

ONE CHINA, ONE TAIWAN: A NEW FRAMEWORK FOR THE SETTLEMENT OF THE TAIWAN STRAITS DISPUTE

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The 2016 presidential and parliamentary elections in the Republic of China (ROC) could be of seminal importance. With the Nationalist Party (KMT) poised to lose the presidency by a large margin, the more pro-independence Democratic Progressive Party (DPP) could see major gains. This has heady implications for the PRC-ROC relationship, as the PRC has historically had chilly relations with the DPP over their pro-independence stances and policies. This paper argues that in order to lower the potential increased tension levels between the two, and in the region generally, the PRC and ROC need a durable settlement to the Cross-Strait Dispute. The remaking of Taiwan as a totally neutral, independent state, in the mold of Switzerland, could be that solution. While on the face of it an independent Taiwan would only exacerbate tensions in the region, a careful look at the myriad of interests of the major powers in the region show that, depending on the details and form of independence, these interests can be accounted for. By applying international law and taking into account these major interests, an independent Taiwan could defuse many, if not all, the tensions caused by the complex PRC-ROC relationship over the years.

The dispute in the Taiwan Strait over the status of the island of Taiwan has been a source of tension in East Asia since the end of the Chinese Civil War in 1949. Until the 1970s, the Republic of China (ROC) in Taiwan was widely considered the legitimate government of China. After the US derecognized the ROC in 1978, however, the People's Republic of China (PRC) has been widely considered the legitimate government of China.¹ The PRC claims that

¹ John F. Copper, *Taiwan: Nation-State or Province?* 6th Edition (Philadelphia, PA: Westview Press, 2013), 189.

Taiwan has always been a part of China, and thus continues to claim it has a right to reunify China by taking control of the island. The ROC, as one could imagine, has resisted this effort. Partially thanks to the ROC's own efforts, and partially due to ambiguity in the US' Taiwan policy, this resistance has been largely successful.

This dispute is all the more important today because of recent developments in the ROC. In the 2014 local elections, the Nationalist Party (KMT) lost elections across the board, partially due to the current President's unpopularity. The Democratic Progressive Party (DPP) was the main beneficiary of this wipeout, taking almost all of the seats lost by the KMT.² This political shift is important because of the contrasting cross-strait policies of the two major parties: the KMT has brought the ROC closer to the PRC, whereas the DPP generally opposes strengthening relations with the PRC.³ Some radicals in the DPP even call for a declaration of outright independence from China, raising hackles with the PRC government.⁴ This shift away from the party that sought closer relations with the PRC makes it more important than ever to find a peaceful solution to the dispute over Taiwan's status.

This paper intends to lay out a possible framework that would lead to a peaceful resolution of the Taiwan Straits Dispute with the least concessions on the part of the major powers with interests in the settlement. Taiwanese independence is generally dismissed out of hand as an option by most scholars, and thus there is little discussion of what a settlement involving an independent Taiwan could look like. While the possibility exists that this type of arrangement may never have an opportunity to be implemented, there are numerous situations that could arise which would make some sort of independence for Taiwan attractive to all parties. In order to properly contextualize the interests involved, however, we need to understand the developments that have molded the present situation.

ROC Drift From China

Since democratization in the late 1980s and early 90s, the ROC has slowly changed course from identifying as the definitive representative of China in

2 Min Hua Huang, "Taiwan's Changing Political Landscape: The KMT's Landslide Defeat in the Nine-in-One Elections," Brookings Institution, <http://www.brookings.edu/research/opinions/2014/12/08-taiwan-political-landscape-elections-huang> (accessed March 18, 2015).

3 Dongtao Qi, "Divergent Popular Support for the DPP and the Taiwan Independence Movement, 2000-2012," *Journal of Contemporary China* 21, no. 78 (2012): 980.

4 John W. Garver, "Introduction: Taiwan's Democratic Consolidation," in *Taiwan's Democracy: Economic and Political Challenges*, eds. Robert Ash, John W. Garver, and Penelope B. Prime (Chippenham, Wiltshire, Great Britain: Routledge, 2011), 24.

the world. There has been a noticeable shift in identification among citizens of the ROC during this time period, with the number identifying as “Chinese” consistently less than 10 percent. Identification as “Taiwanese” or “both Chinese and Taiwanese” have also remained relatively stable, but at a much higher level, with both categories consistently combining to reach over 75 percent and more recent figures reaching 93 percent.⁵ When combined with the fact that almost 85 percent of the ROC population is not mainland Chinese,⁶ many cannot help but feel a sense of otherness when they look across the strait.

This trend is not completely coincidental; there was a concerted effort by the first two elected presidents of the ROC to foster and solidify this idea of a unique Taiwanese identity. Chiang Ching-kuo, Chiang Kai-shek’s successor and KMT President of the ROC, initiated democratic reforms in the 80s, but died in office shortly thereafter and was succeeded by his Vice President, Lee Teng-hui. During President Lee’s tenure, policies were enacted that not only built upon Chiang’s democratization, but also began to put forward a new identity for the ROC. Before Lee’s presidency, it was official KMT policy to encourage Chinese identity, pushing other ethnicities to the margins and working to create a vision in the ROC of their state as the rightful heir to China rather than the PRC.⁷ President Lee, on the other hand, put policies in place that sought to build a “New Taiwanese” identity: one that was still culturally Chinese, but politically Taiwanese, with an emphasis on the latter.⁸ Educational changes, such as allowing local languages and cultures to be taught in schools for the first time since the ROC was reestablished on Taiwan in 1949, served to enhance this feeling of a unique Taiwan identity on the island.⁹ This flurry of reform was to further what Lee referred to as “special state-to-state”¹⁰ relations with the PRC: enhancing the ROC’s international status as well as building a unique identity separate from China generally, and the PRC specifically.

