



Can **DEMOCRACY** Survive
GLOBALIZATION?

LESSONS FROM TAIWAN

The Sigur Center for Asian Studies • The Formosa Foundation • Taiwan Foundation for Democracy

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WELCOME

Kirk Larsen: Good morning, ladies and gentlemen. It is my pleasure to be able to sponsor this important and very interesting event. Just a quick note about the Sigur Center in case any of you are not aware of the nature of this institution -- The Sigur Center is really a community, a community of scholars, we have some close to 50 full time scholars of the George Washington University whose research either focuses primarily on Asia or has a substantial Asia component. But the Sigur Center also brings together a larger and wider community of part time adjunct faculty as well as visiting scholars and an even larger community of students who take our courses and then a larger community yet of people in the area, of alumni, of friends both in the area and across the world, all of which are interested in studying Asia and understanding Asia and its place in the world. And so I can think of few topics that would be more appropriate to focus on and to explore than the topic of today's symposium, particularly the issue of democracy and globalization. And one of the things I like most about this particular approach is that as a historian and someone who's looked at the ways in which especially scholars and academics in the West have tried to understand the world, I have to confess, and this is hardly an original observation, that one sees in many respects a healthy focus on Western Europe and the United States and on how the rest of the world is going to learn how to become like them or converge closer to them. And while this has certainly has been an interesting and important dynamic in the history of the world over the last few centuries, I think it is long overdue to start to look the other way and see that the relationship and the processes and things like democratization are really a two-way street. And in many respects there are dynamics and processes going on in Asia from which even the so-called developed world can learn. And so I look forward to learning along with you today about the lessons that can be learned from Taiwan, about this most important issue and development throughout the world.

And so again on behalf of the Sigur Center, on behalf of the George Washington University, it's my pleasure to welcome you. It's also my pleasure to note that this symposium is co-sponsored by two other important institutions, the Taiwan Foundation for Democracy and the Formosa Foundation. And representatives of both of these would like to say a few brief words of welcome and so first I will turn the podium over to Lin Wen-cheng who is the President of the Taiwan Foundation for Democracy, after which you'll hear a few words of welcome from Terri Giles, the Director of the Formosa Foundation.

[Applause]

Wen-cheng Lin: Thank you very much Professor Larsen. Ladies and gentlemen, I'm very delighted to be here and actually indeed it is a great honor. First of all I would like to thank Professor Larsen and all of his colleagues at the Sigur Center for having made this event possible. We at the Taiwan Foundation for Democracy are very delighted to work together with the Sigur Center as well as the Formosa Foundation on this conference. It is particularly great to see so many distinguished experts, most of whom are also my good friends and colleagues of many years.

Our topic today is extremely important. Globalization is perhaps the most important phenomenon the future of the world, for better or for worse. It is therefore necessary that all of us for our interest that in promoting the universal value of democracy, consider carefully the risk as well as the opportunities that globalization creates for democracy. As you know Taiwan has been a major beneficiary of the early stages of globalization as

our dynamic economy has thrived in inclusion in the great international supply chain. Of course, this process has run simultaneously with the democratizations in Taiwan. In that respect Taiwan should be considered one of the major success stories in terms of democracy surviving globalization. Maybe there are many relations for other countries, however we cannot make comparisons. Taiwan's a democracy for its many challenges ahead, for those of you who follow very closely about Taiwan's democratic changes, you know that Taiwan faces a lot of challenges.

Maybe you know some – not just Taiwan, all of the new democracy face a lot of challenges ahead. Some of them are common issues for the new democracy. For example, confrontations between opposition and ruling parties or ethnic conflict, those are common issues for new democracy but others are unique for individual countries. For example Taiwan faces external threat from China. We face a rising China so the threat is increasing in the future. The issues of whether Taiwan can survive the globalizations in the face of threat from mainland China is very important for studies for both academia and policy makers. I am looking forward very much to today's discussions. I'm sure we can all learn a great deal about how to address these by later issues and you know I just want to emphasize that the Taiwan Foundation for Democracy will continue to work very hard to promote democracy in other countries and meanwhile we will try to consolidate our democracy in Taiwan and we will continue to work together with the other NGO's or academic institute including Sigur Center in the future. Thank you very much.

[Applause]

Terri Giles: Good morning. My name is Terri Giles. I'm the Executive Director of the Formosa Foundation. I'd like to say how nice it is to be back here on the east coast. I'm originally from West Virginia, have lived many years in Washington and then been in exile out in California running the foundation.

The Formosa Foundation is a non-profit that was created by Mr. Li-Pei Wu to help facilitate relations between the United States and Taiwan and right now I believe we're at a critical crossroads for those relationships. We're in a city that often talks about democracy, often acts upon with the cover of democracy but often finds democracy inconvenient. And I believe that the issues surrounding Taiwan and its democracies are very important for the United States and our future. So, today's conference, I think, is a very important one and one that has a lot of ramifications for our future as well as Taiwan. I want to thank particularly George Washington University and the wonderful staff here and everyone that has been a terrific colleague in helping to put together this conference today. It came together very quickly and we are very grateful for the work that George Washington has done.

In addition I would like to say a special bit of thanks to the Taiwan Foundation for Democracy. They have been a huge partner in this endeavor and we are grateful to their work and as others should be as well. And I would also like to just say a moment of recognition for TECRO here in Washington that always does a lot of work behind the scenes and out front, helping to promote Taiwan and helping to create a brighter future for both countries. So again, thank you all for coming this morning, we look forward to a lively discussion, interesting topics and extraordinary speakers. Thank you.

[Applause]

OPENING SESSION

Kirk Larsen: Without further ado then we will proceed to our opening session and as you can see on the schedule we have two very experienced and well knowledgeable and dynamic speakers to start us off and to start the conversation going. I will spare you the details of the introductions because you have the biographical information in your packets but just note that we will first hear from David Huang, who is the Deputy Representative of the Taipei Economic and Cultural Representative Office or TECRO and then he'll be followed by Chen Lung-chu who is the Chairman of the Taiwan New Century Foundation and the President of the UN for Taiwan Alliance. So first David Huang.

David Huang: Director Lawson, Dr. Lin, Miss Giles and distinguished guests and ladies and gentlemen, it is my great honor to be invited to this opening remarks for this impressive gathering. In recent years, the globalization has charged with emotional responses. Some of you call globalization as an inevitable and beneficial process that is the key to the future of the world economy. Others regard it with hostilities, even outright fear, believing that it increases inequalities between and among nations, threaten employment and thwart social progress. But we are celebrating the 20th anniversary of the lifting of the martial law in Taiwan this year. It is an intriguing proposition to explore how democracy might survive prevailing global forces by considering the lessons from Taiwan's recent past. It is within this context that I believe important discussions can take place that will allow us to obtain a comprehensive understanding of how globalization drive events in Taiwan and elsewhere as well as any challenges, globalization may pose to the development of democracy worldwide. I applaud the conference organizers for hosting this gathering today to facilitate such an exchange of view.

Facing the challenges of globalizations, Taiwan has taken important steps to advance its free trade objectives. In January 2002, Taiwan joined world trade organizations where based on the DOHA Development Agenda it has worked with the United States to launch a new round of multilateral trade negotiations. In these talks, and in other forums such as Asia Pacific Economic Cooperation Forums, Taiwan and the United States have demonstrated their mutual dedication to trade liberalization and to strengthening of the global market-based economy by utilizing the principle of transparency, predictabilities and fair competitions.

Over the past 50 years, the United States and Taiwan have been partners in the fight for democracy and freedom. U.S. support for Taiwan has allowed us to build a secure, prosperous and democratic society that stands today as a beacon for all who seek freedom and countless benefits it brings. Earlier in September, President Bush highlighted Taiwan's democratic transitions in his speech at APEC business summit in Sidney, Australia, noting that the expansion of the freedom and democracy in Asia Pacific region is one of the greatest stories of our time.

But such success did not come easily. In fact, the path of political progress has been both long and challenging for the Taiwanese people ever since the late President Chiang Ching-kuo lifted martial law and ceased government ban on independent newspapers and political parties in 1987.

Following the end of the martial law, the people of Taiwan encountered even tougher challenges and tasks. Like other emerging democracies, Taiwan in the recent past has encountered difficulties regarding transitional justice, a worsening quality of the multi-party politics, a weakening degree of social coherence and an ongoing debate over the country's constitutional systems. In addition, Taiwan has had to face divided views on national identity at home as well as serious diplomatic blockade and military threat from China. Over the past two decades, especially in the recent 7 years, we have experienced many turbulence during our journey down the path to democracy. However, a democratic regime's problems can only be resolved democratically. Returning to the ways of the past is not an option for Taiwan.

The key problem now in the Taiwan Strait is not Taiwan's democracy, but China's communist dictatorship. If China continues refusing to embrace democracy and take whatever it can to defend its communist one-party dictatorship, the danger of China's military expansion and the potential for its invasions on Taiwan will grow accordingly. For this reason, the 23 millions, Taiwanese peoples are willing to do whatever they can to defend their freedom against China's oppressions. At the same time, the international community should assist China take the path to democracy by respecting and nurturing Taiwan's democracy rather than bashing it in exchange for economic interests with China. Only by doing this can we create a more democratic and peaceful world.

Now before I end my remark, I would like to take this opportunity to express our deep appreciation for a long-standing assistance and support that the United States has given Taiwan over the past 50 years. In terms of Taiwan's economic development, the United States has always been Taiwan's most important trading partner. It would not be an exaggeration to say that the main driving force behind Taiwan's rapid economic development over the past half century has been its dynamic trade and investment relationship with the United States. We cherish the close partnerships that exist between our two countries and we will continue to make contributions to promote our shared values of liberty and democracy as we walk together to further our common economic and commercial interests.

To conclude, let me once again congratulate the Sigur Center for Asia Studies at George Washington University, the Taiwan Foundation for Democracy, the Formosa Foundation for hosting this important conference on such a timely and intriguing topic. I look forward to listening to what will undoubtedly be a fruitful and interesting discussion. Thank you very much.

Lung-chu Chen: Mr. Chairman, distinguished guests, ladies and gentlemen. It is a great pleasure to be speaking here today. I would like to thank our host and sponsoring organizations for this invitation at such a crucial time in the history of Taiwan and the world.

In the new era of democracy and globalization, Taiwan's place in the world community increasingly will be a focal point of attention and contention.

As globalization deepens, so does global interdependence that requires universal participation in world affairs. All those who are affected by globalization must be included in the processes of global decision-making. Democratic participation in world affairs is the very essence of democracy in today's world. This points to the United Nations especially.

