
The Defining Divide: Cross-Strait Relations and US, Taiwan, China Strategic Dynamics

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The recent improvements in cross-strait relations under the Ma administration have been interpreted as heralding a deeper rapprochement between Taiwan and China. Economic and political cross-strait initiatives have proliferated, while social linkages are re-emerging. Yet fundamental barriers remain that may lead to heightened future tensions. Taiwanese and Chinese citizens hold to increasingly distinct cultural and political identities. Strategically, support for the *status quo* is weakening between Washington, Taipei and Beijing, as the latter begins to threaten the regional primacy of the former.

Since the election of President Ma Ying-Jeou in March 2008, attempts to expand economic and social linkages between the Republic of China (ROC) and the People's Republic of China (PRC) have reached a new high, symbolised by the June 2010 signing of the Economic Cooperation Framework Agreement (ECFA). Yet despite the perceived thawing of political tensions between Beijing and Taipei, long-term structural dynamics suggest persistent barriers to sustained cross-strait rapprochement. Taiwanese and Chinese domestic perceptions differ greatly regarding the nature and terms of reunification. To this end, Taipei is increasingly wary as to the potential negative implications of closer economic ties that might make the island more dependent on the mainland. Finally, Washington's interests and support for reunification are weakening as it faces the geostrategic implications of increasing PRC military power.

This analysis will proceed firstly with an overview of the past decade and a half of cross-strait relations between China, Taiwan and the United States. It then moves to examine the basis of recent improvements in relations between Taipei and Beijing. Ma's policy of maintaining the *status quo* ("the continued separation of two rival Chinese states"¹), the resumption of formal dialogue with the PRC for the first time in ten years, and the reopening of trade relations, have drawn broad-based domestic political approval. Furthermore, recent high-level efforts aimed at warming trilateral relations between Beijing, Taipei and Washington have emphasised political cross-strait cooperation as a means towards a future resolution over Taiwan's status.

¹ Dennis Van Vranken Hickey, *Taiwan's Security in the Changing International System* (Boulder, CO: Lynne Rienner, 1997), p. 195.

Subsequently, this article will explore and evaluate countervailing cultural, political and strategic structural forces that have emerged as a consequence of six decades of cross-strait tensions. Fundamental differences in public perception in China and Taiwan—over such issues as the ‘one China policy’, the possibility of economic dependence on China, and the deterioration of the military balance in China’s favour—have had profound effects on political attitudes towards reunification and the possibility of conflict. Furthermore, Washington’s fundamental strategic interests in the political status of Taiwan further complicate the prospects for reconciliation. While professing ‘strategic ambiguity’—a support for the ‘one China’ policy in theory but not in practice—Washington nonetheless is rediscovering its own strategic interests in preventing Beijing from gaining a strong foothold in the so-called ‘first island chain’.

Therefore, despite these short-term improvements in cross-strait relations, the persistence of structural political, cultural and strategic forces will over the long-term strengthen bonds between Washington and Taipei, decreasing the possibility for peaceful reunification, and consequently increasing tensions with Beijing.

Background—Cross-Strait Relations since the Mid-1990s

After almost six decades of tension between the PRC and the ROC, Taipei’s efforts to break its diplomatic isolation and Beijing’s interpretation of any moves towards international recognition on Taiwan’s behalf as a move towards *de jure* independence, culminated in the 1995/96 Taiwan Strait Crisis.² Relations between Beijing and Taiwan continued to deteriorate with the ROC’s first direct presidential elections, won by pro-independence candidate, Lee Teng-Hui, and further election successes of the Democratic Progressive Party (DPP) in 2000 and 2004, led by Chen Shui-Bian. In response, the PRC’s National People’s Congress (NPC) adopted the Anti-Secession Law (ASL) in March 2005, which affirmed the ‘One China’ principles as the basis for reunification and explicitly threatened the use of force should secessionist forces act to cause the secession of Taiwan.³

A further obfuscating factor involved the role of the United States and its policy of ‘strategic ambiguity’ in courting Beijing for its economic and security benefits, while remaining Taiwan’s principle ally. For Washington, ‘strategic ambiguity’ remains the basis of its Taiwan policy and has facilitated US-China relations, preserved US-Taiwan contacts and protected Taiwan’s own economic and political interests.⁴ However the policy entails Washington balancing two competing policy objectives—on the one hand, three US-PRC

² Niklas L. P. Swanstrom and Sofia K. Ledberg, ‘The Role of CBMs in Cross-Strait Relations’, (Washington, DC: Central Asia-Caucasus Institute & Silk Road Studies Program, 2006), p. 9.

