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U.S.–China Relations After Resolution of Taiwan’s Status

Roger Cliff, David A. Shlapak

Prepared for the United States Air Force

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Preface

This monograph was motivated by an effort to assess the nature of U.S.-China relations after the resolution of Taiwan's status. It stems from the recognition that the nature and extent of the effects on Sino-U.S. ties of an end to the cross-strait standoff will be strongly conditioned by *what* that resolution is and *how* it came about.

This document identifies the principal pathways by which Taiwan's status might be resolved and analyzes the likely consequences for U.S.-China relations. It is intended to be of use to policymakers, military planners, and policy researchers concerned about the future of U.S.-China relations and its implications for U.S. military planning.

The research reported here was sponsored by the Assistant Deputy Chief of Staff for Long-Range Planning, Headquarters, U.S. Air Force (AF/XPX). The work was conducted as part of a fiscal year 2005 project, "The U.S.-China Security Relationship: Taiwan and Beyond," within the Strategy and Doctrine Program of RAND Project AIR FORCE. It is part of an ongoing Project AIR FORCE effort to assess the nature and implications of the growth in Chinese military power. Previous publications from this effort include

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- Evan S. Medeiros, Roger Cliff, Keith Crane, and James C. Mulvenon, *A New Direction for China's Defense Industry*, MG-334-AF, 2005.

- Keith Crane, Roger Cliff, Evan Medeiros, James C. Mulvenon, and William Overholt, *Modernizing China's Military: Opportunities and Constraints*, MG-260-1-AF, 2005.
- Kevin Pollpeter, *U.S.-China Security Management: Assessing the Military-to-Military Relationship*, MG-143-AF, 2004.
- Zalmay Khalilzad, David T. Orletsky, Jonathan Pollack, Kevin Pollpeter, Angel M. Rabasa, David A. Shlapak, Abram N. Shulsky, Ashley J. Tellis, *The United States and Asia: Toward a New U.S. Strategy and Force Posture*, MR-1315-AF, 2001.
- Roger Cliff, *The Military Potential of China's Commercial Technology*, MR-1292-AF, 2001.
- Erica Strecker Downs, *China's Quest for Energy Security*, MR-1244-AF, 2000.
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Contents

Preface	iii
Figure and Tables	ix
Summary	xi
Acknowledgements	xiii
CHAPTER ONE	
Near-Term Prospects	1
CHAPTER TWO	
Longer-Term Possibilities	5
Nonviolent Outcomes	6
Status Quo Continued	6
Peaceful Unification	7
Peaceful Independence	9
Compromise Resolution	10
Conflict Involving the United States	11
Violent Irresolution with U.S. Intervention	11
Violent Independence with U.S. Intervention	14
Violent Unification Despite U.S. Intervention	15
Conflict Without U.S. Intervention	15
Violent Unification Without U.S. Intervention	16
Violent Irresolution Without U.S. Intervention	17
Violent Independence Without U.S. Intervention	17

CHAPTER THREE

Observations..... 19

Bibliography..... 23

Figure and Tables

Figure

- 2.1. Ten Possible Outcomes Between China and Taiwan..... 5

Tables

- 3.1. Nonviolent Trajectories for Cross-Strait Relations..... 20
- 3.2. Violent Trajectories for Cross-Strait Relations 20

Summary

Although it appears unlikely that the question of Taiwan's status and ultimate relationship to China will be resolved any time soon, it is instructive to speculate about how its resolution might affect U.S.-China relations. There are, broadly speaking, ten different logical possibilities for trajectories that the cross-Strait relationship could follow. Four of them are peaceful (see pp. 6–11):

- continuation of the current unresolved status quo
- peaceful unification
- peaceful independence
- a compromise resolution.

Six involve Chinese use of force against Taiwan (see pp. 11–19):

- violent unification with U.S. intervention
- violent unification without U.S. intervention
- violent independence with U.S. intervention
- violent independence without U.S. intervention
- violent irresolution with U.S. intervention
- violent irresolution without U.S. intervention.

Looking across all these cases reveals that simply assuming that the Taiwan situation has been “resolved” is hardly enough to understand the nature of the subsequent security relationship between China and the United States. Instead, the manner and mode in which the Taiwan question is decided will make a great deal of difference. To the

extent one can generalize, the obvious appears to be true: The consequences of peaceful outcomes—including continued peaceful irresolution—are both more predictable and generally better for relations between Washington and Beijing (see pp. 6–11, 20–22).

In contrast, nonpeaceful resolutions of Taiwan's status could cause U.S.-China relations to fall anywhere from reasonable amity to a Cold War–like confrontation, depending on the circumstances surrounding the conflict and its outcome. If the result is formal independence for Taiwan, subsequent U.S.-China relations will likely be cooperative. If the result is forcible unification for Taiwan, the United States and China will likely find themselves in a hostile cold war (see pp. 11–18, 20–22).

For more than 25 years, U.S. policy has, above all else, sought to ensure that any resolution of Taiwan's status occurs peacefully. The implication of the findings of this study is that, as China's power and confidence in its military capabilities grow and therefore the possibility of Beijing attempting to bring about unification through force increases, preventing such an attempt from occurring while maintaining the capability to defeat it will become increasingly important even as it becomes increasingly difficult.

