Is the Taiwan Strait Still a Flash Point?: Rethinking the Prospects for Armed Conflict between China and Taiwan

Scott L. Kastner


Published by The MIT Press

For additional information about this article
https://muse.jhu.edu/article/610049
Before 2008, the Taiwan Strait was widely viewed as a dangerous flash point for conflict. The issue of Taiwan’s sovereign status was a persistent source of tensions in U.S.-China relations, leading one of the most prominent U.S. experts on Asia to refer to Taiwan as “the only issue in the world today that could realistically lead to war between two major powers.” Since 2008, however, relations between the People’s Republic of China (PRC) and Taiwan have improved dramatically. Officials from the two sides have engaged in frequent dialogues, resulting in numerous cooperative agreements (including, most notably, the 2010 Economic Cooperation Framework Agreement). Given this unprecedented period of détente, does it still make sense to view the Taiwan Strait as a flash point for conflict? To what degree is a China-Taiwan military conflict a continued possibility? Are the risks of armed conflict likely to increase or decrease in the years ahead? What are the implications for U.S. policy in the region?

Analysts differ on the degree to which the Taiwan Strait remains at risk of armed conflict. Some scholars point to factors such as deepening cross-strait economic exchange, frequent high-level contacts, greater institutionalization of the cross-strait relationship, and pragmatism in both Beijing and Taipei as reasons to be optimistic about the prospects for continued stability in the Taiwan Strait. Other analysts, however, are less sanguine about the future of China-
Taiwan relations. Those who are more pessimistic about the relationship tend to highlight trends such as the PRC’s rapidly growing military capabilities (which increasingly call into question Taiwan’s capacity for self-defense), social and political trends in Taiwan that suggest little appetite for further cross-strait economic liberalization or political integration, and the continued presence of a fundamental underlying sovereignty dispute dividing Beijing and Taipei. Part of the reason for these disagreements is that the cross-strait relationship is characterized by complex, and at times competing, trends. Economic integration and increased institutionalization across the Taiwan Strait should contribute to stability. In some ways, public opinion in Taiwan seems to push toward stability (most Taiwanese, for example, are relatively pragmatic on sovereignty issues and oppose formal independence if it were to trigger conflict with China). In other ways, however, public opinion in Taiwan highlights the continued intractability of the underlying dispute (support on the island for unification continues to drop even as the PRC continues to view unification as an important national goal). Growing PRC military power increases the feasibility of Chinese coercion against Taiwan, but it could also make Chinese leaders more confident about long-term trends and less inclined to act rashly. What is needed, in short, is systematic analysis that considers how these different trends fit together in shaping the prospects for conflict and peace in the Taiwan Strait.

I aim to provide this type of analysis. To do so, I first consider three plausible conflict scenarios that frequently worried analysts of cross-strait relations in the turbulent years prior to 2008. I then consider how fundamental trends in


cross-strait relations, such as rapidly growing Chinese military power and deepening cross-strait economic exchange, are affecting the likelihood that any of these scenarios will emerge as future concerns. To preview, my analysis suggests that these trends are, on balance, stabilizing. Although the relationship will continue to be characterized by periodic tensions, the risk of armed conflict has been declining and is likely to continue to decline in the years ahead. At the same time, however, the cross-strait relationship has not been fundamentally transformed. Military conflict remains a real possibility, and I emphasize in particular that a rapidly shifting balance of military power has the potential to be highly destabilizing if it comes to dominate the effects of other trends such as economic integration. I conclude the article with policy implications for the United States.

Conflict Scenarios in the Taiwan Strait

The underlying dispute between the PRC and Taiwan dates to the end of the Chinese Civil War, when the losing Nationalist Party (the Kuomintang, or KMT) retreated to Taiwan along with its government (the Republic of China, or the ROC), while the Chinese Communist Party established the PRC on the Chinese mainland. The KMT continued to view the ROC as the legitimate government of all of China, even as the PRC viewed Taiwan as a part of China that must ultimately be reunited with the rest of the country. The cross-strait relationship was characterized by tensions and periodic crises during the 1950s and 1960s, and the ROC in 1954 signed an alliance treaty with the United States. Washington did not establish diplomatic ties with the PRC until 1979, at which point it severed diplomatic ties and abrogated its alliance with the ROC.

China-Taiwan relations stabilized to some degree during the 1980s and early 1990s, as the PRC adopted a less confrontational approach to Taiwan (premised on peaceful reunification) and the ROC government relaxed restrictions on travel and trade across the Taiwan Strait (which had been banned since 1949). Yet fundamental political changes in Taiwan during the 1980s and 1990s helped to restructure the underlying sovereignty dispute in a way that gave rise to renewed tensions by the mid-1990s. For several decades after 1949, the KMT had ruled Taiwan in an authoritarian fashion; any advocacy of Taiwan independence was strictly forbidden. During the late 1980s and early 1990s, however, Taiwan underwent a democratic transition. By the early 1990s, a growing number of Taiwanese were openly questioning whether Taiwan was a part of China, and Taiwan’s major opposition party (the Democratic Progressive Party, or DPP) formally supported Taiwan independence. Meanwhile, the ROC president at the time, Lee Teng-hui, was calling for a greater
international presence for Taiwan to help reverse decades of growing international isolation (by the 1990s, most countries of the world had severed relations with Taiwan and recognized the PRC instead). The PRC increasingly feared that Taiwan under Lee was moving toward formal independence. As Taiwan prepared for its first direct presidential election in 1996, a prolonged crisis erupted in the Taiwan Strait, culminating with PRC missile tests in waters near Taiwan and the U.S. decision to deploy two aircraft carrier battle groups to the area. After some initial signs of thawing, the relationship remained icy throughout the presidency of Chen Shui-bian (2000–08) of the DPP.

Relations across the Taiwan Strait have stabilized tremendously since 2008, when Ma Ying-jeou, of the KMT, was elected Taiwan’s president. Ma had campaigned on an explicitly pro-status quo platform that rejects Taiwan independence. Shortly after Ma entered office, the PRC and Taiwan were able to restart their cross-strait dialogue (which had been moribund for nearly a decade) on the basis of a construct called the “1992 consensus.” Since then, the two sides have reached numerous bilateral agreements and engaged in regular dialogue, culminating in a November 2015 meeting in Singapore between President Ma and Chinese President Xi Jinping.

Despite the recent détente, however, future prospects are uncertain at the time of this writing. The DPP, which rejects the 1992 consensus, will soon return to power after sweeping Taiwan’s 2016 presidential and legislative elections, and many analysts have become pessimistic about the future of the cross-strait relationship. To what degree should scholars and policymakers

---

4. For a good history of Taiwan’s political transition and cross-strait relations, see Denny Roy, Taiwan: A Political History (Ithaca, N.Y.: Cornell University Press, 2003).
5. The 1992 consensus refers to an understanding reached by quasi-official representatives of the PRC and ROC governments in 1992. At the time, the two sides were laying the groundwork for a dialogue that would take place in Singapore the following year, but they were grappling with how to deal with the issue of whether mainland China and Taiwan belong to “one China.” The two sides agreed to express their views separately. The PRC’s view was that both sides upheld a one-China principle, but that the meaning of one China would not be addressed in routine consultations. The ROC view was that each side upheld a one-China principle, but each had its own interpretation of what one China meant (for Taipei, one China meant the ROC). The term “1992 consensus” was invented several years later by a KMT official, Su Chi, to describe the accommodative approach both sides took on the-China issue at the time. Ma Ying-jeou, in embracing the 1992 consensus as a basis for resumed dialogue, has continued to interpret it as “one China, separate interpretations.” Although the PRC does not agree with the “separate interpretations” concept, it has also come to embrace the consensus, because the consensus implies that both sides endorse a one-China principle. The DPP rejects the 1992 consensus (and indeed argues that no real consensus was achieved in 1992). For discussions of this topic, see Bush, Uncharted Strait, especially chap. 2; and Chi-hung Wei, “Producing and Reproducing the 1992 Consensus: The Sociolinguistic Construction of the Political Economy of China-Taiwan Relations,” Asian Security, Vol. 11, No. 1 (2015), pp. 72–88.
again start to worry about the possibility of armed conflict in the Taiwan Strait? To answer this question, it is critical to first have a solid understanding of how conflict could occur in the Taiwan Strait. In the remainder of this section, I outline three plausible scenarios for a China-Taiwan military conflict. These scenarios represent my effort to synthesize and, where appropriate, to tease out the logic of conflict scenarios highlighted in the literature on cross-strait relations. Each of the scenarios drew considerable attention from analysts of the cross-strait relationship in the turbulent 1990s and early 2000s.6

THE REDLINE CONFLICT SCENARIO
During the Lee and Chen presidencies, the scenario for cross-strait conflict that drew the most attention from analysts of the China-Taiwan relationship involved a “revisionist”7 Taiwan trying to formalize its independent status (or taking steps in that direction8), and triggering a PRC military response by crossing PRC “redlines.”9 A simple model helps to illustrate this scenario (see figure 1).10 Assume that Taiwan and the PRC are bargaining, implicitly or explicitly, over Taiwan’s sovereign status, which can be represented on a single dimension ranging from formal unification with China (U) at one extreme to a formally independent Taiwan (I) on the other. The status quo (SQ) lies somewhere in between.11 Assume further that a revisionist Taiwan’s leadership pre-