³ *Ibid.*

⁴ Kerry Dumbaugh, *Taiwan’s Political Status: Historical Background and Ongoing Implications* (Washington, DC: Congressional Research Service, 4 June 2009), p. 6.

communiqués in which Washington policymakers recognised the legitimacy of the PRC government, appeared to acknowledge that there was only “one China” and suggested an eventual ending point for US arms sales to Taiwan. On the other hand, the Taiwan Relations Act (TRA) provided the United States with a statutory framework for maintaining extensive unofficial contacts with Taiwan. The TRA also committed the United States to providing weapons for Taiwan’s defence against what most saw as Taiwan’s only potential enemy—the PRC.⁵ As China’s economic and political weight continued to grow, alongside the emergence of Taiwanese nationalism and identity, Washington’s cross-strait interests appeared increasingly divided. Increasingly, Beijing and Taipei were seen to hold conflicting expectations of US actions and support in the event of further crises.⁶

Recent Improvements—Political and Economic Efforts to Build Cross-strait Relations

In spite of the severe tensions that characterised relations between Taipei and Beijing through till the mid-2000s, recent years have seen the maturation of economic and political dynamics that have improved both the tone and the scope of cross-strait relations. Over the past decade, Chinese-Taiwanese economic interaction has grown at an exponential rate towards the point of interdependence. Cross-strait dialogue based on the understanding of financial cooperation led to a series of ‘direct-link’ breakthroughs and set clear antecedents for the possibility of political convergence such as the formal accession of the PRC and the ROC to the World Trade Organisation (WTO) in December 2001.⁷ Based on the successes of economic affiliation as a bilateral measure to improve relations, in the past few years China has adopted a more pluralistic foreign policy. In conjunction with the return of power to the Kuomintang (KMT) this development has thawed political tensions between Beijing and Taipei. The effects have been perceived as holding far-reaching implications for the strengthening of cross-strait economic interdependence. Indeed, some analysts have argued that recent developments could pave the way to a resolution of Taiwan’s political status, potentially relaxing the cross-strait security dilemma for Washington.⁸

Firstly, the 2008 ROC election was a decisive moment, which signified systematic efforts of both the PRC and ROC to stabilise relations and reduce the level of mutual fear of conflict over the Taiwan Strait. The election of Ma, in addition to the further consolidation of the KMT’s hold on the national legislature (the Legislative Yuan, or LY), signified domestic support for the

⁵ Ibid.

⁶ Jonathon Manthorpe, *Forbidden Nation: A History of Taiwan* (New York: Palgrave Macmillan, 2005), p. xiv.

⁷ Terry Cooke, ‘Cross-Strait Matrix: The Economic Cooperation Framework Agreement’, *China Brief*, vol. 4, no. 11 (27 May 2009), p. 8.

⁸ Baohui Zhang, ‘Taiwan’s Political Balancing Act’, *Global Asia*, vol. 3, no. 2 (2008), p. 83.

Pan-Blue's stance (*pro-status quo*) on cross-strait relations.⁹ The domestic fear that Chen Shui-Bian's pro-independence rhetoric would destabilise cross-strait relations, continue to further isolate the island and escalate the situation into conflict, pushed many voters to seek more moderate political approaches to relations with the mainland. Even the DPP candidate in the 2008, Frank Hsieh, was a moderate in terms of his views on re-unification and China-related issues.¹⁰ With an overwhelming 58.45 percent of the votes, Taiwan's populace also voted for the Pan-Blue political platform that it was necessary for Taiwan to reach out

for possible accommodations with Mainland China ... unilateral secession on the part of Taiwan can only be a recipe for disaster.¹¹ It means ... the intensification of internal confrontation in Taiwan and the resumption of the Chinese civil war.¹²

The support for Ma's ideology reflected the growing public preference for a non-violent solution to the conflict.