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Near-Term Prospects

At present, the most obvious and likely source of conflict between the United States and China is Taiwan. This has prompted many to wonder what might cause conflict between the United States and China if Taiwan's current uncertain status were to be resolved. Resolution of Taiwan's status, however, would not necessarily eliminate the possibility of tension or even conflict between Washington and Beijing. Indeed, perhaps the dominant determinant of the likelihood of conflict between the United States and China after resolution of Taiwan's status would be precisely *how* that status was resolved. It is useful, therefore, to examine the ways in which Taiwan's status could be resolved and how the events surrounding that resolution would likely shape the subsequent U.S.-China relationship.

In making this examination, it is worth noting at the start that Taiwan's status is unlikely to be decided any time soon. On the one hand, no Chinese Communist Party (CCP) leadership is likely to risk allowing Taiwan to peaceably formalize its independence. The CCP has to a large extent based its legitimacy on restoring China to "its rightful place in the world" and on reversing the effects of China's "century of humiliation" (from the first Opium War of 1839 to the founding of the People's Republic in 1949). However peripheral Taiwan originally was to the integrity of the Chinese nation, it has now become a potent symbol of China's subjugation at the hands of the imperial powers.¹

¹ Reportedly, when the Empress Dowager Cixi, China's effective ruler at the time of China's defeat in the Sino-Japanese War of 1894–1895, was told that Japan's terms of victory included the ceding of Taiwan, she had to be told what "Taiwan" was.

Only by recovering Taiwan can the nation again be made whole and the humiliations of the past be erased. Any leadership group that allowed Taiwan to become formally independent would be at risk of losing its legitimacy both within the CCP and in the eyes of the Chinese public.² Mao Zedong's personal power and prestige were such that he could ignore the Taiwan issue without risking his hold on power, but no current or future Chinese leader or group of leaders is likely to have that luxury.³ This will be particularly true over the next few years, as president Hu Jintao and premier Wen Jiabao work to complete the consolidation of their power in the post-Jiang Zemin era.

Similarly, Taiwan is unlikely to peacefully accept any form of unification in the near future. It will certainly not happen under the current Chen Shui-bian administration, since his party aspires to full independence for Taiwan. Even if Chen's successor, to be elected in 2008, is from one of the parties that nominally aspires to eventual unification between Taiwan and mainland China, and those parties retain their current control of Taiwan's legislature, it is implausible that there would be enough domestic support for unification for the government to feel that it could legitimately take such a dramatic step—even if it wanted to. Currently, opinion surveys consistently indicate that only about two percent of Taiwan's population favor immediate unification with China, while more than 20 percent hope that Taiwan will eventually become a fully independent state.⁴ By and large, the Taiwan body

² Cliff (1996). Although China remains a one-party dictatorship, as the Chinese social and political system continues to open up, public opinion is acquiring increasing influence in Chinese politics, including policy toward Taiwan. Interviews with mainland Chinese Taiwan specialists held in China during February and March 2006 reinforced this point.

³ It is possible, however, that Beijing and Taipei could reach some form of mutual accommodation that would allow the final resolution of the Taiwan issue to be deferred until some future time. See the "Compromise Resolution" section in Chapter Two.

⁴ Mainland Affairs Council, 2006. When polled, about 60 percent of Taiwan's adult population consistently indicate either that they want the status quo to continue indefinitely or that they are undecided about whether they want Taiwan to eventually unify with the mainland or become independent. Chen is widely believed to want independence for Taiwan and was reelected in 2004 with more than 50 percent of the vote, so it is possible that support for Taiwan independence is actually significantly higher than the 20 to 25 percent indicated by polls. The low percentage of Taiwan's population in favor of immediate unification, on

politic appears to have a strong preference for the status quo, however strategically uncomfortable that may be for leaders in Washington, Beijing, and Taipei.

There also seems to be little chance of Taiwan's status being resolved violently in the near term. If China were to attempt to seize or bully Taiwan into unification through the use of military force, the United States retains the ability to intervene and likely prevent the People's Republic of China (PRC) from succeeding.⁵ At the very least, the possibility of U.S. intervention almost certainly constitutes a powerful deterrent to any possible Chinese adventurism.

While Beijing has little hope of achieving unification through force in the near term, Taiwan has similarly little chance of achieving independence as a result of a conflict with the mainland. Even if a Chinese use of force against Taiwan were unsuccessful, and even if Taiwan gained widespread recognition as an independent nation, this would probably not constitute final resolution of Taiwan's status; the PRC would likely refuse to acknowledge or accept Taiwan's independence. Instead, Taiwan's independence would probably be regarded in China as a temporary situation that would be reversed as soon as China had the military capability to do so.