This drift away from Chinese identification continued under the second

5 Michael Danielson, “On the Road to a Common Taiwan Identity,” in *National Identity and Economic Interest: Taiwan’s Competing Options and Their Implications for Regional Stability*, ed. Peter C.Y. Chow (New York, New York: Palgrave MacMillan, 2012), 147.

6 Scott L. Kastner, “Cross-Strait Tensions and Taiwan’s Economic Vitality,” in *The Vitality of Taiwan: Politics, Economics, Society, and Culture*, ed. Steve Tsang (New York, New York: Palgrave Macmillan, 2012), 120.

7 Rou-Lan Chen, “Reconstructed Nationalism in Taiwan: A Politicised and Economically Driven Identity,” *Nations and Nationalism* 20, no. 3 (2014): 524, 527-8.

8 Jennifer M. Wei, *Language Choice and Identity Politics in Taiwan* (Lanham, MD: Lexington Books, 2008), 64-5.

9 *Ibid.*, 21.

10 Qi, “Divergent Popular Support for the DPP and the Taiwan Independence Movement,” 978.

democratically elected ROC president, Chen-Shui-bian of the DPP, who spent most of his first term consolidating this seeming cross-party consensus with regards to cross-strait issues.¹¹ Chen strengthened the educational and cultural policies of the Lee years, adding a few more of his own, such as the renaming of public places and institutions to better reflect their uniquely Taiwanese association.¹² Chen initially tried to engage the PRC under Lee's premise of a "special state-to-state" relationship, but to no avail. Alarmed by President Lee's actions to enhance the ROC's legitimacy as an independent state, the PRC was not willing to allow Chen any space to build on these efforts.¹³ This, along with various domestic setbacks, caused Chen to take a much more aggressive pro-independence stance in his second term after 2004. This is when the general consensus on identity and PRC relations began to diverge somewhat, as the KMT began to steadily re-embrace the ROC's Chinese heritage, and the DPP began to criticize any movement closer to the PRC, portraying it as moving closer to unification with the mainland.¹⁴

In this context, Ma Ying-jeou of the KMT was elected ROC president in a landslide in 2008, temporarily easing fears in the PRC over any kind of sudden break by the ROC. Ma's policies signaled a growing closeness in relations with the PRC, with Ma publicly denying any kind of support for a change in the status quo.¹⁵ While economic relations between the PRC and the ROC had been consistently growing since the early 90s (they accelerated greatly under Ma with the signing of the Economic Cooperation Framework Agreement (ECFA)) a trade pact that removed barriers on certain sectors between the two entities.¹⁶ Despite patterns of individual identity consistent with the Lee and Chen eras, at this time, many in the ROC found Ma's cross-strait maintenance of the status quo acceptable, as witnessed by his reelection in 2012. Management of local affairs, however, has been the primary cause of his massive unpopularity since.¹⁷ With ratings in the low teens or high single digits, it was somewhat expected that his party, the KMT, would eventually suffer electorally.

Since 2014, most sources show a large shift away from the KMT in ROC

11 Dafydd Fell, "The Polarization of Taiwan's Party Competition in the DPP Era," in *Taiwan's Democracy: Economic and Political Challenges*, eds. Robert Ash, John W. Garver, and Penelope B. Prime (Chippenham, Wiltshire, Great Britain: Routledge, 2011), 78-9.

12 Zhidong Hao, *Whither Taiwan and Mainland China: National Identity, the State, and Intellectuals* (Hong Kong: Hong Kong University Press, 2010), 55-57.

13 Fell, "The Polarization of Taiwan's Party Competition," 83.

14 *Ibid.*, 84.

15 Yitan Li, "Constructing Peace in the Taiwan Strait: A Constructivist Analysis of the Changing Dynamics of Identities and Nationalisms," *Journal of Contemporary China* 23, no. 85 (2013): 130.

16 *Ibid.*, 123.

17 Huang, "Taiwan's Changing Political Landscape."

election polling for the presidential and legislative polls leading into 2016. Despite there still being many undecided voters in these polls, the DPP Chairwoman Tsai Ing-wen normally has a 10-point lead over a hypothetical KMT opponent, and intentions to vote for the DPP reach 10 to 15 points ahead of the intentions to vote KMT.¹⁸ Even about 75 percent of “Pan-Blue” voters (supporters of the KMT and the People First Party) strongly believe there will be a change in the party holding power next year.¹⁹ This does not bode well for the KMT or the prospect of calm cross-strait relations.

