U.S. ARMS SALES TO TAIWAN

Implications for the Future of the
Sino-U.S. Relationship

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The diplomatic strategy of the People’s Republic of China (PRC) to isolate Taiwan internationally has been particularly effective at reducing the number of countries engaged in arms sales to the island. Today, the U.S. is essentially the sole source of imported arms for Taiwan’s military, and hence the increasing focus of the PRC’s nationalist ire. Indeed, arms sales are the basis for one of the most important disputes between the U.S. and China, with far reaching implications for the future of bilateral relations.¹

The dispute rests in part on the differing interpretation and implementation of the U.S.-PRC Joint Communiqué of August 17, 1982, and the U.S. Taiwan Relations Act of 1979 (TRA). Beijing maintains that arms sales are a flagrant violation of its sovereignty and the vaguely defined quantitative and qualitative ceilings on such sales agreed to by the U.S. in the Joint Communiqué have left it vulnerable to harsh Chinese criticism. The PRC views U.S. support for Taiwan under the jurisdiction of the TRA as the main obstacle to both Beijing’s goal of reunification under the one country, two systems framework and the development of normal relations with the U.S. Nonetheless, the U.S. has demonstrated that it remains committed to meeting its obli-

¹ This was made quite clear by the PRC government in its latest White Paper on Taiwan. See “The One-China Principle and the Taiwan Issue: Text of PRC White Paper,” Xinhua, February 21, 2000, in Foreign Broadcast and Information Service (FBIS), Daily Report/China (DR/C).
gations to Taiwan under the TRA, which provides for normal but unofficial relations with Taipei and providing weaponry sufficient to meet Taiwan's self-defense needs.

The Sino-U.S. dispute has been exacerbated by a number of complex and interrelated dynamics that include the growing role of nationalism in China's post-cold war political and economic transition, changed strategic circumstances, the failure to develop a comprehensive strategy to reconcile the differences between the communiqué and the TRA, Taiwan's desire for self-determination, China's military modernization, and the political economy of the decline in post-cold war U.S. defense budgets. The purpose of this article is to address the issue of U.S. arms sales to Taiwan in the context of these dynamics and show how these sales involve the U.S. in a complex web of internal Chinese political, economic, cultural, and military issues. Ironically, Beijing's effort to isolate Taiwan diplomatically and cut off the flow of arms has left the U.S. firmly in the middle. To succeed with its goal of reunification, China must either persuade the U.S. to stop selling arms or find a way to neutralize its power.

Arms Sales to Taiwan

Developments in Taiwan's military procurement programs are driven by the military threat from China and Taiwan's increasing political and diplomatic isolation. Taiwan is one of the few countries left in today's world that must deal with a direct, immediate, and growing military threat to its existence. At the same time, military equipment from abroad is dependent on the uncertain evolution of political and commercial relations with a shrinking number of foreign arms suppliers. Some limit their sales to what can be defined as purely defensive equipment. In turn, weapons that Taiwan views as defensive are defined by many suppliers as aggressive and denied to Taiwan. Pressure from Beijing often succeeds in the delay or cancellation of sales, and political and economic relations with the PRC are often made contingent on a country's arms sales policy with Taiwan. Even the U.S., Taiwan's most prominent ally and largest supplier of arms, uses sales and deliveries as political leverage to facilitate the broader goals of U.S.-PRC relations. In some cases, weapons systems are purchased by Taiwan simply because they become available or can serve as political symbols. In particular, some high-profile U.S. weapons systems are seen as critical indicators of greater U.S. support for Taiwan and are purchased for their value in this regard over their immediate tactical utility in support of Taiwan's military strategy. Coordinate with this is the role of unofficial interactions between U.S. politicians.

2. An excellent study of Taiwan's procurement process can be found in Michael D. Swaine, Taiwan's National Security Defense Policy and Weapons Procurement Process (Santa Monica, Calif.: Rand National Defense Research Institute, 1999), pp. 61–71. See also Kuan Chu-Cheng,
and private businesspersons and ROC government officials and politicians in influencing the selection of specific U.S. weapons systems in Taiwan’s annual procurement process. Taiwan has defended its procurement practices as well-regulated, with a comprehensive weapons evaluation program and a fair and transparent process for arms acquisition consistent with its national military strategy. Its government suggests that inefficiencies and excesses are the result of the chaotic nature of U.S. policy, which has left Taiwan in a “catch as catch can situation, trying to make do with what weapons it can get.”

Chinese pressure on potential suppliers has encouraged Taiwan to develop an indigenous defense industry to satisfy as many of its defense requirements from its own resources as possible. This necessarily demands massive financial investments that often are quite out of proportion with the final result. In recent years, Taiwan has accelerated its spending on arms imports. Between 1995 and 1997, the value of all arms transfer deliveries to the island totaled $12.5 billion. In 1997 alone, Taiwan spent $9.2 billion on arms imports. Orders since 1997 have totaled almost $4.5 billion, while orders and deliveries in 1998 totaled $6.3 billion—second only to Saudi Arabia, which topped the list of arms purchasers in the world at $10.4 billion.

