

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

**REFRAMING CHINA POLICY
THE CARNEGIE DEBATES 2006-2008**

**U.S. POLICY TOWARD TAIWAN:
TIME FOR CHANGE**

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MICHAEL SWAINE: (In progress) – Ma Ying-jeou who won by over 2.2 million votes and about 58 percent of the vote, larger than the supposed landslide that Lee Teng-hui obtained back in April of 1990 in the first popular-elected presidential election, and really reinforced the vote in January for the Legislative Yuan in Taiwan that resulted also in a 58 percent vote in favor of the Kuomintang or the pan-blue, and has resulted in what is essentially – at least statistically – a veto-proof majority for the Kuomintang in the Legislative Yuan.

Now, some might say that this resulting Kuomintang victory in both the LY and the presidential election has really heralded or will open the door towards a basic change in the cross-strait situation and reduce enormously the possibility of instability and increase very much moderation and restraint in the cross-strait situation. My own view is that I think there is still major challenges that are ahead for the United States in managing the Taiwan situation, despite what we've seen in the election polls in the last two elections in Taiwan.

It still faces the challenge of maintaining and sustaining stability across the Taiwan Strait in the face of a ongoing buildup in Chinese military capabilities to try and sustain or improve cooperative relations with Beijing at the same time, for many different reasons that include but go well beyond the Taiwan issue, and to try to encourage greater contact and dialogue without getting drawn into the maneuvering and manipulation that could occur between Beijing and Taipei. All of these mark very significant challenges for U.S. policy.

Now, some people believe that from here on out, the United States should really try to take a more active role in encouraging dialogue, given the more moderate position of the Kuomintang government in Taiwan and that this should be a facilitator in many ways to doing this. The United States should. Others emphasize in fact that the United States should remain in a hands-off kind of a role in a cross-strait interaction and indeed should provide more assistance to some degree for Taiwan in resisting possible pressures in the future across the strait as a result of China's military buildup, China's economic influence over Taiwan, et cetera. Indeed, some people believe that the Kuomintang victory in Taiwan could lead to greater PRC pressure by way of impatience to try to make some real substantial progress in towards unification and that the U.S. should try to resist that.

So you do have different views on this issue. And today, we have a panel of four experts who really are ideal in addressing this question of U.S. policy towards Taiwan. They have a combination of both significant expertise on the question and also very significant policy-related experience in the past. Let me just introduce our four panelists.

Starting on my far left, Peter Brookes is a senior fellow at the Heritage Foundation and also a commissioner with the U.S.-China Economic and Security Review Commission. Before joining Heritage, Peter served in the George W. Bush administration as deputy assistant secretary of Defense for Asian and Pacific affairs. He also, prior to that, worked as a professional staff member here on the Hill with the Committee on International Relations in the House of Representatives.

Doug Paal on my far right was the director of the American Institute in Taiwan, the unofficial instrument for U.S. relations with Taiwan, from April of '02 to January '06. He was president before that of the Asia-Pacific Policy Center here in Washington, a non-profit

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institution. And prior to that, Doug was the special assistant to President Bush for national security affairs – that's the previous president, Bush 41 – and senior director for Asian affairs on the National Security Council. He also served previously to that in the Reagan administration. He's worked in the State Department policy planning staff and as a senior analyst in the CIA.

Alan Romberg to my immediate right is distinguished fellow and director of the East Asian program at the Henry L. Stimson Center. Prior to joining the Stimson Center, Alan served as principal deputy director of the State Department's policy planning staff, senior advisor and director of the Washington office of the U.S. permanent representative to the United Nations, and special assistant to the secretary of the Navy. Alan was director of research and studies at the USIP and was also, for a long period of time, the star senior fellow for Asian studies at the Council on Foreign Relations.

And then last but not least, on my immediate left, Randy Schriver who is one of five founding members of Armitage International, a consulting firm that specializes in international business development and strategies. He is also a senior associate at the Center for Strategic and International Studies. Prior to doing this, Randy served as deputy assistant secretary of State for East Asia and Pacific affairs, responsible for the PRC, Taiwan, Mongolia, Hong Kong, Australia, New Zealand, and the Pacific Islands. He also served as chief of staff and senior policy advisor to deputy secretary of State Richard Armitage. Before that was in the Navy Intelligence, and has served also during the Bush administration in the defense transition team.

So we have four very distinguished participants for this event today. And I'm sure we'll learn a lot. Now, let me just say a brief word about the format before we begin with some introductory statements. We're going to have basically three sections: opening statements by each of the four, which will be about five minutes or so. Then, we're going to have a discussion that's going to focus on three questions. And the three questions are in the brochure, the pamphlet that's been passed out to you. And these questions deal essentially with the issue of significant trends and developments in Taiwan, the basic stakes for the United States regarding Taiwan, and U.S. policy – where it is today and where it should go in the future.

After we have this discussion, which I'll moderate, we'll open this up to question and answer from you. And we're going to have questions as in the past submitted by card. We have some cards that are on your seats. If you have questions, please write them on those cards and pass them to people who will take the cards. Who are two people who will be taking the cards – over on this side of the room and over there on that side of the room – you can pass these to each way and give the cards and they'll be sent up to me. So we'll have the Q&A for about 30 minutes. And if we have any time, we'll have some concluding statements from the four, but we probably won't because we're on a fairly tight schedule and there are four participants.

Now, before we begin, I just want to say finally – express our thanks very much to Senator Robert Casey Jr. for making this space available to us today and to the GE Foundation, our corporate sponsor, for making this whole series possible. We're very indebted to them.

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So let's begin now with initial opening remarks, starting with Peter Brookes on my left. Peter?

PETER BROOKES: Thank you. Thank you very much, Michael. Good morning, everyone. Thank you for having me here to talk about Taiwan. It's a great pleasure to be here with Randy and Alan and Doug as well.

And I think it's a particularly interesting time to be talking about Taiwan, especially after the elections last weekend in Taiwan and the upcoming presidential elections here in the United States. In fact, I think some of the people on the panel were actually in Taiwan this week. But Michael's going to be a strict task master in terms of time, so let me get on with it.

The great American philosopher Yogi Berra once said that it's tough to make predictions, especially about the future. He's right; the same is true about the situation across the Taiwan Strait. It's hard to predict what will happen today, much less what will happen over the short, medium, and long term. Just last weekend, Taiwan held presidential elections and will install a new government from the opposition party in the spring which has promised new policies towards its cross-strait rival China. Be that as it may, my initial glib response doesn't really help us in answering the question at hand, which is a matter of tremendous gravity for the U.S. and the Asia-Pacific region. But the fact is that we can't always predict incidents, misperceptions, or miscalculations which could tragically lead us in the direction of or to a conflict in the Taiwan Strait.

But please don't misunderstand me; I'm not saying we're heading in a direction of conflict in the Taiwan Strait. It is my assessment though that while the situation across the Taiwan Strait is not ideal, it is at the very least stable; that's a good thing. From my perspective, the political situation across the Taiwan Strait is pretty much in a stasis and has been for some time. That situation might change with the presidential election in Taiwan this past weekend leading to greater dialogue between the two parties, although the Chinese are probably willing to wait out another democratically elected Taiwan administration if their policies are not to their liking. In my view, Beijing clearly sees things as going their way on a number of fronts, and undoubtedly sees time is on their side regarding unification with Taiwan.

Any number of events could upset the prevailing delicate but peaceful equilibrium across the strait, but Beijing has been quite restrained in reacting to events that in the past might have spurred a significant increase in tensions. We just have to look back to 1996 and the elections on Taiwan then and the missiles that bracketed the island. Efforts to isolate Taiwan diplomatically, especially through turning diplomatic recognition from China to Taiwan and frustrating Taiwan's effort to find more international space for its people will continue. Economic integration continues apace involving huge amounts of capital despite efforts by the current Taiwanese administration to limit it.

The new Taiwanese administration under Ma is promising more integration. One can certainly argue the benefits or disadvantages of this economic integration between China and Taiwan on peace and stability across the Taiwan Strait, but the fact seems to be that a

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robust economic relationship between Taiwan and China will continue for the foreseeable future. Militarily, the situation is a bit more problematic, based on the evidence as recently provided by the Pentagon in its annual report to Congress. The military balance between China and Taiwan swung towards Beijing perhaps irrevocably several years ago. In my view, the situation isn't any better today with plenty of blame to go around for the current state of affairs. Regrettably, it's not likely to get better, although Taiwan should be convinced of the military threat it faces from the growing might of the People's Liberation Army.

In the end, the cross-strait situation is manageable, as it has been in the past, but if and only if all the major parties involved act responsibly, since prevailing circumstances have the capacity of edging towards instability. Unilateral change in the status quo won't built confidence and could lead to unforeseen circumstances. Unfortunately, even with the maintenance of the status quo, managing a situation can't be guaranteed, even with the best intentions of policymakers, leaving open the possibility of unwelcome events in the Pacific in the years to come. While U.S. policy should be principled, it must also be flexible enough to deal with the evolving situation, and must also support U.S. interests. It's axiomatic that U.S. interests will not always align with that of other parties involved. Moreover, under no circumstances is the United States required to accept the decisions by any of the parties involved that it doesn't see as in its national interests.

The potentially unsettled security waters of the Taiwan Strait will likely continue to be a challenge for the United States for some time to come, requiring thoughtful navigation skills on the part of U.S. policymakers. An appropriate policy would include, among other things, promoting peace and stability in the region, ensuring the security of Taiwan's democracy, not forcing the democratic Taiwan into a forced political marriage with an authoritarian China, and deterring Chinese military moves against Taiwan through arms sales and American military readiness. Moreover, Beijing can have no illusions with regard to America's commitment to Taiwan security. Public statements to this effect by an American administration are important and will hopefully add to the stability across the Taiwan Strait, advancing the best interests of the United States in the Asia-Pacific region. Thank you.

MR. SWAINE: (Chuckles.)

MR. BROOKES: I was looking at her time cards. I knew I had less than a minute left, so I did it.

MR. SWAINE: All right, Doug?

DOUGLAS H. PAAL: Well, thank you, Michael, and everybody here on the panel and in the audience. It's nice to see so many friends from a variety of walks of life in this town. I thought, given the very significant results of the election over the weekend, I would open up by talking about what I see as having changed and what has not changed and what some of the implications would be, very briefly.

First, the result of the election was quite substantial. There was a 58-to-42 split and all of us in this building here today recognize that evenly split electorates are very different from when you have a very strong mandate. There's not just a Ma mandate in this election after this weekend; last January they held a Legislative Yuan election which was also –

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produced a popular vote result of 58 to 42 and an outsized majority of 85 controlled seats by the KMT against 125 total, with only 27 in the hand of the DPP, the Democratic Progressive Party.