The PRC’s Dilemma

The PRC has consistently maintained a “One China” policy, in one way or another, as its official position on the Taiwan Straits Dispute. Taiwan had been officially part of China before the Japanese took it as a colony in 1895, but was returned to the ROC, then in control of mainland China, in 1945. After its victory in the Chinese Civil War, the PRC has claimed since its founding in 1949 that Taiwan is part of China, and that the PRC—and by extension the Communist Party of China (CCP)—is the legitimate government of the island. This is despite the fact that the defeated ROC government had fled to the island and established its control there. Before the 1972 rapprochement with the US, this meant constant military confrontation of varying degrees between the PRC and ROC, sometimes even militarily involving the US, as with the multiple straits crises of the 1950s. After the US decided to derecognize the ROC and recognize the PRC as the representative of China, the PRC did back off on the militarized confrontation, finally ceasing the regular shelling of ROC-controlled islands off the mainland coast in 1979.²⁰

After Deng Xiaoping’s rise to leadership in the PRC, there was a marked shift towards a softer hand with regards to cross-strait relations. Deng espoused a “One China, Two Systems” model, which effectively called for both Taiwan and the PRC to form one entity, while the local Taiwanese government would be allowed to operate with a degree of autonomy.²¹ This arrangement would effectively treat Taiwan as another of the PRC’s provincial governments, simply with a larger range of action in a number

18 Lok-sin Loa, “Power Shift Expected in 2016: Poll,” *Taipei Times*, <http://taipeitimes.com/News/taiwan/print/2015/02/10/2003611245> (accessed March 18, 2015).

19 Loa, “Power Shift Expected in 2016.”

20 “PRC’s New Year’s Message to Compatriots in Taiwan,” January 1, 1979 in *China/Taiwan: Evolution of the “One China” Policy—Key Statements from Washington, Beijing, and Taipei*, ed. Shirley A. Kan (Washington, D.C.: Congressional Research Service, 2014): 39.

21 Lowell Dittmer, “Taiwan’s Narrowing Strait: A Triangular Analysis of Taiwan’s Security since 2008,” in *US Strategic Pivot to Asia and Cross-Strait Relations: Economic and Security Dynamics*, ed. Peter C. Y. Chow (Gordonsville, Virginia: Palgrave Macmillan, 2014), 15.

of areas (such as electoral policy), but more limited in other ways (such as control over defense of the island).²²

In the early 90s, the ROC began to economically open up to the PRC, with many ROC businessmen making the trek to China to take advantage of the cheap labor available there.²³ This benefitted both entities greatly: the ROC experienced enhanced economic growth, and the PRC gained access to technology and capital it could not have developed on its own.²⁴ This slight warming of relations led to a small revision in the “One China” policy in 1992, with the ROC and PRC agreeing that there would be “One China, Different Interpretations,” also known as the “1992 Consensus.”²⁵ This entailed the two parties accepting the existence of “One China,” but each party interpreting what that meant in their own way.

The CCP was upset when President Lee announced the holding of a democratic election for President in 1996, as the PRC had seen the KMT as an entity it could work with. The KMT acceptance of the 1992 consensus of “One China, Different Interpretations” and the warming of relations with the PRC before 1996 was seen as a sort of investment by the PRC to draw the ROC closer politically,²⁶ but Lee’s encouragement of a new Taiwanese identity upset many on the mainland who saw this as a betrayal. Thus, when elections were announced for 1996, the PRC opted to try and interfere, announcing its opposition to Lee being elected, and conducting missile tests off the coast of Taiwan.²⁷ This event provoked a huge backlash on multiple fronts: Lee was elected handily, and the US moved navy formations into the Taiwan Strait to ward against any actual PRC attack. This event set the tone for Lee’s final years as President, when he continued his work to enhance ROC prestige, eventually categorizing ROC-PRC relations as “state-to-state” relations in 1999 before he left office.²⁸ This implication of ROC sovereignty

22 Christopher R. Hughs, “Negotiating National Identity in Taiwan: Between Nativization and De-Sinicization,” in *Taiwan’s Democracy: Economic and Political Challenges*, eds. Robert Ash, John W. Garver, and Penelope B. Prime (Chippenham, Wiltshire, Great Britain: Routledge, 2011), 65-6.

23 Yun-peng Chu and Gee San, “Taiwan’s Industrial Policy and the Economic Rise of the PRC: Opportunities and Challenges,” in *Taiwan’s Democracy: Economic and Political Challenges*, eds. Robert Ash, John W. Garver, and Penelope B. Prime (Chippenham, Wiltshire, Great Britain: Routledge, 2011), 129-131.

24 Shelley Rigger, *Why Taiwan Matters: Small Island, Global Powerhouse* (Lanham, MD: Rowman & Littlefield Publishers, 2011), 126.

25 “One China, Different Interpretations,” November 3, 1992 in *China/Taiwan: Evolution of the “One China” Policy—Key Statements from Washington, Beijing, and Taipei*, ed. Shirley A. Kan (Washington, D.C.: Congressional Research Service, 2014): 50-1.

26 Alan D. Romberg,, “Sunshine Heats Up Taiwan Politics, Affects PRC Tactics,” *China Leadership Monitor*, no. 44 (2014): 10.

27 Li, “Constructing Peace in the Taiwan Strait,” 128.

28 Copper, *Taiwan: Nation-State or Province?*, 191.

did not sit well with the PRC.

When President Chen was elected in 2000, the PRC was even more distraught, as Chen's party, the DPP, had espoused explicit language in the past calling for a declaration of complete independence from China. Chen initially tried to connect with his CCP counterparts in the PRC, but the PRC refusal to acknowledge any DPP overtures ended this chance at a thaw.²⁹ Chen's reelection in 2004 was greeted with the passing in 2005 of the PRC's "Anti-Secession Law" (ASL). The ASL stipulated five situations in which the PRC would be required to use military force to coerce reunification with Taiwan: an outright declaration of independence, the occupation of Taiwan by a foreign military, the ROC dragging out negotiations with the PRC over reunification, ROC acquisition of nuclear weapons, or political discord in the ROC.³⁰ PRC President Hu Jintao further raised tensions when he stated that "there is only one China in the world... China's sovereignty and territorial integrity tolerate no division," implying a revision of the 1992 Consensus to line up more with PRC policy before that agreement.³¹ While President Ma's administration has seen a lowering of tensions, official PRC policy has only deviated in form, not letter, since 2008.

