and status. It has tried to maintain its international presence even at the price of coexistence with the PRC and changing its membership name in the international organizations.

³Samuel S. Kim, "Taiwan and the International System: The Challenge of Legitimization," in *Taiwan in World Affairs*, ed. Robert G. Sutter and William R. Johnson (Boulder, Colo.: Westview Press, 1994), 149.

Examples such as the International Olympic Committee (IOC) and the ADB clearly reveal Taipei's flexible diplomacy as well as Beijing's supremacy strategy.

The IOC Case

The IOC is an international nongovernmental organization. Its main purposes are to encourage the organization and development of all kinds of sports and athletic competition, and promote friendship among athletes from all over the world. The IOC is a universal and nonpolitical organization. In every country, a national and/or a regional Olympic committee has been established to promote the IOC's activities, but the IOC has never accepted any regional committee as a member.

The ROC's national committee joined the IOC in 1922 under the name of the Chinese Olympic Committee. In 1952 Beijing's All-China Sports Federation (ACSF) sent a note to the IOC, expressing its intention to take part in the Helsinki Olympic Games. After much debate, the IOC took a compromise decision, permitting both Taipei and Beijing to participate in the Games. Taipei protested by withdrawing from the Games, and due to time constraints, Beijing did not take part in the Games.⁴ In 1954 the IOC recognized Beijing's committee under the name "Olympic Committee of the Chinese Republic," which was renamed in 1957 as "Olympic Committee of the People's Republic of China." The name of the ROC's committee remained unchanged. The 1956 Melbourne Olympic Committee sent invitations to both Taipei and Beijing, whereupon the PRC accused the IOC of taking a two-China policy and threatened to withdraw from it. In a letter dated January 8, 1957, IOC president Avery Brundage told Beijing authorities that the ROC was recognized by the international community, especially the UN, and that, therefore, the ROC's membership should not be an issue.⁵ Hence, Beijing withdrew from the IOC.

In 1959 the IOC decided that since the ROC no longer controlled mainland China, its national committee should use a name that could reflect this reality. At the IOC's request, the ROC's committee applied

⁴David B. Kanin, *A Political History of the Olympic Games* (Boulder: Westview Press, 1981), 75.

⁵Gerald Chan, "The 'Two-Chinas' Problem and the Olympic Formula," *Pacific Affairs* 58, no. 3 (Fall 1985): 474.

to membership under a new name "Republic of China Olympic Committee." While approving the ROC's application, the IOC made it clear that since the ROC only controlled the Taiwan area, it could compete in the Olympic Games under the name of Taiwan. At that time, East Germany and North Korea were also prohibited from using their national names in the Games. To avoid any political discrimination against members, the IOC decided in 1968 that the national committee of the three members could use their national names in the Games. As a result, ROC athletes were allowed to compete in the Games under the name "Taiwan, Republic of China."⁶ During those years the PRC stayed away from the IOC while actively promoting the Games of New Emerging Forces in the Third World.

After 1971 Beijing changed its policy toward the IOC, seeking to rejoin it but insisting that the ROC should be ousted first. In 1973 the Asian Games Association ousted the ROC and seated the PRC, and in 1975 Beijing formally applied to the IOC for membership. In April 1979, the IOC adopted a resolution recognizing the national committees of the PRC and the ROC as the "Chinese Olympic Committee, Beijing" and the "Chinese Olympic Committee, Taipei" respectively, leaving the two committees on an equal footing.

The PRC rejected this formula, sticking to its "one China, including Taiwan" principle. It asserted that the PRC committee should be recognized as the national Olympic committee covering all of China, and that as an interim arrangement, Taiwan's committee could remain in the IOC under the name of "China Taiwan Olympic Committee."⁷ Yielding to Beijing's demand, the IOC modified its April resolution, recognizing Beijing's committee as the "Chinese Olympic Committee," which could use the PRC's national flag and anthem, and identifying the ROC's committee as the "Chinese Taipei Olympic Committee" whose flag and anthem should be different from that of the ROC and approved by the executive board of the IOC. The Chinese Taipei Olympic Committee was entitled to participate in future Olympic Games and other activities sponsored by the IOC, like every national Olympic committee, with the same status and

⁶Richard Espy, *The Politics of the Olympic Games* (Berkeley: University of California Press, 1979), 108.

⁷Lyushun Shen, "The Taiwan Issue in Peking's Foreign Relations in the 1970s: A Systematic Review," *Chinese Yearbook of International Law and Affairs* 1 (1981): 92-93.

the same rights. After further debate, the ROC accepted the IOC's arrangement in 1981.

From Beijing's perspective, the Chinese Taipei Olympic Committee denotes Taipei's localization or subordination under Beijing's Chinese Olympic Committee, but from Taipei's perspective, what is important is that it can maintain its presence in the international community and shares equal footing with Beijing in the IOC.