In 1991, Taiwan had no fewer than 20 different countries supplying it with arms. Today, the U.S. is essentially its sole supplier. Of the $3.5 billion in arms sold to Taiwan between 1993 and 1995, the U.S. share was $3.2 billion. Given that the cost of a single F-16 is approximately $25 million, Taiwan’s reliance on the U.S. is decisive. Israel was once a leading supplier but stopped in 1992 after opening diplomatic relations with the PRC. Since the early 1980s, Tel Aviv has been a major supplier of defense technology and equipment to the PRC, much of it derived from the U.S. Germany agreed to stop supplying Taiwan with weapons in 1993 following a trend established by a host of Western European nations in the early 1990s. The French government succumbed to PRC pressure in 1994 and agreed to stop its own sales to Taiwan. The last delivery of a Mirage fighter in 1998 has for now signaled the end of France’s sales; against this, in 1996 Paris opened a defense relationship with Beijing. In contrast, from 1991 to 1998 U.S. for-
eign military sales agreements with Taiwan totaled $9 billion while deliveries amounted to $12.3 billion during the same period.\(^8\)

The scope and scale of Taiwan’s arms procurement effort are impressive by any standard. One of Taiwan’s pressing defense requirements is to establish an effective anti-ballistic missile system to counter China’s missile threat. In 1997, Taiwan purchased the Modified Air Defense System, an improved version of the Patriot surface-to-air missile system used in the Gulf War. The system includes PAC-3 ground units, one of the four pillars of the U.S. Theater Missile Defense (TMD) system, and PAC-2 missiles. Taiwan is seeking to enhance its TMD capability by procuring PAC-3 missiles and more PAC-3 ground units, as well as U.S.-built Aegis warships. Taiwan is also seeking an upper-tier missile defense capability. In early 1999, it was reported that Taiwan was ready to deploy two advanced phased array radar systems manufactured by the Raytheon Corporation as part of its An Pang air defense program. The radars will provide Taiwan with up to 10 minutes warning time of incoming missiles by expanding the range at which flying objects can be monitored out to about 900 kilometers. This system will integrate into an upper tier TMD system if the relevant technology becomes available, but for now it constitutes a valuable demonstration of U.S. political support. Taiwan is working to integrate indigenous anti-ballistic missile technology into the Raytheon system should U.S. support fall victim to Chinese pressure.\(^9\)

Achieving air superiority over the Taiwan Strait will be a critical factor in influencing or deterring conflict between Taiwan and China. Acquisition of 60 French Mirage 2000-5s, 150 U.S. F-16s, and 130 indigenous Ching-Kuo fighters will give Taiwan’s Air Force (ROCAF) a decisive advantage over China’s aged but numerically superior People’s Liberation Army Air Force (PLAAF). Advanced medium-range air-to-air missiles provide these aircraft with a beyond-visual-range shoot-down capability of up to 60 kilometers. This capability will give the ROCAF the capability to track and shoot down up to four PLAAF aircraft simultaneously from outside the current range of China’s air defense system.\(^10\) The purchase of two E-2T early warning aircraft will complement the four already deployed by the ROCAF. Advanced Link-16 data systems will further enhance the E-2Ts’ capabilities by providing airborne early warning and command and control of networked airborne fighters, sea-based naval units, and land-based air defenses.

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\(^10\) “U.S. Tentatively Agrees to Sell AIM-120 Missiles to Taiwan,” Taiwan Central News Agency, December 7, 1999.
Taipei’s military modernization effort also includes substantial upgrades to Taiwan’s navy, particularly in the areas of anti-submarine and anti-surface warfare as a counter to possible blockade and sea denial efforts by China’s navy. Taiwan has stated that its number one priority is to acquire submarines. The U.S. has thus far refused and PRC pressure has been successful in preventing other countries from providing them. Equally important to Taiwan’s military modernization drive are the sale of advanced training systems, sensors, software, electronic countermeasures equipment, mission planning systems, and night vision technologies, along with the provision of technical assistance to integrate these weapons and systems into Taiwan’s military force structure.

Taiwan, which for many years had one of the fastest growing economies, has become one of the biggest arms buyers in the world and one of the most important customers for the U.S. defense industry. Foreign imports and indigenous production have ensured that Taiwanese military forces are among the best equipped in the world. While it does not get everything it wants, Taiwan’s military has achieved a strong and credible fourth-generation air and naval capability and its ground forces are generally considered to be well-equipped. The armed forces also have modern support facilities in terms of ports, airfields, shipyards, a sophisticated industrial infrastructure, a skilled work force, and an advanced military research development and production program. However, questions persist about their ability to integrate and maintain this diverse array of military equipment into their force structure. Equally uncertain is the ability of each service to operate in a coordinated manner in order to achieve a joint war fighting capability in support of their national military strategy.11

Background

China has sharply criticized U.S. arms sales to Taiwan as a violation of the 1982 Joint Communiqué. According to Paragraph 6 of the Communiqué, the U.S. stated that it will not seek to carry out a long term policy of arms sales to Taiwan; it will not make sales that exceed either in quality or quantity the level of those supplied in recent years since the establishment of diplomatic relations with China; and it does intend to gradually reduce its sale of arms, leading over a period of time to a final resolution of the Taiwan issue. The U.S. position is that the 1979 TRA guides its actions and its arms sales are consistent with the Communiqué because they are defensive in nature and come in response to PRC military efforts that threaten Taiwan.

