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TAIWAN AND CHINA UNIFICATION CRISIS...
DANGER OR OPPORTUNITY FOR THE UNITED STATES?

BY

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TAIWAN AND CHINA UNIFICATION CRISIS...
DANGER OR OPPORTUNITY FOR THE UNITED STATES?

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ABSTRACT

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The People's Republic of China (PRC) will reabsorb Taiwan. Taiwan and the PRC have two different systems of government and economics. The PRC's government is an authoritarian communist regime that is evolving its own style of free market economy. Taiwan's government is a freely elected democracy and its economy is already a free market system. The PRC's political leaders consider Taiwan to be an integral part of China and are determined to reunify Taiwan with mainland China, by force if necessary, rather than let Taiwan obtain its independence as a separate, internationally recognized entity. This study will provide background material regarding the current relationship between the two countries, and their relationships with the United States. This paper will argue that mainland China will eventually reabsorb Taiwan and that the United States can influence this coming unification to ensure it is done peacefully with favorable economic benefits to all three nations. This argument will be based on an analysis of historical data and recent events. This paper will provide recommendations on how the United States might influence the process by which Taiwan will be unified with mainland China in order to reduce potential conflicts within the Pacific Rim.
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Taiwan, or the Republic of China (ROC), is a small island of 21 million people. It has evolved from a dictatorship to a thriving democracy with an economic freedom and high standard of living that its inhabitants have not known before. It has achieved this in less than 50 years. However, Taiwan faces potential invasion from a neighboring behemoth on the other side of the Formosa Strait. Taiwan is located 100 miles from the world’s most populated country, a country containing 1.2 billion people and ruled by an authoritarian communist regime. This populated country is called the People’s Republic of China (PRC). During the last 50 years, the PRC’s military forces have periodically shelled Taiwan with artillery, attacked it with jet aircraft, fired missiles at it, and threatened it with invasion unless Taiwan’s leaders acceded to PRC demands. These acts of aggression are directed at reunifying Taiwan with the PRC. This reunification will take place. It will take place because of the PRC’s large population, geographic size, military preponderance, economic potential and political will. The PRC’s leadership has taken the position that there is only one China and that they are its proper international representatives. Its leadership has stated repeatedly from 1949 to the present that Taiwan’s reunification with mainland China will occur, by the use of military force if necessary. The PRC’s political will provides the focus for accomplishing its goal of unification. Why is this issue important to the United States?
This issue is important to the United States, and other Pacific Rim nations, because failure to peacefully resolve the unification of Taiwan and the PRC could result in an Asian war. A war caused by a PRC invasion of Taiwan would have serious negative implications across the economic and political spectrum. Political elements in Taiwan, supported by some members of the United States Congress, have indicated that Taiwan is a separate political entity and should be treated as such. However, the PRC has clearly stated that Taiwan is a province of China and that it will not allow Taiwan to seek independence. These divergent opinions provide the fuel for conflict and the problem is to keep a spark from igniting a conflagration.

This paper will show the issue’s significance to the United States by describing the relationship between the three countries involved. This paper will also provide suggestions on how tensions may be eased regarding the issue of unification. The following paragraphs provide a brief comparison of demographics and military strengths in order for the reader to more fully understand the scope of diversity between the PRC and Taiwan.

GEOGRAPHIC, DEMOGRAPHIC AND MILITARY COMPARISONS

Taiwan is 695 miles south of Japan, it is 240 miles long and 98 miles wide at its broadest point. Taiwan totals 13,844 square miles and is about the size of Massachusetts, Rhode Island and Connecticut combined. The PRC totals better than 3.6 million square miles and is almost the size of the United States. The PRC is more than 56 times the size of Taiwan, and with a
population of over 1.2 billion people is 265 times more populated. However, the people of Taiwan have a population density per square mile that is four times larger than that of the PRC.\textsuperscript{6} Figures 1-3 provide additional data on geographic and demographic comparisons for countries in the region. A comparison of PRC and Taiwan military forces numerically favors the PRC.

Taiwan's military is approximately 425,000 strong with 33 principal surface combatants, 97 patrol and coastal combatants, four submarines, approximately 1,400 tanks (M48s and lighter models), and less than 400 combat fighter aircraft.\textsuperscript{7} The PRC's military is 2,930,000 strong, possessing 55 principal surface combatants, 870 or more patrol and coastal combatants, 50 submarines, over 9,000 tanks, more than 4,000 fighter aircraft and over 450 bombers.\textsuperscript{8} It also has a nuclear arsenal.\textsuperscript{9} The PRC military, although quite large, is not yet as modern as Taiwan's, but it is being upgraded and modernized rapidly. This modernization also includes improvement of power projection capability for conventional forces .\textsuperscript{10} Figures 4-6 provide a graphic comparison of regional military strengths, to include reserves. Some historical information will help the reader understand how the split between these two Chinese populations occurred.