For all these reasons, for at least the next four or five years, the most likely possibility with regard to Taiwan's status is that *the current unresolved but peaceful situation will continue unchanged*. If there were a military conflict in the Taiwan Strait in this time frame, there is a small chance that China would prevail decisively, leaving the United States and its partners (if any) to decide whether to try to "liberate"

the other hand, may in part be a consequence of Beijing's proposed "One Country, Two Systems" formula for unification, under which Taiwan would have to accept a status subordinate to Beijing. The current leadership in Beijing has so far shown little sign of flexibility on this issue; even if they did, it seems unlikely that such a shift would suffice to produce a majority of Taiwan's population favoring immediate unification.

⁵ It is possible that the United States could perceive that Taiwan had provoked the PRC attack and consequently refrain from intervening. In this case, it is possible that China could succeed in unifying with Taiwan through force in the near term. It seems unlikely, however, that Taipei would be so imprudent as to take actions that the United States could perceive as unambiguously provocative.

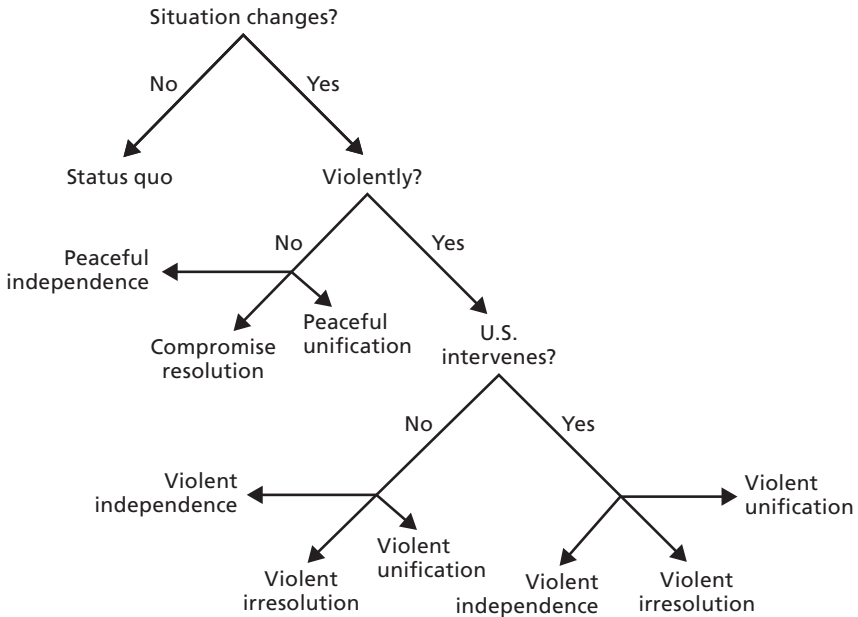
Taiwan. The more likely outcome, however—assuming U.S. intervention—would be a Chinese defeat, leaving Beijing licking its wounds but refusing to accept the definitive loss of Taiwan.

For Taiwan's status to be resolved, one or more of the following will probably have to change: (1) the nature of the regime in Beijing, (2) the military balance in the Taiwan Strait, or (3) the U.S. security commitment to Taiwan. Such changes are only likely to occur over the longer term (more than five years). Moreover, even if one or more of those developments occurs, it is possible that Taiwan's status will remain unresolved. Combined with the two primary possibilities (peaceful irresolution or violent irresolution) that prevail in the near term, there are a total of ten distinct longer-term future situations with regard to Taiwan's status, which will be discussed in Chapter Two of this monograph.

Longer-Term Possibilities

This chapter describes ten logical possibilities for the China-Taiwan situation, which are depicted in tree form in Figure 2.1. As shown, six of the possibilities involve violence, and four—including the continuation of the current peaceful status quo—do not. Of the cases that turn violent,

Figure 2.1
Ten Possible Outcomes Between China and Taiwan



RAND MG567-2.1

the United States chooses to engage actively in Taiwan's defense in three and to abstain from involvement in the other three.¹

Nonviolent Outcomes

Status Quo Continued

In this situation, the current circumstances of an unresolved but peaceful cross-strait conundrum continue indefinitely. China continues to claim Taiwan as part of its territory and implicitly threatens to use force to achieve unification, but does not actually do so. Taiwan neither accepts unification nor declares independence, while the United States maintains its simultaneous commitments to a peaceful resolution of the standoff and to no independence for Taiwan.

If either Beijing or Taipei gave evidence of becoming more flexible about Taiwan's status, it would be possible to reduce cross-strait tensions through stabilization proposals, such as unilateral or negotiated measures for enhancing cooperation and trust and reducing the suspicions of each side that the other might change the status quo unilaterally. For example, if Beijing indicated that it was willing to consider a unification arrangement in which mainland China and Taiwan were equal partners, as opposed to the current "One Country, Two Systems" proposal—which stipulates that Taiwan would be a "special administrative region" under the mainland government—perceptions that Taiwan's status could be resolved peacefully would probably increase, resulting in a concomitant decrease in military tensions. This would also be true if Taipei indicated that it was willing to accept the "one China" principle and concede that Taiwan and mainland China were both parts of a single political and cultural entity, even if the precise nature and contour of that entity was left unspecified. In such a situation, although Taiwan would likely continue to be an important issue in the U.S.-China relationship, it could become significantly less

¹ This breakdown should not be interpreted as meaning that there is a 60-percent chance of cross-strait violence or that in the event of war the probability of U.S. intervention is 50 percent. Instead, we are simply laying out the logical possibilities.

prominent than it is today, and other issues between the two countries, such as trade imbalances, human rights, or the situation on the Korean peninsula, might come to dominate the relationship.²

Signs of reduced flexibility about Taiwan's status, on the other hand, would elevate cross-strait tensions. Examples of this would be if Taiwan's proindependence parties were to gain complete control over the political system—by winning a majority in Taiwan's legislature and maintaining their grip on the presidency—or if Beijing were to issue an ultimatum or publish a timeline for Taiwan's unification with the mainland.