The Decision

The CCP's disdain for the DPP, combined with an almost certain transfer of power to that party in next year's national elections, could possibly make for a very tense cross-strait environment. With the idea of political unification toxic to the population of the ROC, and the prospect of domestic political support for *de jure* independence increasing, tensions between the ROC and PRC will undoubtedly increase after next year's elections. In order to defuse this situation, implementing a durable settlement to the problem of Taiwan's status is imperative. With that in mind, there are a number of possible outcomes to this dispute.

There is one solution scholars agree is completely unrealistic: ROC assimilation of the PRC into one Chinese state under its rule. The ROC has not had the military capability to attempt something like this for decades, and it would run into the same operational problems as any PRC amphibious invasion of Taiwan. It should go without saying that the peaceful assimilation of the PRC into the ROC is also off the table in the foreseeable future. The ROC simply does not possess the kind of military or economic power

29 Li, "Constructing Peace in the Taiwan Strait," 128.

30 Copper, *Taiwan: Nation-State or Province?*, 228.

31 Richard C. Bush, *Uncharted Strait: The Future of China-Taiwan Relations* (Washington, D.C.: Brookings Institution Press, 2013), 82.

necessary for either option to be feasible.³²

Both a confederation and federation between the two entities has been floated as a solution that could be durable, but both contain structural problems that will be difficult to reconcile with the interests involved. A confederation would involve granting more sovereignty to the ROC than the PRC is ready to allow, up to and including the ability to withdraw from the arrangement, without some sort of guarantee for reunification.³³ A federation, on the other hand, would constrict the ROC's range of action too much, amounting to a guarantee of unification in the future without the requisite freedom of action for the ROC.³⁴ A hybrid of the two, as theorized by Zhidong Hao, a professor at the University of Macau, runs into similar problems. Hao's model assumes the PRC, and specifically the CCP, will be willing to democratize rapidly enough to fully accommodate any concerns the ROC has about political unification.³⁵ In return, this hybrid structure would not allow the ROC to withdraw from the arrangement, and effectively lock in reunification at some future date.³⁶ However, these assumptions ignore the dilemma that a hybrid arrangement guarantees the PRC what it wants, namely a tangible promise of future unification, while making internal political concessions something of an afterthought. All three of these models also neglect the unintended consequences of any internal PRC reforms. If a new PRC province is allowed to claim partial sovereignty, what is to keep other provinces—notably those with grievances against the central government like Tibet and Xinjiang—from demanding the same?³⁷ These outcomes are prisoner's dilemmas with little incentive for any player to cooperate.

PRC absorption of the ROC is, conversely, a very realistic possibility. Whether through military or economic coercion, the PRC's leverage over the ROC has only grown since the PRC-US rapprochement. Economic integration has led to a large portion of the ROC economy being dependent on the PRC for labor and markets, without reciprocal dependence developing.³⁸ Military asymmetry has also grown between the two, and while any kind

32 David A. Shlapak, et al., *A Question of Balance: Political Context and Military Aspects of the China-Taiwan Dispute* (Washington, D.C.: RAND National Security Research Division, 2009), 123. ROC military indicators are discussed throughout this book but are most succinctly summarized here.

33 Hao, *Whither Taiwan and Mainland China*, 131.

34 *Ibid.*, 132.

35 *Ibid.*, 123.

36 *Ibid.*, 133-134.

37 *Ibid.*, 135. In fact, the Dalai Lama has proposed a Confederation arrangement for Tibet in the past.

38 Li, "Constructing Peace in the Taiwan Strait." The majority of Li's article deals with a large quantity of economic statistics illustrating this increased asymmetrical dependence.

of amphibious invasion of Taiwan will be fraught with difficulty and great risk, including the intervention of the US and Japan, the PRC on paper has the capabilities to simply overwhelm ROC defense over time.³⁹ The peaceful unification through the “One China” policy is an avenue preferred by most of the CCP, but the ROC has consistently stated its preference for the status quo, especially in the aftermath of the Hong Kong election protests last year.⁴⁰ Being reduced to a provincial government is not something that has much appeal in the ROC. Again, the lack of guarantees by either side gives both parties little reason to cooperate.

Thus, a Taiwan independent from China is left as the last option for a durable solution to the cross-strait dispute. This option is rarely discussed and quickly dismissed by most observers of the ROC-PRC relationship, mostly because this option would seem to be the least likely and worst outcome of those on offer. Theoretically, a declaration of independence would trigger a PRC invasion, and quite possibly a regional or worldwide conflict. However, I believe this eventuality could be managed with negotiations on the form a declaration would take. With proper consultation between the PRC, ROC, US, and Japan, there is a real chance negotiations could produce an agreement on Taiwanese independence that would prove long-term and maximize the chance to avoid a major conflict. The best way to do this is to address each of these party’s concerns through an arrangement guaranteeing Taiwan as an independent, neutral state in the same way that Switzerland’s status was guaranteed after the Napoleonic Wars.

To illustrate this, we need to define the major interests at stake in the settlement of the dispute, and then examine how this arrangement can account for these interests.