The ADB Case

Taking advantage of UN General Assembly Resolution 2758, which expelled the ROC from the UN, Beijing sought to expel the ROC from the ADB. At a meeting of the UN Economic Commission for Asia and the Far East (ECAFE) in Tokyo in April 1973, the PRC representative pointed out that the ROC still maintained membership in the ADB, and that the ECAFE should urge the ADB to expel the ROC. At the time, however, it did not ask to join the ADB. In 1982 it expressed its intention to join the Bank, but demanded the expulsion of the ROC as a precondition. Article 3 of the ADB's Charter provides that the Bank is open to members and associate members of the ECAFE, any other countries of the region, or developed countries in other regions which are members of the UN or its specialized agencies. Beijing argued that the ROC did not meet these conditions.

However, Beijing's argument was legally unsound. First of all, Article 3 does not specify that a member will automatically lose its membership once it ceases to be a member of the ECAFE or the UN. Second, that article applies only to those states which apply to membership, not to the ADB's original members. Third, from the very beginning, the ROC joined the ADB only on the basis of the territory, population, and resources under its effective control, and never claimed to represent the Chinese mainland in the ADB. Fourth, the ADB's Charter contains no provision for expelling members; thus, the ADB would have to amend its Charter before it could expel the ROC. Finally, the ADB does not belong to the UN system, so Resolution 2758 has no relevance. Because the ROC joined the ADB on its own, Beijing could not claim the right of succession to Taipei's seat in the ADB.

In the summer of 1983, the PRC gave up its attempt to oust the ROC from the ADB, but insisted that the ROC be downgraded to the status of associate member. The problem was the Charter does not provide for associate membership. Under pressure from various

members of the ADB, the PRC was forced to retreat again, and demanded only that the name of the ROC's membership be changed. On March 27, 1985, the PRC cabled to the ADB, confirming its request for joining the Bank, but maintaining that it was the legal government of China, and should represent China in the ADB. Most of the ADB members had already recognized the PRC as the legitimate government of China, and adopted a one-China policy. They therefore agreed that the ROC should change its name in the ADB, but keep its membership, and that the PRC could join the ADB as a new member.

At first, the ROC refused to change its name. It later proposed that it would accept the name "China-Taipei" if the PRC used the name "China-Beijing," as it sought to be on equal footing with the PRC, and eliminate the possible misperception that the ROC was part of China under Beijing's jurisdiction. However, the ADB decided to accept the PRC's request, and changed the ROC's name to "Taipei, China," but allowed the ROC to use its national name in its correspondence with the ADB.

Taipei reacted with a "three no's" policy: no acceptance, no withdrawal, and no participation. At that time, it still maintained membership in ten IGOs, but was afraid that the ADB formula might create a bad precedent, and that the other IGOs might follow suit. It therefore lodged a strong protest against the ADB, but did not withdraw from it.

Taipei's Pragmatic Diplomacy

In the competitive struggle for legitimization and international status, the ROC has been the underdog for more than twenty-five years. However, it is the fourteenth largest trading country in the world and possesses the world's second largest foreign exchange reserves. In other words, it has cut too large an economic figure to be ignored, but its international status is far below what it justifiably deserves. Moreover, as it has moved from being an authoritarian government to a democratic one, it has to take domestic pressures into consideration. Most of the pressure has come from people who have traveled abroad for business or pleasure and often found the absence of diplomatic relations a major irritant and inconvenience. The Democratic Progressive Party (DPP), the largest opposition party, has pressed for Taiwan to solve its international identity problem by declaring formal independence from the mainland. As ROC

Premier Lien Chan said: "Given the ROC's political and economic strength, it is only natural for our people to demand an international status commensurate with the reality of Taiwan's role in the world."⁸

Such being the case, President Lee Teng-hui has actively pushed so-called "pragmatic diplomacy" in order to break out of Beijing's imposed diplomatic isolation. A few months after Lee succeeded Chiang Ching-kuo as president, he declared in his address to the Kuomintang's (KMT's) Thirteenth Congress in July 1988 that the ROC should strive with greater determination, pragmatism, flexibility, and vision to develop a foreign policy based primarily on substantive relations. The ROC has hence openly declared that China is a divided country, and that while it has sovereignty over China, including the mainland, its current jurisdiction does not extend to the mainland. It has in effect dropped its own Hallstein Doctrine, and actively sought to establish or reestablish diplomatic relations with a number of countries that officially recognized the PRC, including Grenada (1988), Belize (1989), Liberia (1989), the Bahamas (1989), Guinea Bissau (1990), Nicaragua (1990), the Central African Republic (1991), Burkina Faso (1994), Gambia (1995), and Senegal (1996). It also reached an agreement of mutual recognition with Vanuatu (1992) and Papua New Guinea (1995). In addition, it has encouraged countries such as South Korea and Saudi Arabia that were about to switch diplomatic recognition to Beijing to push for double recognition, though to no avail thus far.