The United Nations is based upon the principle of universality in its mission to maintain international peace and security and to facilitate international cooperation in economic, social, cultural, human rights, and humanitarian affairs. Thus, the continued exclusion of Taiwan from the United Nations is contrary to the paramount global policy of democracy and universality.

After seeking some form of participation in the United Nations without success over the past 14 years because of China's vehement opposition, the government of Taiwan took a new initiative by applying for UN membership in the name of Taiwan in July this year (2007).

Taiwan's application was rejected arbitrarily by UN Secretary General out of hand, acting in flagrant violation of the UN Charter and the relevant rules of procedure. Instead of following the normal procedure by transmitting the application to the Security Council (and later to the General Assembly) for consideration, he returned Taiwan's membership application on the grounds that General Assembly Resolution 2758 of 1971 has already decided that "Taiwan is part of China."

In response to the strong protests by many member states, the General Assembly held a special 4-hour session in which some 140 delegates spoke, to consider whether the whole matter should be included in the Agenda of the 62nd regular session of the General Assembly.

Although the General Assembly decided not to include the matter in its agenda, Taiwan's application for UN membership has received unprecedented worldwide attention. The government of Taiwan has made it abundantly clear to the world that Taiwan is a sovereign, peace-loving State independent of the People's Republic of China (PRC), that the PRC does not represent Taiwan and its people in the UN or elsewhere, and that it is a fundamental right, duty, and the strong aspiration of the Taiwanese people that Taiwan be admitted as a member state of the United Nations.

What does General Assembly Resolution 2758 really say? Is Taiwan a country? Or is it simply a part of China (the PRC)? We must now confront these issues in all seriousness. Let us take a quick look at the entire text of Resolution 2758, which is fairly short.

Taiwan Is A Sovereign, Independent Country. U.N. General Assembly Resolution 2758 (October 25, 1971) "The General Assembly, Recalling the principles of the Charter of the United Nations,

Considering that the restoration of the lawful rights of the People's Republic of China is essential both for the protection of the Charter of the United Nations and for the cause that the United Nations must serve under the Charter,

Recognizing that the representatives of the Government of the People's Republic of China are the only lawful representatives of China to the United Nations and that the People's Republic of China is one of the five permanent members of the Security Council,

Decides to restore all its rights to the People's Republic of China and to recognize the representatives of its Government as the only legitimate representatives of China to the United Nations, and to expel forthwith the representatives of Chiang Kai-shek from the place which they unlawfully occupy at the United Nations and in all the organizations related to it."

Clearly, no reference was made to Taiwan at all. The Resolution did not say Taiwan is part of China or the People's Republic of China. It did not authorize the PRC to represent Taiwan and its people in the UN and related organizations.

Indeed, Taiwan is Taiwan, China is China, Taiwan and China are two separate countries. Taiwan is not part of China, Taiwan is not an internal affair of China. According to international law, there are four conditions for statehood: A state must have: (1) a permanent population; (2) effective control over a defined territory; (3) a government; and (4) the capacity to interact with other countries.

By international law, therefore, Taiwan is a sovereign and independent country regardless of how many or how few other countries recognize it. Taiwan is a country completely independent from the PRC. It has never been ruled by the PRC for even a single day. Neither Taiwan nor China falls under the jurisdiction of the other, and this is the current reality.

In terms of international law, Taiwan has not been a part of China since 1895. Taiwan has become a country through a continuous process of evolution. Through the process of democratization and Taiwanization — and thanks to the effective self-determination of its people — Taiwan has evolved from a territory under military occupation following World War II to a country with the sovereignty and independence of a nation-state. Taiwan's evolution into a state reflects historical developments, changing political conditions, and the dynamic character and principles of international law.

However, the People's Republic of China has asserted that Taiwan is part of China, citing history, the Cairo Declaration, the Potsdam Declaration, succession to the Republic of China (ROC), UN General Assembly Resolution 2758, and Taiwan as an internal affair of China, to support its position.

China's argument fails the tests of both reality and international law, for the following reasons.

One, for most of Taiwan's history, the Taiwanese people have sought to govern themselves in their own land of opportunity, and have undergone unique experiences in the development of their own national identity. First there were the indigenous peoples on Taiwan; much, much later came the Han Chinese, the Dutch and Spanish colonial empires, Cheng Cheng-kung's (Koxinga) family dynasty, the nominal rule of the Qing dynasty which ceded Taiwan to Japan in perpetuity shortly after making it a province from 1887 to 1895, the brief establishment of the Republic of Formosa, 50 years of Japanese colonial rule, and the military occupation following the Second World War. Since World War II, Taiwan has evolved into a sovereign and independent nation. Clearly, Taiwan has not been "an inseparable part of China since ancient times."

Two, as for ownership of Taiwan's territory, the Cairo and Potsdam declarations cited by the PRC were overridden by the 1951 San Francisco Peace Treaty with Japan. The Taiwan, including the Penghu Islands, that Japan gave up in the Peace Treaty belonged to neither the PRC nor the Republic of China (ROC). Although to whom Taiwan belonged was left undefined and undetermined, its sovereignty, under contemporary international law, rested upon all the inhabitants of Taiwan. No wonder the PRC has avoided bringing up the Peace Treaty, which carries the most weight in international law.

Three, when the PRC was established on Oct. 1, 1949, the ROC had "militarily occupied" Taiwan on behalf of the Allied forces, but had not acquired sovereignty over or

ownership of Taiwan. Therefore, it is impossible for the PRC to inherit powers that the ROC never had.

Four, Resolution 2758 adopted by the UN General Assembly in October 1971 merely determined that the PRC, not the ROC, is the only lawful representative of China to the UN, and expelled "the representatives of Chiang Kai-shek" from their seat in the UN, without deciding the international legal status of Taiwan. As mentioned above, Resolution 2758 does not state that Taiwan is a part of the PRC, and neither does it authorize the PRC to represent Taiwan and the Taiwanese people in the UN and related organizations. This means that the Chinese government's position, as echoed by the UN Secretariat, that Resolution 2758 supports its claim to Taiwan is completely incorrect.

Five, since its founding in 1949 the PRC has never controlled, ruled or exercised jurisdiction over Taiwan. By international law, Taiwan is not an "internal affair of China" but a question of international concern. Taiwan and the PRC are two different countries: the dispute over Taiwan's legal status involves interpretations of international agreements and international law; the PRC's threats toward Taiwan jeopardize peace in the Asia-Pacific region and the world; China's missiles (about 1000) aiming at Taiwan constitute threats to the peace and the breaches of the peace; China's "Anti-Secession" Law violates international law; and Taiwan's future involves the effective implementation of the bedrock principle of self-determination in international law. The resolution of the issue of Taiwan's statehood will affect the fundamental human rights and well-being of 23 million Taiwanese.

Taiwan and the United Nations Need Each Other. As a peace-loving State, able and willing to carry out UN Charter obligations, Taiwan has applied, pursuant to Article 4 of the Charter, for UN membership, and should be admitted to the United Nations. Membership for Taiwan will be good not only for Taiwan, but also for the United Nations. Indeed, Taiwan and the United Nations need each other, and deserve each other, for the following reasons.

One, the United Nations is committed to the principle of universal membership. Of 193 countries in the world, Taiwan is the only country that remains excluded from the UN. This is a form of political apartheid that must be ended. The policy of inclusion rather than exclusion should be the guide. With the inclusion of Taiwan whose population is 23 million — exceeding the combined total population of the 49 least-populated UN member States — the United Nations can truly become a world organization representing the whole of humankind and all nation-states of the world.

Two, UN membership for Taiwan is a matter of justice and fundamental human rights for the 23 million people of Taiwan, in keeping with the Universal Declaration of Human Rights. UN membership will bring dignity and equality for Taiwan, enabling Taiwan to be a responsible, active and contributing member of the United Nations and its related organizations.

Three, Taiwan is a free, democratic country, and also a significant economic and technological power. It belongs to the "Most Free" category in the Freedom House Annual Report. In current rankings, Taiwan is the 18th largest economy and the 16th largest trading nation in the world, while its population ranking is 47. As a member state of the United Nations, Taiwan will be able to share with other member states its remarkable "Taiwan experience" both in economic growth and transition to democracy. Financially, Taiwan will definitely contribute more than its share to UN activities.

Four, by becoming a member state of the United Nations, Taiwan can readily acquire membership in the specialized agencies, such as WHO and ICAO, under the UN system. This would enable Taiwan to be an active and responsible member in the UN system, making significant contributions toward international cooperation in dealing with economic, social, cultural, human rights, and humanitarian affairs.

Five, UN membership for Taiwan would ultimately facilitate normalized interactions between Taiwan and China, thereby contributing to the peace and security in the Asian-Pacific and in the world.

In the campaign to obtain UN membership for Taiwan, the Taiwanese government and people realize they must intensify their own efforts. They are determined to do what is right whatever the obstacles may be. An April 2007 survey of the Taiwanese people showed that 77% favored using the name of "Taiwan" to apply for UN membership. As we know, MIT—Made In Taiwan—is world renown. And a referendum on this issue is planned for March 2008, during Taiwan's presidential election. This referendum will be an exercise of direct democracy to formally express the collective will of the people of Taiwan. As such it should be supported, rather than opposed, by the US government.

Meanwhile, I urge the UN member states to take their collective responsibility seriously. The question of Taiwan's membership in the United Nations must be decided collectively by the member states, not dictated unilaterally by the People's Republic of China. Taiwan's road to the UN is by way of New York, not Beijing. UN member states should not tolerate the Secretary General's arbitrary and unlawful rejection of Taiwan's application for membership. Such an arbitrary act in fact violated the UN Charter and the relevant rules of procedure, and consequently deprived the member states of their rights and responsibilities.

The United States should take the lead to support, rather than oppose, UN membership for Taiwan. Such support, in defense of what is right, will also be in the best interests of the United States.

Strategically, Taiwan occupies a pivotal position in the Western Pacific in the context of the US-Japan alliance and security. Were Taiwan to be annexed by China, you can bet that China would control the Taiwan Strait practically as its territorial waters, thereby endangering Japan's economic lifeline and jeopardizing the strategic and security interests of the United States in the Western Pacific. Economically, Taiwan has long been a close trading partner of the United States. In terms of the universal values of democracy, freedom, and human rights, Taiwan is a free society on the side of the United States. President Bush's policy for freedom and democracy should of course include Taiwan. If the United States does not stand for the ideals and values of democracy, freedom, and human rights, what does it stand for?

It's time to replace the outdated "one China" policy with the "one China, one Taiwan" policy, in coming to grips with the current reality. The PRC's "one China principle" has become an instrument of coercion and extortion that should be collectively repudiated. Perpetuating the "One China" policy to isolate and exclude Taiwan from the United Nations and its related organizations would give aid and comfort to China in its ambition to establish a new "evil empire." Let us not forget the lessons of the 1930's.