Existing Interests

The People’s Republic of China

From the outset, the PRC would seem to have the least to gain and the most to lose from the establishment of a neutral Taiwan across the Strait. Mao Zedong claimed the island at the PRC’s founding, and no CCP leader has substantially revised this claim since. Politically, the CCP certainly sees reunification as something that is imperative to its survival, at least at the moment. With the more recent emphasis on a type of Chinese nationalism

39 Shlapak et al. spends most of the second half of their study thoroughly examining the rise in quality in the PLA compared to the deterioration of ROC capabilities over the last decade or so.

40 Li, “Constructing Peace in the Taiwan Strait,” 134.

in response to a number of territorial disputes, namely those involving Japanese control of the Daiyou/Senkaku islands, any abrupt retreat on the issue of reunification could seriously damage the PRC population's view of CCP legitimacy.⁴¹ Whatever the outcome of the Taiwan Straits Dispute, there will also be implications for a number of other PRC territories, namely Outer Mongolia, Xinjiang, and Tibet, all of which have active separatist movements. If the PRC enters into an arrangement that allows Taiwan sovereignty over how it governs its internal affairs, there is no reason some other province looking for power devolution from the central government will not seek the same benefits.⁴² It should be clear that the PRC, and specifically the CCP, have a lot on the line when it comes to the outcome of the Taiwan Straits Dispute.

There is more than just domestic political capital on the table when it comes to this settlement; the PRC has heavy geostrategic interests in the island, and any kind of resolution of the Straits dispute will need to account for them. The main strategic draw to reunification is the role that the island serves in reinforcing the "First Island Chain" (FIC), and its identification by many People's Liberation Army (PLA) planners as a "gateway to the Pacific."⁴³ The FIC extends south from the major Japanese home island, Honshu, along the Ryukus, Okinawa, Taiwan, the Philippines, Malaysia, and Indonesia, ending in Singapore.⁴⁴ While the island of Taiwan is not absolutely essential to the chain, its topography and geographic location help to reinforce it. The island itself is very mountainous, especially on the Eastern side, which faces the Philippine Sea, and it's location in the center of the northern portion of the FIC would pose a problem if the island was ever controlled by an entity hostile to the US or Japan.⁴⁵ There are no islands nearby that could provide a replacement for Taiwan in the FIC, which means that the entire perimeter would be breached if the island were to be controlled by the PRC. That said, control of the island would also fit comfortably into China's traditional definition of its periphery by way of these defensible geographic and topographical features.⁴⁶

Thus, reunification has great appeal for the military establishment in the PRC. Taking control of Taiwan would, in addition to acquiring a new

41 Bush, *Uncharted Strait*, 30.

42 Alan M. Wachman, *Why Taiwan? Geostrategic Rationales for China's Territorial Integrity* (Stanford, California: Stanford University Press, 2007), 26.

43 *Ibid.*, 30.

44 James R. Holmes, "Defend the First island Chain," US Naval Institute, <http://www.usni.org/magazines/proceedings/2014-04/defend-first-island-chain> (accessed May 2, 2015).

45 Wachman, *Why Taiwan?*, 120.

46 *Ibid.*, 118, 120.

defensible frontier in the Pacific, mean the realization of the potential for the People's Liberation Army Navy (PLAN) to break out of their current confined position and into the Central Pacific. Control of the island would extend the PRC's territorial waters out from the eastern edge of Taiwan, coincidentally the most defensible portion of the island, and bump up against a far less defensible section of the FIC than before.⁴⁷ Many PLA officials have been defining reunification with Taiwan as an issue of national security, and understand anything affecting the PLAN's buildup, including taking control of a geographically important location like Taiwan, as a zero-sum game.⁴⁸ While the "Second Island Chain" (SIC) would still theoretically contain the PLAN farther east, a breakdown of the FIC would greatly hinder any US-led effort to contain the PLAN, and allow the PRC much greater latitude in bringing its military to bear with regards to other disputes in the region.

Without a peaceful political settlement, however, the PRC could be tempted to utilize the ASL to justify a military invasion of the island. This, of course, would be ill-advised for any number of reasons. While the PRC might on paper have overwhelming military power against the defense forces of the ROC, the forces stationed on Taiwan could provide a formidable defense, heavily complicating any kind of amphibious invasion. Even further complicating things is the PLAN's lack of experience carrying out these kinds of operations, compounded by the historical difficulty of amphibious landings.⁴⁹ All of this would need to be done before the US or Japan could come to the aid of the island, adding yet another layer of risk to an already risky proposition. Even if the PLA were to conquer the island, the prospect of a follow-up guerilla campaign in a land where at least one million citizens have some measure of military training should worry even the most hardline CCP leader.⁵⁰

Economically speaking, reunification would have great benefits to the PRC economy, theoretically adding roughly \$500 Billion to its GDP.⁵¹ Taiwan is a much smaller prize in this respect than it was in the 1980s, when ROC and PRC GDP's were much more evenly matched,⁵² but the opening of economic

47 Ibid., 143.

48 Ibid., 163.

49 Shlapak et al., *A Question of Balance*, 95-105. A detailed discussion of these aspects of a PRC amphibious invasion and ROC response are discussed here.

50 Ibid., 104-105; Also see Bush, *Uncharted Strait*, 112, 180 regarding likelihood and support of an ROC guerilla campaign after an invasion.

51 "Taiwan," *CIA World Factbook*, CIA, <https://www.cia.gov/library/publications/the-world-factbook/geos/tw.html> (accessed May 6, 2015).