As long as Beijing continued to threaten to achieve unification through force, Taiwan refused to accept Beijing's unification offers, and the United States remained committed to Taiwan's defense, however, the possibility of war over Taiwan would likely remain the dominant issue in the U.S.-China security relationship.³ Moreover, if China's economic growth rate remained high and if its military continued to modernize, the possibility of military conflict would be increasingly alarming from the perspective of the United States and Taiwan.

Peaceful Unification

Although political and social trends in Taiwan appear to be working against prospects for a nonviolent unification with the mainland, the possibility cannot be ruled out. Peaceful unification would most likely first require both the emergence of a consensus on a Taiwan national identity that is at once Chinese and Taiwanese *and* on the emergence of a stable, mature democracy on the mainland comparable to those in Taiwan, Japan, and South Korea today—otherwise, the people of

² See the section on “Compromise Resolution” (pp. 10–11), for the implications of a situation in which Beijing or Taipei not only proposed a more flexible alternative to its current position but both sides were actually able to agree on one of them.

³ It is possible, but unlikely, that the United States would withdraw its security commitment to Taiwan. This might occur, for example, if Washington perceived Taiwan's government to be deliberately provoking mainland China into attacking it. The cases in which China actually might attack Taiwan and the United States would not intervene are discussed in the sections that follow.

Taiwan would have little confidence in any promises of autonomy that Beijing might extend.⁴

The emergence of a democratic China would undoubtedly transform the nature of U.S.-China relations. There is an extensive, though not unanimous, body of analysis that suggests that mature democracies rarely, if ever, go to war with each other.⁵ There is, however, likewise evidence that states undergoing the transition to democracy can be more war-prone than others.⁶ Thus, the relationship between the United States (or Taiwan) and a *democratizing* China could be highly unstable, and any democratic transition in a country the size of China is likely to be the work of many years, if not generations. If this transition period were successfully negotiated, however, and a democracy were to emerge on the mainland that was mature and stable enough for Taiwan to unify with the mainland voluntarily, relations between Washington and Beijing would likely be transformed as well. Although some tensions and suspicions between the two sides would continue, just as between any two countries, the chances of actual conflict between the United States and a democratic China would be much lower than they are today, particularly with the Taiwan issue also resolved.

Peaceful unification could also be effected through some looser form of political relationship, such as a confederacy or commonwealth, in which both Taiwan and the mainland had equal standing and which could be voluntarily dissolved at the initiative of either party. Achieving this type of largely symbolic “unification” would not necessarily require mainland China to become a democracy, and the effect on U.S.-China relations would be similar to that described in the section below called “Compromise Resolutions.”

⁴ It is, of course, possible that a democratic transition on the mainland would not resolve Taiwan's status. Democracy in China is probably a necessary but certainly not sufficient condition for peaceful unification.

⁵ Brown et al. (1997); Farber and Gowa (1995), pp. 123-146; Spiro (1994), pp. 50-86.

⁶ Mansfield and Snyder (2005).

Peaceful Independence

It is similarly unlikely that Taiwan could peacefully achieve independence—that Beijing would formally recognize and accept it as an independent state—without a fundamental transformation of the Chinese polity. As implied above, having all but officially renounced the pursuit of socialist goals, the Chinese regime has, to a large extent, premised its legitimacy on nationalist objectives: turning China into a rich and powerful modern nation and repairing the injuries China suffered in its period of weakness. Allowing Taiwan to become formally independent would be seen, both inside and outside the CCP, as defaulting on this mission. During negotiations with Britain over the recovery of Hong Kong in the early 1980s, China's supreme leader at the time, Deng Xiaoping, stated that any Chinese government that failed to recover Hong Kong on the expiration of the New Territories lease in 1997 would be forced to step down from power; this would likely be equally true for a CCP government that allowed Taiwan to become independent.

It is possible, however, that a regime other than the CCP, one whose legitimacy was perhaps not so strongly based on the restoration of national unity, could be more flexible on this issue. The most obvious candidate for such a regime would be a mature, stable democracy, which would derive its legitimacy from the will of the people.⁷ It is also possible, however, that even a nondemocratic government could find some source other than nationalism on which to base its rule.⁸

Regardless of its form, a Chinese regime that peacefully allowed Taiwan to become independent would almost by definition be both very different from the current leadership and highly pragmatic about how it approached foreign affairs. Competition and conflict with the United States would still be possible, but most likely only when clear U.S. and Chinese interests were involved and when the Chinese gov-

⁷ A democratic government would not *necessarily* be willing to allow Taiwan to become independent, however. Indeed, strong nationalist sentiment within the population could cause a democratic government to be even more belligerent on the Taiwan issue than the present regime.