In conclusion, Taiwan and the United Nations need each other for many and diverse reasons. A United Nations without Taiwan is no world organization at all. On the other

hand, the inclusion of Taiwan as a member state will make the United Nations a truly world organization representing all humankind.

We live in an exciting time, full of challenges and opportunities, difficulties and possibilities. The will and power of the Taiwanese people, together with the support of a global coalition, including especially the United States, can make Taiwan's dream of UN membership come true, serving the common interest of all humankind. I invite you—implore you—to join me in this just cause.

[Applause]

Kirk Larsen: Mr. Chen, Deputy Directory Huang, thank you for those clear and compelling remarks that really do set the stage for the upcoming discussion. It is now my pleasure to yield the podium to my colleague, Professor Ed McCord and to the members of the next panel, which will be on the topic of "Globalization and its impact on Taiwan's democracy."

PANEL I—Globalization and Impact on Taiwan's Democracy

Ed McCord: I'm very happy to start of our first panel today. I'm Ed McCord, I'm the Director of the Taiwan Education and Research Program at GW under the Sigur Center. We have two main activities within the Taiwan Education Research Program. First of all we promote the Taiwan Resource Center in the Gillman Library at GW here. It's the only library center of its type in the United States focusing just on Taiwan. Secondly through our Taiwan Forum, we host a Taiwan Security and Democracy Seminar which also is co-sponsored by the Taiwan Foundation for Democracy and we appreciate that support. So we're on a very tight schedule today so I had to get very breathless here as we run through all this. You have the biographies of all the people so I'm simply going to introduce each one before they speak and their title and I'll leave it to them – we're on a tight schedule, I ask everybody to stay kindly within your 15 minutes and you can either speak at the table or come up to the podium, whatever you're more comfortable with and then we'll have about a half hour after that for discussion and then there's coffee after that. That's why I know a lot of people are waiting for the coffee when we're all done with this so that's why we have to keep on schedule today.

So our first speaker will be David Steinberg from Georgetown University and he's going to speak on "Power in Democracy in Post-Confucian Globalized Societies." David –

David Steinberg: Thank you very much Mr. Chairman. It's an honor to be here and the short time I have to discuss power and democracy in post-Confucian societies, this is neither the time nor the venue to go back to **Marks Fabor** and the incessant discussions and extensive literature on both development and thus globalization in a Confucian of post- Confucian setting. I'll leave that to others. We will also leave to others the definition of democracy, which in this case I will refer, in its non-hyphenated form, which is more meaningful in the western context and which we all understand. Thus we are not talking about people's guided or most recently in the Burma case, disciplined foraging democracy. If you hyphenate it, you denigrate it any form recognizable to those of us in the room today.

Although there are significant differences among the post- Confucian societies, in which we include China and Taiwan, North and South Korea, yes, even North Korea I would argue, Japan, Singapore, Vietnam and the overseas Chinese communities of Southeast Asia, there are certain commonalities that allow us to consider them as a whole. These

commonalities derive from residual but still vibrant values that were inherited from the Confucian past and sometimes consciously but more often unconsciously have been recently employed to further state social and economic ends. It is ironic that when I studied Chinese at Harvard over 50 years ago, the universal cry then was that Confucianism was incompatible with development and democracy, and that any country that wished to become modern had to escape from its Confucian chrysalis. After all it was conservative, supported the status quo, was hieratical, undemocratic, denigrated commerce and industry and was focused on the past rather than on the future.

We have since turned that concept on its head as societies have re-embraced Confucian values. Lee Kuan-yew in Singapore could reintroduce Confucianism into the Singapore school system. Park Chung-hee in Korea used Confucian concepts of filial-piety and loyalty redirected toward the state and its economic growth. Jiang Zeming even blessed a Confucian conference in Beijing in 1988. The official characterization of Kim Il-sung is illustrating patriarchal Confucian concepts and when Kim Il-sung died in North Korea, his son Kim Jong-il was not seen in public for 3 years, which just happens to be the mourning period for one's father in Confucian usage.

Read yesterday's --Sunday's-- New York Time magazine section that deals with some of the Confucian classics. When a delegation from the communist party school in Beijing visited Georgetown, I gave a talk and at the end they gave me a little present, sort of customary. Who would have believed some years ago that it could have been a copy of the Confucian analects? In fact, one could go much further and make the case that the revival of interest in Confucianism was in part a result of globalization that produced a loosening of accepted national emotional moorings, giving rise to the psychological need to return to traditional values and these were in part Confucian and as we shall observe later, these are also in part, family values. Of course Confucianism stressed a number of positive elements, as we will discuss below.

An imminent but unnamable Korean politician commenting on politics in that post Confucian society, when said to me that politically Korea operated on western hardware and Confucian software. Although that may appear somewhat flippant, it did strike a responsive chord because there is an important analytical element in this statement with which I agree and I believe it applies in general to post-Confucian societies which may be less post-Confucian than we might first imagine given the obvious modernity of these societies in many aspects of life, especially in economics. There has also been a re-embrace of aspects of Confucian culture. I take the somewhat unfashionable academic position that both history and culture, Confucian thought on both accounts, matter. Mark Twain said that, "History may not repeat itself but it often rhymes," and culture is not simply that inexplicable residue, condescendingly left over from when social sciences say that the situations cannot be explained in economics, political science or international relations theory. Of course the position is understandable, if regrettable, because one does not win tenure these days on culture specific research agendas but on theory, which may or may not be applicable to any particular culture. To paraphrase, tenure is the leisure of the theoried class.

There is evidence sufficient to prompt further consideration that post Confucian societies have leadership roles in aspects of development even before economic globalization. A case may be made that the most successful family planning programs in the developing

world were in post-Confucian societies, including China, Korea, Japan, Hong Kong, Taiwan and Singapore. The success of these early programs may relate to a type of pragmatism evident in Confucian thought in which ideology or religious dogma did not play as significant a role. Other states followed of course and were also successful.

We recognize today the very economic success of these post-Confucian societies indicated that the move towards economic globalization was in part, dependent on or prompted by a Confucian emphasis on education as a critical social concern, by the concept of a meritocracy, based on talent, after all the Chinese did invent the civil service exam, a sense of parishional efficacy and *amilure* of pragmatism not bound by religious strictures, all based on a hierarchical social system. It is certainly true that Confucianism was used to reinforce the status quo and nonagricultural production and trade was given low status in the pecking order but as modernization expanded, these strictures were de-emphasized and the more basic values became paramount, even the world bank indirectly appraising Confucian tradition which is held up as a model because of Korea's emphasis on education.

Writing on Korea a few years ago, I called South Korea a procedural democracy in which all the elements of a democracy except one were present. They had free and fair elections, universal suffrage, an independent vociferous legislature, a judiciary that occasionally found against the government for the first time in Korean history and a vigorous civil society and a relatively free press. Not as Tom Stoppard says in one of his plays when a dictator says, "I believe in a relatively free press," and the reporter says, "What does that mean sir?" He says, "A press controlled by my relatives."

What was different was the concept of power. My argument derives from Foster's concept of the limited good in agricultural economies and Ben Anderson views on power and Japanese culture. In modern public administration terms, power is considered infinite and this can be shared, delegated, devolved with relatively little trouble. It can in effect be a win-win situation for all personal or institutional parties involved. In many more traditional societies however, power is considered finite and thus sharing the delegating power, either personally or institutionally becomes more difficult.

Power thus becomes parishional and sharing means losing so it's a zero sum game. Although obviously not impossible, sharing power is more difficult under these attitudes. Power in Confucian as well in many other societies has been highly parishional. This parishionalism is transformed into patriarchal patterns that become obvious when the Confucian concepts of authority are imposed on this abstract concept. Parishionalism results in entourages and patron client relationships where loyalty is regarded as more valuable than competence and orthodoxy to the leaders' position is important. One can argue, as I have done, that in South Korea there are no real political parties because if a leader was denied such parties but entourages based on leadership for if one does not gain ascendancy, one forms into a group, as has happened this month; and movement among parties is generally not based on party platform but on opportunism. There have been over a hundred political parties in Korea since independence and names change depending on the political feng shui of the moment.

In other post-Confucian societies, this has been less true because of past monopolies on power by one group under a paramount leader as China, under the Chinese communist

party, Taiwan under the KMT for a long period, Vietnam and Singapore under the People's Action Party. In Japan the emphasis has been on factions within the LDP.

The traditional Confucian template for governance is of course the family with the leader assuming the role of *padra familias*. This dovetails with this parishionization of finite power. Consider this poem, a Korean poem by Master Ch'ungdam from 765 AD:

"The king is the father / The ministers are loving mothers/ Subjects all foolish children / they only receive what love brings. The people are slow / often they live idly / but once feed them love and they thrive. No one will desert the familiar land."

This is the way to govern a country. Peace and prosperity will prevail if each king minister subject live as he should. And if you will, the father always speaks *ex cathedra* like the Pope. In fact, years ago a friend of mine in the sub-cabinet of Singapore said that they refer to Lee Kuan-yew as the Pope. Thus a strong leader normally evolves with the assent of the population and when leaders appear to be more consensual they can be considered weak, such as President Roh Tae-woo in Korea, who was called "mul" or water, or as we would say wishy-washy.

So in writing on Korea, and I suppose we might call that country the most eminent of the post-Confucian societies since it was traditionally considered even more Confucian than China, the president of that country has remarkable authority. When he makes up his mind, even his cabinet normally will not disagree. When President Kim Dae-jung decided to come to Washington in March 2001 to meet President Bush, no one in the blue house or in the Korean embassy in Washington could tell him this was a bad idea after he had made up his own mind. The President of Korea has more power in his country than the U.S. President has in his. As father, the leader is able to interfere into the lives of his children, the people. In post-Confucian societies from China to Singapore, they continuously spew forth regulations and requirements to which the people are supposed to conform for their own good, as a father would tell the children. So Lee Kuan-yew can demand laws against spitting, chewing gum, not flushing toilets in the interest of the family as a whole. It is no accident that he is known as Minister/Mentor or MM as they say in Singapore.

To continue the father figure analogy further, the implications for democracy are important but not rigid. All post-Confucian societies have proclaimed legislation that has restricted the right of the citizens to some degree. In Korea and Taiwan for example they have been justified by a state of war or an emergency, but there are also deeper rationale. That is, the father can control what his children, read, do, say, with whom they may associate, so the state's leader can determine what the citizens may also do. It's not only whether one could read an inappropriate books but interference into the daily lives of citizens has been common.