---

6. The discussion in this section draws from and builds on Scott L. Kastner, “Rethinking the Prospects for Conflict in the Taiwan Strait,” in Monique Ming-chin Chu and Kastner, eds., Globalization and Security Relations across the Taiwan Strait: In the Shadow of China (London: Routledge, 2015), pp. 42–60.
8. Such steps might include the creation of a new constitution to replace the ROC constitution, a step advocated by Chen Shui-bian during his presidency.
9. For examples of studies that outline this sort of scenario, see Richard C. Bush and Michael E. O’Hanlon, A War Like No Other: The Truth about China’s Challenge to America (Hoboken, N.J.: John Wiley and Sons, 2007); Ted Galen Carpenter, America’s Coming War with China: A Collision Course over Taiwan (New York: Palgrave Macmillan, 2005); and Gabe T. Wang, China and the Taiwan Issue: Impending War at the Taiwan Strait (Lanham, Md.: University Press of America, 2006). Many studies that have considered more specifically the feasibility or likely efficacy of PRC military force against Taiwan also point toward Taiwanese revisionism as a likely trigger of Chinese use of force. See, for instance, Michael A. Glonsky, “Strangulation from the Sea? A PRC Submarine Blockade of Taiwan,” International Security, Vol. 28, No. 4 (Spring 2004), pp. 125–160.
11. The assumption that Taiwan’s status can be thought of as a continuum is reasonable. The status quo can be conceptualized broadly as de facto independence that is neither declared nor internationally recognized. Outcomes further toward the independence end of the continuum would include an established legal groundwork for formal independence without actual declaration (such as a wholly new constitution, as former President Chen Shui-bian has proposed),
fers an outcome closer to $I$, and that China prefers an outcome closer to $U$. Assume that if the two sides were to fight a war, Taiwan’s status at the end of the war would lie at point $W$. Finally, assume that the utility each side would receive from the war outcome ($W$) would be reduced by the costs of actually fighting the war, represented by $c_c$ for China and $c_t$ for Taiwan. China, in this

declared independence (not internationally recognized), and widely recognized declared independence. Outcomes closer to the unification end of the continuum would include a loose confederal arrangement (as former KMT Chair and presidential candidate Lien Chan has proposed), a one-country, two-systems arrangement where Taiwan is afforded more autonomy than Hong Kong (as the PRC has proposed), and a Hong Kong-style one-country, two-systems arrangement. For studies that conceptualize Taiwan’s status as a continuum of potential outcomes, see, for instance, David M. Lampton, “Preparing for a Better Time in Cross-Strait Relations: Short-Term Stalemate, Possible Medium-Term Opportunities,” in Donald S. Zagoria, ed., *Breaking the China-Taiwan Impasse* (Westport, Conn.: Praeger, 2003), pp. 105–114; and Richard C. Bush, *Untying the Knot: Making Peace in the Taiwan Strait* (Washington, D.C.: Brookings Institution Press, 2005).

12. The degree to which this assumption reflects a reasonable approximation of the Taiwanese government’s preferences obviously varies. The current Ma administration, for instance, almost certainly does not view something approximating formal Taiwan independence as its ideal point. To the degree that the Taiwanese government is satisfied with the current status quo in cross-strait relations, the redline conflict scenario—as described here—is less relevant.

13. The logic of this model does not hinge on the exact location of $W$. $W$ can be thought of either as the expected amount of sovereignty Taiwan would hold at the conclusion of a war or as the probability that Taiwan (presumably with U.S. backing) would win the war and thus be able to claim its preferred level of sovereignty.
model, should prefer all bargains to the left of R over fighting a war. As such, so long as Taiwan does not try to attain a level of sovereign status to the right of R, it should avoid triggering a war with the PRC. R, then, represents China’s reversion point, or “redline.”

Why would Taiwan cross this redline? Obviously, Taiwan would much prefer to avoid war by choosing a level of status to the left of China’s redline, because Taiwan’s war utility (point T in the figure) is far worse. If Taiwan could know with certainty where China’s redline lies, it should choose a level of sovereign status just to the left of that redline and leave it at that. But Taiwan cannot know with certainty where the redline sits, because it cannot know with certainty how China assesses the likely outcome of a war (W) and the PRC’s likely costs of war (c_i), both of which hinge on an array of factors, such as PRC beliefs about the efficacy of its military and its expectations of likely U.S. behavior in the event of a war. Indeed, the PRC has clear incentives to overstate its resolve (meaning, in essence, to understate its expected costs of war), so as to convince Taiwan’s leadership that its redline lies farther left (i.e., farther from independence and closer to unification) than might truly be the case. Taiwan, in turn, knows that Beijing has incentives to bluff. Indeed, the redlines that Beijing communicates in practice can themselves be ambiguous: although the PRC has suggested that a formal declaration of independence would trigger a military response, it has been less clear concerning what steps short of formal independence would be sufficient to trigger such a response.

The above scenario can be conceptualized as a bargaining failure that arises as a consequence of imperfect information (and incentives to misrepresent that information). Of course, the bargaining problem itself exists only to the extent the two sides have intense, zero-sum preferences relating to the issue in dispute, Taiwan’s sovereign status. Taiwan’s leaders must strongly desire to alter Taiwan’s sovereign status, and PRC leaders must strongly oppose such changes. Zero-sum preferences are not sufficient to trigger conflict, however, because war would be almost unimaginably costly for Taiwan (and possibly China as well). As Steve Tsang emphasizes, no Taiwanese president would “in-

14. The PRC, for instance, would have a much more pessimistic view of a war’s likely outcome if it believed that the United States would be likely to intervene militarily. Even U.S. actions short of military intervention, such as economic sanctions, could have a large effect on expected PRC costs.
15. On private information, with incentives to misrepresent that information, as a cause of war, see especially Fearon, “Rationalist Explanations for War.”
16. The Anti-Secession Law of 2005, for instance, emphasizes that the PRC shall use “non-peaceful” means in the event of Taiwan’s “secession” from China.
tentionally announce a policy that will immediately cause China to attack Taiwan.” Rather, war arises in this scenario because there is some uncertainty regarding the precise location of Beijing’s redlines, and it can be hard for China to credibly communicate the true location of those redlines. As such, a revisionist Taiwan could trigger a military conflict by unintentionally crossing a Chinese redline.

THE PESSIMISTIC TRENDS ANALYSIS SCENARIO

In a second scenario, conflict arises between China and Taiwan as a consequence of pessimism in Beijing about long-term trends in the Taiwan Strait. Thomas Christensen, in particular, articulated this scenario in a series of articles published during the Chen Shui-bian administration. Christensen warned that a defensively minded, pro-status quo Beijing could initiate the use of military force even in the absence of a specific Taiwan action that crosses PRC redlines. Triggering such a decision would be deep pessimism in Beijing about long-term trends in Taiwan’s politics and U.S.-Taiwan relations, combined with a belief that a military attack could alter the trajectory of those trends. More specifically, trends that make PRC elites believe that they are faced with a “closing window of opportunity” to prevent Taiwan independence could lead to the decision to use military force as a way to arrest those trends.

As Christensen points out, PRC pessimism was especially pronounced in the months following Chen Shui-bian’s narrow re-election as Taiwan’s president in 2004, when there also appeared to be a realistic chance that the DPP could capture the Legislative Yuan in year-end elections. Chen emphasized,
for instance, that a DPP majority in this body would enable him to push through a new constitution that would be more “suitable” for Taiwan. From Beijing’s vantage point, a DPP firmly in control of Taiwan’s political system could institute political changes (such as constitutional reform meant to redefine Taiwan’s sovereign status) that would be difficult to undo later on.

This type of scenario can be thought of as a credible commitment problem that resembles the type of commitment problem that can emerge as a consequence of long-term changes in the balance of power between countries. Imagine a powerful country, A, and a weaker country, B, that is expected to become stronger in the future. If A fears that B, when it becomes powerful, will adopt policies at odds with A’s interests, A might be tempted to act today to halt B’s rise while it still has the power to do so. Recognizing this danger, B might promise to act with restraint when it becomes powerful. B’s commitment lacks credibility, however: once B becomes powerful, A will be unable to hold B to its word. If A launches a preventive war meant to arrest B’s rise, the root cause of the conflict ultimately lies in B’s inability to commit credibly to restraint as it becomes stronger.22 Robert Powell writes that some of the largest wars in history have been rooted in this sort of dynamic.23

In the Taiwan Strait case, the logic of prevention centers on political trends in Taiwan and the nature of the U.S. commitment to Taiwan, not on trends in the balance of power per se. As such, the comparison to power transition theory is not exact, but the basic logic of the underlying credible commitment problem is similar. For instance, if Chinese leaders were to become deeply pessimistic about long-term political and societal trends in Taiwan, it is not clear that today’s Taiwan leaders could sufficiently assuage those concerns. A Taiwan president could promise that Taiwan would not preclude the possibility of future unification under the right circumstances, and a future Taiwan government could even pass laws to this effect. These sorts of promises would lack credibility, however, if trend lines in Taiwan society were to suggest that any sort of unification would be fundamentally anathema to most future Taiwan residents. That is, if Chinese leaders were to conclude that long-term trends suggest an ever deepening sense of Taiwan-centric identity for most Taiwanese, and a view among most Taiwanese of a China that is a distinct “other,” then these leaders may come to view future unification as impossible.
in practical terms—regardless of the policies or promises of current Taiwan leaders. Such thinking is dangerous because it suggests that Chinese leaders could conclude that war is necessary in the short term to prevent Taiwan’s permanent separation from China: delay only makes success less likely.