The ROC has also decided to coexist with the PRC in the IGOs, even at the price of accepting names that nominally denote a status subordinate to Beijing, provided that its own independent representation and voting rights remain unchanged. This new stance was vividly reflected in Taipei's decision to abandon its policy of "no participation" in ADB meetings. In April 1988, the ROC sent an official delegation to Manila to attend the annual ADB meeting. This was the first time that both sides of the Strait had attended a meeting of an IGO. Although Taipei has attended ADB meetings under protest (against the change of its membership name), the protest had become pro forma.

⁸Lien Chan, "A Pragmatic Strategy for China's Peaceful Reunification," *American Asian Review* 14, no. 1 (Spring 1996): 104.

Taipei's pragmatic diplomacy has also paved the way for its participation in the Asia-Pacific Economic Cooperation (APEC) forum. The APEC does not aim at becoming a common market, but seeks to promote economic cooperation among countries in the Asia-Pacific region. It is an official gathering, and Beijing has naturally wanted to prevent Taipei from participating in it. However, the ROC is too important economically to be excluded, as it is not only an important trading country, but also a major source of foreign investment in the Asia-Pacific region. Taipei has planned to establish a foreign aid agency and draw up a foreign aid bill, indicating that the ROC has actively sought to fulfill its share of responsibility to the world community in general and to the Asia-Pacific region in particular. Such being the case, excluding the ROC from the APEC forum would only cause damage to the economic well-being of countries in the region, and create a potential void in any comprehensive and meaningful accords on regional, if not global, financial and economic matters.

At its second ministerial conference at Canberra, Australia in 1990, the APEC decided to invite mainland China, Taiwan, and Hong Kong to simultaneously join it. Beijing was suffering from international isolation in the wake of the 1989 Tiananmen massacre, and obviously found it very difficult to oppose the APEC decision. However, it has still sought to impose two conditions on Taipei's participation: the ROC must take part in the APEC under the name "Chinese Taipei," and it can send only its minister of economics to the conference, while Beijing can send its foreign minister as well as its minister of economics to the conference. In short, Beijing has wanted to lower the ROC's nominal status to a regional level under it. However, no state has two ministers of economics. The mere fact that the ministers of both sides of the Strait still sit at APEC meetings testifies to the dual representation of China in the international arena.

To expand Taipei's international relations, President Lee has also resorted to "vacation diplomacy" or "head of state diplomacy," taking "vacations" in countries that have diplomatic relations with the PRC such as Singapore, Indonesia, the Philippines, Thailand, Jordan, and the United Arab Emirates. As he visited these countries in a private capacity (i.e., as a tourist), they were able to reject Beijing's protest that Lee's visits violated their commitment to a one-China policy. However, the fact that President Lee met with the heads of the host countries or other high-level officials during his

“private” visits was certainly not lost on Beijing’s leaders.

President Lee’s private visit to the United States in June 1995 was particularly disturbing to Beijing leaders, partly because U.S. high officials, including Assistant Secretary of State Winston Lord, had repeatedly assured them that the Clinton administration would not allow Lee to come to the United States, and partly because, as the United States is the leading country in the world, allowing Lee to make a “private” visit might set a precedent for other major countries, particularly Japan, whose Kyoto University is President Lee’s alma mater.

As Winston Lord said at a February 7, 1996 testimony before the Senate Foreign Relations Subcommittee on East Asia and the Pacific, Beijing’s saber-rattling was intended to intimidate the ROC government and people, and send a warning to whoever is elected as president that he should choose stability in the Strait over pushing the envelope on Taiwan’s international profile.⁹ From Beijing’s perspective, Taipei has “rebelled” against the PRC’s supremacy since 1988 by playing strategy T in the international community. To reassert its supremacy and punish Taipei for its “rebellion,” Beijing resorted to military threat.

U.S. Roles in the Crisis

Beijing leaders were furious over the moderate success of Taipei’s pragmatic diplomacy, particularly Lee Teng-hui’s unprecedented private visit to the United States on June 7, 1995. On June 16, Beijing indefinitely postponed July talks with Taipei, saying the latter was destroying cross-Strait ties, and from July 1995 through March 1996, the PRC held a series of military exercises off Taiwan.

These exercises sparked panic in Taiwan, shook Taiwan’s stock market, and created a crisis in the Taiwan Strait. The United States played several interconnected roles that combined to manage or control the crisis, namely, supporting and protecting the ROC, balancing and stabilizing the Western Pacific, restraining the two Chinas, and promoting dialogue between them. The U.S. roles were reflected in

⁹Testimony by Winston Lord before the Subcommittee on East Asia and the Pacific, Senate Foreign Relations Committee (February 7, 1996), *Background Series* (American Institute in Taiwan), BG-96-3:9.

the American government's words and deeds.

The official U.S. reaction to Beijing's military exercises was slow in coming, and initially restrained. After Beijing announced its missile test plans in July 1995, a U.S. State Department spokesman deliberately avoided any comment in a regular press briefing, saying only that the U.S. government was still collecting information on the matter.