Now, what has changed? We have been, for the last 10 years or so, been dealing with differences between the government in Taipei and the government in Washington and Beijing over the One-China Policy. The ambiguity of the One-China Policy had sustained Taiwan's autonomy and democratic growth and economic flourishing for some 25 years, but it came under attack beginning in the Li Deng-Hue period, and extensively so in the Chen Shui-bian period. And now we in Congress, I think, you felt a lot of pressure from various interest groups to try to force the U.S. administration to change its One-China Policy. I think that attack, that front is going to dissolve away at least for the duration of the Ma regime because Ma understands that this is sort of fundamental to creating space for Taiwan in the international environment and for maintaining working relations with us and for Ma to come up with good relations with the Beijing government.

Secondly, what has changed is the end of the political gridlock in Taiwan. The administration was going in one direction under Chen Shui-bian, but it never had control of the legislature and the legislature through its rules, procedures, and split representations essentially blocked a lot of the initiatives that were taken. With the combination of a strong majority, a super majority in the Legislative Yuan and a new administration under Mr. Ma, that gridlock is gone.

Thirdly, and this is unfortunate, I think that Chinese rigidity in dealing with Taiwan has yet to be dissolved, and in fact it's probably the going-in position. One can find experts on Taiwan from the mainland who can anticipate some flexibility in reacting to the Ma government, but we haven't seen much of that; you've just seen slight signs in the rhetoric. And I'm concerned that the atmosphere involving Tibet and the provinces around Tibet where there's been Tibetan uprisings recently will make the government more rigid than might otherwise have been the case as we go forward.

What's not changed – I think despite many of the characterizations and some I think wrongly written headlines, Mr. Ma is not pro-China. He is a man who is very patriotically pro-Taiwan. He understands some flexibilities needed to do better things for Taiwan in its cross-strait economic and other relations with the mainland. Secondly, the military improvement of the People's Liberation Army, China's military modernization, is not going to change. There's – opposite Taiwan, one can anticipate arguing with the PRC about whether or not they've got the right deployments and they should reduce those deployments in light of reduced tensions over political matters, but that has not changed thus far and might be very difficult to do so.

There's also – underlying in Chinese society, there's an extensive schooling of hostility toward Taiwan's independence or its efforts to be more autonomous. Public education, patriotic education, since 1990, these things have gone forward and the public has not been prepared for a new approach by the leadership in Taiwan and the mainland toward Taiwan. And then, finally, among the not unchanged factors is the Taiwan Relations Act, which compels the United States to provide for Taiwan's defense, to seek peace and stability

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in the Western Pacific, and to carry on the unofficial relations between the United States and Taiwan.

Now, this raises some interesting implications, whether Taiwan and the PRC – perhaps with some encouragement from the U.S. but more because it's a bilateral cross-strait issue – there might be some opportunities to create international space for Taiwan. And the first opportunity coming down the shoot is the World Health Assembly in May. The PRC position has always been obstinate but based really on distrust of the Chen Shui-bian government, that if an observer were placed there, great claims would be made of a huge breakthrough in international relations. China wasn't going to give that to Taiwan under Chen. Maybe they'll give it to Taiwan under Ma.

We also will see that the process of selling arms to Taiwan by the United States and the sub-rose (?) and military-to-military cooperation and consultation will be complicated as the political side has to be recalibrated. It will also complicate how the – as the United States and Taiwan interact, how they will interact with other states – Japan, Southeast Asia. They'll be kind of a relay effect on the presumably improved relations among all of these parties and their relations with China.

And then, finally, as I mentioned before, the atmosphere over Tibet and the PRC's growing paranoia about the conduct of the Olympics I think is going to introduce some complications and may not be part of the dialogue on Taiwan yet as they have big ambitions for improving cross-strait interaction. Thank you.

MR. SWAINE: Thank you very much, Doug. Alan –

ALAN D. ROMBERG: Thank you very much. I'm pleased to be here. I am going to be on the "or so" side of Michael's five minutes or so. So I will speak quickly to try and get in my points. First of all, it's important to note that the Taiwan issues has been, and I think really remains, the only issue in the world on which one could find eventual great-power conflict. So that is an important conditioning factor. On the other hand, it is at heart a political issue and so military action won't resolve it. It might postpone it, it might create a new framework of sorts, but this is an issue which begs for political management.

And we've seen even in as tense a period as has already been described that both sides have tried to stay away from moving – that is, both sides of the strait with the U.S. support – have tried to move away from military confrontation. And I think in the new political framework, which Doug just described I think very well and Peter just also, we're going to have consolidation of that movement. The overwhelming victory by Ma Ying-jeou, a man who is committed fundamentally to moderation, to a more stable and sustainable situation across the strait and to restore trust with the United States I think bodes well.

His success in this will depend on doing three things. One is working with the opposition; 40 percent of the people, 42 percent of the people, voted against him. He can't ignore that. Second, Beijing must indeed, as Doug says, move ahead to be more flexible, more creative in responding to the ambitions of the people in Taiwan short of sovereignty. And finally the United States, which I believe has to be quite supportive of this kind of movement because, among other things, unification – if people here were worried about

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unification, it's not on the table. So they don't need to worry about it and I think there is no sustainable argument that better relations across the strait are anything other than in the fundamental U.S. national interest.

We know about the PLA; Michael talked about it in his opening. It won't go into it. It does represent a challenge and as viewed from Taiwan, security point of view, in military terms, a threat. But I think again it can be worked on and Ma has proposed a peace accord. Hu Jintao has proposed a peace accord. That won't be easy, but I think it's something we ought to look for.

What about the U.S. One-China policy, which Michael raised at the outset? I believe it has served very well U.S. national interest, promoting our security and other national interests. And there is no viable alternative to it. It could be tweaked and there have been proposals for doing so. My approach to that is to be more modest about it than some of the proposals which I think go over the line. One needs to keep in mind that peace and stability is not simply an American goal. It's a goal not only of Taiwan also but of the PRC. And we want to make sure that what we do contributes to that rather than detracts from it.

The key issue in the Taiwan issue is sovereignty. The PRC continues to insist – and it will continue to insist – that there is only one China, that Taiwan and the mainland are both parts of that one China and that sovereignty and territory are indivisible. Taiwan, obviously, takes a different point of view and even Ma Ying-jeou would not differ from the notion that Taiwan or the Republic of China is a sovereign state and that it does not come under PRC aegis at all.

So their positions are incompatible, but Ma Ying-jeou will adopt a position described as One-China respective interpretations. Neither side will except the other side's interpretation, but that will be as one might say good enough for government work and I think they will make a lot of progress in that way. I think any tweaking of the policy needs to take account of the realities across the strait, of the sovereignty issue, and of the desire of both sides to move ahead. But it also needs to take account of U.S. promises and commitments in the past in forming normalization in the first place and in the years since. And I don't think we should change policy without careful consideration of what that means.

Michael raised initially in the questions you've been given the issue, are we really trying to kick the can down the road until things change and we can get a peaceful outcome? I think, in essence, we are trying to do that. But it's going to take a very long time, measured no doubt in decades, and U.S. policy continues to play a very important role in allowing that to continue. In the meantime, what that policy does is provide for Taiwan a secure and stable environment in which it has a robust democratic and economic development, in which its security has been basically assured and, yet, while we can move ahead with the PRC across a broad range of critical issues. So I think that what we need to keep in mind is that for the United States, the issue of what the relationship is across the strait is not for us. For us, the issue is how that relationship is forged. There our insistence on a peaceful and non-coercive approach I think is correct and will continue.

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Is it a confusing and complex policy? Well, it sure is complex and I would argue it's confusing if people don't take the time to study it. And I hope that our leadership will and particularly the new leadership that will come in next year will take account or take the time to understand the policy. It is not in the U.S. interest, obviously, to have Taiwan taken over by force or coerced. I don't think that's what we're looking at. I don't think that's where the PRC is in its policy, but we need to maintain and sustain our own approach in our relationship with Taiwan in ways that will make sure that there is no mistaking our intention in this regard.

Michael talked about the arguments for change in our policy. Some would have us recognize reality, recognize Taiwan as a sovereign state. Others would have us push for unification because, after all, Taiwan independence is not on. And others would, as Michael said, have us play a much more active role. I'm certainly not for either pushing for or supporting independence or unification. As I said, that's the issue and I share the concerns he expressed and the reservations about becoming too actively involved. But I think, again, to repeat what I said earlier, I think that it is very important that the United States make known that we are not only not opposed, but we support closer cross-strait relations, that it is in the U.S. interest, and that we are going to have close relations on an official basis with the PRC and on an unofficial basis with Taiwan in support of those kinds of relationships.

Does it add up to satisfaction for the people of Taiwan and they think what they deserve? No. But it does allow them to live in safety, promote their democracy and economy, and it does serve American vital interests. Thank you.

MR. SWAINE: Thank you very much, Alan. Randy –

RANDY SHRIVER: Thank you very much, Michael. Thank you for the invitation and thanks for honoring me by including me on such a distinguished panel in such fine company. It's a challenge to go forth with such distinguished speakers preceding me, but this is Washington. I have a Washington in front of me and I have five minutes, so – (laughter) – even if there's overlap, I'm going to use my time.

Remarkable events in Taiwan over the weekend and a lot of optimism and euphoria, in fact, so much euphoria in the United States, it looked as though we were almost prepared to send ballistic missiles to Taiwan. (Laughter.) Apparently, that was an error. (Laughter.) But a lot of positive feelings and optimism and I think that's good – optimism is good and appropriate in this case, but I agree with some of the other previous speakers; we do need to have a sober mind about this and give really quality analysis to what the impact of this election actually is. What are the factors and elements that will change in rather short order, rather quickly? And what elements and factors will likely not change and how this will all sort of unfold.

And I think there is a great opportunity here. I would see certainly a pause in cross-strait tension and an opportunity to get on a better footing, get on a better path. But an opportunity is just that. It really does require people seizing the opportunity and in this case I would say that is the responsibility of all three of the major parties and others as well. But we'll primarily probably talk about the three major participants in this today.

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It's fairly clear the direction that Ma Ying-jeou would like to go. There may be challenges for him to achieve this agenda, but he has been fairly clear and articulate about what he wants to do. What is less clear is how China may respond and how the United States may respond because, as I said, there are several factors that this election won't impact in the short term. A lot of hard work is required and a lot of investment is required to fundamentally change some of these things.