Paragraph 7 of the Communiqué requires both governments to make every effort to adopt measures and create conditions conducive to the thorough settlement of the issue. China’s military modernization efforts, military exercises in the Taiwan Strait, and refusal to renounce the use of force to resolve the Taiwan issue have prompted U.S. officials to question China’s commitment in this regard.  

The disagreement in part reflects the systemic political differences of both countries. The U.S. position is that the Joint Communiqué is an executive branch decision, not an international treaty, and thus does not carry the force of law in the U.S. domestic political context. The TRA, however, does, and the Congress feels committed to Taiwan under this jurisdiction. In the Chinese political context, international law is believed to have precedence over a country’s domestic law. The Chinese believe that there are strong international legal precedents that support their position that the TRA is an act that the U.S. uses to revise or cancel out their obligations under the 1982 bilateral, international agreement.  

Three basic conditions were raised by the PRC as a condition of establishing diplomatic relations in 1979. The U.S. agreed to sever diplomatic relations with Taiwan, terminate the 1954 Mutual Defense Treaty, and withdraw all military forces and installations from the island. The issue of arms sales to Taiwan was the eleventh hour impediment that nearly derailed the agreement to establish diplomatic relations. Only after assurances from President Carter that arms sales would be discrete, selective, and defensive did Deng Xiaoping reluctantly agree, leaving the issue of arms sales to a later date. The promise was that the White House would not volunteer public information about such sales. If asked, the U.S. government would say that the sale of selected, defensive arms after the expiration of the Mutual Defense Treaty would continue in a way that would not endanger the prospects of peace in the region. The TRA was drafted by the Carter administration as the Taiwan Enabling Act to amend U.S. law to deal with unofficial relations after normalization within the framework of these commitments. Congress essen-

13. Among others, the Chinese cite Article 2 of the 1969 Vienna Convention on the Law of Treaties, which defines a treaty as “an international agreement concluded between states in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments whatever its particular designation.” See Liu Wenzong, “The Taiwan Relations Act Is the Main Obstacle to the Development of Sino-U.S. Relations,” International Strategic Studies (China Institute for Strategic Studies), no. 3 (serial no. 53) (July 1999), p. 38.  
tially rewrote Carter's basic draft to produce the Taiwan Relations Act. The Chinese still see the TRA as an effort to deviate from the three basic conditions, particularly the agreement to terminate the 1954 Defense Treaty. For the PRC, the 1982 Communiqué should have sealed the fate of Taiwan's independence by committing the U.S. to a transition era, the end of which would see China regain its sovereignty over Taiwan. But Congress, through passing the TRA three years earlier, effectively linked diplomatic relations with the PRC to the open-ended expectation that the future of Taiwan will be determined by peaceful means. As one analyst observed, "With the Taiwan Relations Act, Congress came within a micron of committing the U.S. to Taiwan's defense."15

Equally important is the context of the budding strategic association between the two countries at the time the Joint Communiqué was signed. President Ronald Reagan rode into office that year determined to reverse the policies of the Nixon and Carter administrations by elevating relations with Taiwan to official status and demonstrate U.S. resolve for the defense of Taiwan by publicly supporting the high-profile sale of advanced fighter aircraft to Taiwan. China's response to Reagan's shift in policy was to hinge the future of U.S.-PRC relations on the demand for a date certain to end to all arms sales. They could be phased out over time but Washington was to set a fixed date. The resulting agreement was a compromise that saw the Reagan administration adopt the framework of Nixon and Carter with respect to arms sales and China accept a vaguely defined commitment for an end. This compromise was in part based on the prospective gains anticipated by both sides from the strategic association envisioned by the Reagan administration.

Beginning in 1979, the U.S. and PRC militaries had begun an extensive and prominent relationship that included conducting joint intelligence operations against the Soviet Union from Chinese soil. Coming on the heels of the Soviet invasion of Afghanistan and with Soviet divisions poised on China's northern frontier, optimistic expectations of a long-term military relationship with the U.S. mitigated China's opposition to arms sales. The relationship was to be based on three pillars of high-level visits, working-level exchanges, and military technology cooperation, including an extensive foreign military sales program.16 In this context, the Reagan administration felt that the U.S. could continue to supply Taiwan with arms as a counterbalance to China's military modernization, demonstrate the president's loyalty and support for


Taiwan, and preserve a lucrative arms market for U.S. defense firms. Reagan made it clear to Congressional leaders that the agreement was made on the grounds that there would be a military balance across the Strait and that if it ever deteriorated in Beijing's favor he would be free to reconsider the situation. The State Department meanwhile announced that it had set a goal of reducing arms sales to Taiwan by $20 million a year from a base of $835 million. At the same time, the administration was moving forward with a plan to supply Taiwan with advanced defense technology and services to enable the island's defense industry to eventually design and build a full array of military systems on their own. The rational was that by building up Taiwan's defense industrial base the U.S. could eventually remove itself from handling Taiwan's defense while gradually reducing arms sales under the State Department's plan. This was a policy meant to be consistent with U.S. promises to show great restraint in providing limited, defensive arms to Taiwan during the transitional era that was to follow the establishment of diplomatic relations with Beijing in 1979 and leading eventually to China regaining sovereignty over Taiwan.