Until recently Korea had a broad series of sumptuary laws on almost all types of expenditures from weddings to funerals; they were largely ignored by the public but the state continued to spew them forth is in itself significant. Private universities are originally controlled as well. This concept is important and has negative implications for the rights normally associated with democratic regimes. Compromise is a critical element of democracy, yet the problem is both fathers and leaders seem to speak *ex*

cathedra as I've mentioned, thus making compromise difficult. One Korean intellectual said that Koreans would rather surrender than compromise because if one surrendered, one kept one's moral authority even though one lost but if one compromised, all was lost.

The family was also the template for business as well as governance. The overseas Chinese communities have expanded their influence in part of family enterprises and personal connections, the "zaibatsu" in Japan began as family businesses and the "chaebol" in Korea for the most part are still in that category. Democracy in large part has also been based on the concept of individualism but Confucian societies have stressed rather the collectivism of the family. Marriages and careers were known, at least until recently, as alliances between families. Individualism, on which Westerners often pride themselves, is often viewed in Confucian societies and elsewhere as selfishness.

We need not be an advocate of the decade-old concepts of Asian values, which we both used as an attempt to validate authoritarian governments and erroneously covered almost a myriad of different Asian cultures, to recognize that this does place emphasis on differing concepts of responsibility and the state's response to those concepts. How far this collectivity extends beyond the family is one issue that is important, by ethnicity for example, region, religion or what.

Civil society, those non-governmental institutions between the state and the family and the development of social capital as considered, has been considered since De Tocqueville to be an important element of democracy. It is also a critical component of pluralism, on which democracy is partly based. Although civil society has become vibrant in post-Confucian societies, China, in contrast to Korea and other societies has a tendency to equate civil society organizations with anti-state activities; they remain suspicious. It is evident that according to the authorities on classical Confucian thought, civil society as an intermediary between the state and the family played no role in traditional Confucian thinking. Yet two Confucian institutions perhaps did help foster the growth of civil society. That is institutions that could productively question governments about their activities. This was the pattern of remonstrance on a more personal level and the imperial censorate as an institutional force. In other words, there were traditional Confucian ways in which the administration and its leaders could be informed about issues in their administration.

In some sense, this is what advocacy groups in civil societies in effect do, and what the independent media is all about. And of course, the ultimate remonstrance was, in effect, the loss of the mandate of heaven and this revolution was justified under extreme circumstances. The concept of mandate of heaven in China was thus more flexible than the divine right of kings in Europe.

In summary, many of the values of Confucianism have promoted economic growth and thus globalization and it provided a base on which modern concepts of democracy can flourish, education, self-worth and efficacy, meritocracy, pragmatism. But democracy as a process is not produced whole from an election or a single event, contrary to the media and some politicians. It develops over time and in this era, through an internal evolution and external stimulation, it would be spurious to take classical norms of any culture and promote them as the sole force in democracy; how many slaves were there in Athens at the time of a classic democratic thinking for example. Democracy can flourish in post-

Confucian societies, even if it was never considered in Confucian terms. The values it has fostered in part support its growth, even though it has been used to maintain the status quo. What may evolve and indeed is likely to evolve, is a particular brand of democracy that is different but effective and gives the people in post-Confucian societies the degree of satisfaction in their patterns of governance and in their control over that process.
Thank you very much.

[Applause]

Kirk Larsen: Our next speaker is Professor Tun-jen Cheng, from the college of William Mary, who's going to speak to us on "Economic Growth and Democratic Practices."

Tun-jen Cheng: This is a Taiwan focus but I'm going to put Taiwan in a comparative perspective by using South Korea as a reference point. After all, the two countries are Confucian societies, and two countries most cited the newly industrialized countries, and are holding presidential elections, one in two days, the other in three months.

I believe the conference organizers want me to address these questions, has globalization and all the democratization impinge impact on Taiwan's and South Korea's economies. Basically I would like to identify three controversial issues that are being so heavily debated in both Seoul and Taipei and then draw some conclusions.

The three questions or issues I would like to highlight here are first one, has democracy really slowed down the economic growth in these two countries. Second, it has been argued that in Taipei the democratization really empowers big business while indeed in South Korea the reverse is true, that democracy has really tamed, if you like the chaebol in South Korea. And finally, the most controversial issues in Taipei and Seoul is that somehow globalization has turned these two societies into what the Kenichi Ohmae called these or M shaped societies and therefore the questions that if these are two M shaped societies, which one is better off or worse off.

So the first question, has the democracy really slowed down the economies or not? If you know history well, these two economies took off back in the first half of the 1960's when the industrial exports started exceeding the agricultural exports and the export promotions have been sort of a leading factor for the economic expansion there for probably two good decades, giving these two economies double digit growth rates for more than 20 years. Now as these two countries embarked on the paths of democratization, economic growth rates started coming down in the 1980's, probably down to the beginning of democratization and continued into the following decade. Growth rates came down to roughly something like 6 to 7% level and after the Asia financial crisis, these two economies indeed down again, with growth rates down to 4 to 5% level.

So the question is that why did the economic growth rates declined in these two countries? Did the decline have to do with democratization or not? My answer to this question is yes, to some extent. The reason is this, in the old days you have two authoritarian regimes there, one military, the other party regime. They had sort of a single-minded pursuit of one goal which is economic expansion, almost at the expense of other things such as human rights, workers rights, the environment, welfare and so on and so on. The newly democratized South Korea and Taiwan however seems to say that well,

the quality of life is as important, if not more important than economic growth and therefore, I believe you will very soon see a book published this month by **Step Hagars** and **Ralph Copeman**, Robert **Coffman** about the democratic, the impacts of democratizations of economies in the third world countries. There you clearly sees that the expenditures, new expenditures on social services, particularly in South Korea and Taiwan, far exceeds, has expanded so drastically, drastically, so rapidly that it now tops all other government spending categories.

So the welfare provisions, environmental preservations or restorations, committee to service, that sort of thing required society to allocate more resources for consumption, rather in the good old days of investment purpose. You of course will immediately point out that consumption also contributed to the GDP pie. No question about that, it also helps to grow the economies but not as fast as investment. As we all know that consumption contributes to the GDP pie but it doesn't create this immediately, or indirectly that much as multiplier effects. So the more resources put into the services or consumptions for people's, the betterment to enhance the quality of life, the less of the investment you are going to do and naturally the growth rate will come down.

Hence, and one more thing, this is only true to South Korea, not to Taiwan. Democratization also means that the advance rate labor militancy, labor militancy means that sometimes in South Korea, not in the case of Taiwan, wage increments increases exceed the productivity hike and that of course somehow put a dampers to the South Korean exports, which as you know was and probably still is a leading sector for growth.

All right. Having said that, I would quickly add that the democracies only contribute to economic slow down. Economic slow down basically I believe is attributable to new economic conditions in South Korea and Taiwan which is that good old rapid growth factors no longer there. Labor surplus turned into a labor shortage in the late 1980's and also as Taiwan and South Korea accumulated more trade surplus which can be translated into currency surplus. These two economies were forced to appreciate their currencies at the turn of the 1990 g by something like 20 to 35% something, which indeed of course has slowed down the export and again slowed down economic growth.

So the conclusion here with the first issue is that yes, democratic countries could have economic slowdown but for a good cause, but the main reason for economic slowdown is probably not the political but economic. Okay?

Second issues has to do with the role of big business in these two politics. In the past and today it's been argued very vehemently in both Taipei and Seoul that you are seeing two different developments here in quite vivid contras. Somehow the leading business world sort of turned into big business in Taiwan thanks to democratization, whereas big business in Korea which was created under Park Chung-hee was somehow tamed, was somehow clipped, their wings were sort of clipped. And so two assumptions is true, you can see that in the old days of the KMT, Taiwan was able to nurture not really big business as a mainstay of economy but small and medium enterprises and also allowed some of the state enterprises to continue to run much to the dismay of the leading business, particularly in petrol chemical upstream and telecommunications and so on. And as democracy marched on, you saw that somehow the political elites were out beating each other to court favors to have endorsement from business sectors and

business sectors therefore had been able to make some sort of political investment and to push for their agenda such as privatization. That's the whole thing and as the government pulled out from say the telecommunications sectors, the upstream petrol chemical and financial sectors, leading businesses moved in and turned themselves into big business and therefore indeed, some people even argued that democratizations created the big business in Taiwan.

The reverse is probably true in the case of South Korea. As you all know, South Korea's military regimes upon assuming power in 1961, pardoned the leading businesses and turned them into some sort of national champs to be the engine for growth. South Korea nurtured them, fed them with all kinds of incentives and turned them immediately into big business until they were too big to fail. So the government could only continue feeding them with all kind of incentives and never to discipline them. And it was up to social democratization that big business was so to speak brought under control if you like, you know by the South Korean government. After 1987 something you have all kind of games such as reorganization restructurings, the shedding of the business line, that sort of thing, as attempts to indeed discipline big business.

So best to transfer there the – I think they are correct but we should not probably carry it too far with this argument. Big business is powerful in Taiwan but not as powerful as you may want to see, after all big business could not get what they want which is *san-tung*, the 3 links across the Taiwan Strait. And big business was indeed doing some sort of political investment, probably going back to the 1980's and early parts of 1990's but that's probably transitional, one time business. Nowadays you rarely find this sort of businessmen turned legislators in the legislative corridors. And so big businesses have become just one of many interest groups bearing upon the decision making process in Taiwan. You have so many other interest groups, labor unions, environmental groups and all kinds of advocacy groups.

So what about South Korea? Well, big business was disappearing, no question about that but it remains important for repeatedly the big business was called upon for example to support several – the regimes on the left. No more Young's government really needs big business to for example support its ascension policies, engagement policies. They are indispensable to the Korean economies. So that's basically the second point.

The third point I want to raise has to do with the emerging M shaped society. Willing or not, both Taiwan and South Korea somehow had to brave the waves of the globalizations in the past 20 years something, liberalizing their financial sectors, the leveling of the trade barriers and also decontrolling foreign direct investment and in the case of South Korea, letting go of all restrictions on outward investment. As for Taiwan though, however the government there still exercises some sort of moral persuasions if not downright control on the channels of investment, although the restriction there has not been terribly effective in force though.

The government in Taiwan also has not completely lift the direct bans on direct trades across the Taiwan Strait but this has probably only inconvenienced rather than inhibited the trade across the Strait. Therefore very interesting observations pops up out there in the policy circles in both Korea and Taiwan and it goes like this. After the Asia financial crisis Korea has embraced globalization more wholeheartedly than Taiwan. Taiwan was

initially ahead of Korea in the games of globalization but had not really embraced it, particularly when China is part of the globalization equation. Taiwan sort of hesitated to push ahead and therefore people in Seoul and Taiwan argue that consequently it seems that South Korea has been doing much, much better, economically speaking, than Taiwan.