52 A. James Gregor and Maria Hsia Chang, *The Iron Triangle: A US Security Policy for Northeast Asia* (Stanford, California: Hoover Press, 1984), 87.

relations at roughly the same time brought foreign direct investment (FDI) from Taiwan into the PRC, increasing both entities economic growth. While unification would absorb this source of investment into the PRC economy, many theorists see the differences in makeup between the two economies actually leading to a decrease in Taiwan's GDP after unification.⁵³ Today, the PRC economy far out-sizes that of the ROC, and while there would be some economic benefit to annexing the island, it may not be worth the effort required to overcome the considerable resistance to such a settlement.

The United States and Japan

The US has had a strong interest in the Taiwan Straits since the Communist victory in the Chinese Civil War in 1949. While the US has officially derecognized the ROC since 1979, it has also refused to acknowledge the legitimacy of PRC claims over the island. Especially since the enactment of the ROC's democratic reforms, the US has maintained this strategically ambiguous position regarding the ROC⁵⁴—while not directly saying it would defend the island, President Clinton's movement of aircraft carriers into the straits to prevent PRC missile tests from escalating in 1996 and subsequent maintenance of US naval formations in the area leave little doubt as to what a US response would look like in retaliation to an actual attack on the island.⁵⁵ Intermittent arms sales have only reinforced this image of the US as a de facto ally of the ROC, with President Ma stating directly that "relaxed tensions depend very much on the continual supply of arms from the United States to Taiwan."⁵⁶

Much of this support derives from the desire to maintain the strength of the FIC. As discussed above, if the PRC were to annex Taiwan, the FIC would be in danger of being regularly breached by the PLAN.⁵⁷ Currently, the FIC effectively contains the PLAN to the South and East China Seas as well as the PRC controlled portion of the Taiwan Strait. PRC construction of artificial islands in the South China Sea shows that they are resigned to attempts to normalize the southern portion of the FIC as their natural maritime boundary rather than try and break it at any single place. Conversely, Taiwan's position in the northern portion of the FIC provides a much better opportunity to

53 Copper, *Taiwan: Nation-State or Province?*, 231.

54 Dean Chen, "An Indispensable Pillar of Obama's 'Pivot' to Asia: Continuing Strategic Ambiguity across the Taiwan Strait," in *US Strategic Pivot to Asia and Cross-Strait Relations: Economic and Security Dynamics*, ed. Peter C. Y. Chow (Gordonville, Virginia: Palgrave Macmillan, 2014), 31.

55 Vasilis Trigkas, "Aircraft Carriers in the Taiwan Strait," *The Diplomat*, <http://thediplomat.com/2014/12/aircraft-carriers-in-the-taiwan-strait/> (accessed May 2, 2015).

56 Rigger, *Why Taiwan Matters*, 184.

57 Bush, *Uncharted Strait*, 224.

dismantle the FIC perimeter. While a break in this chain would not be the end of US access to Asia, PLAN access to the Philippine Sea could make shipping routes much more complex and costly than with the FIC at least nominally intact.⁵⁸ The SIC has a limit over one thousand nautical miles to the east of the FIC, and with Guam the only solid link in the chain between Honshu and Guinea, the US would no longer be as able to protect open shipping lanes or enact its defense policy as it can with an intact FIC.⁵⁹ This would almost certainly lead to greater PRC influence in rising Southeast Asian states like Indonesia and the Philippines, which would now lie outside the US defense perimeter.⁶⁰ The most direct shipping lanes now also falling outside the most efficient routes would certainly leave inter-Asian trade much more subject to PRC control, and directly affect the economies of major US allies: the Republic of Korea and Japan.

Since the world community shifted to recognizing the PRC as the sole representative of China, Japan has conducted only a partial policy of engagement with the ROC. While there have not been official exchanges of diplomatic missions, many Japanese NGOs and governmental organizations regularly interact with the ROC, and Japan is one of the ROC's largest trading partners.⁶¹ However, Japan's biggest concern is maintaining the freedom of trade through the waters surrounding Taiwan, namely the Taiwan and Luzon Straits. In 2011, 11 million barrels of oil and 5.4 trillion cubic feet of liquefied natural gas headed for Northeast Asia were shipped to through these two bodies of water.⁶² With Japan cutting back on its utilization of nuclear power after the Fukushima disaster, it is easy to see why the maintenance of the freedom of the shipping lines in the Taiwan Straits region might be considered a matter of national security. If the straits were completely controlled by a third party hostile to Japan, it would be a simple task for that party to close down the straits to any vital trade making its way north. The heavy costs of rerouting shipping through less direct routes would take its toll on the Japanese economy, giving the state that controlled the straits leverage over Japan.⁶³

58 Scott Cheney-Peters, "Navigating the Black Ditch: Risks in the Taiwan Strait," Center for International Maritime Security, <http://cimsec.org/navigating-black-ditch-risks-taiwan-strait/14052> (accessed May 1, 2015).

59 Wachman, *Why Taiwan?*, 126-7.

60 Holmes, "Defend the First Island Chain". This article provides a robust discussion of the aspects of this defense perimeter.

61 Copper, *Taiwan: Nation-State or Province?*, 209; Cheney-Peters, "Navigating the Black Ditch" also has a good chart comparing the share of trade between the ROC's top trading partners.