HISTORICAL BACKGROUND

Taiwan has been a part of China since ancient times. It was ceded to the Japanese by the Ch'ing dynasty after the war of
1894-95, but was restored to China (under Chiang Kai Shek's rule) in 1945 in accordance with the 1943 Cairo Declaration and the 1945 Potsdam Proclamation. Chiang Kai Shek and his Nationalist party had retreated to Taiwan in 1949 after being defeated on the mainland by Mao Tse Tung and his communist forces. It was Chiang's intent to rebuild, rearm and reinvigorate his forces so he could return to the mainland and reclaim all of China. The Nationalist government on Taiwan was considered legitimate by most governments of the world and it was one of the founding members of the United Nations in 1945. The United States had supported Chiang Kai Shek and his Nationalists against the Japanese during World War II and then against the Communists at the close of the world war. After the Nationalists were defeated and relocated to Taiwan, the United States continued to provide support to them. However, the Communist Chinese had other plans.

While Chiang Kai Shek's intent was to recapture the mainland, it was one of Mao Tse Tung's objectives to invade Taiwan and other Nationalist holdings in order to unify all of China under the control of his communist government. Chinese communist forces massed along the East and South China Sea coasts in the first half of 1950 preparing for invasion, but North Korea's invasion of South Korea and subsequent U.S. actions preempted the PRC's move against Taiwan. The Chinese communists did use their military to seize control of several Nationalist island outposts--Tachen and Ichiangshan--off of the East China
coast in 1954-55. They would have progressed further, but U.S. military and political support of the Nationalists prevented PRC completion of forceful unification, and the United States signed a mutual defense treaty in 1954 with Taiwan.\textsuperscript{16} The PRC made another military attempt against Nationalist-held islands in 1958 when they started shelling the islands of Quemoy and Matsu. However, the United States deployed elements of the Seventh Fleet to protect shipping in the straits, and provided the Nationalists with state-of-the-art aircraft and training. The results of the aircraft and training program were that Nationalist pilots were able to shoot down over 30 Chinese MiGs while losing only one of their own in a series of air battles. These actions allowed the Nationalists to maintain control of the airspace over the islands.\textsuperscript{17}

Chiang Kai Shek now had two overt acts of PRC aggression as proof of the communists' intent to take over Taiwan. Also, he now had state-of-the-art aircraft and a formal treaty with the United States obligating the U.S. to protect Taiwan in the event of PRC invasion. He did not have a U.S. commitment to assist the Nationalists in invading mainland China, as the Mutual Defense Treaty was defensive in nature.\textsuperscript{18} Chiang Kai Shek was persuaded, by then Secretary of State John Foster Dulles, to issue a joint U.S.-ROC communique renouncing the use of force to recover the mainland.\textsuperscript{19} This had the result of changing Chiang Kai Shek's policy from recapturing the mainland by force to one of reunification by political means.

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Chiang Kai Shek died in 1975 with his objective of reunification unrealized.²⁰ Upon Chiang’s death, his Nationalist government was no longer a member of the United Nations, and the United States no longer formally recognized Taiwan as the formal representative of all the Chinese people, even though Taiwan had been the first nation to sign the United Nations Charter in 1945.²¹ This change in the Nationalist’s political fortunes had occurred over several years.

POLITICAL CHANGES

The first significant notice of Taiwan’s impending change came in 1969 with the announcement of the Nixon Doctrine. This Doctrine formalized the United States’ policy of withdrawing U.S. forces from Asia (re: Vietnam) and improving Sino-U.S. relations.²² President Nixon then announced in July of 1971 that he would visit Peking (Beijing) and seek to establish relations with the PRC.²³ These events started a series of diplomatic maneuvers that eventually resulted in the admission of the PRC to the United Nations and the expulsion of Taiwan with the General Assembly’s passing of Resolution 2758.²⁴ The admission of the PRC to the United Nations was just the beginning of a series of actions which further isolated Taiwan from the international stage.