INADVERTENT WAR AND THE LOGIC OF PREEMPTION

In a third conflict scenario, an accident or incident is misinterpreted by one side as the initiation of hostilities, leading to a rapid escalation. Analysts have suggested numerous possibilities along these lines in the PRC-Taiwan relationship. Kenneth Allen, for instance, notes that frequent ROC and PRC military flights over the Taiwan Strait raise the risk of an inadvertent collision; if such a collision is misinterpreted as an intentional provocation, it could lead one or both sides to scramble more aircraft to the area, potentially triggering an escalatory spiral. Allen notes, for instance, that Beijing might view such a situation as the “right time to implement its operations plan, especially if the United States is not in a position to come to Taiwan’s assistance in a hurry.” At the same time, if the PRC is rapidly building up forces, “Taiwan might want to retaliate with a strike on mainland targets while its forces are still capable.”

Bernard Cole likewise describes a naval scenario where some of the escalation is unintentional, and James Mulvenon highlights the possibility that Chinese missile tests conducted near Taiwan, and intended as a signal of resolve, could be misinterpreted by Taiwanese leaders as the beginning of a PRC attack; presumably this would especially be the case if a missile were to unintentionally strike some Taiwanese asset.

These sorts of scenarios are ultimately grounded—at least in part—in a logic of preemptive war. Escalation occurs because one side believes that an attack is imminent and that there are advantages to acting first. Beijing might feel the

26. Ibid., p. 171.
29. On preemption, see especially Thomas C. Schelling, Arms and Influence (New Haven, Conn.: Yale University Press, 1966), chap. 6.
need to act quickly, for instance, before the United States can mobilize forces to intervene. Alternatively, Taiwan, fearing an impending PRC attack, may feel the need to attack PRC forces while it still can. James Fearon argues that a commitment problem, arising as a consequence of strong first-strike advantages, lies at the root of preemptive wars. Under conditions in which attacking is much more advantageous than defending (meaning the state initiating conflict will gain the lion’s share of the good being bargained over), peaceful bargains can become unenforceable because both states know the other has incentives to attack, and both know they are better off acting first.30 Fearon and others note, however, that wars arising purely as a consequence of a preemptive logic appear to be extremely rare. Rather, first-strike advantages are more likely to exacerbate other potential causes of conflict than they are to precipitate conflict on their own.31

In the cross-strait case, the risk of inadvertent war would seem highest if one or both sides were deliberately undertaking risky military exercises that could potentially lead to mishaps. They might take such risks as a way of demonstrating resolve, which might otherwise be in doubt: risky exercises are a relatively credible signal precisely because they are costly (and they are costly because they leave something to chance). For example, in Allen’s scenarios of possible air force escalation in the Taiwan Strait, the PRC initially engages in deliberately provocative (and potentially risky) behavior—such as flying sorties near or around Taiwan—as a way to “send a ‘message’ to Taiwan.” The fundamental underlying factor motivating a desire to signal resolve in this way would most likely be uncertainty over PRC redlines.32 In this regard, an inadvertent war in the Taiwan Strait—if one were to occur—would likely arise as a consequence of both a commitment problem (stemming from possible first-strike advantages and the logic of preemption) and an information problem (stemming from the difficulties the PRC faces in credibly signaling the true location of its redlines).

Key Trends in Cross-Strait Relations

In this section, I consider trends in three broad variables that have seen tremendous change in recent years, and that are likely to affect future prospects for conflict and peace in cross-strait relations: China-Taiwan economic integration and cooperation; the cross-Strait balance of military power; and patterns in Taiwan public opinion relating to Taiwan’s identity and future status. Changes in these variables have important implications for the three conflict scenarios outlined earlier because they have potentially large effects on the likely costs of a cross-strait conflict, the likely outcome of a conflict, and the willingness of Taiwan’s leaders to challenge PRC redlines or acquiesce to PRC demands.

Deepening Cross-Strait Economic Integration and Cooperation

Economic integration across the Taiwan Strait has proceeded rapidly since the early 1990s. Bilateral trade in 2014 approached $200 billion (see figure 2), and the stock value of Taiwan investment in the PRC is estimated to exceed $150 billion. Economic ties between the PRC and Taiwan grew steadily despite the relatively high tensions that characterized cross-strait relations during the 1990s and early 2000s. Indeed, by 2003 the PRC had replaced the United States as Taiwan’s largest trading partner, and the bulk of Taiwanese outbound foreign direct investment was flowing to mainland China. The interesting dichotomy of deepening economic integration against a backdrop of continued intense political tension, in turn, motivated a considerable amount of scholarship.

Still, even as economic ties began to burgeon, the economic relationship was...
far from normal. For instance, most direct travel and trade across the Taiwan Strait was prohibited; rather, travel and trade flowed through third locations such as Hong Kong. Relatively few mainlanders were permitted to visit Taiwan, and most Chinese investment in Taiwan was likewise prohibited. The situation changed dramatically after the election of Ma Ying-jeou as Taiwan’s president in 2008. Since then, the two sides have reached numerous agreements that have, among other things, opened up direct travel, trade, and communications across the Taiwan Strait; opened Taiwan to PRC tourists; legalized some Chinese investment in Taiwan; and reduced tariffs on a wide array of items. The centerpiece agreement, the 2010 Economic Cooperation Framework Agreement (ECFA), both liberalizes trade and serves as a roadmap for an eventual cross-strait free trade agreement.37

Growing economic integration and cooperation across the Taiwan Strait have benefited both sides greatly. Taiwan’s economy has become highly dependent on mainland China, as Taiwan companies have since the late 1980s increasingly located their manufacturing activities inside the PRC. Taiwan’s exports to China, which mostly consist of materials used in the manufacturing process by Taiwan companies with operations in China, account for roughly 40 percent of the island’s total exports.38 Meanwhile, some estimates suggest that as much as 80 percent of Taiwan’s outbound foreign direct investment flows to the PRC.39 The recent opening of Taiwan to mainland tourists has brought a surge of new visitors to Taiwan (see figure 3), which will have ripple effects on Taiwan’s economy. Also, Taiwan has much to gain from continuing the process of liberalization in cross-strait economic ties. Daniel Rosen and Zhi Wang estimate, for instance, that a fully implemented cross-strait free trade agreement would result in a Taiwan economy 4.4 percent larger than it would otherwise be.40

There are some clear asymmetries in the cross-strait economic relationship. Although China is Taiwan’s largest trading partner, for instance, Taiwan is only the fifth-largest partner of the PRC. Nevertheless, China too has benefited enormously from cross-strait economic ties. Excluding Hong Kong, Taiwan is by far the largest foreign investor in China.41 And, as Douglas Fuller demonstrates, Taiwanese investment in the PRC “has made an overwhelmingly positive contribution to China’s development, especially in the area of technology.”42 For instance, Taiwanese high-technology firms in China are transfer-

---

38. From 2010 to 2012, Taiwan exports to mainland China and Hong Kong combined to represent 40.4 percent of Taiwan’s total exports. See Taiwan Bureau of Foreign Trade, “Trade Statistics” (Taipei: Taiwan Bureau of Foreign Trade, September 2015), http://cus93.trade.gov.tw/ENGLISH/FSCE/.
39. See, for instance, Jonathan Lin, “Is Taiwan Too Economically Dependent on China?” American Chamber of Commerce in Taipei Taiwan Business Topics, Vol. 41, No. 11 (November 2011), http://www.amcham.com.tw/topics-archive/topics-archive-2011/vol-41-no-11/3459-is-taiwan-too-economically-dependent-on-china. According to Taiwan’s official statistics, approximately 63 percent of outbound foreign direct investment flows to the PRC. See Mainland Affairs Council, Cross-Strait Economic Statistics Monthly, No. 245 (Taipei: Mainland Affairs Council), http://www.mac.gov.tw/lp.asp?ctNode=5934&CtUnit=4152&BaseDSD=7&mp=3. It is widely recognized that the official numbers significantly underestimate actual Taiwan investment in the PRC, as many investments have not been reported because they have violated Taiwan’s laws governing cross-strait exchange.
41. Ibid., p. 32. Official statistics often place Taiwan just behind Japan and the United States in this regard, but again, these statistics dramatically underestimate actual Taiwan foreign direct investment flows into China.
ring significant amounts of know-how to the PRC, and venture capitalists from Taiwan are investing in numerous high-technology start-ups in China.

Considerable uncertainty will inevitably surround any effort to forecast future trends in cross-strait economic ties: the relationship has been dynamic, and it is likely to continue to change in dramatic ways. That said, there is some reason to question whether the gains associated with cross-strait integration and cooperation will grow as fast in the future as they have in the past. Most obviously, the burst of economic cooperative agreements in recent years is unlikely to be sustainable. China and Taiwan have pursued cooperation under a tacit agreement to address easy issues first and save difficult ones for later.