Evidence provided by the political pundits in both countries that South Korea now has overtaken Taiwan in terms of productivity. 7 or 8 years ago it was lagging far behind and after the Asia financial crisis South Korea had popped slightly higher GDP growth rates than Taiwan roughly by 1 percentage point and lower unemployment rate than Taiwan's, again by 1 percentage point.

This kind of fact however is disputable. Korea's price levels have been much, much higher than Taiwan's and Korea has allowed its currencies to appreciate much more than Taiwan's and therefore on nominal terms South Korea is probably far better off than Taiwan. If you go down some of nominal rates based on nominal exchange rates, Taiwan's per capita at 2006 is 15,936 and South Korea's is in the 18 thousands. In the old days, way back in the 1990's South Korea was behind Taiwan and now it is taking over Taiwan. However not everyone agrees that we should go for nominal rates, we should probably go for PPP as well. PPP means Pushing Power Parity which basically says not how much money you can bring home but how much money you can buy. If you go by PPP which is what the World Bank and also IMF and those economic intelligence units in London use, then Taiwan is actually far better off than South Korea. The ranking order between two, which statistics you would like to subscribe to probably depends on your political stance. If you are the opposite party members in Taiwan or if you are the ruling party in South Korea, probably you would like to go for the nominal rates; if you are the ruling party in Taiwan and the opposition parties in South Korea, probably you would like to go for the PPP base as a statistics.

The reality however, I would like to emphasize here, underscore here is that while the both South Korea and Taiwan had been quite successful riding on the waves of globalization to become developed nations and to be big players in the most important sectors of the economy today, which is the high-tech sectors. Both are also wrestling with probably the most intractable of these side effects that globalization is creating and that is the emergence of what again Kenichi Ohmae called M shaped societies. The good old bulky middle class created by the rapid economic growth in the past three decades, seems to have been made worse off, kind of shrinking in the middle. If the income curve presented to you is M shaped, you know the middle class is shrinking there, they are made worse off.

You can break the incomes of any economy into four parts: Income for the salary class, wage earners, income for the needies, the transfer payment recipient recipients, income for the capital owners, equity owners and income for the CEO's and high management. If you look at income distributions broken into this four parts in South Korea and Taiwan, very clearly the income for the salary class has shrunken. Proportionately speaking income for the needies, for the social transfer has increased as social service expands and incomes for the CEO's and those equity owners have been increasing quite handsomely. So clearly the middle class has been squeezed in both South Korea and Taiwan. Another evidence I can provide is that the gap of 20, the gap has been widening between wage

increase for the mid-class workers and the productive gain. In the past 6 or 7 years, the productivity gains for Taiwan was about 34% but wage increment was only 10%. South Korea is the same, although the gap there is not as wide as in Taiwan.

I should also add that, this kind of shrinking of the middle class is not unique to South Korea and Taiwan. It is also said to be true to Japan and also to the United States as well. I can give you some reference points for the United States. Actually in the past 6 years, productivity highs for this economy is about 3% a year and yet the wage gain for this economy is only at 0.2%. So the gap actually here is wider than that in Taiwan.

All right now back to Taiwan and South Korea and final comment that I have here is, what to do with that then. Well if you want to deal with this kind of challenge, or side effects, of globalization, there are only two things that you can do as an economy. The first one is you compensate for losers from globalization. You resort to community service, community college education to retool your workers, and provide some cushion for them if they lose their jobs now because of globalization. South Korea and Taiwan are doing that and they will be doing more.

Second thing you can do is to trade more or integrate more, not with the low wage countries such as China and India, but with developed countries that have higher incomes than you, which is to say that you should try to do as much as possible in negotiating with the EU countries, Australia and United States for FTA's or that sort of thing. Because if you trade more and more, if you're integrating more and more deeply with China and India, then you will have a downward push on wages; if you trade more and more, integrate more and more with developed nations, then there will be an upward push on wages. So it's in Taiwan and South Korea's interest to have FTA's with developed nations, not just with the ASEAN countries and China. Here I would say that South Korea is probably much, much better off than Taiwan. Taiwan, unfortunately for its political isolation and the China factor, has not been able to conclude in any significant FTA's. particularly with the developed nations including the United States. So indeed, political isolation has taken a very heavy toll on the Taiwanese economy. I'll conclude here. Thanks.

[Applause]

Ed Friedman: Well thank you very much in the shift gears –

[End of Audio]

Ed Friedman: That our view of globalization is misshaped by the notion of a third wave of democratization and myths about 1991. So let's go back to 1991 when Huntington's book on the third wave of democracy appeared and reflect on the myths which that notion of a third wave of democracy were based to clarify why in reality it's authoritarianism that has been winning and should have been – that should have been obvious starting in 1991, if not earlier.

In the myth story, in 1991, the Soviet Union implodes; the Cold War is over, democracy in America wins; East Europe democratizes; China's great democracy movement indeed is crushed but China is under sanctions, it's isolated and the general consensus is that Chinese democracy must soon occur.

The United States is the sole superpower, a hyper-power. The Soviet Union is gone. The United States defeats Saddam Hussein's invasion of Kuwait in January 1991 in just a couple of days.

The Japanese financial bubble bursts. EU expansion has stopped, and then throughout the 1990s the U.S. economy expands fantastically with great information technology innovations. The dot.com companies, Google, Microsoft, yahoo!, Cisco, so that it seems that America, the market, democracy have all won.

These were the misleading myths about a third wave. Actually, to get a third wave of democracy you have to count, and Huntington did count, India as having democratized in the late 1970s, when it actually democratized in 1947 as part of a great second wave of democratization.

What occurred during that second wave: Germany, Japan, Italy, Austria, and so on, is that a number of countries that were still dictatorial had some links to some kind of fascism. Military security states in Latin America, apartheid regime in South Africa, military regimes in Taiwan and South Korea, all during the Cold War chose the American side rather than the Soviet side.

But as the Cold War came to an end and the Soviet Union declined and you no longer could legitimize your dictatorship on the basis of that military regime, the second wave of democratization was fulfilled in these places, also.

What was really new in 1991 was a dangerous world shaping, authoritarianism. The United States was not as strong as it seemed to be in 1991. It actually could not even afford to pay for the Gulf War and had to ask other nations to pay. It no longer had the economic strength to support the rest of the world.

The Bretton Woods system had come to an end on August 15th 1971 when President Nixon ended the link between the dollar to gold and let the currency float, and one could argue that the so-called second Bretton Woods that is post-Nixon continuation of the dollar as the basic global currency was imposed by the rest of the world on the United States for its purposes, and it's actually further weakened the United States and an economic crash of the dollar is one possibility.

China was not so isolated in 1991 as it seemed. Taiwan FDI investment rushed in. Taiwan's illusion that China would soon go the way of East Germany, that Taiwan was just West Germany, that China would democratize, a common market would occur, confederation was likely and the world would welcome a Taiwanese democracy.

President Lee in 1993 promised success within three years in getting Taiwan into the United Nations. But Japan really didn't want to punish China with sanctions, nor did George Herbert Walker Bush.

And very quickly in China with liberals purged and authoritarian secure, Deng Xiaoping resumed economic openness, reform and growth by January 1992, and using export-oriented industrialization combined with import-substitution industrialization à

la 19th Century Prussia and the Magi, China has done fantastically well being open to the new liquid capital of our age of globalization and sending people abroad to get the most modern technology, welcoming joint ventures, foreign investment, managing its currency brilliantly, and many of these kinds of things, ignoring environmental damages that T.J. was just talking about, ignoring social safety nets, using an endless supply of low-wage labor, stealing IPR, and seeing that authoritarianism was an advantage.

China doesn't have to fear a democracy; China crushes democracy. It's the world leader in netizens in prison, journalists in prisons, capital punishment and so on. It is a model to the authoritarian world – how you combine growth with authoritarian stability. It is envied and copied. Uzbekistan, North Korea, Burma, Iran, Zimbabwe, etc., etc., and it seems to me that Mr. Putin is going down the same path also.

And at the same time (we don't have the time for it here) Islamism grew after 1991. 1991 meant American bases in Saudi Arabia and Osama bin Laden and al Qaeda took this as pretext for essentially declaring war on the United States, and the Islamist movement grew basically because the Muslim regimes in the Middle East that had followed the National/Socialist path had all failed.

And we can all see the consequences of this today in which nations are surrendering their democracy in order to court China. You can see the papacy courting China by sliding the Dalai Lama. France got the EU to abandon any motions against China's human rights practices at the UN Commission on Human Rights. When the Prime Minister of Germany recently treated the Dalai Lama correctly, China screamed and German business screamed, and it seems to me that that is really the direction that things are going. India similarly distancing itself from the Dalai Lama.

And when nations understand that they want China to treat them well, then you surrender some of your own democracy. A Chinese leader comes -- don't allow them to even hear complaints about human rights, or protesters to get near them. Limit your own democracy in order to court China.

China sees the recent color revolutions as a threat. It's been restricting NGOs. Putin in Russia is doing the same thing most recently with the British Council.

One can see China experience itself as a great success. It is more arrogant. It feels it should be able to get away with anything, a feeling of impunity. It believes the United States should apologize to *it* when the toys made in China are full of poison and endanger children.

The worldview grows that Taiwan is the cause of its own problems; it's a troublemaker. People just buy CCP propaganda and the French are promoting an end to the arms embargo with China.

Globalization in some way is privileging these status regimes. You see it with the growth of sovereign wealth runs; not only China, Singapore, Abu Dhabi, but across the world. You see the growth of the petrol states and the petrol firms, and all well-known to be anti-democratic, because you can buy off potential opposition with the money you

get in these kinds of ways when you have high-priced oil. The result is that liberty; democracy and Taiwan are all in difficulties. There's no reason not to expect that the number of nations with which Taiwan will have official relations is going to continue to go down.

As Professor Lung-chu Chen said in his speech, that Beijing has the power to impose its will of the United Nations on the issue of China because of China's clout, because of China's rise.

Democracy is threatened, authoritarianism is favored, and we have to face up to the fact that we live in a world that's increasingly like the end – the world that followed World War I and it took a long time then for the world to face up to the reality of the coming fascist challenge. And I think it's taking the world to experience the challenge to democracy that is constituted by the rise of China and its friends in the world.

China has an imperial vision of itself. It believes it deserves to be the hegemon in Asia. It sees itself as a world power that should at least be the equal of the United States. And the dominant view, I think, that grows among analysts, not only in the United States but elsewhere, is that this is natural and normal that China has this role and so everybody should concede, accommodate and appease this particular view of – China's view – of its own place in the world.