Soon after expulsion from the United Nations, Taiwan was to suffer additional international dilemmas. Professor Hsu states in his book The Rise of Modern China:

"Next came the Sino-American detente which was followed by Japanese recognition of the People’s Republic of
China as the sole, legal government of China and by its cancellation of the peace treaty with Taiwan signed in 1952. These events produced a bandwagon psychology among other nations, and one country after another deserted Taiwan in favor of Peking's claim to represent the legal government of China. By October 1974 Taiwan maintained diplomatic ties with only 32 countries, as compared with 65 in 1969, and the number of nations that recognized Nationalist China continued to decline. The United States had been moving gradually in this direction too, as evidenced by the establishment of liaison offices in Peking and Washington in May 1973. Finally, in January 1979 the United States recognized Peking as the legal government of China. By 1988 only twenty-two countries recognized the Nationalist government on Taiwan, although 151 maintained trading relations with it."25

Taiwan was further isolated from formal governmental recognition by the international community when President Carter unilaterally terminated the Mutual Defense Treaty between the United States and Taiwan on 1 January 1979.26 "Carter also acknowledged that there was only one China--the People's Republic of China."27 All of these steps served to further isolate Taiwan while providing the PRC additional legitimacy within the international community. However, actions by the United States Congress served to confuse the PRC on America's true intent towards China and Taiwan.

The Taiwan Relations Act was passed in 1979 by the United States Congress in response to President Carter's termination of the U.S.-Taiwan treaty.28 Additionally, the United States already maintained 59 lesser treaties and agreements with Taiwan, which provided a special relationship in the fields of agriculture, atomic energy, aviation, legal claims, controlled drugs, economic and technical cooperation, investment guarantees,
education, maritime matters, postal, taxation, trade and commerce. During the 1980 Presidential campaign, candidate Ronald Reagan made numerous statements that also caused the PRC grave concerns about the intention of the United States toward the PRC and Taiwan. The PRC was unsure regarding the United States true position towards the PRC’s communist government. It could not be certain if the United States was fomenting rebellion and independence movements in what they considered a renegade province or if the United States itself was unsure of what its actions meant. This lack of consistency in the United States political arena caused confusion and misapprehensions among the PRC leadership. If the confusion created by the United States government were not enough, Taiwan was undergoing changes internal to its domestic politics which also caused the PRC leadership to believe that Taiwan might attempt to declare its independence.

Taiwan’s progress toward a true democracy caused further unrest in the PRC’s political leadership. The free elections of legislative representatives and the scheduled election of a president have caused the communist leaders to believe this will result in a declaration of independence by the Taiwanese and in turn cause a threat to China’s political stability. Taiwan’s President, Lee Teng-hui, has publicly denied that he seeks independence for Taiwan. He seeks unification, but only when China guarantees democracy, freedom and prosperity for all of China. If the external political environment were not enough
to distress the PRC leadership, changing economic factors
increased the complexity of the relationships between the United
States, Taiwan and the PRC.

ECONOMIC FACTORS

The economies of both Taiwan and the PRC have grown
tremendously since the late 1960's. The PRC's Gross National
Product (GNP) has expanded five times what it was in 1969, while
Taiwan's increased better than 40 times its 1969 value.\textsuperscript{34}
Taiwan's Gross Domestic Product (GDP) for 1993 was $220.1 billion
or $10,700 per capita (all dollar figures are U.S. dollars).\textsuperscript{35}
The PRC had a GDP (1993) of $507.5 billion, but its per capita
GDP value was only $2,200.\textsuperscript{36} Figures 7-16 provide graphic
comparisons of economic data for the region. The PRC appears to
have a weak per capita economy when compared with its neighbors,
but its overall growth has been one of the highest since 1980.
This overall improvement in the PRC's and Taiwan's economies
represents increased buying power, not only for the individuals
of each, but for their respective governments as well. Other
economic factors play a role in the growing interdependence of
Taiwan, the PRC and the United States.

American investment in Asia is considerable and Taiwan is
one of America's major business partners. Many U.S. corporations
do business in Taiwan and have done so for years. According to
Professor Hsu, these:

"...included Bank of America, Chase Manhattan Bank,
Citicorp, American Express, Ford, RCA, Union Carbide,
Zenith, and Corning Glass. In 1978, 220 American
corporations had over 500 million dollars investing in
Taiwan. Taiwan enjoyed a brisk foreign trade of $23.7 billion in 1978 and a third of it ($7.3 billion) was American.\(^3\)

The economic capabilities of Taiwan and China, and the trade balances between the three countries have reached levels that were not predicted in the 1950’s. Taiwan itself has become one of the world’s greatest economic success stories over the last twenty years. It has achieved phenomenal rapid growth and prosperity.\(^3\) Taiwan’s rate of growth averaged 7.3 percent per year during the 1950’s, 9.1 percent in the 1960’s, and almost 10 percent in the 1970’s. Taiwan had the second highest growth rate in the world from 1974-1984.\(^3\) Its inflation rate in 1993 was 2.9 percent as compared to 10.5 percent for China and 2.8 percent for the United States.\(^4\) Taiwan’s foreign currency reserve of $82 billion in 1992 was the highest in the world.\(^5\)

Additionally, the wealth in Taiwan has not been concentrated in the hands of only a few industrialists or political leaders, but is shared by a majority of that nation’s 21 million people.\(^6\) The people of Taiwan have expanded their business opportunities to overseas areas, including mainland China.