Secondly, due to the adverse response towards the bellicose posture of the People's Liberation Army (PLA) in the 1995-1996 Taiwan Strait Crisis, the subsequent decade reflects a shift towards a longer term Chinese national security strategy of pursuing cross-strait 'reunification' without direct confrontation and conflict.¹³ Chinese President Hu Jin-Tao backed away from the aggressive rhetoric of his predecessors by shifting the priority from achieving unification in the near- or medium-term to opposing Taiwan independence—unification remains the long-term objective.¹⁴ Beijing has recognised the importance of building mutual trust through dialogue and exchange after the decade of mutual fear of an escalation towards conflict. More pluralistic interactions and policies in recent years reflect Beijing's emphasis on what both sides have in common—economic cooperation and cultural heritage—as well as greater accord to reducing the zero-sum competition in the international arena.¹⁵ The implications for the Taiwan issue have been not only the preservation of the *status quo* on the PRC side

⁹ Monte R. Bullard, 'The Cross-Strait Crisis: The Case for Optimism', *Journal of Contemporary China*, vol. 17, no. 54 (2008), p. 113.

¹⁰ Zhang, 'Taiwan's Political Balancing Act', p. 82.

¹¹ *Ibid.*, p. 83.

¹² Ying-Jeou Ma, 'Bridging the Divide: A Vision for Peace in East Asia', Speech to the London School of Economics, 13 February 2006, <<http://www2.lse.ac.uk/publicEvents/events/2006/20051215t1335z001.aspx>> [Accessed 28 May 2010].

¹³ Robert Sutter, 'China's Good Neighbour Policy and its Implications for Taiwan', *Journal of Contemporary China*, vol. 13, no. 41 (2004), p. 719.

¹⁴ Michael Roberge and Youkyoung Lee, 'Backgrounder: China Taiwan Relations', *Council of Foreign Relations*, 11 August 2009, <<http://www.cfr.org/publication/9223/>> [Accessed 28 May 2010].

¹⁵ Richard C. Bush, 'China-Taiwan: Recent Economic, Political, and Military Developments Across the Strait, and Implications for the United States', Brookings Institute, 18 March 2010, <http://www.brookings.edu/testimony/2010/0318_china_economy_bush.aspx> [Accessed 14 May 2010].

but also the provision of the foundation for greater engagement beyond economic rapprochement.

Consequently, the softening of political tensions has led to increased economic integration which in turn has provided a framework for political consensus over the direction of the 'one China policy'. Structural changes in both the ROC and PRC have led to the establishment of direct shipping, air transport and postal links; opened Taiwan to mainland tourists; and increased financial cooperation.¹⁶ Negotiations over the ECFA have been used by Taipei and Beijing as the main vehicle for advancing bilateral relations and possible consensus over the unification issue.¹⁷ The current atmosphere has greatly reduced the likelihood of cross-strait confrontation, and both Chinese and Taiwanese leaders have expressed interest in consolidating improved relations through negotiating an interim peace settlement over the 'one China policy'.¹⁸ The amelioration of Beijing-Taipei relations have been viewed by many commentators as a reversal of the rising tensions that stretch back to the 1995/96 Taiwan Strait Crisis. The commitments to stabilising the region have led some policy commentators to suggest that Washington no longer has to concern itself with political or military commitments to Taiwan, a commitment that would only exacerbate regional tensions.¹⁹

Structural Antagonisms—Countervailing Structural Barriers to Rapprochement

Despite increased political and economic interaction, improvements in cross-strait relations remain largely superficial. While Taiwan, the PRC, and the United States are committed to maintaining the *status quo*, fundamental differences in attitudes towards reunification, and the strategic balance in East Asia remain a persistent source of tensions. China's ability to translate economic leverage into political influence still has not been sufficient enough to counter Taiwan's 'creeping independence' or the growth of an independent 'Taiwanese identity'.²⁰ In addition, conflicting domestic and elite perceptions of the 'one China' policy have resulted in severe economic and military dislocations between Taipei and Beijing, thus, eroding the long-term stability of the *status quo*. The problem has been aggravated by both the PRC and ROC governments not having the policy tools to influence and/or

¹⁶ Phillip C. Saunders and Scott Kastner, 'Is a China-Taiwan Peace Deal in the Cards?', *Foreign Policy*, 27 July 2009, <http://www.foreignpolicy.com/articles/2009/07/27/is_a_china_taiwan_peace_deal_in_the_cards?page=0,0> [Accessed 28 May 2010].