The only nations which seem to be opposed to that is everybody else in Asia. They think that they, too, have a right to their modern national independence. Indonesia and Vietnam are very clear on what their history of China historically has been. They all want independence, maneuver and balance. They all would like to see the United States more involved in Asia. They want Japan, India, the EU, Australia, all involved in Asia. They do not want to be alone with China.

Asian countries seem to be increasingly afraid that if all they are is a customs union, then the bigger economy of China is going to dominate them and they're beginning to move for the first time in the direction of political integration.

Everyone in the region can see that a Taiwan annexed by China as President Chen said in his original speech will be used as a military base by the CCP regime. It will dominate the East China Sea, the South China Sea, essentially Asia.

So, when you talk about what's important about an autonomous, vibrant, democratic Taiwan, why it matters if it survives to Americans and to the rest of the world, all that's at stake very simply is indeed the issue of do you care about the future of democracy in the coming age? If you do, you should care about Taiwan.

Thank you.

[Applause]

Ed McCord: Now finally we have Professor Donald Rodgers from Austin College speaking on Democracy and Legitimacy: The False Promise of Globalization.

Donald Rodgers: Thank you. Yeah, so my topic today is Democracy, Legitimacy and the False Promise of Globalization. What do I mean by that? I'll talk about globalization briefly and this false promise.

A decade ago, 1997, David Held was writing about his concept of cosmopolitan democracy and in this writing he stated, "Democracy has become the fundamental standard of political legitimacy in the current era."

His statement was, "To be legitimate, a political regime had to be democratic." Now we have to ask the question, is that true or was that overly optimistic?

When we look back into the 1980s, and as Ed is talking about in the 1990s, many people in the world, in academia in policy circles, were quite optimistic that this force we call globalization would help spread positive democratic values, would help to democratize, lead to democratization across the globe.

The expansion of information technology, our ability to communicate with each other, would provide greater access to information, information necessary for involvement, for participation and for democratization. This combined with what was perceived to be a positive democratic set of norms or values, and those merging together and spreading across the globe, would permeate all societies. And this would encourage the spread of democracy.

Democratic movements within countries would have access to information and support from these norms and support by a global community to move toward democratization, and governments would be compelled to liberalize to allow for greater participation for without this liberalization and participation, they could not achieve democracy and could not achieve this level of legitimacy that Held was talking about.

Democratic governments would obtain legitimacy. Authoritarian governments would be deemed illegitimate and would not be supported. This was the view; this was the hope of globalization.

Now where are we today? I don't think we've achieved that, obviously.

First, you know, to talk about this I have to talk about the concept of legitimacy. All governments strive to obtain legitimacy at some level, both – there is both domestic legitimacy and international legitimacy. They want to be recognized, they want to be acknowledged as the legitimate source of authority and power within their territory.

As I mentioned with the process of globalization we started to believe that governments would be compelled to seek legitimacy *through* democratization. But legitimacy is not a fixed concept; it is a concept that is based on comparison with other countries, or with comparison with prevailing norms and values in the international community. Legitimacy is in flux.

A regime may achieve legitimacy, but may lose it. You have to achieve it and then maintain it. Therefore, to obtain legitimacy you have to do it within the context of the

prevailing norms, or in the case of Taiwan, particularly, as I'll talk about in a minute, in a specific competition with an opponent across the strait.

Legitimacy in the current context we were hopeful that it would be based on the notion of coincidence with democratic norms and values but it doesn't seem that that's the case.

Now what about Taiwan? Let's look at Taiwan as an example of this. Why did Taiwan democratize? Obviously we don't have time to talk about its entire history; there are a number of variables responsible for Taiwan's democratization.

The democratization process in Taiwan was in part a response by the Kuomintang regime to both domestic *and* international pressure. There were – of course there was a strong democratic pro-democracy movement in Taiwan that was putting greater pressure on the Kuomintang regime, and at the same time the regime was facing increasing criticism from the international community for its lengthy martial law, and its authoritarian practices.

Based on these pressures, Chiang Ching-Kuo made a strategic decision, and in the end sort of an ethical decision, to allow – to lift martial law and allowed for greater democratization in Taiwan.

Now why did he do this? Now those who know Chiang Ching-Kuo's role in Taiwan, his history with the Kuomintang, know that he was no democrat. He was certainly no democratic ethicist, therefore his decision was not based on ethical principles, but it was a strategic decision made to gain the regime more legitimacy both at home and in the eyes of the international community. It was a way for the regime to survive, in short.

In talking about this, in talking about Chiang's position, Ma Ying-jeou was interviewed and asked about what Chiang was thinking and what Ma Ying-jeou said about Chiang Ching-Kuo's thoughts were this. He felt at the time that the domestic conditions were ripe, mature for democracy. But also, "Strengthening democratic politics was an important step for improving our international image and appealing to our mainland brethren. We had been saying that the mainland should emulate Taiwan in politics but what in our politics should they emulate? If our level of democratization was insufficient, did that mean that we wanted them to emulate our use of martial law?"

And then he said President Chiang was perfectly clear on this point so we see that Chiang was thinking democratization, or at least lifting of martial law, as a way to obtain a greater sense – a greater level of international legitimacy.

Lee Teng-hui made some similar comments later, in 1991, in responding to his attitude toward the mainland, President Lee said, "What is most important is our own internal democratic reform. Nothing has a higher priority. Elections in December, further democratization, constitutional amendments will all strengthen our democracy and leave the Mainland no alternative but to deal with us as a democratic system that is here to stay and cannot be changed by force. When we are fully successful in our democratization, dealing with Mainland China will be seen by the whole world in a

different light. We will also be in a much more powerful position." He went on to say that only through strengthening democracy could Taiwan make stronger moves vis-à-vis the mainland.

So, clearly the regime, the leaders at that time, believed that democratization in Taiwan was going to lend Taiwan a greater, stronger position in the international community, a greater sense of legitimacy and would help protect Taiwan in the future.

[Laughter] So how'd that work out for them? Or, as we say in Texas, how ya'll doing with that?

We know now that Taiwan is what one might refer to as a "constrained democracy." Great democratic practices at home--Freedom of press, freedom of speech, a dynamic political process. I can't wait to go over in January for the legislative elections and see the rallies and the movements. It's a fun place to be for democracy.

But, Taiwan is also struggling with this democracy in part because it is constrained by the international community. The legitimacy that the Taiwanese people sought through democratization has not been achieved fully. Today we witness, for example, a disturbing trend within our own government, the U.S. government, in its expression in no uncertain terms of its dissatisfaction with the leadership in Taipei. We frequently hear reference to the "sophistication" of the Beijing government and criticisms of Taipei and more specifically criticisms of President Chen, Chen Shu-bian.

I'll give you a quick anecdote. I was in Taiwan last January, about a year ago, with some students, and we met with the AIT. In a meeting with one of the officers there, the AIT officer expressed to us that – he used the terms in talking about Beijing "sophistication," "rational" – "sophisticated and rational behavior." "Easy to understand." When talking about Chen Shu-bian he said, "He's erratic and irrational and we cannot figure out which direction he's going."

This was not exactly a compliment, obviously. Recently Chairman Burghardt, in talking just last week, talking about this he said, "The leadership of China under Hu Jintao has been more adept, has taken a more sophisticated approach in dealing with Taiwan. I think that every academic observer of China has made this point."

[Laughter] I haven't made that point, by the way, and I'm an academic observer of China and I think probably some other people here would agree with me.

That we all haven't made that point. Also, in his recent press conference, Thomas Christensen was talking about Chen Shu-bian's behavior and there was a joke in this where somebody asked a question, essentially, about Chen Shu-bian's psychology. And essentially asking if he was psychologically imbalanced, and Christensen answered by saying, and this is from the transcript, "Let me talk about U.S. policy and move your analysis of his psychology (of Chen Shu-bian's psychology) aside."

And then that was followed by laughter. Humorous, I guess, to make fun of, or question, the rationality and the psychology of the leader of a democratic country. We can, of course, have differences in policy positions. We can have disagreements over that, but I think it is inappropriate, undiplomatic, for this kind of statement to be made.

So here we witness, therefore, the language of the Taiwan bashers, or the Taiwan hawks, we might call them. It is clear, at least in the tone of the messages coming from Washington, that Washington views Beijing in many ways as a more legitimate government – a more legitimate regime – than it views Taiwan. Yes, Taiwan has democracy, yes Taiwan has freedom of speech and elections – but – in the end, Taiwan is perceived to be a troublemaker.

In the end, Taiwan is the one causing the problem and Beijing is the sophisticated, rational actor that is trying to solve the problem. This is the impression we get. This does not speak well of the notion of democratic legitimacy in the 21st century.

Well, why is this? My last bit of comments here. What happened with this promise of globalization and democracy and legitimacy?

I think that the Taiwan case is a unique case in some ways, but it's also indicative of a bigger problem we have with the notion of globalization today. We have not formally, nor have we informally, really placed more emphasis on the concept of democracy when we talk about legitimacy in the context of globalization.

We have focused on markets, we've focused on trade, we've focused on economic interaction, but we have not given nearly as much attention to institutionalization of democratic practices, and acknowledgement of the importance of democracy for legitimacy in the current world.

How do we explain this? Why have the processes of globalization, as we talk about, failed to contribute to greater promotion of human rights and democracy? Why are we not as strongly supporting democratic regimes not only in Taiwan but in Burma? We can look at Africa – across the globe we see this problem.

It's a problem of ideology, I think. It's a problem of a misperception of what globalization is, perhaps. I think, whether consciously or unconsciously, scholars and policy makers have tended to define, describe globalization as an autonomous force. Globalization is a force that was created and continues to operate separate from human agency.

Globalization is a force upon us, you know, I kind of imagine James T. Kirk from *The Enterprise* saying he has to fight the forces of globalization – I can't resist.

[Laughter]

But we have to understand; so we hear globalization does this. Globalization can do that. Well, what does that mean? Globalization is a human creation. It is something that was created through human agency. It is not autonomous of human action.

What is globalization? Globalization is simply a level of interaction, perhaps a deepening of interaction between people across borders and maybe, *maybe* to some extent the lessening of the importance of borders in terms of travel, of movement, of information and money.

Globalization has many facets, including economic, security, political, ideological. But it is important to note that globalization does not have its own set of political norms; it does not have a moral statement attached to it, it does not have specific values. We must infuse the concept of globalization with those values.

We can't look at it as an autonomous force that is controlling us, we must determine what we want globalization to lead to, and then infuse globalization and our behavior and our participation in a global economy and a global political system with those norms and values that we think are important.