Taiwan relocated over 12,000 of their production plants to the mainland, invested $11 billion by 1992, and their investments accounted for over $8.6 billion of the PRC’s GNP.\(^7\) Bilateral trade between the two economies was estimated at $3.7 billion through May of 1994, which was up 9% from 1993, and many of Taiwan’s biggest companies believe success on the mainland is the key to their global competitiveness.\(^8\) Regardless of Taiwan’s
current economic relationship with China, they maintain and seek expansion of other international economic interests.

Taiwan's status as the thirteenth largest trading nation in the world—or fourteenth depending on which source is read—and its large foreign currency reserves, make it a lucrative source for loans and economic support.\textsuperscript{45} Taiwan announced in December 1990 that the USSR could apply for loans from Taiwan, and established a Taiwan-Soviet Enterprise Foundation.\textsuperscript{46} Taiwan also conducted a lucrative trade relationship with Israel, totalling $70 million in 1994.\textsuperscript{47} Taiwan's economic involvement with the United States is also significant in that by the end of the 1980s the United States was Taiwan's most important trading partner.\textsuperscript{48} Despite the lack of formal recognition by many of the world's governments, the people of Taiwan have become important economic players on the world stage. The Taiwanese now enjoy the highest standard of living in Chinese history as a result of their efforts.\textsuperscript{49} However, Taiwan is not the only Asian nation undergoing economic evolution.

The PRC is also experiencing significant economic changes. Its economy might be described as being in turmoil. It became the world's eleventh-largest exporter with a trade volume increasing by 18.2\% in 1993. However, the PRC's export growth slowed (only 8\% growth) and it incurred a $12 billion deficit.\textsuperscript{50} The PRC led the world in economic growth in 1994, but it did not have a firm grip on its levers of economic control.\textsuperscript{51} There were 1,000 more state-owned businesses in 1994 than in 1993, money was
being printed at excessive rates, inflation was around 27% in early 1995 (the highest ever under communist rule), and 70% of all investments in China were in state enterprises. The investment in these state enterprises had grown from 61% in 1989, but the total contribution to national economic output from these state enterprises had fallen by 1994. Why does a nation that is the world’s eleventh-largest exporter and led the world in economic growth in 1994, have so many economic problems?

The answer may lie with the form of government. The communist-led government was unwilling to privatize state businesses that continually lost money. They feared that such privatization would lead to unemployment, which might then cause social disorder at a time of great uncertainty about China’s future.

"Another reason for the loss of control of the money supply and tax system was that much of the explosive growth and tax evasion was taking place in the richer parts of coastal China. Local officials were unwilling to surrender power and money to a leadership in Beijing that few expected to survive the post-Deng era. ...economic power that had been decentralised (sic) for so long was unlikely to be surrendered to a central government that was patently incapable of taking the decision to cut the central deficit and privatise (sic) state enterprises."

The PRC government’s current inability to control their own economy could bode ill for the United States, Taiwan and other economic players on the world stage. The Chinese leadership does not seem to understand that opening its economy to international standards and access is common sense. Also, the PRC flagrantly continues to violate copyrights for internal use, has not agreed
to U.S. terms in protecting intellectual property, and exports many of its illegal enterprises to what would otherwise be U.S. markets in Asia, Europe, and even Canada. The PRC’s failure to agree to terms for entry into the World Trade Organization (WTO) kept it out of this organization and led to a further deterioration of relations with the United States. There are other internal problems facing the PRC’s authoritarian government.