And then there are other things that won't be addressed at all through the results of this election that are just sort of permanently part of the fabric. Some of the things have already been mentioned, but I'll reiterate; China's military modernization is of great concern I think to Taiwan, but also the United States and others in the Asia-Pacific region. Obviously, this election doesn't impact that immediately. It may eventually impact how China is postured and oriented, but that remains to be seen. Taiwan's military modernization efforts to date have been insufficient to meet the growing threat that Ma Ying-jeou has talked about, spending 3 percent of GDP on military, on the defense budget, if that's in fact going to be a fact of the next Taiwan administration. I think that would be a positive thing, but, to date, over the last decade, the disparity has been growing because both sides have been contributing to that, the PRC in the build-up and Taiwan on the atrophy of their capabilities.

The strategic distraction of the United States is not fundamentally going to change for the duration of this administration and I would say probably into the next. We are more focused on Iraq and the Middle East for obvious reasons. Some of the characteristics of Taiwan's domestic politics I think are fundamentally changed about identity and about character and how Taiwan perceives itself in relation to the PRC.

The role of the PLA in China – I think an increasingly hard-line voice in their decisionmaking system and some questions about civilian control of the PLA. I think Beijing's profound discomfort with democracy, profound democracy with dissent is something that is not likely to be impacted immediately by this election. So there's a lot of things out there that will require a lot of work.

And the questions are, is China ready to take yes for an answer? This is sort of what they had hoped for all along, right, Guo Ming Dang control of the legislature and the presidency and articulated policies that are more moderate and accommodating. Are they ready to take yes for an answer? Is the United States prepared to do things that in my view and I'm sure there would be debate among our group here that would contribute to greater long-term stability because, again, as I said at the outset, an opportunity is just that and it needs to be seized upon.

I think there are things the United States should do right away. I do think Ma Ying-jeou should come to the United States before he is inaugurated. I would like to see the F-16s released in a very short order. I would like to see an agreement to craft a bilateral agenda with Taiwan that is much more robust than we currently have. I'd like the administration to commit to sending a very senior and appropriate representative to the inauguration.

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But the ball is in China's court as well. So far, we've heard from our Chinese friends, give us time, give us distance, give us space to work through this. That is the expected response from our friends in China. But while China is playing "wait and see," things will happen. And I would much rather see a more proactive approach from our Chinese friends, whether that's in the offing or not remains to be seen, but an excellent suggestion on the World Health Assembly.

I suggested to some Chinese friends the other day, why doesn't China send somebody to the inauguration in Taipei? They almost fell out of their seats. (Laughter.) But I don't think that should be taken off the table or ruled out. There are ways a representative in a non-official capacity could be selected and I think that would be a great gesture on the part of our friends in China. So I look forward to the discussion and thank you.

MR. SWAINE: Great. Thank you very much, Randy. Well, those are the four sort of opening views of the participants. What I'd like to do now is have a more focused discussion among us of three basic issues which I mentioned in my opening remarks and which you have in your pamphlet. And the first really is to try and get a little bit more at this question about what existing trends are, major trends and features that really do drive the Taiwan situation forward. And we've heard a variety of not necessarily drastically different, but somewhat contrasting emphases on what's the most important aspect of trends that influence the Taiwan situation.

But I guess I would start off by asking the four participants, if they had to really make a bottom-line assessment, if they were briefing a senior decisionmaker in the U.S. government, would they tell them that the situation in Taiwan today is basically regarding Taiwan, not just on Taiwan, but regarding Taiwan, is essentially stable and that it's likely to remain pretty stable for some time to come given existing trends or would they say that the situation really is not all that stable at all and there are some very major possibilities of destabilization that could occur in the near to medium term? And I'd like to start with Peter. What do you think of that? And any other points you might want to make about existing trends and developments, Peter.

MR. BROOKES: I kind of addressed that in my opening remarks. I really can't change those. (Laughter.) And I'm pretty sure that I said that I thought the situation was not ideal, but stable, although, as a security expert, I'm very concerned about China's military modernization, China's military buildup, however you want to phrase it, especially their cyber capabilities, their counter-space capabilities. These are things that are troubling to me because I feel they're directed not only at Taiwan, but at the United States.

So I think that, as I pointed in there, I thought the political situation was in a stasis although we see, we may see some changes with the new Ma administration, although I think we all have to understand that there's going to be a thing I'm calling the Tibet effect and I think the other participants have talked about that and how China, how what's going on in Tibet effects China's views towards Taiwan. Economically, I think there's going to probably be increased integration. And I alluded to it shortly, but I'm a little concerned about the transfer of technology, of Taiwanese technology to the mainland and how that may effect China's military buildup and their capabilities. So I'm a little worried about that.

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And then, of course, as Randy has pointed out, is the fact of the disparity between Taiwan's military capabilities and that of China and I talked about that I guess at the initial – so I think it's stable, but certainly not ideal. Unfortunately, as I mentioned about Yogi Berra, who not everyone in the audience may know, is that things are hard to predict, especially the future. And we always have to keep that in mind; we have to keep that in mind in terms of the flexibility of our policy.

MR. SWAINE: Longer term, Peter, would you say that – I mean, this is a phrase that's often used that the circumstances, that time is essentially on Beijing's side in the Taiwan Strait situation, that if it just continues under existing trends that the leverage that Beijing will accumulate over time will ultimately become insurmountable and that, essentially, Beijing will be able to achieve unification not necessarily fully on its terms, but some type of unification most likely in the cards given existing trends.

MR. BROOKES: Yeah, I wouldn't say that's inevitable. What I said in my statement was that I think Beijing thinks that. I think that's part of their game plan, that the military modernization will be able to deal with Taiwan and also perhaps delay, deter, or deny the United States. They are heavily involved in area denial and area military strategies. They continue to turn diplomatic recognition of Taiwan to China. They probably also see the same sort of attraction based on the economic integration. I think that Beijing believes that's the case. I don't necessarily believe that is inevitable under any circumstances.

MR. SWAINE: Randy –

MR. SHRIVER: I was struck by, in both the draft of the views that you put together for preparation for this conference and in your remarks that my sense is that your assessment of the basic trends regarding Taiwan is not perhaps as optimistic as some other people's might be. You look at the issue of military modernization, you look at the attitude of people on the mainland, and you have some real concerns about whether or not stability can be maintained over time and you think they're – we'll get the policy element of this in a minute, but is that basically how you'd view this? I mean, if you had to look at it, are you generally pessimistic about the situation given existing trends?

MR. BROOKES: Well, I did not that this is called the Carnegie debates and I sort of made some assumptions about why you might have invited me, so I decided to maybe take a little bit of a pessimistic view. But, no, more seriously, I think there are several trends that are unfolding simultaneously that if not arrested or reversed will ultimately lead to great difficulty. So I don't think it's stable. Is it – the different question, which you didn't ask to Peter, but I think was in your written question, is it manageable? I think it is manageable. But it requires very significant work.

Alan often usefully points out that this is not a military – this is not primarily a military dispute and cannot be solved through military means. It needs to be solved politically. But I think, primarily, the party that's militarized this is China and the necessity for China to do different things to demilitarize the environment will be extremely difficult. Now, maybe with a proposal from Taiwan for a peace accord and that has been mentioned on the Chinese side as well, that will give them a point of departure to talk about how to demilitarize things, but I just think politics and intent can change rather rapidly. And if

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some of these other trends aren't addressed in a pretty serious effort, then we can find ourselves in a position of great difficulty in pretty short order.

The other thing I don't think we've talked a lot about so far is the U.S.-China relationship outside just the Taiwan issue. And I think there are potential difficulties in our relationship with China also coming down the pike. If those aren't managed properly and with extreme deftness, well then Taiwan can sort of become the convenient and easy place to take that argument sort of to the next level and become more serious about your differences even if the real fundamental distrust is coming from other issues initially. So even if Taiwan sort of maneuvers temporarily into a better place, tension in the U.S.-China relationship over time can lead to quick turns in the Taiwan Strait as well.

MR. SWAINE: Great. Doug, do you basically agree with Randy's assessment on this or – anything you'd change or would you –

MR. PAAL: Some parts of it I'd agree with. I think, to answer your initial question, the situation is one where we have achieved with this election, the two elections, the basis for a dynamic stability, not the kind of stability you get from a tomb, but a dynamic stability with lots of back and forth in each of the given issue areas that cross-strait and our own relationships.

I think that the Taiwan issue has been the one issue that could bring the U.S. and China into conflict and basically ruin the 21st century. And that, the nitroglycerine quality of the issue has been changed a lot by just the politics of what's happened in the last few months and especially last weekend's election. I've known Ma for 25 years or so and he is a very principled person of moderate character whose – if you lived in the political life of our campaign, everybody's living with a lot of tension and excitement and allegations and counter-allegations, square that for anybody in Taiwan. It's just a tough place, politically; it's a tough environment.

And Ma has been a center-of-the-storm calm for years. And I think that's good for the United States. That tells us that we've got people who are rational and cool and long-term in their thinking. And now, the challenge for us is to be somewhat the same ourselves. We've – Randy mentioned the F-16 issue. I think before we jump into endorsement of this weapons system or that weapons system, we ought to think, what's our objective?

Our objective is the peace and stability of the region. And the weapons systems that are put on the agenda, Ma has pledged to bring the spending on Taiwan's still-deficient defense forces up to 3 percent, could go to a lot of things. Taiwan is – from a military point of view, Taiwan is an immensely defensible island. It doesn't need offensive capabilities to protect its own autonomy and long-term separation from the mainland. But it does need to do some things. And I think a lot of these will require careful analysis and not politicization, but take a long-term look at how do we get to where we want to be, which is long-term peace and stability in the region. Thanks.

MR. SWAINE: Alan –

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MR. ROMBERG: I agree with a lot of what has been said. As to Peter's point about not being ideal, you know, one person's ideal is another person's nightmare, so I think what we're looking at is, where can we find sort of second-best approaches which serve everybody's interest. And I think we can and I think that's where we're moving, frankly.

I agree with Randy's emphasis on the fact that military modernization and so on is a reality and Peter's point about that. The PRC is not going to give up a deterrent against Taiwan independence no matter who the leader in Taiwan is. It can reduce and I think it probably will reduce the immediate military sense of threat – I hope so anyways – under a peace-agreement negotiation. But maintaining that deterrent means that Taiwan will also have the requirement to maintain a strong defense. But, as Doug is pointing out, there are ways and there are ways of doing that. And I think we need to think carefully about it.

And the United States needs to maintain its capability. Randy's point about the U.S.-PRC relationship being much broader than Taiwan is absolutely correct. And so not only from a Taiwan point of view though also from a Taiwan point of view, the U.S. has to and I think is trying, though I don't know if it's adequate, to maintain its own military capabilities.