Many of the easy issues, such as opening up direct links, have already been resolved. The Cross-Strait Trade in Services Agreement, a follow-up agreement to the ECFA that would significantly reduce barriers to the cross-strait service

43. For instance, Taiwan’s semiconductor industry is training large numbers of Chinese engineers in design skills. See ibid., pp. 257–260, at p. 257.
44. Ibid., pp. 260–261.
trade, was signed in 2013 but remains stalled in Taiwan’s legislature. Indeed, KMT efforts to expedite passage of the agreement helped to trigger large-scale protests in Taiwan (the Sunflower Movement), highlighting the tenuousness of support for further liberalization of cross-strait economic relations in Taiwan.46

**THE SHIFTING BALANCE OF MILITARY POWER ACROSS THE TAIWAN STRAIT**

A second critical trend in the cross-strait environment is the shifting balance of military power as a consequence of the PRC’s rapid growth and military modernization. Preparation for a conflict in the Taiwan Strait—in particular, deterring Taiwan independence and possible U.S. intervention in a Taiwan Strait conflict—has been the primary driver of PRC military modernization efforts dating to the 1990s.47 PRC military spending has grown rapidly over the past two decades even as military spending has been relatively stagnant in Taiwan. Given Taiwan’s prominence as a driver in PRC military modernization efforts, rapid growth in PRC military spending has led to a sharp increase in PRC capabilities relevant to a possible conflict in the Taiwan Strait. Some analysts believe that the PRC’s modernization efforts have already “fundamentally altered Taiwan’s security options,” and they emphasize that Taiwan’s defense will increasingly need to rely on asymmetrical strategies.48

At the turn of the century, U.S. analysts tended to be fairly confident in Taiwan’s capacity to rebuff a PRC attack. For instance, the 2000 U.S. Department of Defense *Annual Report on the Military Power of the People’s Republic of China* highlighted some of the challenges the PRC would face in a Taiwan Strait conflict, noting that in the short term the People’s Liberation Army (PLA) would “have only a limited capability to conduct integrated operations against Taiwan.”49 The RAND Corporation issued a study the same

---

year that also highlighted the difficulties the PRC would face in mounting an attack against Taiwan, concluding that “any near-term PRC attempt to invade Taiwan would likely be a very bloody affair with a significant probability of failure.”

The past fifteen years, however, have seen dramatic improvement in the PRC’s relative military capabilities in the Taiwan Strait. For instance, the PRC has steadily increased its number of short-range ballistic missiles (SRBMs) deployed within range of Taiwan, from approximately 350 in 2002 to more than 1,100 in 2012. Although Taiwan has invested in Patriot missiles to defend against China’s SRBMs, the growing number of SRBMs, their increasing accuracy, and the high cost of ballistic missile defense lead some to be pessimistic about the defensibility of Taiwan’s fixed military targets. William Murray writes, for instance, that the “competition between Chinese SRBMs and Taiwan’s Patriot interceptors is . . . one Taiwan cannot win, and probably cannot afford to continue.” A recent study by the RAND Corporation likewise concludes that China’s improving missile capabilities mean that it “soon may be impossible for the United States and Taiwan to protect the island’s military and civilian infrastructure from serious damage.”

Recent years have also seen a sharp improvement in PRC relative air and naval capabilities in the Taiwan Strait. By 2014 China possessed approximately 600 modern combat aircraft (up from approximately 65 in 2000) and 90 modern submarines and surface ships (up from about 16 in 2000). Meanwhile, in 2014 Taiwan possessed approximately 330 modern combat aircraft and about 25 modern surface ships (and had not acquired any new modern combat aircraft or naval combatants since the mid-2000s). A qualitative edge for Taiwan—including more advanced pilot training—has helped to blunt these

52. Murray, “Asymmetric Options for Taiwan’s Deterrence and Defense,” p. 66.
54. The 2014 numbers for China and Taiwan come from U.S.-China Economic and Security Review Commission, 2014 Report to Congress of the U.S.-China Economic and Security Review Commission (Washington, D.C.: Government Printing Office, 2014), p. 487. The 2000 data for China come from pages 300–309 of the same report, where the term “modern” is also defined as: for submarines, “a second-generation submarine that is capable of employing antiship cruise missiles” or intercontinental ballistic missiles, and for surface combatants, a ship that “possesses a multi-mission capability, is armed with more than a short-range air defense capability, and has the ability to embark a helicopter.” For combat aircraft a more fluid definition is used, based on existing technologies.
quantitative trends, though this edge may also be eroding with improving PLA training. The 2009 RAND Corporation study noted earlier concluded that improvements in China’s air and missile capabilities mean that Taiwan can no longer be confident of maintaining air supremacy in the event of a cross-strait conflict, even if the United States intervenes. Bernard Cole, writing in 2007, argued that the naval balance was also shifting sharply in China’s favor: although China and Taiwan were “roughly equal in surface combatant capability” at the time, the PLA Navy already possessed “much superior” submarine and aviation capabilities. Although Cole suggested that U.S. intervention would shift the naval balance in Taiwan’s favor, China’s improving antiaccess capabilities increasingly complicate Washington’s calculus in this regard.

These trends imply that the PRC would be increasingly able to impose tremendous costs on Taiwan in the event of a cross-strait war. As Mark Stokes has remarked, China’s growing missile arsenal implies that “every citizen of Taiwan lives within seven minutes of destruction, and they know that.”

Nevertheless, although many analysts believe that the cross-strait military bal-

57. Shlapak et al., A Question of Balance, p. 131.
59. Ibid.
ance is rapidly shifting in the PRC’s favor, less clear is whether the balance already favors the PRC. Indeed, in recent testimony before the U.S.-China Economic and Security Review Commission, Ian Easton emphasizes that PLA analysts are themselves pessimistic about the PLA’s ability to achieve air and sea superiority in the event of a cross-strait war. Furthermore, many—perhaps most—analysts of cross-strait military trends are skeptical of the PRC’s current ability to successfully invade and occupy Taiwan. These analysts point to complicating factors such as limitations in China’s amphibious assault capabilities, unfavorable geography, and continued military modernization in Taiwan, as well as the high costs of such an operation and the risks of escalation into a major war with the United States.

Future trends in the cross-strait balance of power—in particular, the PRC’s ability to defeat Taiwan in a military confrontation and impose its preferred outcome—will hinge on several factors. First, Taiwan’s resolve is a critical variable. If Taiwan’s population and government are strongly committed to maintaining de facto independence and resisting political integration with the PRC, then China’s growing capacity to impose high costs on Taiwan will not be enough to compel surrender in the event of a cross-strait conflict. High Taiwanese resolve also implies a willingness to continue to invest in the acquisition and development of weapons systems needed to deter a PRC attack. The PRC’s amphibious assault capabilities represent a second critical variable: absent such capabilities, the PRC will lack the capacity to invade and occupy Taiwan. China’s ability to conduct an amphibious assault on Taiwan, as noted earlier, remains limited. If the PRC were to begin investing heavily in such capabilities in the future, however, it would potentially signal a more fundamental shift in the cross-strait balance of power, perhaps implying increased PRC confidence about China’s ability to achieve air and sea superiority in a cross-strait conflict.

63. Ian M. Easton, “Prepared Statement.”
65. In testimony to the U.S.-China Economic and Security Review Commission, Ian Easton sug-
Perhaps most importantly, future U.S. capabilities in the region and the evolution of the U.S. commitment to Taiwan’s security will have a large effect on the cross-strait balance of power. At a minimum, the possibility of U.S. intervention means that PRC initiation of the use of force would be a tremendously risky decision; the United States is also the only country willing to sell advanced weapons to Taiwan. As PRC capabilities continue to grow, Taiwan’s ability to deter and ultimately repel an attack will hinge to a great degree on future U.S. policy and capabilities. To what degree will the United States continue to be willing to sell advanced weapons to Taiwan, sales that typically generate turbulence in the U.S.–China relationship? To what degree will the United States continue to signal interest in Taiwan’s security—and hence the possibility of intervention in the event of a cross-strait military conflict? To what degree will the United States possess the capacity to intervene quickly and effectively in the event of a cross-strait confrontation?

There has been some recent debate within the United States concerning the desirability and sustainability of a continued U.S. commitment to Taiwan’s security, with some prominent scholars and analysts suggesting that the United States scale back its commitment. So far there is little evidence of such a shift in U.S. policy. For instance, the United States continues to sell advanced weapons to Taiwan. Announcements of major arms sales occur on an irregular basis, and such announcements have occurred somewhat less frequently over the past decade. A five-year moving average, however, reveals that the average annual sale (in constant dollars) since 2008 has been higher than at any other point since the mid-1990s (see figure 4). Moreover, some analysts argue that Taiwan has played a quiet but important role in the broader U.S. “pivot” (or rebalance) toward Asia, exemplified by growing bilateral military exchanges and greater cooperation. Still, it is hard to predict future trends in this re-

---

Is the Taiwan Strait Still a Flash Point? 73

...
gard, and if the United States were in the future to signal a reduced interest in Taiwan’s security, the ramifications for the cross-strait balance of power would be substantial.

