



TAIWAN'S FUTURE

by Ralph N. Clough

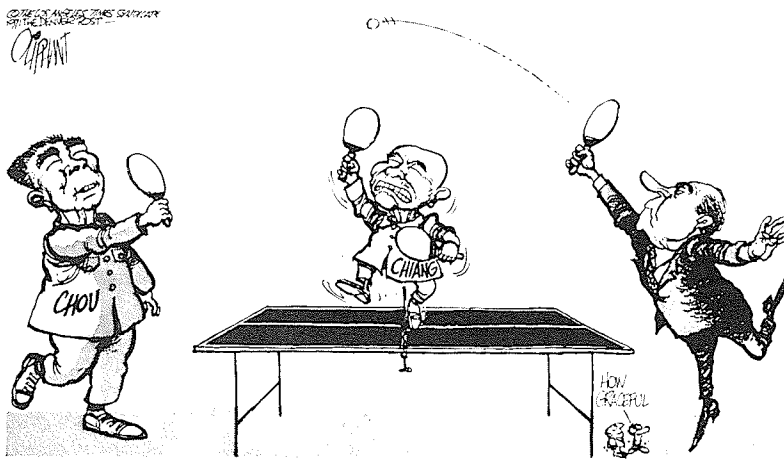
Drawn on the world map, Taiwan's shape and position—slightly askew, off the southeast coast of China—suggests nothing so much as a ship adrift, isolated, vulnerable to storm and tide. No one now takes seriously the old, persistent claims of Taiwan's government-in-exile to sovereignty over the mainland. The island's one-time allies and sometime friends dwindle in number, as rich and poor nations alike hasten to curry favor with the vast People's Republic across the Strait. Jimmy Carter's administration is only the latest to join the crowd.

President Carter's decision, announced last December 15, to transfer recognition from Taipei to Peking came as no surprise to Taiwan's President, Chiang Ching-kuo. Ever since former President Richard Nixon's 1972 trip to China, Sino-American normalization had been in the cards. The only questions were when and with what consequences for our long-time island ally.

In the view of some Asia specialists, the loss of formal ties with Washington represents merely "a short hiccup" in Taiwan's development; with the necessary adjustments, they believe, the island will remain secure and prosperous. Other observers, citing the loss of a firm U.S. defense commitment, as well as the psychological damage to the people of Taiwan, are less sanguine. "There's no use pretending that normalization on the terms we got won't hurt," said Robert Parker, president of Taiwan's American Chamber of Commerce. "It will."

Certainly the trends of the past decade are sobering. Withdrawal of diplomatic recognition by the United States reduces the number of nations with which Taiwan maintains diplomatic relations to 21; nearly all of these are small nations with little influence in world affairs.* Since 1971, the People's Republic has occupied the "China seat" in the United Nations, a symbol of legitimacy accorded to Taiwan during the first 26 years of the

*Taiwan currently has diplomatic relations with Bolivia, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Haiti, the Holy See, Honduras, the Ivory Coast, Lesotho, Malawi, Nicaragua, Panama, Paraguay, Saudi Arabia, South Africa, South Korea, Swaziland, Tonga, and Uruguay. Of these, the most important is Saudi Arabia, which supplies most of Taiwan's crude oil and has lent \$140 million at low interest rates to the island for railway electrification and other projects.



Pat Oliphant, © 1971, the Denver Post. Reprinted by permission of the Los Angeles Times Syndicate.

"High Lob" was the caption for this 1971 cartoon by Pat Oliphant. The Washington-Peking rapprochement began in April 1971, when Communist China opened its doors to a U.S. ping-pong team.

UN's history. Most international organizations, including the World Health Organization, the Inter-Governmental Civil Aviation Organization, and the International Atomic Energy Agency, have ousted Taiwan's representatives (though the island still retains membership in a few key bodies, such as the International Monetary Fund and the World Bank).