The U.S. in effect adopted a dual China policy within the framework of its agreements on diplomatic recognition that Washington felt could be maintained given the strategic circumstances of the time. This delicate balancing act began to unravel as bilateral friction developed in the overall relationship and it came apart abruptly after the People's Liberation Army (PLA) intervened to bring the Tiananmen Square crisis of June 1989 to an end. President Bush suspended all military relations with China in response and the prohibitions on arms sales and technology transfers put in place at the time remain in effect today. Implicit in the 1982 bargain were three assumptions: (1) that the U.S.-PRC strategic association would prosper and facilitate the peaceful pursuit of reconciliation between Taiwan and China; (2) that the U.S. could continue to maintain the military balance in the Strait through arms sales to both sides; and (3) that the U.S. could gradually reduce its defense commitment to Taiwan while building an indigenous defense manufacturing capability that would allow the U.S. to eventually extricate itself from the dispute. The dramatic changes that unfolded since Tiananmen have rendered the balance implicit in the three assumptions untenable.

The contradictions between the TRA and the Joint Communiqué have thus been revealed as a major source of PRC ire toward the U.S. Whereas the TRA establishes an open-ended security commitment to Taiwan based on arms sales and a military balance in the strait, the Communiqué looks forward to gradually declining arms sales leading to a final resolution. Politi-

18. This latter figure had been the high water mark of sales under the Carter administration in 1979. Tyler, *Six Presidents,* p. 332.
cally, the U.S. was committed to a transitional era that eventually would lead to Beijing's recovery of sovereignty over Taiwan, but Congress made no similar commitment. U.S. domestic law still calls for maintenance of a military standoff, thereby putting Taiwan in effective control of the process and the U.S. squarely in the middle of what the PRC leadership believes is an unsettled issue of civil war.

**Sovereignty, National Prestige, and the PLA**

In the post-cold war era, issues of national prestige and sovereignty have taken on greater domestic political significance for China as it shifts its security orientation to regional issues on its periphery while trying to control the pace of internal political and economic reform. Within this dynamic, the political influence of the PLA as the defenders of China's national prestige and sovereignty has grown, and the Taiwan question concentrates these two issues like no other in Chinese foreign relations. In international affairs, China's foreign policy is guided by the five principles of peaceful coexistence. Its White Paper entitled "The Taiwan Question and Reunification of China" details how arms sales to Taiwan breach these five principles and violate China's sovereignty and national prestige. Although there is no direct reference to the U.S. in the White Paper, there equally is no question about to which country the document refers. As stated, many of Taiwan's traditional arms suppliers have stopped out of respect for China's position and the prospects for more lucrative commercial trade with the mainland. This has effectively isolated the U.S. as a major threat to China's national prestige and sovereignty, and hence made it the de facto focus of the PLA's strategic and military modernization effort.

Since the end of the cold war, particularly in the wake of the 1992 F-16 sales to Taiwan, PLA hard-liners have viewed U.S. policy toward China as posing a hegemonistic threat to China's sovereignty. They fear an effort to co-opt China to a Western order led by the U.S. They see the U.S. as a major threat to China's notion of a new multipolar world and their desire to control the pace of internal political and economic development. The PLA has actively advocated taking a harder line toward the U.S. as a defense against this hegemonic incursion. U.S. arms sales to Taiwan, the perception of efforts to strengthen the U.S.-Taiwan relationship, and a host of other U.S. policy decisions since 1989 have served to confirm these broader hard-line suspicions.


In total, these circumstances have given the PLA a strong political influence over the PRC’s Taiwan policy. Each time a senior PLA leader gives a speech abroad or to a visiting delegation there is a reference to Taiwan. Internally, there is no room for political debate among the civilian leadership on this issue lest it risk alienating the PLA. China’s militarily coercive activity toward Taiwan and increasing anti-U.S. sentiment in the PRC are in part a reflection of this internal Chinese political dynamic. The conflict between the Joint Communiqué and the TRA is not simply one of defining the quality and quantity of arms or their defensive orientation, but rather a loggerhead at which fundamental foreign policy differences between the U.S. and China collide.

**PLA Modernization**

The post-cold war security environment has prompted a change in Chinese military strategy from one focusing on internal defense of the homeland to a more proactive regional orientation. Lessons learned from past conflicts, coupled with the example set by coalition forces in the Gulf War and Kosovo, have reinforced the urgent need for the PLA to modernize. The gap between its shift in strategy and developing the military capabilities to accomplish it represents a tremendous challenge for the PLA. While daunting for the most advanced military forces, for the PLA to make such a shift is made more difficult by its lack of technical orientation, the complexities involved in the integration of new weapon systems and tactics, and most importantly the sheer size of an antiquated force long reliant on political indoctrination rather than professional military training. The short-term response has been an effort to create pockets of excellence within the PLA, armed and trained with domestic and foreign assistance. Acquisitions of key Russian weaponry along with related technology transfers from other countries are seen as a means to shore up the immediate gap in a full range of military capabilities. Coordinate with this modernization are important changes in the education and training of the PLA. The goal is to create a smaller, highly educated force led by professional military officers less focused on political ideology than on the business of war, subordinate to the civilian leadership of the country.