TAIWAN’S CHANGING CONCEPTIONS OF IDENTITY AND VIEWS ON SOVEREIGNTY
A third trend central to the prospects for stability in the Taiwan Strait centers on how Taiwan’s citizens view themselves and Taiwan’s relationship with China. On a broad level, opinion polls suggest a Taiwan electorate that on the one hand is becoming more opposed to unification with the PRC while holding a greater sense of Taiwan-centric identity. But on the other hand, polls also suggest a Taiwan electorate that remains deeply pragmatic on sovereignty issues.

Public opinion polling suggests that support for unification with China has been declining in Taiwan. To be clear, support for near-term political unification with the PRC has long been miniscule among Taiwan voters. Polls conducted by National Chengchi University’s (NCCU) Election Study Center, for instance, found that only 4 percent of Taiwan respondents favored unification “as soon as possible” in 1994.68 Nevertheless, in the mid-1990s, about 20 per-

68. The NCCU polls give respondents a range of options and ask which they prefer: unification as
A declining percentage of Taiwanese voters express support for unification under hypothetical favorable conditions (where the political, social, and economic conditions on mainland China and Taiwan were similar), a declining percentage of Taiwanese voters express support for the idea. For instance, the 2012 Survey of the Presidential and Legislative Elections conducted by Taiwan’s Elections and Democratization Study (TEDS) found that only 35 percent of those surveyed supported unification even under these favorable conditions, whereas a majority—

---

Is the Taiwan Strait Still a Flash Point? | 75

Figure 5. Views of Taiwanese on Unification/Independence, 1994–2014

- toward unification
- status quo
- toward independence


NOTES: Status quo includes those favoring status quo indefinitely and those favoring status quo for now, with a decision later. Toward independence includes those supporting immediate independence, or the status quo for now with independence later. Toward unification includes those supporting immediate unification or status quo for now with unification later.

---

soon as possible; status quo for now, unification later; status quo for now, decide later; status quo indefinitely; status quo for now, independence later; independence as soon as possible; and don’t know. See Election Study Center, NCCU, “Taiwan Independence vs. Unification with the Mainland Trend Distribution in Taiwan (June 1992–June 2015)” (Taipei: Election Study Center, NCCU, July 9, 2014), http://esc.nccu.edu.tw/course/news.php?class=203.
51 percent—were opposed. In the 2004 Presidential Election Survey, 41 percent supported unification under these favorable conditions, while only 42 percent were opposed.69

Meanwhile, a growing percentage of Taiwan’s citizens self-identify as Taiwanese, rather than as Chinese or both Chinese and Taiwanese. According to the NCCU surveys, in the early 1990s more respondents self-identified as solely Chinese (about 25 percent) than as solely Taiwanese (about 20 percent), with about half of respondents self-identifying as both Taiwanese and Chinese. By 2014 fewer than 4 percent of respondents self-identified as solely Chinese, with a clear majority (more than 60 percent) self-identifying as solely Taiwanese (with about 33 percent self-identifying as both Chinese and Taiwanese). These trends have intensified since Ma Ying-jeou became Taiwan’s president in 2008.

Yet even as Taiwanese support for cross-strait political unification declines, and as a tendency for Taiwan’s citizens to self-identify as solely Taiwanese continues to grow, public opinion polls suggest that Taiwan’s population remains pragmatic on sovereignty issues. For instance, although the NCCU surveys point toward growing support for independence, a majority of respondents favor either maintaining the status quo and deciding on sovereignty issues later, or maintaining the status quo indefinitely (see figure 5). And of those supporting independence, only a small percentage (6 percent of all respondents in 2014) favor independence as soon as possible; the rest favor maintaining the status quo for now, with independence later. Other polls suggest that these preferences are pragmatic and reflect a fear that formal independence would trigger a cross-strait military conflict. For example, the 2012 TEDS survey found that 56 percent of respondents supported a declaration of independence if peaceful relations with the PRC could be maintained; the figure drops to 31 percent support, however, if a declaration of independence were to trigger a PRC attack. This finding suggests that although a majority of Taiwanese support a formally independent Taiwan in principle, a large majority does not support formalization of independence in practice because of how the PRC would likely respond.70


70. On the conditionality of Taiwanese preferences relating to unification and independence, see especially Emerson M.S. Niu, “Understanding Taiwan Independence and Its Policy Implications,” Asian Survey, Vol. 44, No. 4 (July/August 2004), pp. 555–567. Niu also finds in his survey that a large majority of Taiwan voters supports independence if it could be achieved peacefully, but that a large majority opposes independence if it were to cause the PRC to attack.
Rethinking Cross-Strait Conflict Scenarios in Light of Recent Trends

How do the complex trends outlined above—deepening economic integration and cooperation; a shifting balance of military power; and declining support in Taiwan for cross-strait political integration, tempered by continued pragmatism on sovereignty issues—affect the prospects for conflict and peace in the Taiwan Strait? In this section, I reconsider each of the three conflict scenarios discussed earlier in light of these trends.

The Obsolescence of Redlines?

The redline conflict scenario outlined above became much less likely after the 2008 election of Ma Ying-jeou as Taiwan’s president. Ma has shown little interest in pushing the envelope on sovereignty-related issues, and it is hard to imagine him adopting policies that would cross a PRC redline, thereby triggering a military response. Less clear, however, is whether analysts should continue to worry about a redline conflict scenario in a post-Ma Taiwan. Below, I argue that the major trends identified in the previous section combine in a way that is reducing the likelihood of the redline conflict scenario. I suggest, moreover, that this argument will apply even after the Democratic Progressive Party returns to power in Taiwan.

Consider first the impact of shifting Taiwanese views on sovereignty and identity issues. Although support for unification continues to decline in Taiwan, this does not imply an increased willingness among the Taiwanese public to challenge PRC redlines on sovereignty issues. Likewise, that a growing majority of Taiwan’s citizens now self-identify as solely Taiwanese does not necessarily imply a growing dissatisfaction with the status quo among Taiwan’s population. To the contrary, support for the status quo has trended upward in recent years (figure 5), and some polls point to a considerable amount of pragmatism among Taiwan’s public regarding sovereignty issues. Thus, there is no clear reason to believe that public opinion in Taiwan is evolving in a way that would reward politicians who aggressively challenge PRC redlines.

The previous section showed that although cross-strait economic integration is asymmetric—constituting a much larger percentage of Taiwan’s economy than the PRC’s—both sides have nevertheless benefited considerably from that integration. Meanwhile, the PRC has become deeply embedded in global markets over the past three decades, and today stands as the world’s largest exporting country. Deepening economic integration and cooperation across the Taiwan Strait, and China’s deepening integration into global markets more generally, should increase the opportunity costs of cross-strait military conflict.
for both sides (because many of these benefits would disappear if conflict were to erupt, especially if it were to escalate into a U.S.-China war). With this in mind, consider again figure 1: all else equal, increased economic integration should increase the size of both $c_c$ (China’s costs of war) and $c_t$ (Taiwan’s costs of war). This, in turn, implies that the ceteris paribus impact of increased economic integration is to push China’s redline, $R$, to the right, while Taiwan’s expected war payoff, $T$, shifts left.

Now consider the effect of a shifting cross-strait military balance of power. Improving Chinese military capabilities relative to Taiwan’s should affect both the likely outcome of a cross-strait military conflict and the costs each side would pay in such a conflict. More specifically, improving Chinese relative capabilities mean that any war that does occur will tend to end on terms more favorable to the PRC; in figure 1, this suggests that a shifting military balance is having the ceteris paribus effect of pushing the war outcome ($W$) to the left. Improving Chinese capabilities should also tend to reduce the PRC’s expected costs of fighting while increasing Taiwan’s costs of fighting. In figure 1, this means that China’s war cost ($c_c$) decreases while Taiwan’s war cost ($c_t$) increases. A shifting military balance, then, should have the ceteris paribus effect of pushing China’s redline, $R$, to the left—because both a shrinking $c_c$ and a shift left in $W$ will independently push the redline left. A military balance shifting in China’s favor should also ceteris paribus reduce the attractiveness—from Taipei’s perspective—of Taiwan’s war payoff: both a shift left in the war outcome ($W$) and an increase in Taiwan’s war costs ($c_t$) independently push Taiwan’s war payoff ($T$) left.

In short, while deepening economic integration across the Taiwan Strait uniformly reduces the attractiveness of the war outcome for both sides, a shifting military balance of power has differential effects on the two sides, reducing the attractiveness of the war outcome for Taiwan but increasing the attractiveness of the war outcome for Beijing. These effects are summarized in figure 6: here, dark arrows show the independent effects of increasing economic ties across the strait, while the lighter arrows show the independent effects of a shifting military balance.
military balance of power. Taken together, the trends suggest that Taiwan’s war utility has been getting unambiguously worse: both a shifting military balance and deepening economic ties have the effect of pushing Taiwan’s war payoff, T, to the left (toward the unification end of the continuum). But the trends have contradictory, and hence ambiguous, effects on China’s war utility (which defines China’s redline, R). While economic integration has the independent effect of pushing the redline R to the right (away from China’s ideal point of unification), the shifting military balance pushes R to the left (closer to unification). Thus, the net effect on China’s redline hinges on which is the dominant trend, and drawing conclusions in this regard is no easy task.