But I want to go back to my point about political framework and the importance of this, the centrality of this. I think it is – to go to Michael's question about stability – I think it is largely certainly managed at this point. I think it will become more stable. I think that we're going to see, if everybody does what they say will do, including the PRC, we will move to greater stability. A few years ago, Beijing moved from a policy of pressing unification to blocking independence as its primary goal. Has it given up unification? By no means, but I think it makes sense for the PRC to adopt that position and to continue in that role for quite a long time.

And in the meantime, the relationships across the strait, I believe can and should and I think with help under this particular incoming administration will develop in ways which will alter the political framework, make it much more sustainable. And the tendency or the temptation to try to use other means over time to resolve this issue I think will fade even from where they are now. Finally, to repeat what a lot of people have said and what I've said, if Beijing fails to rise to the strategic opportunity, they could undermine the entire process. And I hope that the various people that all of us have talked to over time, both official and unofficial experts in the mainland who talk about seizing the strategic opportunity, are indeed correct and will follow through.

MR. SWAINE: Thank you. This – what you've all said is in many ways I think at root optimistic in the sense that although you recognize that there is certainly a basis for adverse trends and developments and ones that have been enumerated by Randy in particular. The situation certainly remains manageable and I don't hear any identification of major factors that are currently at work that would likely make it unmanageable. Alan refers to the failure of Beijing to take the opportunity that's presented by the Ma Ying-jeou victory. That sort of raises to my mind the obvious question of what that means. I mean, what is the response that Beijing should take to this? How far should Beijing go? And it raises the whole question about what is the level of accommodation that is possible between Beijing and Taiwan even given the Guo Ming Dang victory.

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And I should point out, related to this, people told us in Taiwan, many people said, don't misinterpret this victory by Ma Ying-jeou as an endorsement or a major shift by the population on Taiwan in favor of the Guo Ming Dang. To a great extent, this victory reflects the dissatisfaction with the Chen Shui-bien government and the support for Ma Ying-jeou as an individual – his charisma, his personality to some degree – and not a mandate for rule by the Guo Ming Dang.

So that raises the obvious problem of mismanagement on the part of the Guo Ming Dang and the kind of pressure that the Guo Ming Dang might be able to level against Ma Ying-jeou in certain directions that could undermine stability. So, you know, I'm sort of asking, is there a dark cloud within some of this?

MR. PAAL: Let me just take a quick cut at that. I think that – I guess I would argue it was more of a victory for the KMT than Michael's interlocutors in Taipei suggested. But it's both. And I think that one of the things, one of the reasons that Beijing needs to reach out and do the things that will support Ma in a cross-strait agenda is because otherwise he will not have the political support within Taiwan. He does have a challenge within the KMT, but he also has a challenge to reach out to the opposition and make it clear he's not going to sell out Taiwan. He obviously has no intention to do that, but the suspicion still exists. But I think that, what can the PRC do?

I strongly endorse the WHA point. There's a meeting at the end of April before Ma takes office. I think that would be an important opportunity for Beijing to change its approach and to allow observer status for Taiwan which does not touch on sovereignty. And there are other things in international organizations not made up of states, for example. The PRC has been pushing to have these delegations labeled as from Taiwan, China. They should knock it off. There's no reason to introduce that political agenda to a non-political circumstance. So I think there's a lot they can do, but I agree with you, Michael. I think there are challenges on all fronts and people need to rise to the challenge.

MR. SCHRIVER: Yeah, I think Ma Ying-jeou primarily won the election because he convinced people in Taiwan that the economy is actually worse than it is, convinced people that 4 percent growth just wasn't good enough and that they could do better. Maybe they can. He persuaded people that a better relationship across the strait would lead to economic growth in rather short order and I think people were persuaded by that. Secondarily, maybe fatigue with the Chen administration and the DPP, fatigue fueled by a variety of things, maybe questions about corruption and competence which of course, the opposition fueled. But that's politics.

So I don't think it was as you've heard from friends in Taipei, an outright endorsement necessarily of the Guo Ming Dang agenda and calling for an entirely different approach to cross-strait relations or relations with the United States. Yogi Berra also said, when you come to a fork in the road, take it. So this is really the question. Is China prepared to take yes for an answer and are we prepared to do some things?

I think China could do several things. WHA, I do think they could send somebody to the inaugural. I do think they, you know, the Olympics is turning into such a, well, potentially such a bad story for China unless some things turn around quickly. Boy,

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wouldn't it be great if they did something very nice for the Taiwan delegation to the Olympics, how they marched into the stadium or – there's plenty of opportunities that are mostly symbolic that wouldn't really cost the PRC a great deal, but to reach out and show that they're prepared for a more positive relationship across the strait.

MR. SWAINE: Before we turn to the next question, Peter or Doug, if you have a –

MR. BROOKES: I just had a quick one. I may be out of step with the rest of the panelists on this, but I don't think that the Chinese are going to reach very far towards the new Taiwanese administration, especially considering the issue of Tibet. I think, in fact my view is that although I'm not basing this on anything I've heard out of China is that their views will harden and for afraid to loosen a rein because of the situation in Tibet. And I'm going to call this the "Tibet effect." I agree in theory that that's certainly a possibility and there is a window of opportunity for doing this with a new administration, but my sense is that Chinese views may indeed harden towards Taiwan for fear of having an additional problem on their hands.

MR. SWAINE: Can you comment, Doug?

MR. PAAL: Well, every election is always going to produce Rashômon-like interpretations of what were the major factors. When I was in my service in Taipei, December of 2004 was palpably a turning point. And if you look at Jung jer dashuez (ph) polling data, you can see that the public really reversed its support for the DPP and turned toward the KMT at that time and it was because of a perception that the politics of Taiwan, which had been stridently promoting an independence agenda and at the end of the One-China policy, et cetera, were getting in the way of the economic benefits.

And you go – one Sunday afternoon, just talking to business people they said, you know, the accumulated disadvantages of the policy of the Chen Shui-bien government was now hurting their business and they're not getting as much out of it as they wanted to. I think that was my take on why the election went the way it did. And I think that's going to motivate the Ma administration very strongly to get going with cross-strait flights on a more regular basis, much more regular basis, to get rid of the 40-percent capital transfer limitation, which has kept American firms from home-basing themselves in Taiwan.

Taiwan is an attractive place for American firms because the schools are good and the legal system is good and it's good housing. There is lots of potential, lots of potential to be realized if they follow through on it.

MR. SWAINE: Great. Excellent. Thank you all very much. Let's turn to the second issue which really focuses very much on what's the U.S. stake in all of this, ultimately. I mean, a lot of – obviously, there's a long history between the U.S. and Taiwan. Taiwan is now a democratic political system. Relations between Taiwan and the United States have been very close, but the United States has some major fundamental interests in maintaining good relations with China as well. So it has to walk a tightrope to some degree in dealing with both the mainland and with Taiwan, in addition.

And this point I would like all four participants to really address because it really reflects and – in my own view, it relates to a very strong perception on the part of people

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both in the mainland and in Taiwan. This is one point where they seem to both agree. And that is, at root, is it in the interest of the United States to maintain a kind of tense separation between China and Taiwan that serves American strategic interests by preventing unification and preventing independence, moving in one direction or the other and thereby keeping the situation at a low boil, if you will, that distracts China, diverts Chinese attention and resources, and provides some strategic leverage to the United States?

This is a very common perception that you encounter in both Taiwan and in China. And I'd like all four participants to address that, but also to talk about what they think are the essential stakes for the United States in the Taiwan situation, if they want to – Peter, why don't we start with you?

MR. BROOKES: Yeah, that's an interesting point. I don't support a policy that would keep things at a low boil across the Taiwan Strait, but I guess I probably know some people who might advocate that sort of policy. And I would be concerned about something like that spinning obviously, you know, spinning out of control. And what was – I'm sorry, what was the second part of your question? I wrote the first part down, but –

MR. SWAINE: Well, the second one was basically just what you do think are their – if that isn't the case, if that isn't what is U.S. interest, what would you say are the core interests that the United States has to keep in mind in dealing with Taiwan that – if you have anything to add beyond what you've said already.

MR. BROOKES: Yeah, I mean, I think the other issue that I would say that others may not say, but I imagine they probably would, that other than the obvious, the importance of Taiwan as a progressive, free-market democracy that respects human rights and is an example to many other countries in the Asia-Pacific region and beyond, is also because of our security commitments in xx and the Taiwan Relations Act and elsewhere, the importance of how our allies look at our relationship with Taiwan, what effect it would have on our relationship with the Japanese or with the South Koreans or with our allies in Southeast Asia. So I think that's another important issue that I'm sure everybody at this panel would probably agree with, but maybe not everybody in the audience had thought of.

But I mean, you know, there's obviously a list of reasons, the importance of Taiwan and the stake that the United States has in Taiwan that we're all familiar with. But I would just add the additional one of our alliance structure in Asia and the importance of meeting our commitments to our friends and allies.

MR. SWAINE: Thank you, Peter. Alan, what's your view on this?

MR. ROMBERG: Yeah, I agree with most of what Peter just said. On the keeping things on a boil, I would say obviously not; I agree that it would risk spinning out of control. I don't think that it is – it would waste this opportunity right now, for example, to bring things down to a manageable, positive relationship for a very long time to come. I think we're at a turning point here and I think it's important to take advantage of it.

What the U.S. interest here is, in addition to, let's say, avoiding war, which is a good thing, to support Taiwan's democracy and economic prosperity; to maintain U.S. credibility,

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as Peter suggested, even though we don't have a defense commitment to Taiwan. We have commitments to provide defensive military equipment; we have a grave concern if things were to be – if there'd be coercion of any sort and so on, but we don't have a formal commitment. Nonetheless, there is an issue of credibility at stake and I think we need to pay attention to that and also the relationship with China.

But I think that also, it's been articulated since the Clinton administration; it's not a new thing in the Bush administration. The U.S. has to be opposed to efforts by either side to unilaterally change the status quo, and by that I mean to – with each side having a very different definition, as I said before, neither side should seek to try and take its definition and impose it, either on the other side or on the international community. And if we can maintain that I think we can maintain stability, and I think that's a very important stake for us.

MR. SWAINE: So you'd say, Alan, just to follow up, the status quo as you define it really is defined more by things that shouldn't be done than by what things currently are.