China’s military modernization effort has met with a great deal of suspicion because of the lack of transparency in its strategic focus and the military’s traditional penchant for secrecy in military matters. U.S. F-16 sales to Taiwan in the fall of 1992 were in part prompted by China’s purchase of SU-

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27 aircraft from Russia that summer. The F-16 sale provided Taiwan with a quantum leap in military capability that was quite alarming to PLA hard-liners seeking to both narrow the gap in post-Gulf War military capabilities and maintain a coercive military edge over Taiwan. Subsequent procurement of up to 75 SU-27s, orders for up to 10 KILO class submarines, and two Sovereignty warships, coupled with increased military activity in the Taiwan Strait by the PLA, have served to exacerbate suspicion of China’s military intentions and capabilities.

Much has been written about the purchase of this equipment from Russia. This equipment represents early 1980s technology and while capable does not a priori equate to a quantum leap in military capability given the security needs of a country the size of China, the small numbers purchased, and the fact that Beijing will continue to require Russian logistics and spare parts support for at least another decade. Whether this equipment is the result of an immediate response to Taiwan or part of a gradual modernization process incorporating selective purchases from abroad remains the subject of much debate. Nonetheless, the combination of China’s continuing military modernization drive and military activity and statements directed toward influencing Taiwan’s domestic political scene has created a powerful political impetus of support for arms sales and technical assistance from the U.S.

China today believes that it must gain credible military power and show a determination to go to war if necessary in order to meet the challenge of the pro-independence politics that have flowered on Taiwan and pose the greatest challenge to reunification. China is not building an invasion fleet capable of crossing the Taiwan Strait. Rather, Beijing’s military planners have sought the means to coerce Taiwan and deter the U.S. by using asymmetric tactics and weapons, i.e., those that seek to avoid the strengths of an adversary and prey on the weaknesses. Missiles are a key element in this strategy as a means to shore up China’s power projection capability against both Taiwan and U.S. aircraft carriers as part of a sea denial strategy. China has a considerable inventory of short- and medium-range ballistic and cruise missiles. Although their poor accuracy limits their tactical utility, they are useful as a coercive instrument, and improvements in accuracy and numbers are seen as enhancing their utility in both cases. It is postulated that by 2005 China will have up to 1,000 missiles deployed near Taiwan. Ballistic missiles provide the means to flood Taiwanese air defense and early warning systems as a way of offsetting Taiwan’s growing advantage in air superiority. However, mea-

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sured in terms of conventional firepower these numbers represent about one week’s worth of the bombing sorties flown by NATO over Kosovo; more importantly, unlike an aircraft, which can be rearmed and repaired, these missiles cannot be regenerated once used. Given the precedent of the eleven-week effort in Yugoslavia, the tactical military utility of China’s ballistic missiles in a conflict with Taiwan is greatly circumscribed, although their coercive impact looms large given the small size of the island.

The Chinese exercises of March 1996 demonstrated China’s postulated military strategy in this regard, as well as the country’s growing capability to employ its forces in joint operations. This and subsequent military exercises have also demonstrated PLA improvements in the areas of joint command and control and logistics support. The planning and execution of the 1996 exercise revealed an operational sophistication hitherto unseen in Chinese forces. Increased political support in the U.S. for strengthening Taiwan’s military capability is reflected in congressional measures to provide for Taiwan’s inclusion in an Asian TMD system as well as approval for the sale of the Patriot systems outlined above in response to China’s demonstrated ballistic missile capabilities in the Taiwan Strait.

Political and Economic Factors

China’s economic development and internal security also figure into the arms sales equation because of the way these issues shape the government’s response to the Taiwan issue. China is determined to control the pace of its economic development and political liberalization. Beijing faces a number of pressing and complex political and economic uncertainties. Communist leadership at the highest levels remains solidly authoritarian and elitist, but among the technocrats who comprise it the style is consensual. Although political competition is intense, it unfolds within a context of increasingly defined rules in which ideology plays little role. Indeed, China’s leaders appear to be having success at substituting nationalism for communism as an ideology. Patriotism forms a major portion of their domestic political appeal, and as public sentiment over the Taiwan and Kosovo embassy bombing issues shows, it resonates effectively. It is likely that appeals to patriotism will become more frequent. Indeed, such appeals taken together with economic progress are seen as one of two key components in a performance-based strategy for retaining the Chinese Communist Party’s (CCP) domestic political legitimacy.