At a hearing before the Senate Foreign Relations Subcommittee on East Asia and the Pacific on October 12, 1995, Assistant Secretary of State for Asian and Pacific Affairs Winston Lord and the Department of Defense's Assistant Secretary for International Security Affairs Joseph Nye both played down the seriousness of the military exercises, not considering them an immediate threat to Taiwan's security. Lord conceded that cross-Strait tensions had intensified and that the United States was viewing the situation with concern, but maintained that Beijing had no intention to invade Taiwan because Beijing leaders realized what costs such an invasion would entail. He merely said that the missile tests were not particularly conducive to stability, and that the United States wanted both sides of the Taiwan Strait to show restraint as stability was in everyone's interest.¹⁰ Nye said that Taiwan was capable of defending itself, that the projected capability of the PRC's People's Liberation Army (PLA) was nowhere near as impressive as it looked in terms of mounting an amphibious invasion against Taiwan, and that the PLA would have difficulty in integrating various systems under a wide-ranging command and control system and sustaining logistical support for such an invasion.¹¹ The United States thus began to play the role of restraining Beijing as well as stabilizing the region.

Washington's analysis of Beijing's exercises was not shared by Japan. The *Sankei Shimbun* reported that Japan's Defense Agency did not rule out the possibility of a mainland Chinese attack on Taiwan. According to the paper, a Defense Agency official believed that Communist China's values were far different from those in the West, and hence, Beijing had the capability to invade Taiwan, if human casualties were not taken into account.¹²

¹⁰*China Post* (Taipei), October 13, 1995, 1.

¹¹*Ibid.*

¹²*Ibid.*, December 17, 1995, 1.

On October 20, 1995, U.S. State Department spokesman Nicholas Burns said at a regular press briefing for the first time since Beijing began holding its military exercises that, according to the Taiwan Relations Act (TRA), the United States had committed itself to Taiwan's security, and would consider any effort to determine Taiwan's future by other than peaceful means a threat to the peace and security of the Western Pacific area and of grave concern to the United States. He reminded Beijing of the longstanding U.S. stance that the differences between both sides of the Taiwan Strait must be solved peacefully.¹³ On November 29, he also said that the exercises were not conducive to the atmosphere of peace and stability in the region.¹⁴ At this stage of the crisis, the United States also began to play the role of supporting Taiwan.

Not until December did Washington send a strong signal to Beijing. In a speech at the Asia Society in Washington, Nye solemnly declared that instability in the Taiwan Strait could be considered a threat to U.S. national security interests. He added that he had told PRC leaders as such in his November visit to Beijing. He further reminded them that they should understand that maintenance of the PRC's steady economic growth and international relations required stable conditions in the Taiwan Strait. He also reminded Taipei that its economic and political successes had been achieved under the framework of Washington's one-China policy, and that it should carefully deliberate on the uncertainty that disruption of the status quo would create. He hence appealed to both Beijing and Taipei to restore dialogue, as dialogue was better than confrontation.¹⁵ In addition to promoting dialogue between Taipei and Beijing, the United States now played the unmistakable role of restraining both Chinas.

On December 19-20, 1995, the U.S. aircraft carrier *Nimitz* and its escort battle group passed through the Taiwan Strait. Pentagon officials denied flatly that the move was meant to intimidate Beijing, that the group was en route to Hong Kong for port calls, and that the *Nimitz* had originally been scheduled to sail along Taiwan's east coast but changed its route to the Strait because of bad weather.¹⁶

¹³*Lianhe bao* (United Daily News) (Taipei), October 22, 1995, 2.

¹⁴*Ibid.*, December 1, 1995, 10.

¹⁵*Ibid.*, December 14, 1995, 1.

¹⁶*China Post*, January 28, 1996, 12.

However, the Hong Kong Royal Observatory said that there was no record of a tropical storm off Taiwan at that time. This move was therefore a typical demonstration of force whereby the United States intended to deter the PRC from taking military actions against Taiwan and disrupting stability in the region.

On January 24, 1996, the *New York Times* reported that Beijing had completed plans to attack Taiwan after the island's presidential elections on March 23. Beijing issued a noncommittal "no comment" on the report. In response to the report, Burns said that as long as Beijing was conducting military exercises offshore, there was no imminent threat to Taiwan's security. However, he emphasized the longstanding U.S. policy that any PRC attempt to use force against Taiwan would be a matter of grave concern to the United States.¹⁷ The U.S. Defense Department was clearly concerned over the report, as Pentagon officials confirmed that a special task force on Taiwan Strait tensions headed by Pentagon officials had been formed early in February. Nevertheless, U.S. Defense Secretary William Perry still maintained that there were no prospects for military confrontation between Beijing and Taipei in the foreseeable future.¹⁸

Democratic Senator Paul Simon suggested on February 6 that U.S. air power should be used to defend Taiwan if the island were to come under attack, but Perry, taking a policy of deliberate ambiguity, said that he could not be more specific than the commitment spelled out in the TRA. "At this point at least, with the present level of concern but no immediate danger," he argued, "I do not believe we will make a statement more definite than that."¹⁹ However, as tensions heated up, U.S. officials naturally wanted them lowered. They reportedly conveyed the message to Beijing's vice foreign minister Li Zhaoxing, who visited them in Washington for three days of talks in February, that neither side of the Taiwan Strait should take any provocative action. However, they steered clear of any military threat.²⁰ That the United States was concerned with but not alarmed by Beijing's military exercises was also reflected in U.S. President Bill Clinton's remarks. In response to the question whether he ex-

¹⁷Ibid., January 26, 1996, 1.