Taken together, recent trends suggest that the attractiveness of revisionist policies—even for governments committed in principle to formal independence—is declining for Taiwan, and it will continue to decline if cross-strait economic integration continues to deepen and the cross-strait military balance of power continues to shift in China’s favor. First, it is unclear whether Taiwan has more leeway than it had in the past to redefine the status quo in cross-strait relations, given that recent trends have had an ambiguous effect on the PRC’s redline. Future Taiwan revisionism, were it to occur, would be no less likely than it was in the past to trigger a PRC military response. Second, the costs associated with crossing China’s redlines have been unambiguously increasing for Taipei: deepening cross-strait economic links and a shifting balance of military power in the strait have combined to make a war with China almost unimaginably costly for Taiwan. Given continued uncertainty over the precise location of China’s redline, the structural environment in the Taiwan Strait increasingly encourages moderation in Taiwan’s policies; the potential
beneﬁts of revisionism—even for a future DPP government—are increasingly outweighed by the risks associated with it. Therefore, the scenario of a revisionist Taiwan government triggering military conﬂict by crossing PRC redlines should be less likely in the future than it was in the past.

REASONS FOR OPTIMISM AND PESSIMISM IN BEIJING
A second conﬂict scenario that worried analysts prior to 2008 involved a pessimistic assessment in Beijing of trends in the Taiwan Strait. The danger highlighted in this scenario, in essence, is that Chinese leaders could embrace a preventive logic. As with the redline conﬂict scenario, there are reasons to think that the pessimistic trends scenario is less relevant today than perhaps was the case under the Chen administration. Most obviously, the election and re-election of Ma Ying-jeou—combined with Chen’s deep unpopularity during his ﬁnal years in ofﬁce—should put to rest concerns that Taiwan’s political system is moving ineluctably toward more revisionist (pro-formal independence) policies on sovereignty issues. Although future leaders in Taiwan might again move in such a direction, there is no reason to think that revisionism is an inevitable trend on the island.

Furthermore, some of the trends highlighted in the previous section—especially deepening cross-strait economic ties and the shifting balance of military power in the Taiwan Strait—are giving the PRC some reason to be optimistic about the future of cross-strait relations. Beijing clearly hopes that deepening economic exchanges across the Taiwan Strait can help to facilitate long-term changes in the attitudes that individuals in Taiwan have concerning mainland China; such linkages, Beijing hopes, can help to “win hearts and minds” in Taiwan. Some PRC analysts believe that the ECFA is helping to further stabilize the security environment in the Taiwan Strait, and that average Taiwanese increasingly recognize their economic well-being is linked to a stable cross-strait relationship. Other analysts believe that growing cross-strait economic ties—especially PRC efforts to increase economic engagement

72. Note that I am not suggesting that pro-independence sentiments, or hostility to uniﬁcation, are likely to fade in Taiwan. Rather, I am suggesting that it is increasingly difﬁcult for these sorts of sentiments to manifest themselves in concrete policy steps.
74. See, for example, Li, “The Nature of the Economic Cooperation Framework Agreement and Its Implications for Peaceful Development of Cross-Strait Relations.”
75. See, for instance, Chen Xing, “Lun Heping Fazhan Zhanlue Dui Taiwan Zhengdang Zhengzhi de Yingxiang” [On the inﬂuence of the peaceful development strategy on Taiwan’s political parties and politics], Beijing Lianhe Daxue Xuebao, Vol. 10, No. 3 (July 2012), pp. 87–92.
with southern Taiwan—were a factor contributing to the KMT’s victory in the 2012 Taiwan presidential election. More generally, the “expanding gap” between China and Taiwan’s relative economic power “has made more people on the mainland believe that time is on their side.”

Trends in the cross-strait security relationship also appear to be moving in Beijing’s favor as the PRC’s relative military capabilities continue to improve. While—for reasons outlined in the previous section—the U.S. security commitment to Taiwan appears to remain quite strong, there is some reason for optimism in Beijing, too. For instance, one key factor that may have helped to generate pessimism in Beijing about long-term trends in the Taiwan Strait in the past was a sense that the United States appeared to be moving toward an unconditional commitment to Taiwan’s security—especially in the first years of the George W. Bush administration. Subsequent public U.S. criticisms of the Chen administration beginning in 2003, however, helped to allay this concern.

Nevertheless, Taiwan’s future politics—and how future PRC leaders are likely to assess those politics—are hard to predict with any confidence. After a landslide victory, Tsai Ing-wen of the DPP will become Taiwan’s president in May 2016, and for the first time the DPP will also control a majority in Taiwan’s legislature. How this will affect cross-strait relations remains unclear.

On the one hand, there are reasons to think that a future DPP government

76. See, for instance, Zhang Hua, “2012 Taiwan ‘Daxuan’ Xuanmin Toupiao Xingwei Xin Tedian ji qi dui Liang’an Guanxi de Yingxiang Yanju” [A study of the new characteristics of the behavior of Taiwan voters during the 2012 Taiwan “election” and their impact on cross-strait relations], Taiwan Yanjiu Jikan, No. 5 (2012), pp. 24–32; Zhang Hua, “Cong Taiwan Diqu Liangxiang Xuanju Kan Taiwan Minyi” [Examining Taiwan public opinion from the standpoint of the Taiwan area’s two elections], Liang’an Guanxi, February 2012, pp. 25–26; and Xu Chuan, “Lun Nanbu Taiwan Zai Liang’an Jiaowangzhong de Diwei yu Zuoyong” [On the standing and effects of southern Taiwan with regard to cross-strait ties], Guizhou Shehuizhuyi Xueyuan Xuebao, No. 3 (2012), pp. 33–38.

77. Lin Gang, “Beijing’s Evolving Policy and Strategic Thinking on Taiwan,” in Hu, New Dynamics in Cross–Taiwan Strait Relations, p. 74.

78. On the dangers of an unconditional U.S. commitment to Taiwan, see Christensen, “The Contemporary Security Dilemma.”

79. In a December 2003 meeting with Chinese Premier Wen Jiabao at the White House, U.S. President George W. Bush pointedly criticized Chen Shui-bian’s plans to hold a national referendum at the same time as the 2004 Taiwan presidential election. See David Stout, “Bush Tells China Leader He Opposes Taiwan’s Referendum,” New York Times, December 9, 2003, http://www.nytimes.com/2003/12/09/international/asia/09CND-BUSH.html. The United States was openly critical of several subsequent Chen initiatives, particularly Chen’s decision to hold a referendum seeking support for Taiwan being admitted to the United Nations using the name “Taiwan.” Tsai Ing-wen, the DPP candidate for president in 2012 and 2016, has sought to reassure the United States that, if she were to be elected president, she would not pursue policies that would generate renewed tensions in cross-strait relations. Her efforts in this regard suggest that the DPP recognizes at least some conditionality in the U.S. security commitment to Taiwan. See, for example, Matthew Pennington, “Taiwan President Candidate Seeks Stable Relations with China,” Associated Press, June 3, 2015.
would take a pragmatic approach to cross-strait relations, for reasons discussed in the previous subsection. Indeed, during the 2012 and 2016 presidential election campaigns, Tsai (who ran as the DPP candidate in both) downplayed cross-strait relations as an issue, focusing instead on domestic issues (though opponents criticized her for a lack of clarity concerning how she would manage to engage China). On the other hand, however, many PRC analysts remain deeply skeptical that the DPP will implement fundamental changes to its China policy. Such analysts note that the DPP’s voter “base” continues to include pro-independence fundamentalists, and that significant moderation of the party’s China policy risks losing these voters in future elections. Moreover, continued factional divides within the party will make it hard to construct a new approach regarding China policy. As such, a return to DPP governance in Taiwan—especially if it appears likely to be long-lasting—could lead to a renewed sense of pessimism in Beijing.

Furthermore, though I noted above that some PRC analysts believe that PRC efforts to foster increased economic ties with Taiwan have generally been successful, economic integration does not appear to be having a transformative effect on Taiwan society. While more microlevel data on this question are needed (how do the views of individuals directly affected by increased exchanges change as a consequence of those exchanges?), the aggregate trends presented in the previous section are at best ambiguous. Although Taiwan public opinion appears pragmatic on sovereignty issues, support for unification has continued to drop, and the percentage of Taiwan’s citizens self-identifying solely as Taiwanese has continued to increase, even as economic ties have deepened. If these sorts of trends persist, Beijing could become less optimistic about the effectiveness of increased cross-strait exchange in winning Taiwan hearts and minds. Indeed, a good deal of skepticism already pervades some PRC analysis in this regard.