62 Cheney-Peters, "Navigating the Black Ditch."

63 John J Tkacik Jr., "Removing the Taiwan Stone from Asia's Great 'Go' Game: Thoughts on Taiwan's Geographic and Demographic Role in Asia-Pacific Security," in *National Identity and Economic*

As the United States' northern security anchor, Japan also has heavy incentive to continue supporting the US defense posture in the region. With the appearance of the PRC flexing its naval muscle in the last few years, in one instance sending a small number of vessels to circumnavigate the Japanese home islands,⁶⁴ Japan does not want to see any kind of unilateral settlement of the Taiwan Straits Dispute. This perception of an aggressive PRC posture in the region has led Japan to strengthen its Self-Defense Forces for maritime operations—in contrast to traditional Japanese defense policy that focuses on anti-invasion forces—to counter the PLAN, creating yet another flashpoint for conflict in East Asia.⁶⁵ This is despite continued treaty protection from the US, which should worry US strategists who have for decades worked to avoid an arms race in Asia by way of a powerful US presence.⁶⁶ The US is in no hurry to see the order it has defended since 1945 compromised.

Beyond basic security logic, there is another reason the survival of the ROC on Taiwan is important to US strategic goals in Asia: the ROC's successful democratic transition as a regional model.⁶⁷ While not the oldest democracy in the region—Japan democratized after World War II, and the Republic of Korea enacted more complete democratic reforms slightly before the ROC—the ROC today can be held up as a model of stable democratic reform. The ROC provides an example of Chinese democracy at work, and counters the idea sometimes perpetuated by the CCP that their model of governance is the only one fitting for China.⁶⁸ More generally, there are a number of states in Southeast Asia that have only recently begun to democratize, and the ROC provides a more recent example of successfully overcoming the hurdles they face, as well as an alternative face to the China that the PRC represents. Myanmar is the most recent state to reform, but states like Indonesia, Thailand, and Singapore also have more recent histories of transition from authoritarianism, as well as sizable Chinese populations.⁶⁹ The ROC is a reminder that they do not have to return to authoritarian rule

Interest: Taiwan's Competing Options and Their Implications for Regional Stability, ed. Peter C.Y. Chow (New York, New York: Palgrave MacMillan, 2012), 262.

64 Bjorn Elias Mikalsen Gronning, "Japan's Shifting Military Priorities: Counterbalancing China's Rise," *Asian Security* 10, no. 1 (2014): 10.

65 *Ibid.*, 3-4.

66 Joseph S. Nye, "The 'Nye Report': Six Years Later," in *Japan and America Volume 2: The Postwar*, eds. Ellis S. Krauss and Benjamin Nyblade (New York: Routledge, 2004), 144.

67 Chen, "An Indispensable Pillar of Obama's 'Pivot' to Asia," 40-41.

68 Rigger, *Why Taiwan Matters*, 168 and Wachman, *Why Taiwan?*, 25 for CCP claims, and Chen, "An Indispensable Pillar of Obama's 'Pivot' to Asia," 32 for a summary of the US normative image of the ROC as an example of Chinese democracy.

69 Tkacik, "Removing the Taiwan Stone from Asia's Great 'Go' Game," 251-2, 255.

at the first sign of democratic dysfunction, of which there has been plenty over the years in the ROC.⁷⁰ The difficulty of standing by and watching a democratically elected government be assimilated by an authoritarian one also plays into the US willingness to see the ROC survive. What would it say to the other, newer democracies in the region if the US were to allow one of their ranks to be swallowed up by a larger neighbor?⁷¹ This US perspective is something one must take into account when considering a settlement to the Taiwan Straits Dispute.

The Balancing Act

In addition to the ROC maintaining the status quo in regards to governing the island of Taiwan, these outside interests need to be accounted for when negotiating the final settlement of the Taiwan Straits Dispute. In return for certain concessions by all parties involved, a neutral Taiwan could account for many, if not all, the interests discussed here.

It must be said first that any kind of settlement of the dispute would have to be a political event. Whether through coercion or peaceful methods, by virtue of their democratic government the 23 million people living on the island of Taiwan will need to have some sort of input as to how their status is resolved. As support for reunification with mainland China under a PRC aegis consistently has a low level of support in the ROC,⁷² it does not seem that any kind of political concession on the ROC's part will happen soon, even if the PRC were to gain overwhelming economic or military leverage over the ROC. No ROC politician from any party can realistically support such a move, and with all the major prospective candidates for next year's elections talking about moving away from the PRC economically, there is little prospect for a shift in unification's favor.⁷³ By contrast, polling data from 2008 suggests over 70 percent support for an independent Taiwan, were peaceful relations with the PRC maintained.⁷⁴ This support, when combined with support for a status quo solution, makes an arrangement that guarantees the current relations infinitely more palatable to Taiwanese citizens than a unilateral

70 Bush, *Uncharted Strait*, 184. Almost all the works I have cited dealing with ROC internal politics can attest to this messiness, but this gives a good structural summary of internal ROC political turmoil.

71 Chen, "An Indispensable Pillar of Obama's 'Pivot' to Asia," 32-33 contains a discussion of the recent Asia "Pivot" and deepening US ties with Asian states vis-à-vis the PRC.

72 Romberg, "Sunshine Heats Up Taiwan Politics," 2. Most recent poll results are summarized here with actual figures in Romberg's notes (specifically note 4).

73 Bush, *Uncharted Strait*, 86 regarding ROC domestic political hurdles, and Romberg, "Sunshine Heats Up Taiwan Politics," 6-7 regarding KMT and DPP presidential candidates opinions on ROC trade balance.