Globalization is powerful, we make it powerful. For countries to be able to obtain and maintain legitimacy then if we truly believe in democracy (and on this I agree with Ed) if we truly believe in democracy we must start to make a much more conscious effort to institutionalize the notion of democracy at the international level.

To give it the same level of attention that we've given to free trade agreements, to give it the same level of attention that we've given to maintaining fair trade practices across the globe and to look at democracy in the same way in the context of globalization.

Globalization, again, does not carry with it its own autonomous political identity, nor its own moral code. It is up to us to infuse these ideas into the process of globalization so that we can lead to positive change and so that countries that are attempting to democratize or that have democratized can obtain the level of international legitimacy and respect they deserve for their process of democratization. And I'll leave it at that. Thank you.

[Applause]

DISCUSSION – Q& A

Ed McCord: Well, I want to thank all the panelists, first of all, for keeping within their time limits. That was really great because that leaves us about a half an hour left for discussion. I think we have a lot of very rich ideas, some very diverse ideas we heard from the panelists today that we can discuss. Anybody want to ask questions and identify yourself and direct it to whoever you want.

June Teufel Dreyer: Hi, I'm June Teufel Dreyer from Miami, and I would like to address my questions to T.J. Cheng. I was very interested in some of the thinkers that you were quoting and in addressing your remarks, and it occurred to me that these are perfect illustrations of what David Steinberg was saying that – what was it – I would change that a little, "theory is the curse of the tenured class." Because some of the theories themselves sound so crazy. And one of them is the question of does democracy slow down economic growth in Taiwan, and I'm thinking of this oft-asked question (too oft-asked question) about China. Can it continue to grow economically if it doesn't democratize? So what are we left with there?

China can't grow economically unless it democratizes, but Taiwan's democracy slows down its economic growth, and I think that one deserves a little more attention. And it seems to me that another explanation for why Taiwan's economic growth rate slowed down is the maturity of the economy. You know, you can't keep growing by 10

percent a year, otherwise I used to laugh at this when it was projected with Japan that in about 20 years, if the economists' predictions held sway, Japan would own 110 percent of the universe. And obviously it didn't happen that way.

And the other crazy theory, I think (I tell you to start with I'm not a big fan of Kenichi Ohmae, I think he makes a crazy theory every year or two) but one of them is this M-shaped society, and it seems to me that what is preventing Taiwan from getting on the upswing of that M is not globalization per se, it's the opposition of the People's Republic of China to signing these free trade agreements and to getting in the way all the time. So if at some point you want to address those, I'd appreciate it.

T.J. Cheng: Do you want me to respond? Okay.

The first question was whether China's economy slowed down. The point I was trying to make in the case of Taiwan and South Korea was actually like this: with or without democracy, with or without democratization, economy will come down anyway. Because the conditions for fast growth were simply no longer there toward the end of the 1980's and particularly in the early part of 1990.

Similarly, if China is going to shift its focus from investment-only to consumption as well, economy will slow down. Moreover, the conditions for China's rapid growth probably will come to an end if we believe the demographer. In 2020, dependency ratio will be reaching the tipping point, which is to say that today there are more hands feeding a few mouths. But in 2020, you have much fewer hands working to feed more and more mouths. And that's the tipping point that we are looking at 2020.

So with or without democratization, China is going to slow down. It's inevitable. You are absolutely right. As an economy matures, it has to come down, okay?

Second, regarding the FTA, the, everybody is in this game probably because the, of the ongoing negotiations for worldwide trade agreements under the auspices of the WTO is not working well, and therefore FTA is probably seen as some sort of an insurance mechanism if that one doesn't come through, at least you have your own sort of networks of webs of FTAs to count on to sustain your growth.

The problem is that if you sign more FTAs with friends in developing world, you will be indeed continued, you will continue to see the deflation of your economy because of the huge influx of the cheap labor-based goods and so. But if you trade more with the developed nations, with countries higher per capita income than yours, then you will have to work harder, you will have to improve for activities when the productivity increase faster than the terms of trade, then your wage goes up and that's just sort of Econ 101.

And it makes sense for Taiwan probably to sign FTA with United States or with the EU, I don't think Taiwan is going to get it any time soon, because of, you know, China will have probably not allow that unless United States has the courage to do it.

And that's why I say that on this point on China that Taiwan is worse off than South Korea, South Korea is definitely better off simply because of political reasons.

June Teufel Dreyer: Thank you.

Male Audience: My question is on the economic integration between China and Taiwan, my question is what would be the effect of this integration, economic integration, first on Taiwan's economic growth, and secondly on Taiwan's national security, and lastly on the chance for Taiwan's survival as a democracy?

T.J. Cheng: The negative economic impacts have been probably overstated. That if you trade more with and invest more in China, then you will see some hollowing out, but the early stages of the, interaction between the two sides, i.e. the first half of the 1990s, we have seen that more actually jobs created in those companies and also in those industries that had heavily traded and also invested in China.

But somehow, toward the end of the 1990, if my figures are of any guide reliable, there's some sign of a hollowing out, and if that continues to develop, you will see a displacement effect for your investment in China. Therefore in due course in the future if all sorts of industries, not just the traditional industries in shoemaking but also high-tech, migrate to China, we will know that clustering effect, then maybe hollowing effects will be quite evident in the future. And therefore it makes sense to regulate, to manage, not to prohibit, but to regulate Taiwan's open investment in China, particularly in the high-tech/ information/ communication sectors. Because after all they are the mainstay of Taiwan's economy, and once you lose it, you also lose other industries that go with that, financial service, and other service sectors that are intimately linked to the high-tech sectors.

When it comes to the non-political, non-economy effects of the sort of a cross-strait trade and investment such as security, that sort of thing, I don't know. I mean it's everybody's sort of guess whether it's takes denser and denser economic ties across the Taiwan Strait that will be more conducive to a more benign sort of rational interactions, political interactions, between the two sides.

Some people say yes, some people say no. My take is that maybe at some points the economical effects that Taiwan businesses created in China will no longer be so essential to the Chinese economy. As we all know that, up to this point, taishang is contributing quite a significant part to urban employments and also to the sort of the tax revenue, that sort of thing, to China. But at some point if you have vibrant enterprises in China replacing the taishang, and at some point taishang is no longer indispensable, maybe China will probably push aside the economical consequences out of the sort of the national security calculations. China may act more irrationally than it does today – who knows?

I think the key point here is that whether taishang continues to be indispensable to Chinese economy. And nobody has any sort of any definite answers to that.

Donald Rodgers: I'll make a quick comment on that. This points, again, to the inevitability that we sometimes seem to assume. There are two reasons for Taiwanese to do business in China. One is to make money. And that is possible. The other is, if one believes in

this sort of liberal notion of the inevitability of economic interaction leading to freedom and democracy.

As I was trying to say in my talk, I don't think anything is inevitable. And the problem with this, in the case of China, is that the regime in China has done a very good job, they're very astute, I guess maybe "sophisticated" is the term – in separating politics from economics. And ensuring that the two don't cross over very much, and so the hope of the liberal that economic interaction will somehow lead to the penetration of market ideologies and liberal ideas and democracy isn't very likely in China. And so in that sense, the hope that this will lead to democratization or liberalization in China, I think is flawed.

I'll leave it to the panelists who speak later today to talk more specifically about the security implications of that, though. I think they're –

T. J. Cheng: Can I add a quick note to that? Shih Tianjian of Duke University's Tang Wenbiao of Pittsburgh, they have done tremendous amount of surveys about the preferences that people have in Beijing, Shanghai and major cities in China. They argue that people there are pretty happy. People's reference point is still their past rather than their neighbors'. So I am so much better off than I was as 20 years ago, before the Cultural Revolution, that sort of thing. So I'm supportive of the current regime, even though they are not democratic and according to Washington standards. This is to say that they would like to have prosperities, at the expenses of political freedom, and this is just a fact.

These two scholars came from China. It is therefore probably a pipedream to say that – to argue that with the development, you are going to see liberalization first and democratization second. You have other country example as well, Singapore as well. Singapore is another example.

So prosperity, yes, but not necessarily, you know, after that you don't necessarily see the, so, liberalization nothing as I say. Don said it, nothing is inevitable.

Gerrit Van Der Wees: I'm Gerrit Van Der Wees with the Formosan Association for Public Affairs. I have a question for Don Rodgers. Thanks very much for your excellent presentation.

You're basically saying that D.C. is seeing repressive Beijing more positively than a democratic Taiwan, and engaging in Taiwan bashing. Alan Wachman, in his new book, *Why Taiwan?* basically argues that this is not because of anything Taiwan itself does or doesn't, but it's because of the geo-strategic competition with the United States. Can you elaborate on that point?

Donald Rodgers: Yeah, and I agree with much of what he says in his book. I think, again, the basis of legitimacy for a regime changes in context. Strategic concerns, economic concerns, change over time and it does appear that the U.S. government at least has been more open about condemning or criticizing the actions of the Taiwan government, and well, I won't say in hugging or embracing Beijing, but much more positive in comments.

And I think this is, as Wachman says to some extent, a result of changing geo-strategic environments, and the United States perhaps if there is an ideology of globalization that's being promoted at the present time, it would be one of stability. Stability that allows for greater economic interaction, and stability that allows for prevention of outright conflict between different sides, and the United States seems to be endorsing the notion of stability – this isn't too much different from the Cold War, is it, now? The notion of stability to *not* agitate Beijing, to *not* irritate Beijing and to try to maintain peace and stability in the region that way.

I would agree to some extent, yes, that the United States is – that this isn't necessarily the direct outcome of something that Taiwan has done or the Taiwan government has done. At the same time, I think one of the things that we forget to acknowledge is the reality that because this is, to some extent, a globalized world, Taiwan is operating as a democracy placed within this world that *our* behavior *is* influencing Taiwan's politics. In sometimes very direct ways, sometimes indirect ways.

We have in a sense, maybe not intentionally or directly, helped to back Taiwan's government into a corner, or Taiwan's democracy into a corner where we have given them very little space. We can talk about international space, we can talk about ideological space, political space. And then we become agitated when they express frustration with this, from the point of the government.

We have contributed to putting them into the situation they're in, and then we turn and criticize them for lashing out, in some ways, at the situation they've been placed in. And all of this is part, of course, yes, of the greater geo-strategic considerations in the region, and economic considerations in the region.

[Inaudible]

...

Ed Friedman: Yes, I'd like to say a couple words about the issue of stability. And ask you to think about it. "Stability" is a Chinese Communist propaganda package. It's meant for you to have the following view.