¹⁸Ibid., February 8, 1996, 1.

¹⁹Ibid.

²⁰Ibid., February 7, 1996, 1.

pected PRC military action against Taiwan, he said he did not, only urging Beijing and Taipei to continue working out their differences peacefully.²¹ Winston Lord also said that “having examined all of the available evidence, we cannot conclude that there is an imminent military threat to Taiwan.” He also stressed that “both sides need to avoid provocative political or military actions that have the potential to destabilize the situation.” He cited U.S. security commitments to Taiwan under the TRA, but refrained from saying what specific actions the United States would take should Beijing attack Taiwan.²² It was obvious that at this point the United States was trying hard to restrain Beijing in order to reduce tensions in the Strait.

However, Beijing ignored Washington’s warnings and announced on March 5 that it would stage guided missile tests off Taiwan from March 8-15. On March 9, the PLA announced that it would hold live-fire naval and air force exercises at the south end of the Taiwan Strait from March 12-20. Burns described these exercises as “irresponsible,” and warned the PRC that there would be “consequences” if the exercises went wrong. The U.S. concerns were conveyed by Undersecretary of State Peter Tarnoff to Beijing’s ambassador Li Daoyu and by U.S. ambassador to Beijing James Sasser to Beijing’s Foreign Ministry. However, Beijing refused to accept representation or protest from the United States over its policy on Taiwan.²³

Winston Lord also termed Beijing’s military exercises near Taiwan “provocative and dangerous,” and said that they risked an accident or miscalculation that could lead to a further escalation of tensions. Testifying before the House of Representative’s Subcommittee on East Asia and the Pacific, he said that Washington had conveyed to Beijing leaders the American people’s sentiment that the people of Taiwan should be able to enjoy a peaceful future. In addition, he warned Beijing that if it precipitated an armed conflict with Taiwan, a wide range of its interests would be damaged and its entire relationship with the United States would be put at risk.²⁴

On March 10, U.S. Secretary of State Warren Christopher warned Beijing that its military exercises were reckless and unnecessarily risky,

²¹Ibid., February 9, 1996, 1.

²²Testimony by Winston Lord before the Subcommittee on East Asia and the Pacific, Senate Foreign Relations Committee (February 7, 1996), 2-7.

²³*China Post*, March 8, 1996, 1.

²⁴Ibid., March 16, 1996, 1.

and that belligerent actions against Taiwan would have “grave consequences.” He also revealed that the aircraft carrier USS *Independence* and three warships had been ordered to move to within 160 kilometers of the Taiwan Strait.²⁵ On the following day, Pentagon announced that the aircraft carrier USS *Nimitz* and its accompanying warships had been ordered from the Persian Gulf toward Taiwan.

The combined naval force was the largest U.S. naval deployment in East Asia since the Vietnam War. U.S. National Security Advisor Anthony Lake also publicly warned Beijing that “if there was any accident in the military exercises, it would be held accountable, and if it attacked Taiwan, there would be grave consequences.”²⁶ Thus, as Beijing increased tensions in the Taiwan Strait, the United States made it absolutely clear to the parties concerned that it would assume the role of protecting Taiwan against an unprovoked PRC attack.

The Policy of Strategic Ambiguity

Taipei has weathered the crisis without suffering major losses, thanks in part to U.S. support. Although Washington dispatched aircraft carrier forces to the Taiwan area, it seems that it took this action with the knowledge that Beijing would not invade Taiwan, as Liu Huaqiu had told Christopher, Lake, and Perry as such in their talks in Washington, D.C. in early March 1996. Therefore, it may not be wide of the mark to say that the aircraft carriers were dispatched for purposes other than defending Taiwan against the PLA.

In response to the question on what the U.S. reaction would be to any Taiwan military crisis, then-Assistant Secretary of Defense Joseph Nye said, “Nobody knows.” To stress the uncertainty or unpredictability of American behavior on such a matter, he cited the American decision to enter the Korean War.²⁷ But the example of the Korean War is misleading, because the international context in which the decision was made has been greatly altered.

On January 12, 1950 then-Secretary of State Dean Acheson publicly said that South Korea was outside the U.S. defense perimeter

²⁵Ibid., March 12, 1996, 1.

²⁶Ibid.