⁸ Perhaps a modernized form of Confucianism could make a comeback as a supporting ideology. See Robertson and Liu (2006).

ernment expected the material benefits of a clash with the United States to exceed its probable costs. Such conflict would not likely be based on purely ideational constructs, such as what geographic entities China's national territory ought to comprise.

Compromise Resolution

Absent a political transformation in mainland China, the best chance for a peaceful resolution of Taiwan's status probably lies in an arrangement somewhere between formal independence and formal unification, a state that might be called "peaceful in-betweenness." Politicians and analysts in Taiwan and the United States have proposed a number of such formulas. One possibility would be an agreement to leave Taiwan's status unresolved for some period, with Beijing promising not to use force as long as Taiwan refrained from attempting to formalize its independence. Although this outcome would not be a true or final resolution of Taiwan's status, the period in question could be very long or even unlimited, with the two sides agreeing to leave Taiwan's status unresolved until they both come to an agreement on the issue.

The current Chinese regime, including the new "fourth generation" leaders, has so far shown no interest in such schemes, but it is not inconceivable that a future party leadership would be both willing and politically capable of accepting an arrangement with Taiwan if the costs to regime stability of continued cross-strait tensions began to outweigh the value of this specific play of the nationalism card. The successive leaderships of the People's Republic of China have frequently surprised outside observers with their ability to make fundamental changes to core policies. Thus, this is one way in which Taiwan's status could actually be resolved peacefully that might not necessarily imply a fundamental change in the nature of the Chinese regime. As in the case of "Peaceful Independence," however, a Chinese regime that would be willing to accept such an arrangement would almost by definition be one that was more pragmatic in its approach to foreign affairs.⁹ Although the possibility for competition and conflict between

⁹ The authors are grateful to Richard Bush of the Brookings Institution for this observation.

the United States and such a regime would still exist, the new attitude of the Chinese government, along with the elimination of the Taiwan flashpoint, would significantly reduce the risk of war between the two countries.

Conflict Involving the United States

Violent Irresolution with U.S. Intervention

This situation would occur if China attempted to use force to achieve unification, the United States intervened, and China's efforts were defeated, but Beijing refused to accept Taiwan's independence.¹⁰ Analysis at RAND has found that a conflict between the United States and China over Taiwan would likely be confined to the use of conventional weapons, even though both the United States and China possess nuclear weapons, and that it would not likely escalate into a broader war between the United States and China. That is, the war would be contained in the area around Taiwan; the main combatants would probably be limited to the United States, China, and Japan; and active hostilities would probably end after a relatively short time. Nonetheless, such a war would probably result in a bitter relationship between the United States and China, comparable in some ways to that between the United States and the Soviet Union during the Cold War. China might well accelerate the buildup of its military capabilities with an eye toward waging a second, this time successful, campaign to claim Taiwan. This military competition would likely also be accompanied by a broader deterioration in Sino-U.S. relations, with mutual trade and investment falling dramatically or even ceasing, and each country demanding that its allies not cooperate with its rival. Countries in Asia might find themselves under pressure to choose between good relations with the United States and good relations with China.

¹⁰ This case includes situations in which Taiwan formally declares independence and is recognized as an independent country by the United States and other countries, so long as Beijing refuses to accept Taiwan's independence.

Nonetheless, even under these circumstances, the relationship between the United States and China after an inconclusive war over Taiwan would have important differences from the one between the United States and the Soviet Union during the Cold War. Unlike the Soviet Union, China is closely integrated into the world economy. With the exception of Japan, most countries in Asia would likely regard the importance of maintaining good relations with Beijing as outweighing any concerns about China having used force against Taiwan. They would resist U.S. pressure to choose between Washington and Beijing, preferring to maintain good relations with both. This logic would apply even more strongly to countries outside the region, which would be even less concerned about China's use of force.

For its part, because China's economic development—and the growing military strength that has resulted from it—has been so dependent on external trade and investment, Beijing would have strong reasons to maintain good relations with the rest of the world. Thus, assuming that active hostilities over Taiwan ended relatively quickly, it seems likely that, outside of the United States, Taiwan, and Japan, much of the world would soon resume trading with and investing in China. Exports to the United States, Taiwan, and Japan, however, represent about 40 percent of China's export earnings and about 15 percent of China's gross domestic product. Similarly, investment from the United States, Taiwan, and Japan represents at least 20 percent of foreign direct investment in China.¹¹ These high percentages of trade and investment mean that warring with, and thereby cutting off economic relations with, the United States, Taiwan, and Japan would cause China's economy to shrink by about 15 percent in the near term, even if the rest of the world continued to trade with and invest in China.