Chinese peasants have flocked to the cities from the countryside; PRC government sources estimate that as many as 80 million people have relocated to the cities and international sources indicate this number is as high as 120 million. The increased population strains the control mechanisms of the cities. Crime and punishment have increased as a result. The number of serious crimes surged by 15.6% in 1994, and over 2,500 Chinese were executed in 1993. PRC officials report the seizure of hundreds of thousands of illegal firearms. The population reached 1.2 billion five years ahead of the government’s planning program and this has put an additional strain on the society. Some of China’s premier athletes are taking drugs to improve their performance at international competitions, an indicator that moral values may be declining in favor of success at any cost. There are reports of wide-spread corruption within the People’s Liberation Army (PLA) as a result of improving access to money and goods. Despite its domestic social problems, a fluctuating economy and a sometimes volatile international
political relationships, the PRC is an emerging world class trading power.\textsuperscript{58}

The United States has a vested interest in a stable Chinese government. American exports to mainland China totaled $8.8 billion in 1993.\textsuperscript{59} Proctor & Gamble is prospering amid government-owned competitors in China. It is the largest daily-use consumer-products company in China with sales of $450 million in fiscal year 1995. Other companies are making unprecedented progress into China's domestic business world. Coca-Cola Company, Walt Disney Company, and Mars, Inc. sell their products throughout China. Other U.S. and foreign companies are investing lavishly and determine anything less than nationwide sales to be a failure. These companies include, but are not limited to: Johnson & Johnson (U.S.), S.C. Johnson & Sons Inc.(U.S.), Unilever Group (Britain, Netherlands), Henkel KGAA (Germany), Wella AG (Germany), Kao Corporation (Japan), and Nestle SA (Switzerland). Consumer-goods spending totaled $300 billion in 1994 and is rising much faster in China than in any developed country in the world.\textsuperscript{60} Despite China's internal social difficulties, and what appears to be an uncontrolled economy, the population is buying and spending at an unprecedented rate in their history. Free-market businesses are running circles around the archaic state run system.\textsuperscript{61} The influence of these businesses on the Chinese economic and political infrastructure, and the volume of Chinese expenditures on the international business market would surely have some impact on the decisions of
the political leadership in all countries involved. The
difficulties the PRC is having with its internal population and
with getting membership in the WTO have caused some deterioration
in Sino-U.S. relations. The decisions of the PRC leadership may
affect the military spectrum as well.

MILITARY ISSUES

Actions have been taken by the PRC which have strained its
military relationship with Taiwan and the United States. The
PRC's recent seizure and claim to territory in the Spratly
Islands is a reminder that China is a rising power and seems
intent on redressing historical grievances in its favor. The
PRC conducted missile "tests" recently in the South China Sea as
a means of intimidating the Taiwanese prior to their presidential
democratic election, and to send a signal to other nations that
the unification issue between China and Taiwan is strictly an
internal affair. Also, the PRC's intention to buy 22 diesel
powered submarines from Russia over the next five years is seen
as a move that could dramatically alter the balance of military
power in Southeast Asia. Some analysts state that the PRC has
increased its published military budget by 75% since 1988, far
outstripping its neighbors. The U.S. Arms Control and
Disarmament Agency estimated that Chinese defense spending was
more than $100 billion a year. The percentage of the PRC's GDP
which is used for defense is 16.4%, a middle of the road
percentage by comparison to its neighbors. However, when this is
16.4% of the second highest GDP in Asia, the expenditures are
significant (see figure 12 for defense shares of GDP). Such a real dollar increase in defense spending may be part of the reason that former Secretary of Defense Weinberger says the PRC is more aggressive in its dealings with other nations.  

Chinese ships and aircraft have deliberately challenged U.S. aircraft-carrier battle groups in international waters. Chinese officials even reportedly warned in October 1994, that they would 'shoot to kill' next time if there were a confrontation with United States military vessels. Twice in the last two years, the U.S. Naval War College conducted computer simulations regarding a war between China and the United States in the year 2010; China won both simulations. The Pentagon played a war game at the end of 1994 with China as the enemy, and China won. These issues and many others, repeated over time, provide indications that a military confrontation between the PRC and Taiwan, and even the United States is possible.

ANALYSIS

The items listed above cover a wide range of topics from the economic to the political, from the traditional to the modern. The central issue of Taiwan's unification, or reunification as the PRC's leadership refers to it, is not isolated from the economic, political, military, or historical. It is an issue which encompasses all of these categories and the final solution must take all of them into account if unification is to be resolved peacefully. Some people on both sides of the Taiwan Strait do not wish unification. Elements of Taiwanese society
believe their economic and democratic culture may be eradicated by the communist mainland, there is a "...lurking fear that unification would enable the Big Fish to swallow up the Little Fish." There are those Chinese on the mainland that are concerned that their culture and way of life will be infected or contaminated by those inhabiting the wayward province of Taiwan just a few miles off-shore. There are additional concerns that if Taiwan should gain its independence, that Buddhist cultures of Tibet or Inner Mongolia, or the predominantly Muslim Xinjian Autonomous region might follow suit.