In other circumstances, few nations would think twice about recognizing the government of Taiwan. The exile regime has unchallenged jurisdiction over 17 million people, a population larger than that of two-thirds of the countries in the United Nations. And the islanders are far better off than most peoples represented at the UN. Rapid economic growth has boosted annual per capita income to \$1,300—three times that of mainland China, and a level surpassed in Asia only by Japan and Singapore. Foreign trade with more than 100 countries—most nations will accept Taiwan's business card if not its flag—exceeded \$24 billion in 1978, more than the foreign trade of the People's Republic of China. Taiwan is the eighth largest trading partner of the United States. In everything but name, Taiwan has all the attributes of a sovereign state.

Yet, in an uncertain world, Taiwan's name—and status—are important. Washington's severance of diplomatic ties will be followed by termination, on New Year's Day 1980, of the Treaty of Mutual Security between the United States and the Republic

of China, a military cooperation pact that has been in force since 1954.* Shorn of their chief ally, Taiwan's leaders now appear to have three options: to accept reunification with the long-hated People's Republic of China; to declare the island an independent, sovereign nation with no claims on the mainland; or to maintain Taiwan indefinitely in its present ambiguous, virtually indefinable status. Each choice is painful.

Peking, of course, acknowledges only one option—reunification. Moving promptly to take advantage of Taiwan's fading official links to the United States, the Standing Committee of the National People's Congress broadcast a conciliatory message to "compatriots in Taiwan" hours after champagne toasts in Washington and Peking marked the end of U.S. relations with the island's Nationalist government. The message announced an end to the firing of "propaganda shells" on odd-numbered days against the Nationalist-held offshore islands, Quemoy and Matsu. (The artillery fire, involving small, explosive air bursts that scattered Communist leaflets on the ground below, had been going on since 1958; Taiwan still sends propaganda balloons across to the mainland from Quemoy.) Peking praised the "Taiwan authorities" for upholding the principle that Taiwan was an integral part of China, not an independent state. It assured the people of Taiwan that only "reasonable" measures would be taken to bring about reunification, "so as not to cause the people of Taiwan any losses."

To underline its accommodating posture, the Standing Committee proposed direct trade links, shipping and mail service, and personal visits between Taiwan and the mainland. (There is currently no official contact and no authorized private contact between the "two Chinas.") China's senior vice premier, Deng Xiaoping, went further in a January 9, 1979, meeting with Senator Sam Nunn (D.-Ga.), chairman of a Senate Armed Services subcommittee, and several of Nunn's Senate colleagues.

*Since ratification of a treaty requires the approval of two-thirds of the U.S. Senate, some legislators argue that termination of a treaty requires similar Senate consent; Senator Barry Goldwater (R-Ariz.), along with eight other Senators and sixteen Representatives, has brought the issue before federal courts. Historically, U.S. Presidents have canceled treaties on 11 occasions without congressional approval. However, when John Adams annulled the U.S. alliance with France in 1798—the only time the United States has terminated a mutual defense pact—he sought and got congressional backing, in advance.

*Ralph N. Clough, 62, is a Wilson Center Fellow and a retired U.S. diplomat. Born in Seattle, he received his B.A. at the University of Washington (1939) and his M.A. at the Fletcher School of Law and Diplomacy (1940). His Foreign Service career included four years as deputy to the U.S. Ambassador in Taiwan. His books include *Island China* (1978).*

He declared that, after reunification, Taiwan could retain full autonomy within the People's Republic of China, including the right to its own security forces. Nunn quoted Deng as saying: "The social system on Taiwan will be decided by the people of Taiwan. . . . We will not change the society by force."

To no one's surprise, Taiwan has spurned Peking's overtures. President Chiang Ching-kuo told a foreign journalist flatly: "We shall not negotiate with the Chinese Communists, nor shall we enter into any other forms of contact with them."