Economic development has been China’s defining national priority since 1978, with military modernization ranking only fourth on the hierarchy of

needs. Rising living standards are seen as the key to social stability and territorial integrity. Performance-based legitimacy means that an economic downturn could cascade into a crisis that could very well threaten CCP rule and territorial cohesion. As such, the major goal of Chinese foreign policy has been to nurture a peaceful regional environment to support trade and attract foreign investment. The quest for economic development influences every aspect of Beijing’s internal and external policies and thus economic security and military security are seen as contingent on one another. Taiwan unification looms large in this equation and is viewed as essential in this political and economic mix. For the Chinese leadership and the PLA, bringing Taiwan back into the fold is perhaps their most deeply felt commitment. It is a strong imperative in China’s new national consciousness and perhaps the final chapter that will close the book on China’s century of shame. Recovering Taiwan thus has become a litmus test of national loyalty that no leader who seeks to stay in power and maintain control of the PLA can compromise. Beijing has made it clear that there is no flexibility on the issue of territorial integrity. In effect, Taiwan is seen as the domino that if let fall would undermine the tenuous roots of CCP legitimacy, national cohesion, and hence the future of China. Beijing feels that arms sales embolden Taiwan’s leadership to resist unification, thus increasing the likelihood that Taipei will have to resort to force to achieve its national goal. Given the deeply felt imperative of the Chinese leadership, it is easy to envision how events could quickly force China’s hand if the domestic political costs of not acting become greater than the international costs of military action against Taiwan. Indeed, in the Chinese government’s most recent White Paper on the Taiwan issue, it clearly has committed itself to the use of force.26

**Political Economy of U.S. Arms Sales**

In addition to Taiwan’s security concerns, arms sales are heavily influenced by domestic political and economic imperatives in the U.S. Politically, they represent a continuing effort by Congress to exploit the contradictions between the Joint Communiqué and the TRA so as to exert a hard line on U.S. China policy. Congressional displeasure with China is strongly conditioned by suspicion of China’s regional ambitions. A number of factors dating back to Tiananmen have served to confirm hard-liners’ suspicions and foster a rather hostile mood in Congress toward China. Within this political context, supporters of Taiwan have been successful at creating an image of the island as the Israel of Asia, a tiny democratic ally threatened by a totalitarian neighbor. This image has been winning favor in a Congress that in recent years

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has sought to picture itself as favoring moral issues in a U.S. foreign relations strategy geared toward promoting democracy.\textsuperscript{27}

Congress also has sought to exploit the contradiction between President Clinton’s policy toward Taiwan and the so-called Clinton Doctrine, i.e., the president’s stated belief that freedom, democracy, self-determination, and respect for human rights should supersede issues of national sovereignty. These are conditions that many see as just the opposite of those that presently exist in China, yet the president has been explicit in his support for China’s position on Taiwan. Clinton’s clear enunciation of the Three Noes regarding Taiwan’s status, followed by that of his “three pillars” policy (calling for one China, cross-strait dialogue, and peaceful resolution of the conflict), has made clear his commitment to Beijing’s one China framework. However, his positions have elicited harsh criticism from Taiwan’s domestic U.S. supporters, who have argued that he is being soft on China, and given Congress greater impetus to take actions that demonstrate its support for Taiwan and displeasure with the president.\textsuperscript{28} The Taiwan Security Enhancement Act (TSEA), which passed in the U.S. House of Representatives on February 22, 2000, was a reflection of this sentiment. The Act seeks to strengthen military ties between the U.S. and Taiwan through deeper interaction in operational matters and expands the scope and scale of military training opportunities for Taiwan in the U.S. The real goal in Congress however, was perhaps not to pass the legislation but rather to force the president to either approve a greater volume of arms for Taiwan or make a politically unpopular veto of the bill. In either case, it demonstrated the tremendous influence Congress has on U.S.-China policy and how the broader strategic interests of U.S.-China relations can be subsumed to Congress’s constituency-based interests. Their influence has resulted in part from the unresolved contradictions between the TRA and the Joint Communiqué, which is a policy dilemma that is sure to be a factor for President Clinton’s successor. Indeed, the PRC views the TSEA as having removed any pretense over reestablishing the 1954 Defense Treaty and an irreconcilable block to reunification by boosting the voice of pro-independence forces behind the safety of U.S. military protection. Beijing also sees it as having jeopardized the peace and stability of the Asia-Pacific region and the world at large.\textsuperscript{29} Though presently dormant in the Senate, the resurrection of the Act is certain to raise the ire of the PRC.

Another major factor influencing arms sales is that Taiwan supplies the U.S. defense industry with a valuable market at a time when the industry is

\textsuperscript{27} Paul Crock, “Will China Bashers in Congress Shower Taiwan with Arms?” \textit{Business Week}, June 7, 1999, p. 55.


\textsuperscript{29} “The One-China Principle and the Taiwan Issue.”
undergoing significant downsizing amid dwindling defense budgets. The Clinton administration has long held that the U.S.'s high-tech manufacturing capability is strategic from both an economic and security standpoint. The administration has consistently adopted trade policy designed to promote these industries abroad and hence preserve the strategic rents to labor and capital they provide to the national political economy. In 1995, President Clinton approved a change in arms export policy, allowing domestic economic concerns to be given equal weight to national security considerations in promoting arms sales abroad.\(^{30}\) The Pentagon views arms exports as essential to expanding markets as a means to lower the unit costs of weapons for U.S. military modernization. Pentagon procurement has fallen from a high of $100 billion during the Reagan-era to less than half of that at this writing. To accomplish this part of its modernization strategy, the Pentagon is very active in leveling the playing field as a means to assist U.S. arms makers to compete with their foreign competitors for a shrinking pot of global arms sales. The total value in 1997 of all global arms transfer agreements with developing nations was $17.2 billion, the lowest level in real terms since 1990. Similarly, the combined total of all arms agreements worldwide hit its lowest point at $24.2 billion. The U.S. accounted for $5.3 billion or 21.9% of this figure, which gave its arms manufacturers a narrow lead over its foreign competition. However, this was down considerably from the $8.5 billion worth of agreements the U.S. captured in 1996.\(^{31}\) The nearly $1 billion in agreements that the U.S. reached with Taiwan in 1997 takes on added significance in this context, demonstrating that Taiwan provides the U.S. with a lucrative market virtually free of competition. Taiwan, with one of the largest cash reserves in the world creates a powerful political and economic pull for U.S. weapons. The political pressure on Congress to preserve the strategic rents derived from arms exports is enormous and the fact that Taiwan and not the U.S. taxpayer is paying for it creates tremendous incentives. For example, the survival of the F-16 plant in Ft. Worth Texas, and more than 11,000 jobs, is contingent on a single $5 billion order from the United Arab Emirates. In the meantime, the U.S. had plans to buy just one F-16 in 2000.\(^{32}\)