²⁷Joseph Nye, “Relations with China: A Critical Challenge for the U.S.” (Transcript of remarks at Asia Society Washington Center, December 12, 1995), 15.

in Asia, but six months later the United States was at war to defend South Korea. The Korean War decision was a logical product of the containment policy elaborated upon after Acheson's speech. In late January 1950, President Harry Truman authorized the departments of State and Defense to make an overall review and reassessment of American foreign policy in light of the "loss" of China, the Soviet mastery of nuclear energy, and the prospect of atomic bombs. The objective of the study was to systemize containment, and find the means to make it work. The study, completed and approved by Truman in April, came to be known as NSC-68 and served as a guideline for decision to enter the Korean War in June.²⁸

The Cold War is now over, and NSC-68 no longer serves as a guideline for U.S. military actions against communist expansion. But in his 1996 annual report to the U.S. Congress in February on national security strategy, President Clinton stated clearly when and how to employ U.S. forces abroad. A reading of the report leads to the conclusion that it is unlikely the United States will send combat forces to defend Taiwan against the PLA.

The report points out three basic categories of national interests that merit the use of U.S. armed forces. The first involves America's vital interests, such as the defense of U.S. territory, citizens, allies, and U.S. economic well-being. The United States will do whatever it takes to defend these interests, including unilateral actions. The Gulf War is a case in point. The second category includes cases in which important, but not vital, U.S. interests are threatened; that is, the interests at stake do not affect U.S. national survival, but they do affect U.S. national well-being and the character of the world. In such cases, however, military forces should be used only if they advance U.S. interests, they are likely to accomplish their objectives, if the costs and risks of their employment are commensurate with the interests at stake, and if other means have been tried and have failed to achieve U.S. objectives. Haiti and Bosnia are the most recent examples in this category. The third category involves primarily humanitarian interests. One of the examples in this category is the relief operation in Rwanda.²⁹

²⁸John Lewis Gaddis, *Strategy of Containment* (Oxford: Oxford University Press, 1982), 89-126.

²⁹William Clinton, *A National Security of Engagement and Enlargement* (The White House, February 1996), 26.

If Taiwan is attacked by the PLA, it will certainly not fall into the first or the third category of U.S. national interests. It is very doubtful whether it will belong to the second category, either. Darryl Johnson, the new director of the American Institute in Taiwan (AIT) and a former member of the U.S. State Department task force on the Bosnia issue, shied away from comparing the U.S. commitment of troops to Bosnia to suggestions that Washington might do the same for Taiwan, saying that there was no situation in Asia which was comparable.³⁰

Even if Taiwan belongs to the second category, the employment of U.S. forces is not automatic, but still depends on the conditions previously mentioned. Moreover, before committing military forces, the United States would also have to consider several critical questions:

Have we considered nonmilitary means that offer a reasonable chance of success? Is there a clearly defined, achievable mission? What is the environment of risk we are entering? What is needed to achieve our goals? What are the potential costs—both human and financial—of the engagement? Do we have a reasonable likelihood of support from the American people and their elected representatives? Do we have timelines and milestones that reveal the extent of success or failure, and in either case, do we have an existing strategy?³¹

A Louis-Harris poll taken after tensions in the Taiwan Strait heated up showed that although 69 percent of the respondents agreed that Taiwan is a country separate from and independent of mainland China, 71 percent opposed U.S. military actions to defend Taiwan against a PRC invasion.³² If we take President Clinton's words at their face value, and if he reads the Louis-Harris poll, can we be sure that he will employ U.S. forces to defend Taiwan?

U.S. policy toward Taiwan's security is outlined in the Taiwan Relations Act of 1979. According to Section 2 of the Act, the United States considers any attempt to resolve the Taiwan issue by other than peaceful means, including boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States; it will provide Taiwan with arms of a defensive nature; and it will maintain its capacity to resist any resort to force

³⁰*China Post*, January 28, 1996, 12.

³¹Clinton, *A National Security of Engagement and Enlargement*, 27.

³²*Zhorzguo shibao* (China Times) (Taipei), September 8, 1995, 4.

or other forms of coercion that would jeopardize the security or the social and economic systems of the people on Taiwan. Section 3 further provides that the President of the United States is directed to inform Congress promptly of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the U.S. arising therefrom. The President and the Congress shall determine, in accordance with constitutional process, appropriate U.S. action in response to any such danger.

All these provisions express U.S. concerns for Taiwan's security, but allow the U.S. response to any threat or invasion from mainland China to be flexible. In other words, the TRA provides the United States with an option to defend Taiwan, but does not necessarily commit the United States to Taiwan's defense.³³ In the recent Taiwan Strait crisis, U.S. officials all cited U.S. security commitments to Taiwan under the TRA, but refused to say what specific actions the United States would take should Beijing attack Taiwan. The ambiguous commitments in the TRA and the ambiguous attitude of U.S. officials on U.S. security commitments to Taiwan have been euphemistically dubbed "strategic ambiguity."