¹¹ National Bureau of Statistics of China (2005), pp. 51, 631–634, 644–646. Percentages are based on 2004 trade and investment statistics. Exports to the United States, Taiwan, and Japan as a percentage of China's total exports were estimated under the assumption that most of China's exports to Hong Kong are subsequently re-exported to other countries. Investment from the United States, Japan, and especially Taiwan is probably higher than estimated, since about 14 percent of China's direct foreign investment appears to originate from the Virgin and Cayman islands. Much of this is probably Taiwanese money successfully evading Taipei's restrictions on investment in mainland China.

This would push the country into a major recession. Moreover, since China's economic growth has been driven largely by foreign trade and investment, subsequent economic recovery and growth would be significantly slowed by the absence of trade and investment from the three countries.

Damage this severe to China's economy would threaten the Chinese government's hold on power, possibly forcing the replacement of the responsible individuals with others—or even replacement of the entire form of government. It is possible that a new government could be much more accommodating on the Taiwan issue, in which case U.S.-China relations might be quickly repaired, as we discuss in the next subsection. But the new government could instead be much more stridently nationalist and anti-Western, converting a conflict over Taiwan into a true cold war, pitting the United States and its allies against China and its allies (if any). In this situation, the region would be divided between the group of countries aligned with China and the group aligned with the United States. Such a cold war could stymie political and economic evolution in East and Southeast Asia, put extreme pressure on the U.S. military posture both in East Asia and globally, and deal a disastrous setback to China's efforts to build a modern, prosperous society.¹²

If the Chinese leadership survived the economic crisis that would follow a war over Taiwan, however, or if a successor regime placed a similar priority on export-led economic growth while refusing to accept Taiwan's independence, China would undoubtedly eventually recover from the effects of a cutoff of economic relations with the United States, Taiwan, and Japan. Foreign trade and investment patterns would adjust to make up, at least partially, for the lack of participation from these countries in China's economy, and China would probably resume solid, if less rapid, economic growth.

¹² Another possibility would be a China with a divided or ineffective central government, in which case China would offer little direct threat to the United States but also would not be capable of making commitments regarding Taiwan that would necessarily be binding over the long term.

The direct and indirect effects of a war with mainland China would likely damage Taiwan's economy badly.¹³ The effects on the economies of the United States and Japan would be less significant. U.S. exports to China, for example, represent about 5 percent of total U.S. export earnings and less than 0.5 percent of the U.S. gross domestic product.¹⁴ Although a war with China and the associated cutoff of economic relations would undoubtedly affect the U.S. economy, it would quickly recover, and the long-term economic effects would be manageable.

Violent Independence with U.S. Intervention

If China used force against Taiwan, the United States intervened, and China was defeated, it is possible that Beijing might accept Taiwan's independence. Under these circumstances, the subsequent relationship between the United States and China would undoubtedly be mutually suspicious. However, a Chinese government—which would not necessarily be the same as the one that had initiated the conflict—that recognized Taiwan as an independent country would of necessity be fundamentally pragmatic and willing to take whatever measures were needed to advance the material interests of the nation. Given that China possesses nuclear weapons capable of reaching the continental United States, the United States would have no way of forcing surrender terms on Beijing. Thus, even a badly defeated China would have no reason to accept Taiwan's independence *except* to restore good relations with the United States. Beijing's renunciation of its claim to Taiwan would eliminate China's primary military threat to U.S. interests, so in this situation, the United States would have little reason to withhold cooperation with China and a strong incentive to reward it for taking this step. In many ways, the U.S.-China relationship in this situation would probably look much the way it does today, with each country continuing to behave in ways that the other finds at least intermit-

¹³ Aside from the direct effects, exports to the mainland now represent about 30 percent of Taiwan's export earnings and more than 15 percent of Taiwan's gross domestic product. See National Bureau of Statistics, (2005), p. 631; Council for Economic Planning and Development (2004), pp. 15, 203. Percentages are as of 2003.

¹⁴ National Bureau of Statistics (2005), p. 634; U.S. Census Bureau (2006), "Income, Expenditures, & Wealth: Gross Domestic Product and Gross State Product" (2006).

tently objectionable, but engaging in a robust economic relationship and cooperating in a number of areas. Resolving the Taiwan issue, however, would significantly reduce prospects for a direct conflict and the fundamental tensions between the two.¹⁵

Violent Unification Despite U.S. Intervention

At the other extreme, it is possible that China could succeed in achieving unification through force even if the United States came to Taiwan's defense.¹⁶ Although such an outcome may appear improbable at present, its possibility will increase as China's military capabilities grow relative to those of Taiwan and the United States.

A defeat in an attempted U.S. defense of Taiwan would be a watershed in contemporary security affairs, marking the end of U.S. military dominance in Asia. Like China in the violent irresolution and violent independence cases described in the previous sections, Washington would have the choice of accepting the outcome or of seeing it as the initial battle in a more prolonged Sino-U.S. war that, once again, could share some features with the Cold War and with the deleterious consequences described previously, under "Violent Irresolution with U.S. Intervention." Because of the damage to U.S. stature and influence in the world, however, the U.S. reaction would likely be much more severe than in that earlier case.