Many of the 2 million Chinese who fled the mainland with Chiang Kai-shek in 1949 to escape Mao Zedong's victorious Communists fear reprisals should Taiwan fall under Communist control—whatever promises of leniency Peking may now make. By all accounts, natives of Taiwan believe that control by Peking would lead to a rapid decline in their living standards and sharp restrictions on personal freedom. The present authoritarian regime in Taiwan, for all its shortcomings, has bettered the lot of most people on the island; few wish to trade it for a harsher totalitarian system imposed by Peking. Kang Ning-hsiang, one of the few native Taiwanese in the legislature, and a frequent critic of the island's government, summed up the situation: "What is there to talk about? Our standard of living is so much higher than theirs."

Slaps in the Face

Among the 15 million native Taiwanese, some sentiment exists for establishment of Taiwan as a separate, independent state. Public advocacy of independence is banned in Taiwan, but a few Taiwanese intellectuals and businessmen abroad, most of them in the United States and Japan, have organized to further the cause. They contend that the island's qualifications for recognition—a government in effective control of population and territory for 34 years—are as good as, perhaps better than, those of many other states created in recent years.

Yet a declaration of independence would create severe domestic contradictions for President Chiang Ching-kuo. The official rationale for domination of the government by mainland émigrés is that the present regime, prescribed by a constitution adopted on the mainland in 1946, is representative of *all* of China. Abandoning that rationale, and restricting the government's claim to Taiwan alone, would probably stir irresistible pressure at home and abroad to give key positions to members of the Taiwanese majority.

Furthermore, advancing a *de jure* claim corresponding to

U.S. PUBLIC OPINION: ATTITUDES TOWARD TAIWAN

Since the outbreak of the Korean War in 1950, Americans have voiced considerable support for the government of Taiwan. Opinion polls also reveal persistent skepticism toward the People's Republic of China. In 1954, 41 percent of respondents to a Gallup poll felt the United States should intervene militarily in Taiwan's defense should Communist China invade the island. Another 28 percent backed emergency arms shipments. By wide margins, Americans later consistently opposed "normalization" of relations with Communist China at the expense of diplomatic ties with Taiwan (45 percent "against" versus 27 percent "for" on the eve of President Carter's announcement of normalization in 1978, for example).

In January 1979, after normalization, the *New York Times*/CBS News poll asked respondents, "How would you rate your feelings toward (name of country)?" The results:

	Favorable	Neutral	Unfavorable	No opinion
MEXICO	36%	52%	7%	5%
ISRAEL	36	44	15	5
TAIWAN	31	46	15	8
MAINLAND CHINA	26	44	24	6
RUSSIA	15	38	41	6

Source: *New York Times*/CBS News, 1979.

Taiwan's *de facto* independent status would be a slap in the face to the leaders in Peking. The risk that Peking would use force against Taiwan would rise sharply. And Taiwan would gain little: Few nations would be willing to establish relations with the new state at the cost of cutting ties with the PRC.

If neither reunification nor independence is expedient, Taiwan's leaders are left with maintaining the island in its present ambiguous condition—at considerable cost. The island's more educated and politically sensitive citizens chafe under Taiwan's lack of recognition by the world community. "Americans don't know how it feels to have their passports rejected nearly everywhere," complained one Taiwanese journalist.

Because Taiwan has diplomatic relations with so few nations, Taiwanese officials and businessmen must overcome numerous barriers at every turn in their promotion of trade, shipping, commercial aviation, and travel. The government of Taiwan has proved remarkably adept at improvisation.

A network of 33 private offices around the world, under various names, and reporting to the China External Trade Development Center in Taipei, serves in lieu of embassies and consular offices to promote trade and investment. Other private organizations, including the Sun Yat-sen Center in Madrid and China News Agency offices throughout the world, further cultural exchange and disseminate information about Taiwan. Visitors to Taiwan receive their entry permits through a variety of unorthodox channels, such as the Taiwan Travel Service in Frankfurt, the Trade Span (N.Z.) Ltd. office in Auckland, and the China Airlines offices in Thailand and Malaysia.