¹⁷ Cooke, 'Cross-Strait Matrix', p. 9.

¹⁸ Saunders and Kastner, 'Is a China-Taiwan Peace Deal in the Cards?'.

¹⁹ American Foreign Policy Interests, 'The Current State of US-China-Taiwan Relations', *American Foreign Policy Interests*, vol. 31, no. 1 (2009), p. 60.

²⁰ David A. Shlapak et al., *A Question of Balance: Political Context and Military Aspects of the China-Taiwan Dispute* (Santa Monica, CA: RAND Corporation National Security Research Division, 2009), p. xiv.

reverse key long-term trends which continue to threaten the possibility of conflict in the Taiwan Strait.²¹

Firstly, domestic conceptions of identity are a crucial issue in cross-strait relations. Beijing insists that people in Taiwan are Chinese, which is one of the key reasons why Taiwan is considered part of “one China”. Conversely, there is a growing sense among the Taiwanese populace that they hold a distinct identity separate from that of the mainland.²² The continued pursuit by Beijing and Taipei of policies encouraging the *status quo* will over time continue to encourage a sense of ‘Taiwanese identity’ and contribute to Taipei’s drift towards formal independence. Survey data from a 2009 RAND Report indicated that by December 2008,

the overwhelming majority of the island’s citizens identified themselves *exclusively* [sic] as Taiwanese (51%) or both Taiwanese and Chinese (41%) ... [and] fewer than 5% described themselves as exclusively Chinese.²³

The trend towards a more distinct Taiwanese identity was further evidenced in the re-formulation of the KMT’s policy platform in the lead-up to the 2008 election. Ma’s success in shifting DPP votes was attributed to his efforts of discarding any previous connection of the KMT with China in order to reduce distrust of mainland origins with native Taiwanese. Ma changed the party’s full name from ‘The Chinese Nationalist Party’ to ‘The Nationalist Party’ and continued to pursue his policy of the ‘Three No’s’—no unification, no independence and no war.²⁴ Ma’s electoral breakthrough in winning native Taiwanese votes in key DPP electorates demonstrates that despite a more accommodating ROC government, his administration must address the demands of a ‘Taiwanese’ populace rather than a ‘Chinese’ one. This has undermined any prospect of unification by political convergence, and the recent formulation of the KMT has shown that unification is impossible without the consent of the Taiwanese people.²⁵

Conversely, China’s growing nationalistic fervour in its economic and political power has contested the notion that it will remain content with the *status quo*. The Chinese Communist Party’s (CCP) increasing reliance on nationalism to legitimise its current rule as well as successes in obtaining the return of Hong Kong and Macau have increased the political stakes of handling the Taiwan issue successfully. Any Chinese leader who allows Taiwan to become independent would find it impossible to stay in power as it would also legitimise claims of sovereignty from Xinjiang and Tibet.²⁶ As a

²¹ Sheng Lijun, *China and Taiwan: Cross-Strait Relations Under Chen Shui-Bian* (Singapore: Institute of Southeast Asian Studies, 2002), p. 116.

²² Phillip C. Saunders, ‘Long-Term Trends in China-Taiwan Relations: Implications for US Taiwan Policy’, *Asian Survey*, vol. 45, no. 6 (November-December 2005), p. 971.

²³ Shlapak et al., *A Question of Balance*, p. xiv.

²⁴ Zhang, ‘Taiwan’s Political Balancing Act’, p. 84.