It was noted above that influential Chinese leaders have stated Taiwan will be reunified with mainland China, by force if necessary. This view is still held by the current PRC's leadership and they continue to consider the reunification issue an internal affair. The PRC military appears to have the advantage in numbers when compared to Taiwan's military, but the PRC also has a larger area to defend, therefore the numerically superior numbers must be evaluated by the ability of the PRC to concentrate its forces in any action against Taiwan. Added to the concerns of the PRC and the Taiwanese leadership, is the policy or doctrine of "strategic ambiguity" practiced by successive United States presidential administrations. This ambiguity leaves all parties unsure what action the United States would take in the event of PRC aggression. Mr. Weinberger believes that ambiguous statements by the current administration may invite PRC attacks on Taiwan. He compares the Clinton
administration's comments to those of former Secretary of State Dean Acheson that preceded North Korea's invasion of South Korea in 1950.\textsuperscript{74} However, succeeding administrations' use of this "strategic ambiguity" (from Nixon to Clinton) seems to have aided in the prevention of military conflict between Taiwan and the PRC. Unfortunately, continued ambiguity concerning possible reactions by the United States could lead either Taiwan or the PRC to misinterpret U.S. intentions and make an unwise decision relating to the unification issue. The presence of two U.S. aircraft carrier battle groups near Taiwan prior to its presidential election may send a clear signal of U.S. resolve, but it could also incite the PRC to more aggressive action if it believes the United States is supporting Taiwan independence.\textsuperscript{75}

After substantial reflection, there seem to be two probable outcomes to the unification issue. The first is that the current status quo will be maintained until the unification of Taiwan and mainland China occurs peacefully at some future date. The second is that Taiwan will declare its independence as a separate nation, attempt to maintain that independence, and that the PRC will react with force at a time of its choosing. The PRC has already stated that should the second option occur, it will unify the two countries by force of arms. The recent missile firings the week of 8 March 1996 and during the summer of 1996 lend credibility to the PRC's threat of forceful unification. The use of force will have negative results on the economies of more than just the two states involved in this issue. Also, an invasion of

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Taiwan by the PRC is likely to cause severe political and psychological setbacks in PRC relations among Pacific Rim nations and the nations of Europe. If forceful unification is to be prevented, it seems logical that the United States should be involved in the development of a peaceful solution based on its economic, political and military involvement in Asia. There are several things that the United States can do to ease tensions in this area and bring about a peaceful unification.

RECOMMENDATIONS

First the present administration must specifically and precisely define what they mean by "engagement" in terms that the PRC and Taiwanese leadership can understand without the chance of misinterpretation. This must be done on a bi-partisan basis to ensure successive administrations, regardless of party affiliation, stay consistent with the developed definition. This definition and the policies that derive from it must possess the long-term strategic view for the Pacific Rim. This long-term thinking must be inclusive of time, geographical distance, evolving economies, current and probable future divisive issues, and a methodology or process for dialogue on such unforeseen issues that as may yet arise.

Second, remove any major ambiguity on the United States position regarding peaceful unification of Taiwan and China. Senator Sam Nunn said it very clearly on the floor of the U.S. Senate, that the United States would oppose either side's unilateral attempt to change the status quo, to include Beijing's
use of force or Taiwan’s declaration of independence. It should be made very clear that such action by either side is unacceptable.

Third, the United States can and should assist in developing an acceptable compromise for both parties to unification. The details of the timing and method of peaceful unification is a matter to be determined and agreed-upon by the PRC and Taiwan. If the United States can not serve as the broker or arbitrator for a peaceful solution, then perhaps another nation or group of nations can fill the role. The selection of members nations for such a commission would have to be approved by both China and Taiwan. Such nations would need to be objective, and preferably without a vested or prejudicial interest in either nations’ economic situation. A peaceful solution with economic benefits for all parties is preferred, but it must be made clear that the use of military force by the PRC to achieve unification with Taiwan is unacceptable. This unification plan may require a long-term (50 plus years) resolution, but the United States will abide by whatever decision and methodology the two parties agree upon.

Fourth, the leaders of businesses that have invested so much from all the countries in question should coordinate to act as a stabilizing influence. If the businesses are operated with the additional intent to enhance the quality of life for those populations they serve, the improved quality of life for each nation will serve as a stronger deterrent to war. Additionally,
the influence and communications venue that the business sector can provide to the political establishments of all countries may serve to offset the public political posturing that is sometimes required by those who hold governmental office, elected or otherwise.