74 Danielson, "On the Road to a Common Taiwan Identity," 142.

settlement. A neutral Taiwan would allow the ROC to continue functioning as before, but simply with certain restrictions on its actions, mainly in regards to interactions with belligerents. Thus, neutrality for Taiwan is very politically feasible on the island.

From a costs perspective, a softer line by the PRC could be appealing and offer some new opportunities for the CCP. As stated earlier, almost all of the solutions for the Taiwan Straits Dispute are effectively unilateral outcomes in the PRC's favor. The more promising ones that involve eventual reunification without complete PRC absorption of the ROC contain the seeds of their own failure in the assumption that the PRC will enact internal democratic reforms effectively, and at a fast enough pace to encourage the ROC to accept reunification in some fashion. By allowing an independent Taiwan, the PRC can continue to avoid these additional reforms, and since the CCP functions as an authoritarian government, there would be no need for it to comply with any additional demands that would disrupt the PRC's internal status quo. By contrast, if the PRC did annex Taiwan, but granted the island some power within the PRC, there is no guarantee the island's government would not aggravate existing grievances rather than alleviate them. As far as the threat Taiwanese Independence poses to CCP legitimacy, a quick study of the evolution of the PRC since Mao's death shows there are reasons for CCP optimism. The PRC has undertaken a number of reforms over the years that have gone against well-established Socialist and Communist doctrine, especially regarding the economy. Any future leaders of the CCP should be able to find some way to adequately justify this change in policy through public rhetoric and policy, likely in a similar process as what was experienced during Deng's reforms in the 1980s.⁷⁵ The PRC could also reap dividends in the accumulation of soft power. If other states in the region see the PRC negotiating an end to a major dispute rather than coercing a settlement, there is no reason to think those states would not take PRC rhetoric about a "peaceful rise" more seriously. While it may not change minds in Asia overnight, demonstrating the willingness and flexibility to negotiate over such a major issue could go a long way towards building trust with neighbors and alleviating tensions in the region.

Militarily, a neutral Taiwan territorially guaranteed by the major powers of the region would account for many of the defense interests discussed earlier. The main reason for optimism here is that, for many in the PRC, controlling

75 Christian Ploberger, "China's Reform and Opening Process: A Fundamental Political Project," *Asian Social Science* 6, no. 11 (2010): 28-41. This article provides an extensive analysis of the political processes that accompanied Deng's push to reform the PRC economy.

the island is not nearly as important as preventing others from doing so.⁷⁶ In conjunction with official adoption of complete neutrality, enshrining a stance of pacifism in the ROC constitution—like Japan—could remove Taiwan as a prize for any major power in the region. While the PRC would not have control over the island, Taiwan could not establish an alliance with the US or Japan, thus weakening the FIC. While a weakening of the FIC would be detrimental to US and Japanese interests, an arrangement that keeps Taiwan under the control of a neutral ROC government would be an optimal middle ground that would give the PLAN additional operational breathing space but not completely eliminate the FIC as a defensive perimeter. Like Switzerland and Japan, Taiwan would continue to maintain a self-defense force, but the guarantee of each of the three major powers to maintain the independent neutrality of the island would prevent any power moving to control the island, giving each party legal authority to intervene in the case of an outside attempt to control Taiwan. This balance, where no state would hold preponderance, would ensure the physical security of this arrangement.

The Hague Convention on Neutrality would help to economically secure a Swiss-style settlement for Taiwan by way of ensuring the ROC could legally uphold the status quo as far as trade movement around the island. The Convention allows unlimited movement by non-belligerent shipping in neutral waters, and allows neutral states to restrict movement beneficial to belligerents across both land and sea.⁷⁷ These restrictions would effectively maintain the status quo as far as trade flows through the straits by discouraging the escalation of conflicts, as this would trigger trade exclusion in Taiwanese waters for any belligerent parties. A neutral Taiwan could continue its current economic ties with the PRC, Japan, and the US without having to worry about the security implications of these relations. This careful economic and security balance could be just what the region would need to ensure prevention of a large-scale conflict over the Taiwan Straits Dispute.

A Contingency Plan

Scholars rarely discuss the settlement form laid out here, and for good reason. Given the growing capacity of the PRC to assert its economic and military power in the region, it is reasonable to assume the PRC can simply wait until it has enough leverage over the ROC or the US has little enough

76 Wachman, *Why Taiwan?*, 40.

77 Hague Conference of 1907 (The Hague, 1907), V, VI, XIII. Chapter V addresses restrictions in material movement across land, and multiple articles under chapters VI and XIII lay out the restrictions on belligerent naval movements.

resolve to defend the island. It is logical to assume that the PRC will look quite imposing when set against any balancing coalition it might face in the future.

However, situations do not always work out as contemporary thinkers predict, regardless of how logical their assumptions are at the time. Tomorrow the US and/or Japan could reverse their current economic malaise and make up for PRC economic gains, the PRC economy could slow down much faster than predicted in the next few years, or there could even be some sort of real political change in the PRC. Some sort of reversal of PRC fortunes is not imminent, but it is good to have options in case history decides to go a little off the rails.

Thus, a new long-term solution to the dispute has been proposed: through an international treaty, Taiwan would be allowed to declare independence as a completely neutral state. Like any other solution, this one requires trade-offs, but it is the only one that addresses each major party's most salient issues in a balanced fashion. While there may not be an opportunity to enact this framework, being prepared for any eventuality can only be a virtue when the stakes are this high. **Y**