MR. ROMBERG: Everybody has a different definition of the status quo, right? The PRC's definition is that there's one China, of which Taiwan and the PRC mainland are both parts; sovereignty and territory are indivisible. Taiwan's definition is about to change, to some extent, with the changing administration, but basically it doesn't accept this notion that there is one China with the capital in Beijing, and that Taiwan is a sort of subordinate part to it. Rather, it is a sovereign state and does not come under the PRC.

The U.S. obviously switched recognition from Taipei to Beijing in 1979, but it has left it up to the two parties to decide Taiwan's future relationship with the mainland. That is not something that has been determined; that's something they should determine peacefully. And if either side sought to impose its view on the other side, that would clearly upset peace and stability. And so that is a crucial element in the U.S. position on the status quo.

MR. SWAINE: Randy, do you have comments on –

MR. SCHRIVER: Sure.

MR. SWAINE: – perception in Taiwan and China about U.S. policy?

MR. SCHRIVER: Sure. The idea of maintaining a low-boil policy, we're just not that good. (Chuckles.) I mean, it's – I know some that may be tempted to pursue that, but none of them have worked in one of our great bureaucracies at the State Department or the Defense Department to think that you could actually manage it with that much deftness and skill. We're just not that good; the dangers of trying to maintain a low boil are too great.

I do think that changes are merited. I think the way we've been doing things leads to difficulties, and we will repeat the same mistakes if we don't tweak some things. But I'm not for throwing out the entire framework or scrapping One-China or scrapping strategic ambiguity. I think things can be tweaked within the framework so that we can manage things appropriately.

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Maybe there's disagreement with me and others on the panel; I don't think it's in U.S. interest for Taiwan to reunify, be absorbed, become part of, whatever your term of art is, with the PRC as long as the PRC remains an authoritarian government that fundamentally behaves in ways that are inimical to our interests in the international community. Now, if a settlement was arrived at peacefully and with the support of the people of Taiwan, I don't think we should stand in their way and I wouldn't advocate that, but I fundamentally don't think that's in our interest, to see that outcome happen. So I think the preservation of Taiwan's democracy, its room for maneuver, is very important here and in our interest.

One last thing: I think there are – there's sort of an underappreciated and understated interest here. People almost exclusively talk about our interests in the cross-strait environment, our interests in how they manage their affairs between one another. I think we also have a substantial set of interests in our bilateral relationship with Taiwan, and more investment in that relationship could bring greater payoff. Taiwan is poised to do a great deal more in the region and internationally, if given the opportunity to do so. They've been a strong partner in counterterrorism; they've been a strong partner in countering illegal illicit activities. And the list could be much longer, but we often don't think about this as a bilateral relationship worthy of greater investment and potentially greater payoff, and that's where I come out.

MR. SWAINE: Thank you. So you think that it's not really in the interest of the United States for China and Taiwan to be reunified as long as China remains a non-democratic entity, but you don't think the United States should actively try to prevent that from happening if the Taiwan people were to agree to some unification understanding, despite the fact that China would remain non-democratic?

MR. SCHRIVER: Correct. Well, I said two things: as long as they remain authoritarian and their international behavior calls into question whether they're behaving in ways that support our interests globally. But yeah, things happen that are contrary to our interests all the time, and you accommodate and you deal with it because there would be, I think, greater consequences to standing in the way of something that did enjoy the genuine support of the people of Taiwan.

MR. SWAINE: Do others generally agree with that assessment? Doug?

(Cross talk.)

MR. PAAL: All right. First of all, unification's not on the table and I don't think it's going to be on the table for a very long time. Ma has made a specific pledge that he's not even going to talk about it, much less aim for it while he's leader and that means, obviously in his mind, hopefully eight years rather than four. But anyway, I think that's just a realistic approach on his part.

Second of all, the KMT position, going back a long time now, has been that there could only be unification with the democratic mainland. So they would agree with you, Randy, on that point. So I don't really see an issue here that should concern us. I just don't think it is – it was raised in the campaign by the DPP, that somehow we'd immediately get

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de facto unification which would sort of lead to a slippery-slope path to de jure unification; I just don't see it at all.

MR. ROMBERG: I'd like to turn to the fundamental issue that you raised earlier, Michael, about whether or not the United States wants to keep Taiwan separate for its strategic purposes. And I think this is – it's widely claimed but ill understood. The U.S. would see no strategic advantage. If we had Taiwan to arm to the teeth for our own purposes we would get no net advantage, having talked to many military people on this subject, no net advantage in doing so. Taiwan's as vulnerable as it is an opportunity. If China had the island and were to arm it to the teeth for its own purposes, it really wouldn't change things very much in the Western Pacific. It's just a distance of 90 miles or so, in terms of pre-positioning, and would introduce vulnerabilities to the PLA if they were there. So put that to one side.

I think what we often forget is the strategic advantage that was the result – perhaps accidental, but I don't think so – of the United States and China's normalization and management of the Taiwan issue. The United States have engaged in wars in Korea and Vietnam unsuccessfully with a continental power, China. And we had come to the realization as a country, and certainly our military felt, getting involved in a continental struggle on the Asian mainland is not in the U.S. interest. On the other hand, our interests are highly interwoven with the maritime world of East Asia and we have very strong interest in maintaining that maritime posture.

What is the one piece of territory that conflicts the continental power with the maritime power? It was Taiwan. And by the decisions on recognizing the PRC, protecting American continued unofficial interests with Taiwan, we've managed to diffuse the one place that brings the continental and maritime powers into conflict. That was a huge benefit and not been tested in recent years by the last – by the past two Taiwan administrations. And I think that's something that we ought to try to treasure.

Now, add a word of caution. In recent times, the Chinese have been acquiring capabilities that allow them to become more of a maritime actor, and China should think very carefully before it moves toward a posture where it may become a maritime competitor with the United States because on that, our interests are fundamental.

MR. SWAINE: Great, thank you very much.

One thing that comes to mind about this whole issue of the conditions under which you might have reunification, and I certainly accept Alan's point about the position of the Kuomintang government about – and Ma Ying-jeou – on not supporting any type of unification as long as China remains non-democratic, I guess, for me, the problem with that over the long term is that it ultimately says to the Chinese, you won't get a resolution of this situation under your existing regime. You have to change your form of government before it would be in the interests of either Taiwan and perhaps the United States to have a unification of the two sides.

And I'm not by any means advocating that sort of outcome, but to me it raises an unsettling issue in the minds of – an unsettling issue about the Chinese and about their

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attitude towards this, that they could become very, very resistant to that kind of an argument over time, particularly if their capabilities increase significantly, such that they believe that they are highly attractive from an economic perspective and that they have significant capabilities on the military side to back up a desire for unification. And yet, the only thing that stands in the way is the form of government in Beijing which, of course, they totally reject an argument for changing it.

MR. ROMBERG: I'd just go back to the point I made before, that the PRC changed its focus in 2003, 2004 and has maintained it, and I think will continue to maintain it, from pushing unification to blocking independence, and it's codified in the anti-secession law, et cetera. And you know, maybe I just don't talk to the hardest-liners in the PRC, but it's very hard for me to think of a reason why the PRC would abandon that position. It risks war with the United States because while I agree with Doug about the fact that Chinese military modernization, and particularly of the navy, is going to occasion a U.S. response already is in terms of a lot of deployments and so on, that's not a war the PLA wants to fight. It's not a war that the PRC leadership wants to fight.

So as long as the door is left open to some other kind of One-China solution and you know, once we get into that we're into a whole new ball game. What is One-China? What is sovereignty? Those are issues which, I think, will find different definitions as we go way into the future, and ones that I think will lead to the ability to peacefully resolve this issue. So I'm not really as concerned about that as your question would suggest, Michael.

MR. SWAINE: Anybody else? Any comments on this?

MR. PAAL: Well, the Chinese themselves say they want to change their society. There's increasing debate; Wen Jiabao is that he wants to be a more democratic party, if not polity as a whole. So it's not for them to reject an argument such as this. The issue is how fast and how broadly the change comes to China, not whether the change should come.

MR. SWAINE: Why don't we move on, then, to the third question – which really, people have been touching on already and in fact, have made some comments on – which is okay, we understand – I think we understand to some degree the trends that are at work here. We have identified some of the basic stakes and interests that the United States has in the Taiwan situation. Is U.S. policy towards Taiwan today essentially okay? Are we basically – there's been some references to the basic framework being okay, being good, acceptable. I don't see any major objections on the part of any of the four panelists to the essential framework of U.S. policy towards China; that is to say, the One-China policy, based on the One-China policy, the Taiwan Relations Act, and the existing resistance to any unilateral change in the status quo through non-peaceful means.

But I also have heard several people say that the policy needs to be tweaked. We really need to adjust it, we need to modify it for the future. So I'd like to hear from all four panelists as to exactly what they think needs to be done to change U.S. policy and exactly why. And secondly, I'd like to have them address the question of doability. To what extent is it actually possible to make the kind of changes in U.S. policy that they might think is necessary? This is often an issue that I think is overlooked, on the part of many analysts

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who provide recommendations about U.S. policy in all sorts of areas, is the degree to which it is feasible, particularly from a domestic political perspective within the United States.

So I'd like to start with the question of what would you change when you talk about tweaking the policy. Randy?

MR. SCHRIVER: Well, I think there are several flaws in the current approach. I think our communication needs to be strengthened and enhanced and I think, you know, you can send your most able representatives out to Taiwan – I think Doug Paal is one of the best people we've ever had serve in Taipei – but our ability to speak consistent voices, consistent messages, authoritatively, was undermined by others in the administration. And we're to blame for that; that's not Taiwan's fault. But I think there are ways that we can improve that, and there are ways that are not so far outside the envelope. They are things that we've done in terms of phone calls, in terms of how we communicate during transits, in terms of video-teleconferencing. There are things we can do that would make our communication, I think, more authoritative, make it more consistent, and I think we would really see dividends from that.

Number two, I think we have to totally disabuse Beijing of the notion that we can deliver Taiwan for them, or that we are somehow drifting into a de facto co-management environment. I think this is completely inappropriate. It overstates our ability to do this, first of all, to persuade a democratically elected leader of Taiwan to do things that we tell them we want them to do. But also it fundamentally obscures what some of the problems are, if Beijing believes their own rhetoric that all the problems are emanating out of Taipei and if we just do more to prevent Taipei's adventurism, all things would be better. No, they have a big hand in creating the problems and creating the tensions in how they've approached this situation, and we don't want to obscure that for them; we want to accentuate and highlight that for them.

Three, I think our defense relationship could be strengthened in consequential ways. I think that can be done quietly and primarily outside the public eye, but I think it's required in order to strengthen deterrence.