\(^{32}\) Smart, “Fighting for Foreign Sales.”
Powerful lobbies seek to exploit the Pentagon’s arms export dilemma in Congress and with the American people. Taiwan’s Washington lobbyists, Cassiday & Associates, have been winning converts with the argument that the best way to protect Taiwan, and avoid the loss of U.S. blood and treasure, is to give Taipei such a strong defense that Beijing wouldn’t think of attacking. Taiwan is trying to make itself as hard a pill for Beijing to swallow as possible. Independence has become a major domestic political issue in Taiwan and its proponents see military strength as a means to gain leverage over Beijing in this regard. U.S. support for Taiwan in part reflects a successful effort to capitalize on the tension between the president and Congress, domestic political and economic dynamics involved with U.S.-PRC relations, regional security issues, and U.S. defense industry economics writ large.

Analysis
From Beijing’s perspective, the future of Communist control of the mainland figures prominently on the maintenance of a one China policy. If Taiwan manages to gain the de jure status of an independent power, the fear is that it will undermine the tenuous roots of CCP legitimacy and the leadership’s ability to control the pace of internal political and economic reform. In the context of Chinese history, such fear might induce a political and geographic implosion of China that could replicate the worst decades of the country’s century of humiliation, a time when a weak central government left China open to the demands of foreign powers and domestic warlords and rebel movements. So far, the CCP has maintained control by posing as the champion of China’s national interests, through repression of dissent, and because economic prosperity has worked to the government’s benefit. The increased militarization of China’s Taiwan policy is in part explained by a delicate political transition characterized by a shift from the personal, charismatic leadership style characteristic of Mao and Deng to a bureaucratic and technocratic model. China has no stable political tradition; there are no set democratic practices and customs to guide political responses and automatically garner the government the respect and loyalty of its population. The capacity of the government to retain its legitimacy and keep the PLA focused on its path of professionalization will depend on its ability to achieve economic prosperity while controlling the evolution toward political pluralism.

Taiwan threatens the legitimacy of communist rule because it represents a Chinese society that offers a successful political and economic alternative. For the moment, there is tremendous popular pride on the mainland in the economic gains that China has made in recent decades. While this pride may discourage political unrest, it also has deepened the dilemmas the CCP lead-

33. Paul Crock, “Will China Bashers in Congress Shower Taiwan with Arms?”
ership will face should the economy falter. U.S. arms sales to Taiwan exacerbate the depth of these problems by strengthening Taiwan’s resolve, increasing its immunity to Chinese military coercion, and rendering China’s leadership impotent to deal with “rebel movements and foreign incursion,” i.e., an independent Taiwan independence and U.S. arms sales and military cooperation. In effect, arms sales to Taiwan involve the U.S. in an incredibly complex web of internal Chinese political, economic, cultural, and military dynamics that few policy makers in the U.S. seem to fully understand. Ironically, Beijing’s efforts to isolate Taiwan diplomatically and cut off the flow of arms have placed the U.S. firmly in the middle. To succeed with its goal of reunification, China must either persuade the U.S. to stop selling arms or somehow neutralize its power.

The Taiwanese recognize the dilemma that Beijing faces and seek to exploit it. But they also recognize that smooth relations between Washington and Beijing help to moderate Chinese behavior toward Taiwan and fear that the U.S. might someday succumb to PRC pressure and the exigencies of broader political and economic interests. Indeed, Taipei has expressed distress over statements made by President Clinton that seem to support Beijing’s view of Taiwan’s future. In its relations with the PRC, Taipei insists on equality and that Beijing cease its insistence on the one country, two systems formula. Taiwan wants China to stop impeding Taipei’s attempts to expand its international space and renounce force as an option in their bilateral dealings. In the meantime, Taiwan has vigorously pursued pragmatic diplomacy in search of international support and arms. Taiwan’s determination to defend itself ultimately will depend on the steady flow of U.S. arms; the government in Taipei appears intent on demonstrating that Taiwan’s determination to fight any PRC military incursion imposes a moral obligation on the U.S. On the other hand, confrontation with Taiwan may be a handy release valve by which the CCP can deflect domestic pressures building in China. A patriotic nationalist campaign to recover a renegade province could successfully distract the Chinese people from the political and economic dissatisfactions that appear to be growing amid increasing efforts by the government to restrict organized threats to stability. However, the problem with committing to such a campaign is that sooner or later Beijing will have to act. Stuck in the middle, the U.S. itself has only limited options for how it can deal with future confrontations between China and Taiwan; furthermore, these options pose serious problems for the future of U.S.-PRC relations, including the very real prospects of armed conflict.