²⁵ *Ibid.*

²⁶ Saunders, ‘Long-Term Trends in China-Taiwan Relations’, p. 978.

result, nationalistic sentiment is inextricably linked to regime survival and the political survival of individual Chinese leaders. The nationalistic policy environment has resulted in the use of cross-strait economic links as a form of 'coercive diplomacy', and the use of nationalistic objectives by the PLA as a means to emphasise the military option.²⁷ Therefore, despite the fading Taiwanese independence movement and the growth of the pro-*status quo* posture, the divergent evolution of social and cultural identity is enduring and Taipei's acquiescence towards Beijing's desired position will be limited by domestic perceptions.²⁸

Secondly, although China and Taiwan have been deeply involved in regulating and promoting economic exchanges, Beijing's motivation behind economic interdependence has in fact exacerbated tensions with Taipei. Beijing has encouraged exchanges in the hope that increased economic interdependence will 'bind Taipei's hands' in seeking independence and that it will facilitate national reunification.²⁹ By late 2001, China replaced the United States as Taiwan's number one export market. Taiwan's foreign direct investment in the mainland accounts for more than half of foreign direct investments overall.³⁰ Beijing perceives deepening economic interdependence as a form of leverage that increases its capacity to inflict damage on Taiwan, short of military force.

In recent years, Taipei's attempts to regulate the pace of economic exchange—out of fear that increased economic cooperation may eventually erode Taiwan's position to Beijing's reunification campaign—have been stymied by slow domestic growth and the Global Financial Crisis (GFC).³¹ Therefore, as business leaders have sought to capitalise on China's rapid economic growth to reverse downward trends, they have conversely given Beijing economic and political leverage over Taipei. Beijing has sought to exploit deepening economic affiliations by applying or publicly airing forms of pressure such as sanctions against Taiwanese imports, purposeful disruption of financial markets or information networks, and selective harassment of Taiwanese businesspeople.³² These levers of economic coercion have provided China with political methods of signalling discontent with changes in Taiwan which fall short of the use of military force. Therefore, if the long-term efficacy of economic pressure is perceived to lose

²⁷ Ibid.

²⁸ Shlapak et al., *A Question of Balance*, p. xiv.

²⁹ Suisheng Zhao, 'Economic Interdependence and Political Divergence: The Emerging Pattern of Relations across the Taiwan Strait', *Journal of Contemporary China*, vol. 6, no. 15 (1997), p. 178.

³⁰ Shlapak et al., *A Question of Balance*, p. 9.

³¹ Zhao, 'Economic Interdependence and Political Divergence', p. 178.

³² Shlapak et al., *A Question of Balance*, p. 12.

utility for the Chinese government, the likelihood of military pressure remains an effective alternative to influence the *status quo*.³³

Finally, Beijing's investment in long-term political and economic policies to move Taiwan closer towards unification and/or discouraging independence has had the converse effect of prolonging the *status quo* resulting in the continued development of a military option.³⁴ Less obtrusive behaviour such as political rhetoric and economic harassment has only reassured Taipei's political elites about the sustainability of the *status quo* policy, and has nurtured the perception that Beijing will not use the military option to force a resolution. Conversely, as China's military power increases, so does its confidence that military force is the most effective and credible option. Renewed military activism by the PLA has demonstrated the CCP's intentions, capability and purpose in moves that are psychological as much as they are political and military.³⁵

Taiwan's first Quadrennial Defence Review (QDR) in 2009 reflected defence-planners' concerns over the build-up of the Chinese military. The PRC's acquisition of significant short-range force projection capabilities, particularly the steady build-up of ballistic missiles, is driven by a determination to gain the capability to overwhelm the island's defences in the event of a conflict.³⁶ China has not renounced its right to use force to prevent Taiwanese independence, nor discussed amendments to the ASL, nor has it withdrawn any missiles targeting Taiwan's coastline.³⁷ Negative perceptions of this build-up on the part of the Taiwanese electorate have driven legislative initiatives to boost defence spending.³⁸ Despite the administration's general unease in dealing with national security issues, Ma himself sought to accommodate this public sentiment in the lead-up to the 2008 election, when he pledged that he would not seek political negotiations until Beijing removed its missiles deployed across the Taiwan Strait.³⁹

Ultimately, Beijing's calculations are concerned not only about Taiwan's military capabilities, but those of Washington as Taipei's security guarantor. China's ability to deliver accurate firepower across the strait must calculate not only Taiwan's ability to protect the island's military and civilian infrastructure from serious damage, but also the United States'.⁴⁰ Recent

³³ *Ibid.*, p. 13.