And then finally, I just want to say a word about the so-called status quo. I don't like this term. I don't use it; I've written articles, reports. I don't use the term because I was part of an administration that says, don't change the status quo as we define it, and we refuse to define it. You get different definitions from people at senior levels in the administration. And Alan's correct, other people are allowed to define it how they wish to define it; at some point, this becomes more of sort of an albatross than a helpful thing. If everybody's got their own definitions, if there's confusion about what the definition is, if we won't even define it – but don't change it. So I think it's not entirely useful.

I also think – you know, I have a problem with making moves on Taiwan that are essentially democratic moves – holding a referendum, equating that with military coercion because that's essentially what a policy of no changes to the status quo does. You say, we're just as upset with the provocation of a referendum than we are with a policy of military coercion and intimidation. And I think that is fundamentally wrong to make that sort of qualitative equivalence. I think we should be much more focused on actions on both parties

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that don't contribute to stability, don't lead to improvement in cross-strait relations. I do support a dialogue, and I think there is more we can do to endorse that as a third party. But this status quo thing is – I don't like it. My solution is – there's some old-timers here on Capitol Hill. When they took the Toshiba products out on Capitol Hill steps and smashed them with sledgehammers, that's what I'd like to see done with this term status quo.

(Laughter.)

MR. SWAINE: Thank you, Randy. Peter, do you have any comments on this?

MR. BROOKES: I guess I'll have to strike what I said about status quo from my paper. (Laughter.) I quite didn't know exactly – and of course I left the administration earlier than Randy did, and I don't think it was even part of our mantra when I was there. And it is; it's very important that, you know, words require definition, and we've talked about that quite a bit today.

I think Randy makes a very good point about the robust ties with Taiwan. I think that's critically important. They're an important player in the region; they're an important player in American policy and the Asia-Pacific region, and I think having those ties are critically important. And I would say that is very important in terms of future policy. But being on the outside, it's hard to say exactly what's going on on the inside, in terms of the U.S. government, in terms of Taiwan policy.

The other thing is I would like to see us to try to encourage Taiwan to do more for its own defense. As one of the people who was around early in the administration, when we changed the arms-sales policy after years of gnashing our teeth over the situation, and especially when I worked on it as a staffer on Capitol Hill in the late 1990s, I would like to see us to encourage Taiwan to do more, and I think the administration has been trying to do that. But those are the two issues that I would probably bring up.

MR. SWAINE: Thank you, Peter.

Any comments on this side? Doug?

MR. PAAL: I think the status quo mantra emerged out of the continuing need to back down efforts at what are called in Chinese – (in Chinese). Everything that Taiwan's officials did, they tried to – what would be a normal interaction with a friendly country, they tried to turn it into a signal of their support for independence and for a breakthrough diplomatically. And if there's a transit through the U.S., a breakthrough would be claimed.

A good example is Singapore. Singapore has had very quiet and effective military cooperation and it continues with Taiwan, despite their very robust relationship with the PRC. And when Taiwan just had to take it one step too far they had a so-called independence fleet was going to put into the harbor and do as they had done every year. They have the ships come harbor-side; people are invited onboard to be introduced to Taiwan's defense, to its navy, and then they called it the independence fleet and Singapore had to leave them out to anchor in the ocean. It wasn't going to bring them into the harbor.

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And a lot of these things just go away when you stop seeking these foreign policy breakthroughs.

Now, from the United States perspective, there are lots of areas where we can make adjustments in how we deal with Taiwan. We ought to start, in every instance when we evaluate such changes, as to will it contribute to the peace and stability of the region or not. And if Taiwan is making active efforts to calm the situation down, there should be more scope for us not to avoid dealing with Taiwan but to interact with them more effectively, both bilaterally and multilaterally. And if they're – you know, after Ma Ying-jeou if something happens politically they try to re-inject issues that get in the way of the broader purpose of peace and stability, and we're going to see us going back to something like protecting the status quo, and it's going to be an uncomfortable kind of situation. But I think we've got the circumstances developing in the short term for some very positive adjustments in the way the United States and Taiwan interact.

MR. SWAINE: Randy, you had a point you wanted to make specifically in response to Doug?

MR. SCHRIVER: Well, no, not necessarily specifically to Doug. But this point about Taiwan's contributions to the problems and how that led us to sort of cling to this status quo, remember, China opposed the legislative elections in 1995 in Taiwan and conducted military exercises in December 1995. They opposed the direct election of a president in 1996 and launched missiles bracketing the island. They opposed changes to the constitution in Taiwan which then, ironically, made it harder to change the constitution further, which was very much in the PRC's interest. They opposed the elections of the DPP in Taiwan.

So my concern about sort of holding this status quo is it inadvertently gives the PRC a lot of leverage to oppose things on Taiwan which are unilateral, which arguably do change the status quo, but are very much in our interest. And if we allow them to say these elections are provocative, or the referendum is provocative, and don't give thoughtful consideration ourselves, I think we're in a trap we don't want to be in.

MR. SWAINE: Alan.

MR. ROMBERG: One of the Pounds, I can't remember if it was Ezra or Roscoe, said that the law must be stable but it must not stand still, and I think that can apply in this situation as well.

Yes, I would agree; we need stronger relations with Taiwan. I think we're going to have them under a Ma administration. But sovereignty remains the critical issue in terms of how we handle this vis-à-vis the PRC, and we need to be very careful that what might seem to be a rational step, in terms of just sort of abstractly, does not destroy the relatively benign environment that I described by seeming to, quote, "challenge" Beijing's definition. We don't accept Beijing's definitions. But one of the essential points of normalization is that we're not going to challenge it, either, but we're going to move ahead in pragmatic ways on the relationship with Taiwan, and I think we've been extremely successful in doing so.

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Yes, again, we need authoritative communication. I, however, do not support some of the notions that have been made recently, including by Randy and some colleagues, about cabinet-level coordination. I think again, that will get at the whole issue of what normalization was about. And it's tricky because we need that authoritativeness; there's absolutely no question. But how you do it makes a difference. Military coordination, in particular, is also sensitive. We don't want to leave the suggestion that we're restoring an alliance, but on the other hand, there are some pragmatic issues which are suggested by what Randy's saying.

(Ray?), co-management, I couldn't agree more. We are not co-managing the Taiwan issue with the mainland, and I think sometimes when I get in conversations with PRC friends they say, yes, yes, we don't need to repeat that, we're not doing that, and yet I think there is a tendency to want to do that. But our opposition, for example, to the DPP's U.N. referendum, and joining the United Nations in the name of Taiwan, was not because Beijing came to Washington and said do that. And I can't speak for the Bush administration, but my assessment of this is that it was because the U.S. government came to an assessment of its own, including the PRC position on this, that there were significant risks that were being created and so the U.S. opposed it. But it wasn't because we were co-managing; it was because we came to our own conclusions.

On the status quo, a few things to say: One of them is this is one of those things that, I think, would represent going back a long way on U.S. policy and it is not worth taking it out on the steps of the Capitol and smashing it. People in Taiwan have been asked for a very long time what's your view on maintaining the status quo, and there are all sorts of gradations within maintaining the status quo: maintain it forever, maintaining it and then make a decision later, maintain and move to unification, maintain it and move to independence. But maintaining it gets us a consistent 80 percent of the respondents' approval. And I think that what that means is don't rock the boat, and that's what I tried to suggest as a definition before, which is don't rock the boat. Neither side should seek unilaterally to impose its own definition of the status quo on the other side or on the international community. And again, I think that that was the U.S. perception of the U.N. referendum, was that it was seeking precisely to do that. And it's easy to cite Chen Sui-bian and other people's remarks to support that.

So I think that there are things we can do but I think it is essentially okay, Michael. And I think we need to be careful, but I do think the relationship does not need to stand still, but it needs to be moving in a very, very thoughtful way.

MR. SWAINE: Thank you. Doug, you had a point.

MR. PAAL: I just want to add one codicil to my earlier remark, and that is there's a lot of room for growth in the Taiwan, U.S., and multilateral agendas. But an important principle underlying that should be no surprises.

Now, under the Taiwan Relations Act and established policy we don't consult with China on arms sales, and I wouldn't recommend that. On the other hand, if we make a decision about arms sales, China ought not to be surprised when they've seen our process of thinking it through and debating it, and come up with an answer. And that would apply

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when you have anything new that happens; you want to make sure that you don't get the counterproductive effects of surprises in the course of trying to make policy changes that would adjust and improve peace and stability in the strait.

MR. SWAINE: Thank you.

Well, that really concludes the discussion of the three different basic questions that we have that really frame this – we'll call it debate, this discussion today. And now, we have several questions that have come up from the audience that I'd like to address to the different panelists. And you can choose however you want to address these different questions.

But I'd like to just, for a moment, take the prerogative of the chair to follow up on a point that Doug made at the very end of his remarks just now. Is it the view of – or does anybody on the panel disagree with Doug's point about the need for the United States to stay completely outside of any kind of direct interactions with Beijing regarding arms sales to Taiwan? And let me add to that a little bit; not just arms sales to Taiwan, but the military balance across the Taiwan Strait.

Some people have argued that ultimately, in order to reduce tensions in the Taiwan area, the only way that that can occur is if the United States and China reach some kind of mutual understanding to de-escalate the level of both arms sales by the U.S. side and military deployments and, in fact, perhaps military developments of certain types of weapons systems on the Chinese side; that this sort of understanding is really essential to reducing the tension across the strait, ultimately. Does anybody on the panel believe that that is – that kind of an interaction or that kind of a dialogue is possible or would be useful?

MR. ROMBERG: I think the answer is probably no, but we'll see.

MR. SWAINE: Well, this business about not discussing arms sales with the PRC comes out of the so-called six assurances which were given to Taipei in July 1982, as we were negotiating a communiqué with Beijing on the issue of Taiwan arms sales. And I think that the point was there, we're not going to go to Beijing and say, you know, we're thinking about selling such-and-such a widget; what do you guys think about it. But I do think that there has been, and ought to be, a discussion on a broad level which essentially says that Taiwan arms sales are related to the possibility of tension or conflict. And basically, the two parties that need to discuss this are Beijing and Taipei. When Jiang Zemin made a suggestion at Crawford, Texas, when he visited in 2002 about this, it was not a balanced proposal and wasn't very good in that sense but the U.S. response was, you know, here's Taipei's address, you ought to talk to them about it.

But I would say from an American point of view, we also – something I've already said two or three times today; the U.S. needs to be willing to go along with what Taipei and Beijing work out in this regard. We may want to talk with Taipei about what their defense needs are, even if they come to, for example, a peace accord, and that's a legitimate role for the United States. But one gets a sense that some people just don't want to see any arms sales cut back, and I think it depends on what the situation is. If Ma Ying-jeou reaches an agreement with Hu Jintao, or the two governments reach an agreement on a peace accord

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which involves some de-escalation of the military on both sides in a meaningful sense, I think that we need to be willing to tolerate that.