Finally, the United States should decouple the Taiwan-China unification issue with other currently divisive issues in the Far East. The matter of weapons sales, nuclear reactor technology sales to potentially hostile third world nations, the Spratly Islands dispute, and Human Rights violations may be too difficult and complex to weave into a dialogue where all the issues can be satisfactorily addressed in a single forum.

CONCLUSION

Economics and time are on the side of peaceful unification. The growing interdependence between the countries may be the keystone in preventing future military conflicts. The PRC power elite can maintain power, but the economic system and its attendant forces will cause change. Perhaps the government of the PRC will emerge as some form of Chinese democracy that is more amenable to the people of Taiwan and ease the transition to unification. Regardless, it should be stated up front and made clear that the United States has no geopolitical ambitions regarding Asia other than close cooperative mutually beneficial economic ties, and peace for the region.

The PRC's leaders have repeatedly stated, as indicated above, that military force is an option they consider valid. The
use of such force would destroy Taiwan's economy and
detrimentally impact the U.S. economy. The United States' National Security Strategy states that,

"The decision on whether and when to use force is therefore dictated first and foremost by our national interests...for instance, areas where we have a sizable economic stake or commitments to allies..." 77

Such a tyrannical act by the PRC as to invade a small island with a population less than 2% of its own, an island with which our nation has such a prosperous economic relationship would seem to qualify as being in the United States' national interests. Additionally, if "Our national security strategy is based on enlarging the community of market democracies...", then it seems even more important that the United States ensure China does not use military force to conquer (re: unify) Taiwan. 78

Successful solutions to the above problems may lead to closer economic and political ties among Pacific Rim nations. Such long term economic prosperity and political cooperation may develop the affected nations into such a tight cohesive system as to prevent future military conflicts. Such conflicts would be detrimental even without further interdependence of economies. Untold billions of dollars and an ever increasing interdependent world economy hang in the balance. Should war come to the Far East in China's attempt at absorbing Taiwan, there is no telling how far the havoc of that war may reach around the world. A final solution to peaceful unification may take two hundred years to come about, but a peaceful solution is better than a major
war. If U.S. strategic policy is truly going to address this particular issue, then a long-term solution must be fully developed and closely monitored for the duration of as many administrations as necessary to reach closure. I concur with President Clinton in this sense:

"Supporting the global movement toward democracy requires a pragmatic and long-term effort focused on both values and institutions...Our long-term goal is a world in which each of the major powers is democratic, with many other nations joining the community of market democracies as well."

The PRC's size, political will, and growing economic and military power make it inevitable that it will absorb Taiwan. It is better for the community of market democracies if this unification occurs peacefully.
Land Area per Country

Figure 1

Population per Country

Figure 2

25
Aircraft & Tanks per Country

Chart created by author from source data

Figure 5

Naval Forces

Chart created by author from source data

Figure 6
GNP Change 1969 - Present

**Total GNP**

<table>
<thead>
<tr>
<th></th>
<th>1969</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHINA</td>
<td>80</td>
<td>482</td>
</tr>
<tr>
<td>TAIWAN</td>
<td>4.76</td>
<td>206</td>
</tr>
</tbody>
</table>

**Per Capita GNP**

<table>
<thead>
<tr>
<th></th>
<th>1969</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHINA</td>
<td>106</td>
<td>330</td>
</tr>
<tr>
<td>TAIWAN</td>
<td>390</td>
<td>450</td>
</tr>
</tbody>
</table>

Chart created by author using source data

Figure 7

**Gross Domestic Product (GDP)**

<table>
<thead>
<tr>
<th></th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>7,000</td>
</tr>
<tr>
<td>CHINA</td>
<td>6,000</td>
</tr>
<tr>
<td>JAPAN</td>
<td>5,000</td>
</tr>
<tr>
<td>TAIWAN</td>
<td>5,000</td>
</tr>
<tr>
<td>S.KOR</td>
<td>3,500</td>
</tr>
<tr>
<td>n.KOR</td>
<td>2,500</td>
</tr>
<tr>
<td>AUS</td>
<td>1,000</td>
</tr>
<tr>
<td>N.ZEA</td>
<td>1,000</td>
</tr>
<tr>
<td>INDIA</td>
<td>1,000</td>
</tr>
<tr>
<td>PAK</td>
<td>1,000</td>
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<tr>
<td>BANG</td>
<td>1,000</td>
</tr>
<tr>
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<td>1,000</td>
</tr>
<tr>
<td>HONG.K</td>
<td>1,000</td>
</tr>
<tr>
<td>SINGA</td>
<td>1,000</td>
</tr>
<tr>
<td>INDONES</td>
<td>1,000</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>1,000</td>
</tr>
<tr>
<td>THAILAND</td>
<td>1,000</td>
</tr>
<tr>
<td>CAMBODIA</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Source: Far Eastern Economic Review Asia 1996 Yearbook
Hong Kong, 1996 (all data for 1993 unless otherwise noted)
Chart created by author from source data