---

82. Chinese Academy of Social Sciences researcher Wang Jianmin has noted, for instance, that today no major political forces in Taiwan advocate for unification; to the contrary, a growing consensus has emerged that recognizes the ROC and Taiwan to be one and the same. These political
THE INADVERTENT WAR SCENARIO
There are reasons to think that the risk of an inadvertent war in the Taiwan Strait was limited even when tensions were especially high during the Lee and Chen administrations, and that the risk of a conflict arising purely by accident remains relatively small. As Stephen Van Evera notes, accidents—such as an unintentional air collision—are most dangerous when first-strike advantages are large. If an accident is viewed in state A as the beginning of a larger attack by state B, then first-strike advantages mean state A will be under pressure to “shoot first and ask questions later.” State A, that is, will have incentives to act preemptively.83

In the Taiwan Strait, it is unlikely that the PRC would interpret an accident as the initiation of a Taiwan attack on the mainland: such an attack would be suicidal and has not been a realistic concern for many decades. Thus, the inadvertent war scenario is more fundamentally rooted in the possibility that Taiwan decisionmakers could misinterpret an accident as the beginning of a mainland attack. Yet even if an accident were to be misinterpreted in this way in Taiwan, the potential for rapid escalation should be contingent on the degree to which Taiwan has acquired significant offensive capabilities as part of an outward-oriented defense posture. Were Taiwan to adopt such a defense strategy, and were Taiwan’s leaders to misinterpret some incident or accident as a mainland initiation of hostilities, Taiwan’s leadership could conceivably adopt a “use it or lose it” mentality with regard to their offensive capabilities and thus act preemptively.84 On the other hand, if Taiwan’s reliance on offensive weaponry in its defense strategy is limited, it is less clear why an accident would lead to rapid escalation (and potentially war).

---

83. Van Evera, *Causes of War*, p. 43.
84. If Taiwan were to possess significant offensive capabilities, PRC decisionmakers would likewise be attuned to this possibility in the aftermath of an accident. That is, China would be unlikely to view an accident as the initiation of a Taiwan attack, but Chinese officials might worry about the possibility that Taiwanese leaders would misinterpret an accident as a PRC attack and react using a “use it or lose it” mentality. PRC leaders, then, could conceivably be faced with preemptive pressures of their own.
The shifting balance of military power in the Taiwan Strait has led to some increased interest in Taiwan in developing a stronger capability to strike targets in China both to deter more effectively a Chinese attack and to enhance the effectiveness of Taiwan’s defense capabilities in the event of deterrence failure (i.e., to be able to strike PRC offensive capabilities, such as surface-to-surface missiles or airfields).85 Taiwan, moreover, has recently deployed land-based cruise missiles that can strike targets in the PRC—and reportedly is pursuing longer-range capabilities in this regard.86 Nevertheless, the scope of these programs has, to date, been limited; in turn, it is unlikely that Taiwanese leaders would view a preemptive strike as greatly improving Taiwan’s chances in a cross-strait war—even if they were correct in their belief that war was inevitable. Preemption would also have massive risks. It would undoubtedly leave many PRC assets intact and would virtually guarantee a significant PRC response. Preemption could also undercut the likelihood of U.S. intervention in a conflict, and might thus actually worsen Taiwan’s war prospects.

Could the Taiwan Strait Again Become a Flash Point for Conflict?

The analysis in the previous section suggests that recent trends in the Taiwan Strait are reducing the likelihood of the cross-strait conflict scenario that, arguably, most worried analysts prior to 2008—a revisionist Taiwan crossing PRC redlines, thus triggering a military response. This does not imply, however, that the underlying dynamics of the scenario are becoming irrelevant as regards the prospects for cross-strait conflict. To the contrary, Beijing and Taipei


continue to hold strongly divergent preferences over the issue of Taiwan’s status, and it is likely that tacit bargaining on the issue will continue. Moreover, the optimistic assessment sketched out earlier hinges in part on the assumption that major trends in cross-strait relations—especially the shifting balance of power and deepening economic ties—have ambiguous effects on the location of China’s redline, R. It is unclear, however, whether the net effects of economic integration and a shifting balance of power will remain ambiguous. Rather, as China’s military capabilities continue to improve (and as the momentum in cross-strait economic cooperation appears to stall), it is possible that the shifting balance of military power in the Taiwan Strait could become the dominant trend in cross-strait relations. Such a development could generate renewed instability in the strait.

Consider again figure 6. Recall that a shifting balance of power has the ceteris paribus effect of pushing the likely war outcome, W, to the left and reducing the size of China’s war costs, c. To the degree that these effects overwhelm the effects of other trends on these parameters, China’s war utility should improve—which in the model means that China’s redline, R, should begin to shift left. The shift would be most pronounced if a changing cross-strait military balance (driven, for instance, by improving PRC amphibious capabilities or a declining U.S. commitment to Taiwan) were accompanied by a decline in PRC expected costs of conflict (which might occur, for example, if cross-strait economic ties were to decay or if U.S.-China relations were to founder). Yet just as conflict could occur if a revisionist Taiwan were to redefine the status quo to a point to the right of China’s redline, so too could conflict occur if a changing cross-strait environment were to push China’s redline to the left of the status quo. If the redline, R, were to shift to the left of the status quo, the model suggests that the PRC would gain more from war than from a continuation of that status quo; in other words, Taiwan would now be risking military conflict if it failed to accommodate this new reality by redefining its sovereign status more to the PRC’s liking.

If China’s redline were ever to drift to the left of the status quo, Taiwan would have incentive to be accommodating, as a war would impose tremendous costs on the island. Indeed, several scholars have suggested in recent years that China’s growing power makes Taiwan accommodation on sovereignty issues virtually inevitable. Robert Sutter writes, for instance, that “China’s economic, military, and diplomatic leverage over Taiwan increasingly constrains Taipei to follow a path leading to accommodation of and eventual reunification with China.”87 John Mearsheimer similarly warns that “if China

87. Sutter, “Taiwan’s Future,” p. 4.
continues its impressive rise, Taiwan appears destined to become part of China.88 And, recalling Finland’s strategic accommodation of Soviet interests during the Cold War, Bruce Gilley likewise suggests that “Taiwan is moving in the direction of eventual Finlandization.”89

Although a continued shift in the cross-strait military balance of power will increase pressures on Taipei to move closer to the PRC, it is important to recognize the substantial barriers that stand in the way of Taiwanese accommodation on sovereignty-related issues. Generally speaking, cross-strait relations in recent decades have been characterized by a deterrence dynamic, where the PRC tries to deter Taiwan from redefining its sovereign status in a way that complicates PRC hopes for unification. If China’s expected war payoff were to improve dramatically, however, then the relationship could come to be characterized instead by a compellence dynamic.90 War in such a dynamic would occur not because the PRC fails to deter unilateral Taiwan changes to the status quo that cross PRC redlines, but because the PRC fails to compel Taiwan to alter the status quo in a way that is more to Beijing’s liking (remember that once China’s redline, R, shifts left of the status quo, China’s expected war payoff exceeds its utility for a continuation of the status quo). It is widely believed, however, that it is harder to compel than it is to deter,91 and future PRC efforts at compellence in the Taiwan Strait would likely face significant political, strategic, and psychological obstacles. As such, the shifting cross-strait military balance of power has the potential to be highly destabilizing in ways that may not be fully appreciated in existing studies predicting future Taiwanese accommodation.

First, accommodation on sovereignty issues is likely to face considerable political resistance in Taiwan. Most people in Taiwan view their country as sovereign and independent, even if it is not internationally recognized as such,92 whereas support for unification with mainland China—even in the long term, under favorable conditions—is thin. President Ma has been able to pursue a policy of détente with the PRC by embracing the ambiguous “1992 consensus,” which he interprets as an agreement that “one China” exists, but that Beijing and Taipei have different interpretations as to what that “one China”

88. Mearsheimer, “Say Goodbye to Taiwan.”
89. Gilley, “Not So Dire Straits.”
90. Schelling conceptualizes the difference between deterrence and compellence as “the difference between a threat intended to make an adversary do something [compellence] and a threat intended to keep him from starting something [deterrence].” See Schelling, Arms and Influence, p. 69.
91. See especially ibid.
means; for Ma, the Republic of China is the one China. Although this sort of ambiguous and pragmatic formulation has been acceptable to the majority of Taiwanese, further accommodation of China on the sovereignty issue would be a risky political move in Taiwan. Consider, for instance, the decision by Ma to broach the possibility of a cross-strait peace agreement in the midst of his re-election campaign in the fall of 2011. Even though Ma’s proposal was, as Alan Romberg writes, “heavily caveated from the beginning,” it generated a tremendous amount of domestic criticism, with DPP candidate Tsai Ing-wen attacking the idea as putting Taiwan’s sovereignty at risk. Ma was forced to add further caveats, such as promising that the ROC government would not pursue an agreement until first obtaining the consent of the Taiwan people in a national referendum. The entire episode was generally viewed as a major political blunder by Ma, and it suggests that opposition would be fierce if a future Taiwan government were to contemplate significant accommodation on sovereignty issues.

Insights from prospect theory reinforce this basic point. In the language of prospect theory, being a functionally independent state forms Taiwan’s reference point. A shift from deterrence to compellence means that the PRC would be in a position where it could demand—under credible military threats—that Taiwan cede some of the status it currently has; that is, it would imply that cross-strait bargaining—from Taiwan’s perspective—would shift from the domain of gains to the domain of losses. Prospect theory predicts, however, that individuals are more willing to take risks in the domain of losses: people want to protect what they already have. As such, Taiwan’s people—and hence its popularly elected politicians—might resist PRC demands to yield sovereign status even if doing so is risky.