And I think on the larger issue, Michael, we have a so-called senior dialogue which I think really does address our strategic interests. I would like to see it escalated, frankly, and have our leaders, not just undersecretaries and so on, sit down and talk about these questions on a broader scale. What are you trying to do? How do we view our role? How do we view your role, and how does that then fit in to what we're trying to do militarily? But that's a very large conversation.

MR. SWAINE: Any other comments or reactions to that? If not, I'm going to go to the questions that have come in from you, from the audience.

One interesting question is there are increasing voices in Beijing to open and increase exchanges with retired military personnel in Taiwan. Will the U.S. military worry about this trend or encourage it? What kind of mil-mil relationship between Taiwan and the PRC is desirable, from a U.S. perspective?

MR. SCHRIVER: I think it should be encouraged and it should focus on confidence-building measures, potential crisis management, and it's something we've been encouraging Taiwan to pursue and the PRC to pursue for quite some time. I hope we'd have some insight on to that dialogue, and our friends in Taiwan would keep us apprised, but I think something focused around safety in the Taiwan Strait would be very useful.

MR. SWAINE: Any other comments?

MR. PAAL: There are quite a few retired Taiwan senior officers who spend lots of time or even all their time in the mainland now, and so I'm sure they're having interactions already on an informal basis. And if this were more formally structured it would probably be beneficial.

MR. SWAINE: Anybody else? Great, thank you.

Will Ma's election prompt the U.S. to ease its restrictions on official contacts between the U.S. and Taiwan and other high-level visits? It's not asking so much do you think that should happen; it's asking you do you think it will happen.

MR. ROMBERG: I don't know that we can know this, and of course there's going to be a change in the administration in the United States. I would second, I think it was Randy, who said that it would be a useful thing for Ma Ying-jeou to be able to come here before he's inaugurated in May. I agree with that; I can see that the PRC would be sensitive to it, and Washington will be a little bit concerned about how to manage this. But I think that establishing a basis of trust at a personal level, before it goes into that zone where it's not going to be possible, would be a good thing.

I would think that the general rules which exist now, about visits and so on, will not likely change. Whether there is a restoration of some of the existing dialogues from before, that seem to have been cut back, I don't know, but I don't see a likely major change.

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MR. SWAINE: Well, this relates – what you said in answer, Alan, relates to one other question that we have, which is basically a question about the assessment of the likelihood of Ma being permitted to visit Washington before his inauguration in May. And a question about wouldn't this, in fact, enrage the Chinese and really make cross-strait relations more difficult after Ma were to return – after Ma returns to Taiwan. What's everybody's position on this question of Ma coming to Washington before the inauguration?

MR. SCHRIVER: Can I just – for clarification? I didn't say Washington and I don't believe Ma has said Washington. He said, come to the United States, so just to clarify.

MR. PAAL: Well, presumably the goal is to meet some senior people in the U.S. and check each other out, get some mutual reassurance. And that would be, I'm sure, beneficial. My concerns are – you know, I'm an old bureaucrat, my concerns are making it happen and happen right, and planning these things and getting all the cogs to mesh together properly with a skeleton structure. And people who are not used to it, on both sides I think, raises some risks that have to be taken into account if there's going to be planning on this. Thank you.

MR. SWAINE: Alan, what's your – oh, Peter, go ahead.

MR. BROOKES: I was going to say I support the idea, and I don't think it has to be Washington, as Randy has said, but I do think the Chinese will make it as painful as possible after it occurs.

MR. SWAINE: Alan, what's your view?

MR. ROMBERG: I guess I'm not as sensitive to this venue, maybe I should be. The foreign ministry spokesman in Beijing was asked about this possibility yesterday, and he gave a very roundabout answer. The One-China principles, the political basis for China's establishment and development relations with various countries in the world and with international organizations, we will continue to follow this principle and developing relations, carrying out exchanges in cooperation with various countries and international organizations, also adopt measures that serve a positive thing in terms of dealing with Taiwan.

It's not going to be something that Beijing would welcome, but I think that – and I don't care where it is, frankly – I do think that, you know, the ban is on visits, except in extraordinary circumstances, by the president, the vice president, the premier and the vice-premier, and I don't see a particular reason to expand that.

MR. SWAINE: Do you want to comment on this, Randy?

MR. ROMBERG: Excuse me, Doug's pointing out the foreign minister doesn't come to Washington but he does come to the United States. The ban I'm setting is on visits to the United States at all. So it's quite correct, that the foreign ministry doesn't come here, but we're talking about sitting officials.

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MR. SWAINE: This is a question actually directed at you, Alan, but anybody else on the panel is also welcome to address it, of course. It asks, I guess, for a little more explanation about the whole issue of admitting Taiwan to the World Health Symposium, it's described here; I don't know if it's World Health Assembly. If the Chinese have changed their policy from pushing unification to blocking independence, why would they agree to allowing Taiwanese observers to the WHA?

MR. PAAL: The Chinese have told me that the reason they don't agree to Taiwan's participation as an observer, when the Knights of Malta and others are seated as observers in the World Health Assembly, is they don't trust Chen Sui-bian not using it for domestic political purposes. They didn't want to give him a piece of red meat to run with. That's now not the issue, and I think that China should be able to show flexibility on this matter as a result.

MR. ROMBERG: Yeah, I mean, there are other parts of their explanation that, in fact, this provision in the charter doesn't take into account; the nature of Taiwan, and then we get into the issue of PRC's position that Taiwan is part of China, and Beijing is the only legitimate representative of China. Indeed, in the accession to the international health regulations, Beijing submitted a side-letter, which is available online, which says that in our signature we are basically representing all of the People's Republic of China, including Hong Kong, Macao, and Taiwan province.

Now, you know, that is not helpful. It is consistent with their position, but I think that on the question of observer status it is not a sovereignty issue. One of the arguments I get from my conversations is that some people in Beijing would argue it is a sovereignty matter. I think that there are others, however, who are willing to be flexible on this subject, and I think they should be.

MR. SWAINE: Any comment on this side?

MR. SCHRIVER: I mean, I support greater international space for the people of Taiwan had for a long time, but I don't see China backing off on this at all, especially considering the number of additional countries that have changed their recognition from Taiwan to China. I mean, I'm not sure what the exact number is today, but it's significant and I think China certainly has the votes and these organizations to get things to go their way.

MR. SWAINE: Any other comments? No, well this –

MR. ROMBERG: Let's distinguish between membership and observer-ship here. Last year, the Chen Sui-bian government did apply for membership in the World Health Assembly as well as observer status. Speaking of not being helpful, that was not helpful, but I think that it is quite possible to simply refer to the earlier position of seeking observer status which, as I say, doesn't raise the question of sovereignty, as membership would.

MR. SWAINE: Next question. This is addressed to Doug but I think, of course, anybody else can also comment on this. Can you conceive of a scenario under which the DPP makes a dramatic comeback in four years?

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MR. PAAL: I can. I think four years may be really fast for what they have to do. The DPP is just entering into its post-defeat phase; they have a very weak base in the legislature. It's a traditionally factionalized party and they're very good at uniting for elections, but they're very good at dividing for inter-party struggles, and we're going to be seeing that as people try to reassert themselves. There are more radical and more moderate factions within that party, but depending on which one prevails it may make a better competitor for whatever emerges as the achievements of the Ma-KMT regime over the next four years. External circumstances can make a difference. If Ma's efforts to get movement on a peace treaty, cross-strait interaction, reduce tensions, opportunities for investment alike, and if those are – or even many of them fail, the opposition will have very strong talking points to the Taiwan people.

I think the economic nature of the people's decision to turn away from Chen Sui-bian should be – or, if you accept that interpretation, which I do, then it can be a big determinant of the outcome as party politics go forward in Taiwan.

MR. SWAINE: Any other comments?

MR. SCHRIVER: I'm not sure it would be so dramatic. I mean, they suffered a loss but this is a party that still has distinguishing features from the Kuomintang. This was an election primarily about economics, but the DPP does distinguish itself on its environmental policies, on its social welfare policies. I mean, this is a sort of left-leaning social party, and a lot of that agenda has been attractive to the people of Taiwan; part of the reasons they came to power in the first place. So yeah, depending on how the Ma Ying-jeou performs and how the government performs, I could easily see a comeback in four years.

MR. PAAL: I think that, you know – when I was in Taiwan and then just after I left it in 2006, many senior people in the party, over meals, would say to me, you know, if we lose in 2008 it's the end of our party. Ma's going to rush and reunify with China, and we'll have no reason to exist. That kind of moment of despondency has passed. I think that that's just not an issue. The party's going to make it; the question is how well it does drawing on its base. It's not been able to get above 42 percent, except in the single instance of the election in 2004. It hovers around 40 percent, 42 percent, and it needs to find a way of building the base.

And to answer a point that Randy just made, the KMT, I think, is aware that they've got to not ignore the farmers and fishermen. They used to be pretty good at taking care of those people in their own way, and they haven't in recent years to the same extent, and I think there's an opportunity for them to deepen their base in the society.

MR. ROMBERG: Yeah, I agree with all of that. I would just point out that within the DPP right now, and it may be a matter of sort of post-election letdown and disappointment, there is a sense that there could be a real struggle between the fundamentalist Taiwan independence folks and the more moderates. And the moderates, I think, are concerned that they could be pushed entirely out. I think they felt they've been pushed out a great deal, but the Hsieh campaign was clearly a moderate kind of campaign,

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and I think their concern is the argument will be yeah, it was a moderate campaign and look what you got for it.

On my own part, I think you could make the argument that the presidential election and the legislative election can be looked at very much in the same light; that is, it came against the background of what was perceived as failure of the Chen Sui-bian administration in terms of economics, in terms of corruption and a tiredness, if you will, with the confrontational approach to cross-strait relations and to the manipulation of identity politics. So I think that inner-DPP politics will play an important role in how things look for their fate four or eight years from now.

MR. SWAINE: If I could just comment on this again because as I said earlier, some of us, including myself, have just come back from Taiwan. I mean, I was struck by the fact that there were some people in assessing this question of the future of the DPP who said – and it was repeated on several different occasions – that they really thought that the DPP, in fact, a certain – as Alan just alluded, the really dynamic component of the DPP will become even more deep-green, that there'll be an even stronger push in the direction of pro-independence.