Figure 8
GDP Growth
(Avg 1980-1993)

Source: Far Eastern Economic Review Asia 1996 Yearbook
Hong Kong, 1996 (all data for 1993 unless otherwise noted)
Chart created by author from source data

Figure 11

Defense Share of GDP

Source: Far Eastern Economic Review Asia 1996 Yearbook
Hong Kong, 1996 (all data for 1993 unless otherwise noted)
Chart created by author from source data

Figure 12
Average Inflation
(1980-1993)

Figure 13

Percent of Gross World Product

Figure 14
Major Exports

$ (billions U.S.)

<table>
<thead>
<tr>
<th>Country</th>
<th>textiles</th>
<th>electronics</th>
<th>machinery</th>
<th>base metals</th>
<th>electrical &amp; opt.</th>
<th>oil</th>
<th>natural gas</th>
<th>all</th>
<th>soap &amp; synthetics</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td></td>
<td>15.22</td>
<td></td>
<td></td>
<td>14.38</td>
<td>3.51</td>
<td>1.21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>8.71</td>
<td>5.29</td>
<td>21.82</td>
<td></td>
<td>9.40</td>
<td>2.45</td>
<td>3.86</td>
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</tr>
<tr>
<td>Hong Kong</td>
<td>24.51</td>
<td>15.70</td>
<td>15.30</td>
<td></td>
<td>6.60</td>
<td>5.25</td>
<td>1.42</td>
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</tr>
<tr>
<td>Taiwan</td>
<td>8.71</td>
<td>5.95</td>
<td>13.02</td>
<td>5.49</td>
<td>5.47</td>
<td>6.40</td>
<td>5.44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Korea</td>
<td>13.45</td>
<td>13.33</td>
<td>18.01</td>
<td>6.56</td>
<td>5.35</td>
<td>6.42</td>
<td>5.22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hong Kong, 1995-6 (all data for 1993 unless otherwise noted)
Chart created by author from source data

Figure 15

Major Imports

$ (billions U.S.)

<table>
<thead>
<tr>
<th>Country</th>
<th>drugs</th>
<th>food &amp; beverages</th>
<th>machinery</th>
<th>manufactured goods</th>
<th>textiles</th>
<th>petroleum</th>
<th>natural gas</th>
<th>all</th>
<th>steel &amp; iron products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1.685</td>
<td>5.850</td>
<td>8.770</td>
<td>2.600</td>
<td>1.480</td>
<td>4.930</td>
<td>1.730</td>
<td>1.35</td>
<td>1.840</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1.362</td>
<td>5.130</td>
<td>12.150</td>
<td>4.000</td>
<td>1.840</td>
<td>8.885</td>
<td>6.380</td>
<td>0.95</td>
<td>8.980</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1.600</td>
<td>7.100</td>
<td>7.330</td>
<td>3.740</td>
<td>3.870</td>
<td>2.980</td>
<td>1.640</td>
<td>1.54</td>
<td>1.580</td>
</tr>
<tr>
<td>South Korea</td>
<td>1.599</td>
<td>6.890</td>
<td>9.790</td>
<td>6.800</td>
<td>3.900</td>
<td>13.100</td>
<td>13.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hong Kong, 1995-6 (all data for 1993 unless otherwise noted)
Chart created by author from source data

Figure 16


7. Ibid., 190.

8. Ibid., 173.


20. Ibid., 31.


22. Cooper, *Taiwan, Nation State or Province?*, 97.


24. Cooper, *Taiwan, Nation State or Province?*, 30, 97, and Vuylsteke, "In Search of Fairness", 30.


26. Ibid., 790.

27. Cooper, *Taiwan, Nation State or Province?*, 31.


31. Ibid.


36. Ibid., 170.

37. Ibid.


42. Ibid.

43. Ibid., 958, 922.


48. Chang and Lasater, *If China Crosses the Taiwan Strait*, 105.


52. Ibid.
53. Ibid., 161.
54. Ibid.
55. Ibid., 164.
56. Ibid., 164-5.
57. Ibid., 162-3.
66. Constantine, "Weinberger calls for strong stand behind Taiwan", p. 15.
68. Kristof, "The Real Chinese Threat.", 50.
69. Hsu, The Rise of Modern China, 921.
70. Ibid., 959.


78. Ibid., 2.

79. Ibid., 24.
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