This policy's supporters state that it holds many advantages for the United States. Dennis Hickey writes, "One benefit is that it allows for some flexibility that might otherwise be lost; options remain open. . . . The lingering possibility of an American response helps to deter mainland China from exercising its military option. The policy also enables Washington to establish a linkage between U.S. policy and the policies and actions of other states."³⁴

The policy of strategic ambiguity has been fully reflected in U.S. words and deeds during the recent crisis in the Taiwan Strait, but it is doubtful whether it has deterred Beijing. In response to the dispatch of U.S. aircraft carriers to the Taiwan area, an anonymous high-level PLA official said that the PRC did not fear U.S. intervention because its nuclear missiles would "rain down on Los Angeles" and American leaders cared more about Los Angeles than they did about Taiwan. This was a blunt counterthreat, but in terms of U.S.

³³Dennis Van Vranken Hickey, *United States-Taiwan Security Ties* (Westport, Conn.: Praeger, 1994), 34

³⁴Dennis Van Vranken Hickey, "Keeping U.S. Options Open Safest Strategy," *China Post*, March 28, 1996, 4.

interests, Taiwan is not as important as, say, Western Europe. Four decades ago, General de Gaulle cast doubt upon extended U.S. deterrence, maintaining that the United States would not risk the destruction of Washington to protect Paris, London, or Bonn against Soviet attack. Taipei pales in importance beside Paris, London, or Bonn, as its relevance to American economic and security interests hardly compares with the central position U.S. policymakers gave West European countries during the Cold War. It is likely that Beijing leaders believe, as did de Gaulle, that Washington will not incur nuclear destruction merely to defend another country. Moreover, Beijing is less averse to risk than Moscow. However, the main problem with the policy is that it may unintentionally send a wrong signal to Taiwan independence supporters while failing to deter Communist China from taking military actions against Taiwan. On the one hand, the dispatch of the aircraft carriers USS *Nimitz* and *Independence* may mislead independence supporters into believing that their cause has U.S. backing. Any increase of their activities would give Beijing leaders an excuse for making further military threats against Taiwan. On the other hand, it is uncertain whether America's extended deterrence in the recent crisis has really succeeded. First of all, to be effective, deterrence has to be credible. It is possible that Beijing does not regard any U.S. attempt to deter an attack on Taiwan as credible. The comment of the anonymous high-level PLA official shows what might have deterred the Soviet Union may not deter the PRC. Furthermore, Taiwan's importance to the PRC is probably much greater than Western Europe was to the Soviet Union. To Beijing's leaders, Taiwan is a reminder of mainland China's long period of humiliation at the hands of foreign powers. The unification of Taiwan with mainland China in their eyes is thus an issue of national pride and prestige.

Prospects for Cross-Strait Relations

According to the game model used here, the PRC has taken the "supremacy" strategy, intending to isolate the ROC in the international community. Since 1988, the ROC has taken the "threat" strategy, trying to break out of the international isolation imposed upon it by Beijing. In the eyes of Beijing's leaders, the moderate success of Taipei's pragmatic diplomacy has threatened to render Beijing's "one China" claim obsolete. The PLA's saber-rattling was intended to undermine Lee Teng-hui's support in Taiwan, intimidate

Taipei not to veer away from the "one China" position, and threaten military action against Taiwan if it does not refrain from what Beijing considers attempts to create "two Chinas" or "one China, one Taiwan."

U.S. intervention helped defuse the crisis. However, as PRC President Jiang Zemin reportedly told Senator Craig Thomas, chairman of the U.S. Senate Foreign Relations Subcommittee on East Asia and the Pacific, the rain in the Taiwan Strait is over, but as far as cross-Strait relations are concerned, the sky has yet to become blue. In terms of the game model, both sides still remain in the second of the four plays. How they will evolve in the future is anybody's guess. Generally speaking, at least three scenarios may occur.

The first scenario is a continued stalemate. This may be most likely in the near future, because neither side has the intention to abandon its current strategy vis-à-vis the other. This is due to several reasons. First of all, as tensions in the Strait appear to have abated, a sense of relaxation and normalcy has gradually crept into Taiwan society. In a March campaign speech, President Lee said that signing a peace accord with Beijing would be a priority, but now there appears to be less urgency for this. Second, U.S. intervention in the crisis may have strengthened Taiwan's confidence in its ability to defy Beijing's intimidation. Third, Lee's triumph with 54 percent of the vote in polls shows the majority of the electorate in Taiwan refused to be intimidated by Beijing's saber-rattling and supported Lee's pragmatic diplomacy. Fourth, Beijing's "punishment" has not brought major damage to Taipei. Consequently, the latter sees no need to revise or abandon its pragmatic diplomacy.