Using the Back Door

The most elaborate mechanisms were those created by Japan and Taiwan after Japan severed diplomatic relations in 1972 in order to establish ties with Peking. As a substitute for their defunct embassy, the Japanese set up an unofficial "Interchange Association" in Taipei; Taiwan in turn established an "East Asian Relations Association" in Tokyo. Both offices were staffed with foreign service officers, temporarily on leave from their foreign ministries.

The change in the *form* of relations between Japan and Taiwan had little effect on the *substance* of those relations. During the first five years, trade between the two countries more than tripled to \$3.5 billion, the number of Japanese visiting Taiwan each year nearly doubled (to 520,000), and Japanese investments in Taiwan grew to more than \$200 million.

The United States has followed suit. Congress last March passed a Taiwan Relations Act (S.245, H.R.2479), which was signed into law on April 10 by President Carter.* The act authorized creation of an unofficial but government-funded "American Institute in Taiwan," staffed by some 40 U.S. Foreign Service personnel temporarily separated from the State Department. The institute issues visas (after referring them for approval to the U.S. Consulate in Hong Kong) and performs services for Americans in Taiwan normally performed by American consuls. The legislation maintained in effect all but one of the 59 treaties and agreements between the United States and Taiwan. It authorized the Export-Import Bank to continue to

*The act was passed by a margin of 90 to 6 in the Senate, 345 to 55 in the House of Representatives. Overwhelming support for the bill masks a wide spectrum of congressional opinion on President Carter's recognition of Communist China, ranging from "a gutsy, courageous decision" (Senator Frank Church, D-Idaho) to "an act of treachery" (Representative John Ashbrook, R-Ohio).

make loans in Taiwan and provided for the uninterrupted supply of enriched uranium for Taiwan's nuclear power plants. (Two are in operation, four are being built, and six more are planned.) Taiwan established in Washington a "Coordination Council for North American Affairs," also run by experienced diplomats, to conduct its affairs in the United States.

A Surge of Civility

The one treaty that will be terminated is the long-standing U.S.-Taiwan mutual defense pact. However, the Taiwan Relations Act stresses the abiding interest of the United States in Taiwan's security, and President Carter has made known his intention to continue to sell defensive military equipment to Taiwan. (Since 1951, the United States has lent, given, or sold military equipment to Taiwan valued at \$5.6 billion, including destroyers, submarines, short-range jet fighters, ground-to-air missiles, helicopters, and transport aircraft; commitments totaling an additional \$500 million have been made under the Pentagon's Foreign Military Sales Program, for delivery through 1983.) Although the mainland's Premier Hua Guofeng once said that the PRC would "absolutely not agree" to this policy, Peking nevertheless went ahead with normalization.

Washington hopes to achieve a delicate balance: enough support for Taiwan to ensure that the use of force against the island would entail high political and military costs for the Chinese Communists; enough momentum in Washington-Peking relations to keep mainland China satisfied with the arrangement. Managed adroitly, such a policy could enable the United States and the PRC to live with the unresolved Taiwan problem for a long time to come.

No one expects an early attempt by Peking to incorporate the island by force. "The People's Republic of China," President Carter declared in an interview on December 19, 1978, "does not have the capability of launching a 120-mile attack across the ocean" against the resistance of Taiwan's well-trained armed forces. It could blockade the island, but at a price. "A decision by China to use force against Taiwan," Deputy Secretary of State Warren Christopher warned last spring, "would in effect be a decision to renounce good relations with industrialized nations and hence to abandon the program of modernization." Moreover, Peking is unlikely to risk alienating the United States at a time of military confrontation with Vietnam to the South and heightening tension with the Soviet Union to the North.