³⁴ *Ibid.*, p. 6.

³⁵ Jonathan D. Pollack, 'China's Taiwan Strategy: A Point of No Return?', *The China Journal*, vol. 36 (July 1996), p. 113.

³⁶ Bill Gertz, 'Taiwan Issue Spurs China to Build Missile Forces', *Washington Post*, 24 May 2010, <<http://www.washingtontimes.com/news/2010/may/24/taiwan-issue-spurs-china-build-up-missile-forces/print/>> [Accessed 28 May 2010].

³⁷ Shlapak, et al., *A Question of Balance*, p. 125.

³⁸ Julia M. Famularo, 'The Taiwan Quadrennial Defense Review: Implications for US-Taiwan Relations', *Project 2049: Occasional Papers*, June 2009, p. 3.

³⁹ Zhang, 'Taiwan's Political Balancing Act', p. 84.

⁴⁰ Shlapak et al., *A Question of Balance*, p. 125.

sales of arms packages to Taipei by both the Bush and Obama administrations to improve Taiwan's deterrent capacity have only heightened China's concerns of the necessity to develop an effective means to suppress those capabilities. This contributes to an arms race dynamic, whereby the destructive capability and quantity of the assets acquired increases the potential damage both parties are capable of inflicting, while simultaneously increasing the incentive to pre-empt the other during the event of a crisis. Therefore, as the risk of conflict in the Taiwan Strait increases so does the entanglement of the United States in the strategic and operational expectations of both the PRC and ROC.⁴¹

Strategic Barriers to Reunification—Changing US Cross-Strait Interests

For the past decade and a half, Washington's position of 'strategic ambiguity' has provided tacit support for the expansion of cross-strait linkages. US interests in Taiwanese security have been balanced by strong domestic support for stable relations with the PRC, emanating particularly from the business community. The economic and investment opportunities to American firms remained a potent political consideration during the George W. Bush administration. Simultaneously, positive relations with China have been argued to be vital for a range of US to regional security planning, such as, restraining North Korea's nuclear program. However, the emergence of these interests—in security and economic cooperation with Beijing, and in defending Taiwan's *de facto* independence—has undermined the credibility of US policy statements on cross-strait relations, and its ability to address the growing range of destabilising behaviour emanating from Beijing and Taipei.⁴² The twin US objectives of preserving Taiwanese autonomy whilst maintaining constructive relations with Beijing has led to two opposing beliefs: Taipei's view that the United States will come to Taipei's aid in the event of an attack, and Beijing's view that the United States will not interfere in what it essentially considers an 'internal matter'.⁴³

However, Washington's regional calculus is currently fluctuating. Domestically, the coalition of business interests that supported US engagement with China for much of the 2000s has fractured. Prominent firms have been vocal in their criticism of Beijing's increasingly mercantilist, corporatist economic policies, which are perceived to put American companies at a disadvantage in competing within Chinese and global markets. At the same time, the hardship imposed on US citizens by the Global Financial Crisis has unleashed populist anti-trade and anti-China

⁴¹ Bush, 'China-Taiwan'.

⁴² Kasner, 'Ambiguity, Economic Interdependence, and the US Strategic Dilemma in the Taiwan Strait', p. 665.

⁴³ Pollack, 'China's Taiwan Strategy: A Point of No Return?', p. 114.

sentiments, which are increasingly colouring the tone of political debate in Washington.

Simultaneously, US strategic assessments of the PRC are changing. Commentators and Pentagon officials increasingly perceive China's attempts to translate economic power into advanced military capabilities as a threat to American regional primacy in East Asia. Questions of US interests and investment in Taiwan's defences vis-à-vis China are increasingly bound up with regional strategic concerns over Beijing's actions towards East Asia as a whole.⁴⁴ The United States, as the dominant political-military force in the Asia Pacific, is a key provider of security to a number of states in the East Asia littoral. The resilience of Washington's commitment to Taiwan in the face of China's threats sends a signal of US resolve to its other alliance partners, especially South Korea and Japan.⁴⁵ The PLA's growing capabilities represent more than just an offensive threat against Taiwan. In addition to the strike assets referred to previously, Beijing's development of anti-access/area-denial (A2/AD) capabilities, such as quiet diesel-electric submarines, anti-satellite, mine warfare and cyber-warfare assets, have a broader capacity to deter, slow and/or blunt US power projection into the Asia-Pacific. For the first time since the end of the Cold War, the United States is confronting a potential challenger that can hope to compete with US power projection in the air, sea and along the information frontier.⁴⁶