Finally, Beijing may believe that although it has lost Taiwan's election battle, it will win the war against independence for the island. Indeed, Beijing's military exercises underscored its threat to invade if Taiwan declares independence, affected Taiwan's psychology, caused a disruption in Taiwan's economic affairs, and reminded Taiwan that its economy depends on Beijing's leaders. Beijing is therefore in no hurry to reopen dialogue with Taipei, believing perhaps that time is on its side, and that the no-war-no-peace situation will place enough pressure on Taipei's leaders so that they will become more amenable to its demands. Hence, it poured cold water on President Lee's inaugural speech, which was widely hailed as a message of goodwill toward Beijing and an initiative to seek peace and establish a dialogue with the PRC. Lee also vowed not to pursue Taiwan independence, and suggested visiting mainland China for a meeting with Beijing's

top leadership for a direct exchange of views in order to open up a new era of communication and cooperation between the two sides. Beijing rejected Lee's peace overture, partly because Lee made no reference to a "one China" policy and vowed to continue pursuing pragmatic diplomacy, and partly because he set two preconditions for his "journey of peace": the journey serves the ROC's interests and has the support of its people. Beijing maintained that the preconditions amounted to positioning which would allow him to avoid engaging in political talks with the mainland; hence, it accused him of scheming to indefinitely delay cross-Strait political negotiations. Beijing's leaders are still "listening to his words, observing his actions," or in other words, they are waiting to see whether President Lee makes good on his promises.³⁵

The second scenario will be a new crisis in the Taiwan Strait. Taipei has firmly rejected toning down its pragmatic diplomacy in the face of Beijing's military intimidation on the grounds that it will not negotiate under the threat of missiles. It has been reasoned that if Taipei accedes to Beijing's threats, then Beijing would make further demands until Taipei finally surrenders. In September 1996, Taipei will again bid to join the United Nations, and has already made it clear that it will abandon neither its bid nor its pragmatic diplomacy. Beijing will accuse Taipei's UN bid as concrete evidence that it is attempting to create "two Chinas" or "one China, one Taiwan," which from the PRC's perspective is not much different from promoting Taiwan independence and therefore cannot be tolerated. In addition, if South Africa switches diplomatic recognition from Taipei to Beijing, Taipei will probably try to establish diplomatic relations with countries that have already exchanged ambassadors with Beijing. As the competitive struggle between the two sides of the Taiwan Strait becomes more fierce, tensions will resurface. In short, Taipei is in no mood to abandon its "threat" strategy, while Beijing still sticks to its "supremacy" strategy. With both sides refusing to change their courses of action, tensions or military conflicts are bound to erupt sooner or later.

The third scenario is peace talks, for which both sides may find some common ground. One year ago, Jiang Zemin offered an eight-point plan for reunification based on "one China"; based on this

³⁵*China Post*, May 27, 1996, 1.

premise, Beijing was prepared to talk with the Taiwan authorities. Today, Beijing still stands behind its eight-point offer as the basis for resolving cross-Strait issues. President Lee's six-point counteroffer agreed to talks with Beijing if the latter renounces the use of force against Taiwan and treats Taiwan as an equal political entity, but in his May 1996 inaugural speech, these preconditions were quietly dropped. While Lee made no direct reference to the "one China" issue, his unequivocal objection to Taiwan's independence should be seen as a commitment to the "one China" policy. Moreover, he reiterated that the ROC has always pursued China's eventual and peaceful reunification, and talks on the subject were not impossible. Lee also said in March that he would strive to reach an accord with Beijing on ending hostilities, as the United States has repeatedly appealed to both sides of the Strait to resume dialogue. Taipei thus faces internal and external pressures for cross-Strait talks. If Taipei reiterates its commitment to the "one China" principle, and if Beijing in turn allows Taipei to maintain an appropriate international status, or adopt strategy T (tolerance), cross-Strait relations can be greatly improved.

Conclusions

The recent crisis in the Taiwan Strait has not only brought cross-Strait relations to their lowest point since the 1958 Kinmen crisis, but threatened to involve the United States in military confrontation with Beijing. The United States played several interconnected roles that helped manage or control the crisis. These roles included supporting and protecting Taiwan, balancing and stabilizing the Western Pacific, restraining both sides, and promoting dialogue between them. These roles were reflected in American government officials' words and deeds.

Although the United States is committed to Taiwan's security, it is unlikely that it would send combat troops to defend Taiwan. Cross-Strait relations remain in a stalemate which may lead to a new round of tensions, and it is in U.S. interests to help break the impasse. The United States should encourage Beijing and Taipei to reopen dialogue, and, if possible, mediate between them, so as to find a new *modus vivendi*.

The stalemate may not last long, given the competitive politics both sides of the Taiwan Strait have been engaging in for more than four decades. Sooner or later, the United States will most probably

become involved one way or another. For the United States, any military confrontation with the PLA would be a lose-lose proposition; therefore, it is in its best interests to encourage Beijing and Taipei to find a peaceful resolution. At the height of the crisis, Canada volunteered to be a mediator between Taipei and Beijing, but Washington has refused to play this role. No doubt, unhappy memories of General George Marshall's mediation mission in the late 1940s have dissuaded the Clinton administration from undertaking such a difficult task. But the U.S. refusal to do what Canada has offered to do is not only an admission of lack of moral courage, but also an abdication of world leadership.