And if that is the case, you really have the whole question of the party splitting. And the possibility that you could get a division in the Pan-Green so that you could have even more factions because the other alter – the other viewpoint that we heard was that the DPP's only real alternative to establish a credible, long-term political base in Taiwan now is to become – in reference to what some other people have said, become a party of the left, to some degree; to really emphasize social policies in Taiwan and step away from identity issues completely. And if both of those things are, to some extent, true, I mean, that does argue in favor of a certain real division within the DPP that would be very interesting.

MR. PAAL: I would just add, Michael, that if they do decide, or if a rump-group breaks away and tries to build a base as representing the deep-green, more extreme argument, numbers are against them; demography is against them. As a rough categorization – and this is based not just on personal observation, which is where I started, but also on some research done at a couple of universities in Taiwan, now published – the people who are educated under Chiang Kai-shek in their formative years tend to be the most hostile towards the mainland and toward mainlanders. People who were educated under Chiang Ching-kuo, who was the son of Chiang Kai-shek, tended – because he opened the door to Taiwanese participation in government, tended to have a more moderate view of the mainland and of the KMT; and people in the more recent years, even more so.

So I think the people who were sort of ripped out of their Japanese cocoon in 1945, or who in the early years of Chiang Kai-shek were subjected to the jack-boot of the KMT authoritarianism, have very strong views about the need to break away thoroughly from the mainland, but this is dying out with them.

MR. SWAINE: Any other comments?

Now, this question really relates not so much to the internal impact or the internal development in Taiwan politically, but the impact of Taiwan's recent democratic

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development on the mainland. Ma refers to this election as the furthest democracy has ever been achieved in the ethnic Chinese world. This comment sparked an enthusiastic debate on China's Internet. What do you think is the possibility of Taiwan's achievement acting as a catalyst for greater openness, greater development in the direction of plural political system in China?

MR. ROMBERG: A lot of scholars in the mainland have looked at the Taiwan experience and have seen a lot of things that they kind of would like to adopt, although their view of Taiwan politics in recent years has been, you know, save us from this kind of democracy. But I do think they have seen a lot of things which could be adapted, if not adopted. But I would also point out I believe that it could be – there are elements of what's going on in Taiwan which could be very useful for mainland intellectuals and government folks to think about, but I would also argue that holding Taiwan up as a model for the mainland to follow is probably not a really good idea. I mean, I can't think of any way of poisoning more certainly the positive things that could happen than sort of shoving it in the PRC leader's face.

MR. SWAINE: Randy?

MR. SCHRIVER: I don't think it has to be shoved in their face, but I think it is a good model for the PRC and they should learn from it, and maybe – I'm not disagreeing with you; maybe I'm just saying it slightly differently. I think it may be attractive to some in China; it will be absolutely overwhelmed by other factors that lead the PRC leadership to have no fundamental interest in democracy.

I take them at their word when they talk about economic modernization and other kinds of liberalization, but I think this leadership has no interest in democracy whatsoever and Taiwan's success, in a way, is a threat to them, not viewed as a model for them.

MR. SWAINE: Any other comment?

This is on the economic side; we haven't really had any questions about this and not much comment by people on the panel, either. Will Taiwan still continue to pursue a free-trade agreement with the United States, in light of the Kuomintang's rise to power, both strongly in the LY and in the presidency? If so, does this – can't read the word. Oh, does this pose a problem for U.S.-China relations if indeed Taiwan continues to pursue an FTA with the U.S.? Any comment?

MR. ROMBERG: I think they will continue to pursue it. We heard a lot about an FTA during this past week in Taiwan; small problem of the lack of fast-track authority on the U.S. side.

My position on this, and in terms of the problem for U.S.-PRC relations, Taiwan had, in large measure, been pushing for an FTA, I would say, for political reasons, and I don't think we should have concluded or should conclude an FTA for political reasons. At the same time, I don't think we should refuse to conclude an FTA for political reasons, including PRC objections to it. I think this has got to be an economic issue; it's a trade issue. It's got to be meritorious and if it is good, and if we do have fast-track authority to

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make it work, my own view is that we should proceed with that and that it will be in the interest, frankly, of everybody.

Just the conditioning factor here of a Ma administration that is moving toward cooperative, constructive relations, even if it is not conceding things in a fundamental way to the PRC, creates a really new situation in which I think the objections to some of these issues, if not posed in terms of frontal challenges on sovereignty, the flexibility becomes greater. The problem comes if we cross over the line of a challenge on sovereignty and view it in that context.

MR. PAAL: We also have some issues. The Taiwan authorities agreed with the WTO to do certain things that we wanted to see done in order to get Taiwan into the WTO, which the U.S. worked mightily to achieve and was successful in doing. But it left work undone, and I found myself pressing on these endlessly in Taiwan without result. We now see the potential for the return to key economic and other ministries of people who have practical experience and who have been charged with getting some work done if they address these issues, in the process of which the U.S. will spend some time, hopefully, trying to re-establish a fast-track authority for the president's negotiating team at some point. And in the fairly mid-term future, we ought to be able to sit down and get on to a free-trade agreement subject to the main point that Alan just made.

MR. SWAINE: Peter, do you have a comment?

MR. BROOKES: I was just going to say I support the agreement. I would disagree, a little bit, with Alan saying that these agreements do have a political element to them; I mean, even if you'd like to make them based just on economics they certainly do. If you look at the FTAs we're pursuing around the world, there is certainly a political and international element to that as well, and we shouldn't act as if that's not the case. But I hope that the new administration in Taiwan will come around quickly to concluding an appropriate deal with the United States on an FTA.

MR. ROMBERG: Let me just respond, one second. I mean, I agree with you, Peter, that FTAs have a political element but for example, the Korean FTA, I think, was negotiated as what both governments viewed as a solid economic agreement. If it fails to be approved then it will have particularly a negative, a big negative political impact. But I don't think we should negotiate on terms which are less than sensible economically for the sake of politics. And that's the only point I was trying –

MR. BROOKES: I agree with that, and I don't think we're doing that in any case. As you can see, the challenges we have with some FTAs and very sticky issues, so I think, right, we have to make sure that American economic interests are preserved in any FTA.

MR. SWAINE: We just have a few minutes left and we have two questions, so if we can go through these fairly quickly. This one is addressed to Alan but again, if anybody else wants to comment. How do you think China will respond to Ma Ying-jeou's mutual non-denial approach? And maybe you should explain a bit about what that is before you answer.

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MR. ROMBERG: Well, it goes back to what I mentioned in my opening remarks; that is, that Ma has been quite consistent and will endorse One-China respective interpretations as a way of meeting the PRC's insistence that Taiwan accept One-China, but he's not going to do it in a way which accepts their definition of One-China. Ask Ma what's One-China and he will say it's the Republic of China. Ask Beijing what's One-China and you'll essentially get the PRC.

Mutual non-denial means both sides will understand the other side is taking a position. It doesn't endorse or accept, and can't, but take it as, you know, good enough, and move on. And I think that that – I do believe the PRC will do this. One of the arguments against Ma's position from the DPP, especially from President Chen and from Frank Hsieh, was that Beijing has never endorsed this One-China respective interpretations point. I can only say I've had discussions on this over a period of several years in Beijing, and I'm fully convinced that they will live with this. Their concern has been that whoever says – not use that formulation as an excuse to move to either two Chinas or one China, one Taiwan. Ma Ying-jeou is opposed to Taiwan independence. In theory he's for ultimate unification, although he says it's up to the people, but he's not going to press for unification. But as long as he's opposed to independence and he's not going to press for a two Chinas approach, I think this mutual non-denial approach will indeed work.

MR. PAAL: And I would just make a point about that. A lot of people talk about the '92 consensus, this term that emerged in the late 1990s. There really is no '92 consensus; that's just a catchphrase for what Alan has just explained. The two sides set out their positions, they don't agree with each other, but it's enough to get on with business. And it's essentially what the United States and China did in the 1978 normalization agreement, which was to say we have a certain position on Taiwan on arm sales, and you have a different position; nonetheless, we think it's going to be good to have relations and go forward.

MR. SWAINE: We'll end with a policy question, very relevant for the overall purpose of this whole exercise. Does the U.S. have an interest, in any way, in contributing to what is apparently China's desire that we, i.e., the U.S. and China, co-manage the Taiwan relationship, much as it has an interest in bringing the PRC into a relationship where we co-manage the DPRK, the North Korea problem? So in other words the question is, does the U.S. have an interest in approaching Taiwan in somewhat the way we seem to approach North Korea through a kind of co-management approach?

I think the short answer is no.

MR. ROMBERG: Well, the short answer is no, and I think Randy indicated that earlier. We need to consult on this question so that we understand each other and what our concerns are, but I think co-management is absolutely the wrong conceptual framework for thinking about this. We are not interested in co-managing the Taiwan issue with the mainland. We have had a shared concern over the recent period about what was coming out of Taiwan, in terms of policy that looked to each of us individually as things that could disturb the status quo – that hated word, Randy, sorry – and could actually lead to confrontation.

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Some in Beijing characterized this as cooperation, co-management, collaboration; I would reject all of those terms, but I don't think this is an issue we don't want to talk about them. It is an issue we do, and we want to encourage them to move ahead with Taiwan in the way that all four of us have been talking about, all five of us have been talking about today, for the interest of the PRC as well as for the interest of the United States and Taiwan.

MR. PAAL: And the historical record, as Alan knows better than anybody, is full of our having talked with the mainland about Taiwan. And when things go well, we talk less about it because we don't need to, but when things go badly it tends to raise itself in the discussion. This is not new, but it's a welcome new era we are entering into, where we'd be able to talk on much more productive terms with the PRC about what we have as respective views about Taiwan.

MR. SWAINE: Okay, great. Well, that brings us to a conclusion. This has been very – I think very interesting, very insightful, very illuminating, and I hope you found it interesting.

I want to say that the transcripts of this event and video will be up on our website; we're also going to have printed, subject to the approval of the four participants, some draft papers that they had prepared prior to this event that really outline their positions. My impression, after having heard all the discussion, is that there are definitely differences of emphasis, differences of priority, certain things that one or the other of the participants would do about U.S. policy and others might not. But on the fundamentals it strikes me there's an enormous amount of agreement among the four panelists. We can differ about the specifics of implementing U.S. policy and what some of the tweaking, as it's been said, should be, but these are differences, I think, that can be worked out within a larger consensus on the issue. And that, to me, is a very reassuring conclusion to draw, if it indeed is the right conclusion.

So with that, let me thank all the panelists, and thank you all for coming. And please join me in giving them a round of applause.

(Applause.)

Thank you very much.

(END)