At the same, Taiwan's geostrategic position is increasingly salient to US operational planning in the event of a regional conflict. Taiwan's location on the 'first island chain'—stretching from Japan to the Philippines—provides a buffer through which Chinese power projection can be contained. Not only does Taiwan hold the potential to be a second 'unsinkable aircraft carrier' in East Asia, the shallow littoral region surrounding it provides an effective environment for intercepting PLA forces in transit to US assets in the Western Pacific.⁴⁷ Conversely, should Taiwan fall into the PRC's hands, it would provide a useful base of operations to threaten the sea lines of communication from the South China Sea to Japan and Korea, as well as the US naval and air forces operating in the 'second island chain'. Consequently, the status of Taiwan has become an important factor in the strategy of the United States and its allies to simultaneously hedge against Chinese military power while engaging and enmeshing Beijing in networks of political, economic and social affiliations that over time will render its military power anachronistic. Whether in the short or long term, Washington cannot afford to lose Taiwan as a southern lynchpin (Japan as the northern) due to

⁴⁴ Evan S. Medeiros, *China's International Behaviour: Activism, Opportunism and Diversification* (Santa Monica, CA: RAND Corporation Project Air Force, 2009), p. 211.

⁴⁵ David A. Shlapak, *Questions of Balance: The Shifting Cross-Strait Balance and Implications for the US* (Santa Monica, CA: RAND Corporation, 2010), p. 7.

⁴⁶ *Ibid.*, p. 4.

⁴⁷ Andrew S. Erikson and Justin Mikolay, 'Anchoring America's Asian Assets: Why Washington Must Strengthen Guam', *Comparative Strategy*, vol. 24, no. 2 (April 2005), p. 159.

the desire to balance China's rising power, and in effect cannot worry less about the Taiwan problem.⁴⁸

Conclusion

On the surface, the past two years of Ma Ying-Jeou's term as Taiwan's president has so far engendered an amelioration of political relations between Taipei and Beijing. Profound structural changes in both the ROC and the PRC have bolstered political cooperation based on shared economic interests and provided a framework for rapprochement. Ma's more moderate government and willingness to work with the mainland, in conjunction with a shift towards a more pluralistic foreign policy by the CCP demonstrated to many a convergence of political ideologies, and the future possibility of a peaceful settlement regarding unification. The overwhelming support for the KMT in the past few years have further demonstrated a gradual shift in Taiwan's populace from supporting outright independence to maintaining the current *status quo* and further engagement with the mainland. This has seemingly given reason to Washington to alleviate its concerns of the possibility of another cross-strait confrontation and the potential damages to its political and economic interests.

However, as long as the *status quo* is prolonged, so will the persistence of Taipei's distinct identity and the legitimacy of its moves towards formal independence. Beijing's political rhetoric and economic coercion of Taipei has done little to convince the Taiwan electorate of the benefits of acquiescing towards Beijing's 'one China policy'. Consequently, the ability to sustain the *status quo* is dependent on Beijing's patience with Taipei's 'wilful defiance'. The repercussions for any Chinese leader of allowing Taiwan's right to sovereignty has meant the militarisation of the area to further exert a psychological influence as well as create a military option. Significantly, China's build-up of military force, in its calculus to overcome Taiwanese and American forces is creating a military balance in the region that is increasingly in the PLA's favour. The United States, as the security guarantor for not just Taiwan but also Japan and Korea, holds responsibilities in the East Asian littoral to balance against growing Chinese political, economic and military influence. Washington cannot afford to worry less about the Taiwan problem now or over the long term, as the outcome will determine the future boundaries of American influence in East Asia.

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⁴⁸ Shlapak, *Questions of Balance*, p. 7.