But Taiwan's leaders, looking ahead to a time when the

TAIWAN VERSUS CHINA

"Although China has a large number of combat aircraft, many are obsolescent [Soviet-type] fighters, limited in range and payload. Few are equipped with air-to-air missiles, and pilot proficiency is well below Taiwan's standards. Although China has a large diesel submarine fleet, its Navy is primarily a coastal defense force, and the PRC lacks the amphibious shipping necessary to mount a successful invasion of Taiwan. . . . For its part, Taiwan possesses an impressive deterrent. Taiwan's air defense capability rests upon a mixture of surface-to-air missile battalions and an interceptor fleet of 300 aircraft. The latter are fitted with late-model, air-to-air missiles that are more sophisticated than anything the PRC can deploy."

—U.S. Secretary of Defense Harold Brown before the Senate Foreign Relations Committee, February 1979.



Nationalist soldier shoots Communist invader in this 1953 Taiwan comic strip. The invasion threat has since subsided.

The Torch of Victory, July 15, 1953, by Liang Chung-ming.

mainland may be stronger and less inhibited, have increased the island's military budget this year by 50 percent (to \$2.9 billion). They are seeking to buy advanced weapons, such as F-16 fighters from the United States, and, just as important, to expand Taiwan's own military production. As Premier Y. S. Sun has noted, Taiwan has no choice but to establish a "self-sustaining defense industry." The island already turns out small arms, artillery, machine guns, mortars, ammunition, and trucks, and, with U.S. firms, coproduces helicopters and F-5 aircraft.*

*According to a 1977 U.S. government report, Taiwan's scientists and engineers could build an A-bomb within one to three years of a decision to do so. "We have the technical know-how and so forth," admitted James C. H. Shen, Taiwan's last Ambassador to the United States, "but as a matter of basic policy, we're not going to do it." If they did, the United States would immediately cut off the supply of enriched uranium for the island's vital nuclear power plants.

For the time being, Peking will try, probably by threats and blandishments, to create popular support in Taiwan for direct negotiations or other forms of contact. The PRC may also try to sever Taiwan's unofficial links with other countries, although such efforts have only occasionally succeeded in the past. At Peking's prodding, for example, Mexico ordered Taipei's local commercial office closed; the representative of Taiwan's China News Agency was expelled from Ethiopia. So far, Taiwan remains unfazed: Peking simply lacks the political and economic clout to disrupt Taiwan's web of relations with scores of foreign banks and thousands of foreign companies.

Whether Taiwan can maintain a firm footing depends partly on internal politics: The native Taiwanese majority wants—and will eventually get—a larger role in the island's government. The odds favor orderly change. The specter of the PRC is a powerful inducement to both the dominant Nationalists and the under-represented Taiwanese to avoid disorder.

Taiwan's future also hinges on the United States. Support among Americans for close ties with the island is strong, and American bankers have already demonstrated their confidence. In the first half of 1979, the Bank of America put together an \$80 million syndicated loan for Taiwan, and the U.S. Export-Import Bank made a \$9.6 million loan for factory expansion.

The most likely prospect for Taiwan over the next 10 years is the status quo. The obstacles standing in the way of official talks between Peking and Taipei will not hamper the growth of indirect contacts and communications. A new civility has appeared in media references by each side toward the other, with "Taiwan authorities" replacing "imperialist lackeys" in the mainland's lexicon, and "Chinese Communists" substituted for "Communist bandits" in Taiwan's pronouncements.

Political commentators in Taiwan, noting the demands in Peking wallposters last spring for a better life and more responsive government, are calling on their own leaders to challenge the mainland to peaceful competition in political and economic development. As popular pressures force the Peking government to become more like the "Taiwan model"—so the theory goes—the stage will be set for reunification in the distant future. Each regime wants reunification, but on its own terms. Keeping such hopes alive on both sides paradoxically offers the best prospects for a prolonged and tranquil coexistence of the "two Chinas."