Conflict Without U.S. Intervention

The preceding three scenarios all assumed that the United States intervened on behalf of Taiwan. It is possible, however, that, for whatever

¹⁵ It is also possible, however, that such a Chinese government would be unstable and transitory, similar to that of Weimar Germany, and that it would be replaced by a regime that did not accept Taiwan's independence. In this case, the situation would revert to the "violent irresolution" described in the previous section.

¹⁶ China has stated that its "One Country, Two Systems" model is conditional on peaceful unification. So, in this scenario, the model would not necessarily be implemented. In fact, an invasion of Taiwan would likely require deployment of both mainland military forces and administrative officials, which the model does not allow.

reason, the United States would choose not to intervene.¹⁷ In this case, three alternative outcomes are again possible.

Violent Unification Without U.S. Intervention

It is possible to imagine almost any type of Chinese polity—from a mature democracy to an expansionist dictatorship—using force against Taiwan. If the United States chose not to intervene and if the use of force succeeded, the consequences for U.S.-China relations would be strongly conditioned by the reasons underlying Washington's decision not to intervene.¹⁸

If the U.S. decision not to assist in Taiwan's defense was driven by the perception that Taiwan had unreasonably provoked Beijing or if it followed some other rupture in U.S.-Taiwan relations, China's actions might be viewed as unwelcome but understandable (or even inevitable) and might not cause a fundamental alteration of U.S.-China relations. This would be one of the few cases in which subsequent Sino-U.S. relations would largely depend on factors unrelated to how Taiwan's status was resolved.

If, however, China's action were to be seen as exploiting a window of U.S. weakness or preoccupation elsewhere, or if the U.S. decision not to intervene was highly controversial in the United States, the consequences for U.S.-China relations could be profoundly negative. A United States that was forced by its own lack of options to stand by and watch as China "swallowed" Taiwan could be motivated to strive to undo the deed or at least to rebuild its security position in Asia to ensure that Beijing could never again expect to opportunistically gain from U.S. weakness. A cold war between Washington and Beijing, such as that described above under "Violent Irresolution with U.S. Intervention," might be the best outcome that could be expected

¹⁷ Possible reasons include a perception that Taiwan had provoked the conflict, an inability to respond due to a crisis in the United States or elsewhere in the world, or a change in U.S. domestic politics or foreign policy calculus that resulted in a withdrawal of the U.S. security commitment to Taiwan.

¹⁸ This situation includes cases in which China achieves unification through intimidation—that is, by threatening Taiwan with military violence without actually needing to take such action.

from such a course of events. Similarly, if the U.S. decision not to intervene provoked subsequent accusations about “Who lost Taiwan?” similar to the “Who lost China?” controversy that followed the Chinese Communists’ victory in 1949, it could provoke a backlash that would cause U.S.-China relations to deteriorate to a point comparable to those described earlier, under “Violent Unification Despite U.S. Intervention.”¹⁹

Violent Irresolution Without U.S. Intervention

The effects on U.S.-China relations of a failed Chinese attempt to conquer or coerce Taiwan when the United States did not intervene could vary widely. It is unlikely that any Chinese regime that seriously attempted to use force against Taiwan and failed would long survive, especially without being able to blame its failure on the intervention of an external power. However, it is difficult to predict what type of regime its replacement would be. The successor regime could be similar to its predecessor, with the principal difference being only the specific individual leaders involved. Alternatively, it could move China toward democracy, or it could be even more nationalistic, more deeply committed to regaining Taiwan whatever the costs. Thus, a failed attempt to take Taiwan using force could well profoundly affect U.S.-China relations by bringing to power a fundamentally new type of regime in China, but the consequences for the relationship would be highly unpredictable.

Violent Independence Without U.S. Intervention

Even more than in the Violent Independence with U.S. Intervention case, a scenario in which China attacked Taiwan, was defeated despite U.S. nonintervention, and subsequently formally recognized Taiwan as an independent country, is one in which the post-conflict government in Beijing—again, not necessarily the same or even of the same ilk as the one that initiated the failed war—would of necessity be fundamentally pragmatic. Such a government would likely be able to come to

¹⁹ The authors are grateful to Richard Bush of the Brookings Institution for this observation.

terms with other realities of the international system and would focus on advancing China's strategic and material interests instead of undoing perceived wrongs of the past. Especially if the regime were replaced by a new one that Washington held relatively blameless for the attack on Taiwan, relations between the United States and China would likely improve in the wake of such a conflict.

Observations

Tables 3.1 and 3.2 lay out the cases discussed above and their basic implications for subsequent U.S.-China relations. Table 3.1 shows the nonviolent cases; Table 3.2 shows the trajectories involving Chinese use of force. As can be seen, although there are ten primary ways in which Taiwan's status could be resolved, there are only about five distinctly different outcomes for Sino-U.S. relations:

- a continuation of the current situation of strong economic ties and some diplomatic cooperation, but also a possibility of war
- a relationship that is essentially cooperative in all areas because Taiwan has voluntarily accepted unification with mainland China (which most likely has evolved into a democracy)
- a relationship in which the United States and China remain wary of each other but maintain strong economic ties and in which there is little chance of war
- a hostile relationship in which the United States and China have broken off economic ties with each other and their military forces confront each other across the Taiwan Strait
- a true cold war in which not only have the United States and China broken off economic ties and their military forces confront each other across the Taiwan Strait, but the United States exerts pressure on its allies in Asia and Europe to join Washington in ending economic and political cooperation with China.