Finally, commitment problems would likely complicate the search for a peaceful accommodation even if a future Taiwan government comes to recognize that China’s redline has moved to the left of the status quo and is, in prin-

The problem here is that the issue being bargained over, Taiwan’s sovereign status, affects Taiwan’s future bargaining power: to the degree that a Taiwan government bargains away some of Taiwan’s sovereign status today, Taiwan’s future bargaining power with Beijing will be further diminished. Perhaps most importantly, even a loose unification bargain would almost certainly reduce even further Taiwan’s confidence that the United States would intervene in a future cross-strait conflict—because in the aftermath of a unification agreement U.S. involvement would represent intervention in a civil, rather than an international, conflict. Thus, any bargain involving a reduction in Taiwan’s sovereignty should independently reduce Beijing’s expected costs of war, thus pushing China’s redline, R, even further to the left. The credibility of Beijing’s commitment to such a bargain would therefore be suspect, because once the commitment was implemented, Beijing would have incentives to demand an even more favorable bargain (and Taiwan would not be in a position where it could refuse). This situation thus represents a dynamic commitment problem, where the good being bargained over (in this case, Taiwan’s sovereignty) has implications for future bargaining power of the parties involved. Absent a mechanism that obliges Beijing to honor the agreement, Taiwan could reject the bargain even if it recognizes that this could lead to war.

In short, a shifting balance of power in the PRC’s favor has the potential to create renewed instability in cross-strait relations, if it comes to overwhelm the effects of other, more stabilizing, trends. How worried should analysts be about this sort of a dynamic emerging in the Taiwan Strait?

On the one hand, there are several reasons to be optimistic that the Taiwan Strait will not again become a flash point for conflict even if the PRC’s military capabilities continue to improve. First, as noted earlier, it is hard to predict the long-term evolution of the balance of military power in the Taiwan Strait, and as such it is not a given that a shift in the PRC’s favor will indeed become the dominant trend in cross-strait relations. Some analysts have suggested, for instance, that Taiwan’s defenses are quite strong, particularly if the U.S. commitment to the island’s security remains robust. Second, even if a shifting

98. China would likely have difficulty credibly communicating to Taiwan that the PRC would prefer war over a continuation of the status quo, given obvious incentives to bluff.


100. See, for example, Easton, “Prepared Statement.”
balance of power does become the dominant trend in cross-strait relations, it will not necessarily become so dominant that Beijing concludes it could reap greater benefits from a cross-strait war than it receives from the status quo. That is, even if the PRC is confident that it would “win” a cross-strait war (in the context of figure 1, the war outcome might lie very close to the unification end of the continuum), it might still view the costs of war as prohibitively high (enough to keep China’s redline to the right of the status quo). Also, there is good reason to think that these costs are in fact substantial and will remain so for the foreseeable future. As Paul Godwin and Alice Miller write, a PRC-initiated war in the Taiwan Strait would damage the PRC’s “effort to be perceived as a constructive, responsible member of the international community,” which in turn would “have undesirable consequences for China’s global economic and commercial links.”101 Finally, Taylor Fravel has shown that the PRC historically has been most likely to escalate territorial disputes when its bargaining power is declining, not when it is improving.102 This is a point emphasized in the pessimistic trends-analysis scenario highlighted earlier. Indeed, if Beijing is confident that, over the long term, factors such as increasing cross-strait economic integration or increasing people-to-people contacts across the Taiwan Strait will ultimately help to transform Taiwan’s identity and make unification more palatable to Taiwan’s citizens, then Chinese decisionmakers could forgo the use of force even if they believed they could win a better outcome through war.

On the other hand, a combination of a shifting balance of military power and renewed PRC pessimism about political and societal trends in Taiwan would be especially worrisome. To see why, consider once more figure 1. Suppose again that the shifting balance of military power has pushed China’s redline, R, to the left of the status quo, implying that China expects a better war payoff than it obtains from that status quo. From a pessimistic PRC’s vantage point, this shift could open what is seen as a potentially short-lived window of opportunity, where unification could be achieved militarily at acceptable costs today (China’s redline has shifted left of the status quo), but where the PRC expects future trends to raise those costs again (and push the redline back to the right of the status quo). For instance, unfavorable (from Beijing’s perspective) trends in Taiwan’s identity could dramatically increase the governance costs associated with an attempted occupation of Taiwan: Beijing might expect that

101. Godwin and Miller, China’s Forbearance Has Limits, p. 20.
as more of Taiwan’s citizens self-identify as Taiwanese and not Chinese, the PRC will face a more and more daunting task trying to govern the island. Thus, a PRC that again becomes pessimistic about political and social trends in Taiwan would potentially be less patient in a scenario where Chinese decisionmakers come to believe that they have the capacity to achieve unification at an acceptable cost.

Conclusion

Broadly speaking, this analysis of recent trends in cross-strait relations offers some reason for optimism. To be clear, the relationship between China and Taiwan remains on a fundamental level untransformed, and it continues to be defined by a sovereignty dispute that is unlikely to be resolved in the foreseeable future. Against this backdrop, future cross-strait relations will almost certainly be characterized by periodic tensions, particularly after the DPP returns to power in Taiwan. Key trends in the relationship, however—including a shifting balance of military power, deepening economic integration and cooperation, and changing views in Taiwan on identity and sovereignty issues—combine to make less likely the cross-strait conflict scenarios that most worried analysts in the past.

That the relationship has become more stable does not mean, however, that military conflict in the Taiwan Strait has become unthinkable. The shifting balance of military power has the potential to create renewed instability if it begins to dominate other, more stabilizing, trends such as deepening cross-strait economic integration. As Chinese military capabilities continue to improve, future PRC leaders may become less willing to continue to accept the status quo in cross-strait relations. Analysts should not assume, however, that future Taiwanese leaders will readily accommodate new power realities. To the contrary, a number of factors—relating to both Taiwan’s domestic politics and structural commitment problems—will make it difficult for Taiwan to yield significant ground on sovereignty issues in the years ahead. A shifting balance of power, then, has the potential to give rise to renewed instability in the Taiwan Strait if it dominates other trends.

The analysis presented in this article has significant implications for U.S. policy toward the Taiwan Strait. On the one hand, the potential dangers posed by a shifting cross-strait balance of power suggest that proposals calling for a reduced U.S. commitment to Taiwan’s security carry with them significant risks. For instance, a U.S. decision to terminate arms sales to the island would almost certainly exacerbate changes in the cross-strait balance of power. Such an effect could occur both directly, by undercutting Taiwan’s access to ad-
vanced weaponry, and indirectly, by signaling a reduced U.S. interest in Taiwan’s security (and hence reduced willingness to intervene in the event of conflict in the Taiwan Strait). This is not to say that a concept such as Charles Glaser’s grand bargain, where the United States would end its commitment to Taiwan in exchange for the PRC peacefully settling other regional maritime disputes and accepting a U.S. role in the region, would necessarily contribute to instability in the Taiwan Strait. Rather, I have argued that the destabilizing effect of a shifting military balance is conditional on the evolution of other trends, particularly those that affect China’s expected costs of war and those that affect the degree to which Chinese policymakers are optimistic or pessimistic about where Taiwan is heading over the long term. Yet, because a reduced U.S. commitment to Taiwan would affect the cross-strait military balance, such a policy shift is risky and should occur only in the context of a broader understanding that significantly increases China’s stake in a stable status quo.

For similar reasons, U.S. policymakers should be skeptical of calls to dramatically increase the U.S. commitment to Taiwan’s security or to more visibly incorporate Taiwan into rebalancing initiatives. Such moves would be viewed as inflammatory in Beijing and could generate renewed pessimism about long-term trends in the strait. Perhaps more fundamentally, a much stronger U.S. commitment to Taiwan would stoke increased tensions in the U.S.-China relationship. As alluded to earlier, a key component of China’s expected costs of a Taiwan Strait conflict—regardless of whether the United States intervened—is the damage such a conflict would likely inflict on the broader U.S.-China relationship. But if the U.S.-China relationship is in tatters to begin with, then Beijing has less to lose in a cross-strait war. In essence, policies that increase U.S. support for Taiwan at a cost of a much worse U.S.-China relationship risk being self-defeating, as the increased stability generated by slowing the cross-strait power shift is canceled out by decreasing expected costs of war for China.

Finally, although I have downplayed in my analysis the risk of inadvertent war, it is something that cannot be discounted entirely. As such, the United States should continue to advocate for U.S.-China and China-Taiwan confidence-building measures (e.g., hotlines, limits in risky military exercises

104. For a nuanced analysis calling for a greater Taiwanese role in the pivot, see, for instance, Michael Mazza, “Taiwan’s Crucial Role in the U.S. Pivot to Asia” (Washington, D.C.: American Enterprise Institute, July 9, 2013), https://www.aei.org/publication/taiwans-crucial-role-in-the-us-pivot-to-asia/.
undertaken in close proximity to the other party, military-to-military dialogues) that could help further mitigate this risk. 105

The relationship across the Taiwan Strait has stabilized greatly in recent years, but it remains untransformed on a more fundamental level. The underlying issue in dispute, Taiwan’s sovereign status, remains unresolved. China’s military modernization—and the resulting shift in the cross-strait balance of power—have the potential to introduce dangerous new dynamics that could give rise to future conflict. Instability, though, is not inevitable. This article has provided a number of reasons to be optimistic about the future of cross-strait relations. Still, officials in Washington, Beijing, and Taipei should not be lulled by the recent détente; long-term stability will require continued careful management of the Taiwan issue in all three capitals.