The U.S. cannot easily accept Beijing’s contention that the Taiwan question is an internal matter of no concern to the U.S. Supporters of Taiwan have maintained since 1979 that Washington dare not allow Taiwan to be swallowed by China for fear that it would destabilize a region where the U.S. has
enormous interests. Others point to the uncertainty surrounding China gaining control of the strategic waters around Taiwan. Principally, however, the fact is that the American president blamed for losing a democratic Taiwan to a communist China would find himself or herself in considerable political peril. Indeed, the fundamental political fact about U.S. attitudes since the opening to China is that effectively no constituency supports hurting Taiwan. Under different circumstances, Taiwan would be touted as a model for democratic transition, while in contrast China is depicted as the moral opposite by a myriad of special interests and Taiwan’s lobby in Washington. Almost to a member, the mood in the present Congress toward China is decidedly dim. This attitude has created a powerful and politically charged push to supply Taiwan with weapons that comes from a U.S. military industrial complex seeking to maintain a high level of exports to leverage the costs of domestic military modernization amid a shrinking global demand for arms.

**Conclusion**

Answering the question of what policy solutions can mitigate the problems caused by U.S. arms sales to Taiwan is complex. The issue is not just one of differing political interpretations between the 1982 U.S.-PRC Joint Communiqué and the TRA. These two documents are at loggerheads where fundamental foreign policy differences between the U.S. and China collide. U.S. efforts to exert its global and regional influence exacerbate long-held Chinese suspicions of U.S. aspirations to hegemony. In turn, China’s drive to modernize its military along with Beijing’s domestic and international behavior exacerbate equally long-held suspicions of China in the U.S. This has left Taiwan as the destination of U.S. arms to satisfy a vast array of Congressional issues and interests that in turn feed China’s growing nationalist ire, which threatens the broader goals of U.S.-PRC relations. Whether they may ease the growing dilemma of legitimacy for the Communist leadership is an open question, but U.S. arms sales to Taiwan significantly reduce Beijing’s options in dealing with Taipei and greatly increase the prospects of military confrontation. The net effect is that these arms sales have become the single biggest obstacle to establishing fully normal relations between the U.S. and China and narrow the options for both sides to either conflict or cooperate.

The U.S. in essence has painted itself into a corner because it has failed to honor the commitments it has made to China in the past. The truth is not a currency easily converted by changed circumstances. The fundamental truth is that the U.S. promised China that it would show great restraint in providing limited and defensive arms to Taiwan during an ill-defined transition era that was to follow the establishment of diplomatic relations in 1979. The U.S. promised that during this transition it would shift its emphasis away from supplying arms to Taiwan and toward promoting the necessary dialogue and
negotiation that would help reconcile China and Taiwan. Doing such would allow these two entities to find a formula to live together in peace and create a transitional era in which the U.S. and China could then solve the problems left over from history while allowing their own relationship to move forward. Both Washington and Beijing had a great deal to gain from one another in 1979 and this remains the case today. Arms sales, however, are the major problem left over from history that prevents the relationship from developing as both governments would wish. Taiwan does not need more arms from the U.S. What it does need is help in both assimilating the diverse and sophisticated array of equipment it now has and reducing the influence of non-war fighting factors that seriously impinge the development of a modern force capable of executing its national military strategy. To help Taiwan achieve these objectives, the U.S. must shift from supplying arms overtly to a discreet strategy of advice and assistance designed to improve and rationalize Taiwan’s force structure with its military objectives. This must be done in a way that would not violate the spirit of the TRA or give China the impression that Taiwan and the U.S. were developing a joint war fighting capability.

Fundamentally, the only real measure that will ensure that Taiwan’s democracy and free market are never threatened by China is for there to be not a change in Taiwan’s rhetoric about China but rather for China to become different by evolving into a more democratic, pluralist country that will not seek unity by force. Taiwan would find such a country a more attractive partner. What will make Taiwan diplomatically recognizable is a change in China; such change is already in progress and Taiwan and the U.S. can play a huge role in influencing the outcome. The only thing that Taiwan needs is time, and the key to buying time is not clarity but ambiguity. U.S. arms sales to Taiwan and the strengthening of their military relations when coupled with declarations of independence force clarity in Taiwan’s relations with China and hence limit the options for all sides. Ambiguity is what in a sense bought time for Taiwan to make itself unignorable, and more ambiguity is what will buy it the time to make itself fully recognizable by allowing events in China to run their course. Reconciling the differences between the 1982 Joint Communiqué and the TRA may not be the answer but restoring a balance between the two is. Indeed, ambiguity and discretion may prove to have been the wisdom inherent in the framework of these documents by providing a flexible fulcrum upon which the U.S. can balance a difficult and complex issue. Thus, the formula exists for a peaceful resolution to this dispute; however, the U.S. needs to find the leadership and courage of conviction to honor its commitments in this regard.