This chapter returns to the question that initially motivated this exploration: What will U.S.-China relations be like after resolution of

Table 3.1
Nonviolent Trajectories for Cross-Strait Relations

Trajectory	Implications for U.S.-China Relations
Status quo	Strong economic ties Some diplomatic cooperation Continuing possibility of war
Peaceful unification	Little chance of war Strong economic ties Strong diplomatic cooperation
Peaceful independence	Little chance of war Strong economic ties Some diplomatic cooperation
Compromise resolution	Little chance of war Strong economic ties Some diplomatic cooperation

Table 3.2
Violent Trajectories for Cross-Strait Relations

Trajectory	Implications for U.S.-China Relations
U.S. intervenes; inconclusive war	Military standoff across Taiwan Strait Economic ties broken Little diplomatic cooperation
U.S. intervenes; forced unification	Hostile cold war United States attempts to isolate China
U.S. intervenes; violent independence	Little chance of subsequent war Strong economic ties Some diplomatic cooperation
No U.S. intervention; inconclusive war	Consequences for U.S.-China relations unpredictable
No U.S. intervention; forced unification	Consequences for U.S.-China relations unpredictable
No U.S. intervention; violent independence	Little chance of war Strong economic ties Some diplomatic cooperation

the Taiwan issue? Examining the seven cases in which Taiwan's status is actually resolved, it is clear that this depends very much on *how* it is resolved. Unsurprisingly, as Table 3.1 shows, almost any type of peaceful resolution implies that subsequent relations between the United States and China will be cooperative and peaceful. This is partly because the most significant possible trigger for conflict between the United States and China will have been removed but also because peaceful resolution of Taiwan's status implies a Chinese government that is pragmatic or pluralistic enough that either it is willing to accept something less than Taiwan's subordination to Beijing or at least that the people of Taiwan no longer feel threatened by this subordination.

If the issue is resolved violently, the implications for U.S.-China relations are more varied, with much depending on the specific nature of that resolution. If the result is forced unification for Taiwan, subsequent U.S.-China relations will most likely be those of a hostile cold war.¹ If an attempt to bring about unification through military force instead resulted in Beijing accepting formal independence for Taiwan, on the other hand, subsequent U.S.-China relations would almost certainly be cooperative and peaceful. Again, this would be not only because the most significant possible trigger for conflict between the United States and China would have been removed but also because a Chinese government that is pragmatic and flexible enough to recognize Taiwan's independence formally (which would quite likely be a different government from the one that started the war) would almost certainly be one that sought good relations with the United States as well.

To summarize the major findings of the analysis presented in this monograph, therefore, U.S.-China relations after the resolution of Taiwan's status could fall anywhere from close cooperation between two mature democracies to a Cold War–like confrontation. Unsurprisingly,

¹ If this forced unification occurred despite U.S. military intervention, the result would almost certainly be a hostile cold war. If forced unification occurred in the context of a U.S. decision not to intervene, however, there are two possibilities. One is a hostile cold war; the other is that U.S.-China relations could continue in their current state of wariness but not outright hostility. Which of these occurred would depend on the reasons behind Washington's abstention.

if the resolution of Taiwan's status is peaceful, relations will almost certainly be cooperative, regardless of the specific nature of that resolution. Less obviously, if the result of a violent attempt to resolve Taiwan's status is formal independence for the island, subsequent U.S.-China relations would likely also be cooperative because only a fundamentally pragmatic Chinese regime would be willing to recognize Taiwan as an independent country. If the result is forcible unification for Taiwan, however, the United States and China will most likely find themselves in a hostile cold war.

Perhaps even more fundamental than the observation that how the Taiwan issue is resolved will dramatically affect the nature of subsequent U.S.-China relations is the recognition that both how the Taiwan issue is resolved and the nature of subsequent U.S.-China relations will largely be determined by the orientation of China's government. A pragmatic, self-confident Chinese government is both more likely to be able to come to some sort of peaceful accommodation with Taiwan and more likely to have amicable relations with the United States. An inflexible, nationalistic Chinese government, on the other hand, is both less apt to be able to resolve the Taiwan issue and likely to have an adversarial relationship with the United States.

For more than 25 years, U.S. policy has, above all else, sought to ensure that any resolution of Taiwan's status occurs peacefully. The analysis here suggests that this has indeed been the correct policy, as the consequences of a peaceful resolution of Taiwan's status are almost uniformly positive for the United States. The analysis here also shows, however, that the consequences of violent unification are almost certainly negative. Thus, as China's power and confidence in its military capabilities grow, it is important for the United States to maintain the capability to deter and, if necessary, defeat an attempt by Beijing to achieve unification through force.

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