China is a fragile place. (I actually think it's a super-stable place), but the line says it's a fragile place. And as a fragile place, we should all be grateful to the Chinese Communist Party for maintaining stability.

It has done this amazing thing of having this growth with stability. Well, I'm not amazed. I'm not amazed, first of all, because Vietnam has growth with stability. Wait a minute, stability; it means Communist Party dictatorship. And Eastern Europe, for a long time, had economic reform and stability.

There's no trick to – economic reform is to produce stability. It's to create economic opportunities, it's precisely it's goal is to make the regime, as T. J. has said, more legitimate. When you buy into the Communist Party's propaganda line about you should think they're wonderful because they maintain stability, what you've allowed them to obscure is – what they've really said is, please applaud us for repressing democracy. Because our repression of democracy is what brings stability. And so aren't we great?

And so it calls attention from the notion of freedom and human rights and all those kinds of things. It is an intentional propaganda line, and I'm just somewhere between amazed and appalled by how many people buy the line and go around saying, isn't it great that the CCP brings stability? Not noting what they're actually saying. Isn't it great that the CCP represses its own people and stays as a dictatorship.

I don't mean to applaud that; I apologize.

William Chen: William Chen from the Formosan Association for Public Affairs again. This question is for Professor Friedman. You talked about the rise of authoritarianism throughout the world.

I'm just curious now what are the underlying, or possible underlying causes of the rise of authoritarianism when we talk about the promotion of democracy? On the other hand, you know, there's a rise, as you describe, of this authoritarian tendency. Can you give some insight on this trend?

Ed Friedman: The first thing is to get through the illusion – when 1991 occurs, Eastern Europe democratized in large part because it wanted to be members of the EU; it wanted to get the prosperity, freedom and peace that it saw the EU as promising. It was not just merely democracy; it had to do location and a particular regional organization that was very attractive to it.

Nobody in the Soviet Union's eastern outreach democratized when the Soviet Union broke up. North Korea didn't democratize. Vietnam didn't democratize. Laos didn't democratize. Cambodia didn't democratize. Burma didn't democratize.

So what really occurred was that there was, when the Soviet Union broke up, for its own internal reasons, Eastern European countries were attracted to become part of what they saw as the life world of the European Union, and then a theory grew that this was somehow globally natural.

It's *not* globally natural. If you were China during that period, you did not have an attractive democratic model. Which were the democracies? India? Not attractive. Japan? Not attractive. Taiwan? Not attractive if you are a Chinese patriot.

So it's the expectation that something natural was going to occur because forces that were unleashed at that time – it was just an untrue expectation about the world, and that each place has to struggle it out for its own reasons. I think the most positive thing that has occurred on the side of the democratization in Asia recently has indeed been first the democratization of Indonesia, and then the beginning now of growth, again, in Indonesia and Indonesia's view of itself that it should be the dominant force in Asia and Indonesia's concerns about what is going to happen to Asia in the world.

So I'm not trying to make an argument that says that authoritarianism is natural, either. There is a struggle that is going on in the world, and a lot of it has to do with what happens in the particular regions in the world and you have to think a bit more regionally than globalization often leads you to think.

Rose Chen: Thank you. My name is Rose Chen. I'm the president of The ROSE Group for Cross-Cultural Understanding, to promote better understanding between U.S. and China.

I have a comment first, and then I have a question. I read the brief bio. I think it would be very helpful for this audience if this would be broadcast somewhere else, to have a disclaimer if some of the panelists receive grant from Taiwan Foundation, like Mr. Donald Rodgers, that – I think that would be very beneficial for all of us.

My other question is, I was born and raised in Taiwan, and back in Taiwan if you are enemy of China, you are definitely friend of Taiwan. And I revere the Dalai Lama very much, and not until I had a trip to Tibet four years ago did I realize what happened in Tibet even before the Communist took over.

And my question to Mr. Friedman is, it bothers me very much with United States a country that honors human rights it had a history of slavery that will honor the Dalai Lama, who represent the Tibetan style of Buddhism, which has violated human rights for thousand years and also has a type of slavery/serfdom. Would you care to comment about that, please? Thank you.

Ed Friedman: Sure. I'll comment on both parts of your question. I am engaged in a project from which I receive money from The National Science Foundation of the United States, which has a sustainable development project in cooperation with the Chinese Academy of Science in Tibetan regions of northwestern Yunnan, and so I will confess that I'm proudly involved with projects which involve money from China.

[Laughter]

As for Tibet, since I worked for many years in Tibetan regions I'm happy to comment on the Tibet part, also. It is absolutely true that Tibet had some kind of a serf system. The Dalai Lama himself as I'm sure you know has criticized it very strongly, too. It's not a secret.

He also, as you know, is not on the side of returning serfdom to Tibet. I think it is true, as you suggested, with calling attention to the United States and slavery that sadly probably every great power in the world, if not every nation in the world, has a lot of blood on its hands.

The question is – how do you face up to this blood on your hands? Do you as say the People's Republic of China does, treat The Great Leap Forward, which led to a famine and the death of over 30 million innocent, poor peasants as a great success of Mao Zedong, or do you face up to this reality?

As you know, in China, it's hard to talk about the inhumanities of the Cultural Revolution. I would look forward to the day when a different regime in China would speak as honorably and honestly about the inhumanities of the CCP regime as the Dalai Lama does expressing his sorrow about the serf era of Tibet.

Ed McCord: And actually we only have about two minutes left, but I think a lot of people are waiting for their coffee, I know.

[Laughter]

And we need to get back within 15 minutes to start the rest of the session so we can continue on. We're still on a very tight schedule, so I think we'll break for coffee here. I suspect it's on the second floor? Yes. So don't go wandering around the first floor looking for it. Head up to the second floor. Thank you very much and thank the panel.

[Applause] [End of Audio]

REMARKS ON CURRENT STATE OF DEMOCRACY

Kirk Larsen: Ladies and gentleman welcome back. Hopefully we've been reenergize or at least recaffeinated and ready to move on. Our next panel will have some remarks on the current state of democracy and I think both in Taiwan and perhaps the greater larger scope. We will hear first from Lin Wen-cheng, the president of the Taiwan Foundation for Democracy and he will be followed by Carl Gershwin who is the president of the National Endowment for Democracy. Without further ado –

Wen-cheng Lin: Thank you. Thank you very much Professor Larsen. Distinguished guests, ladies and gentlemen, I'm honored to talk about the current situations of the Taiwan's democracy. I think everyone agrees that by any criteria, Taiwan is a full fledged democracy. Taiwan's people enjoy full freedom of speech and assembly and elections are held regularly in Taiwan. Actually, according to Freedom House, whose headquarter is in New York in its 2006 report, Taiwan is the most democratic country in Asia. We are more democratic than South Korea and Japan, and we are equal to New Zealand and Australia.

As a student who studied in the United States, I still remember professor who mentioned that if there is only one criteria to judge of whether a country is a democratic country. He said the only criteria is the graduation of opposition parties. And you know, Taiwan's opposition party was legalized on January 1, 1988 because the first real opposition party, the Democratic Progressive Party, the DPP, was established on September 28, 1986. It forced the KMT government to lift the 38 year order of martial law on July 15, 1987 and to legalize the formation of new political parties on January 1, 1988.

From 1991 to 2000 President Lee amended Taiwan's constitutions six times in order to reflect that Taiwan's political realities. Basically, there were six amendments. The people in Taiwan were able to directly elect their presidents and vice-president. The presidential elections held on March 23, 1996, was not only the first time in Taiwan history, but also in the history of Chinese civilizations that the highest positions in the government were elected by the people.

Another important political event which had a significant impact on Taiwan's democratic changes and cross-strait relations was the power turn-over in 2000. The DPP, which pursues the establishment of an independent Taiwan state, became the ruling party in that year and President Chen promised to give the Taiwanese people a new constitution. In fact, he initiated only one constitution amendment, in June 2005. But the constitution amendment in 2005 had important impact on Taiwan's politics because it made the frame for major changes.

Number one, it cut the Legislative Yuan from 225 to 113 seats. And number two, it adopted a single district legislative electoral system-- one vote for the candidate, another for the parties. So, Taiwan is moving from multiparty systems to a two-party system. And number three, it put in place the national assembly and 14 popular referendums on future constitutional amendments. Number four, it empowered the council of grand justices to screen presidential and vice-presidential impeachment proposals.

So the immediate impact is, as I mentioned is, in Taiwan we are moving from a multiparty to a two-party political system. Now we have more than 100 political parties in Taiwan, but only four political parties, namely the ruling DPP, KMT, People First Party and Taiwan Solidarity Union have seats in the Legislative Yuan. It is predicted by political observers that the two minor parties, that is the People First Party and Taiwan Solidarity Union cannot survive the test of the coming legislative of elections in January 2008. In fact, the People First Party is in the process to be merged into the KMT.

Taiwan is in the process of consolidation as a democracy. It faces tremendous challenges ahead. The challenges emerge because Taiwan's practices democracy in a very unique environment. First of all, it practices democracy in a divided society in terms of national identity. Before the 1980s, most of the people in Taiwan supported Taiwan's final unification with China. Now the mainstream thinking in Taiwan is to support Taiwan independence. For instance, a public opinion poll conducted by the Election Study Centers of National Chengchi University in November 2006, it showed that if China give Taiwan the freedom to make a choice without military threat, 62 percent of the people in Taiwan would choose Taiwan independence. But many surveys also show that about 15 percent of the people in Taiwan still support Taiwan's final unification with China.

So you can see that in terms of national identities, Taiwan is a divided society. The lack of consensus on national identity costs Taiwan a great deal. It is unable for Taiwan to make a bipartisan national security strategy including national defense policy, foreign policy, and public policies.

The second challenge to Taiwan's democracy is the confrontations between the ruling DPP and the opposition KMT. The KMT lost their power after ruling Taiwan for more than five decades. It is in a revenge mood, especially after the 2004 presidential elections. The KMT believes that the DPP stole the elections.

So, you know, there was no communications or cooperation between the two parties. And the DPP is a young and inexperienced ruling party. So, you know, we have a very unique situation--the opposition, KMT, behave like a ruling party and ruling DPP behave like an opposition party in Taiwan. So they are learning how to adjust their functions and roles in Taiwan. So there, as I said, there was no communication. There was no cooperation between the two parties and a lot of public policy issues were ignored because of the confrontations.

And the third challenge to Taiwan's democracy is the military threat from the PRC, China regards Taiwan as one of its provinces and has threatened to use force against

Taiwan if our island declares independence. Although Beijing believes that time is on its side in its competition against Taiwan because Taiwan cannot compete. Taiwan is no match in terms of diplomatic influence or economic powers or military capabilities. But China is upset politically--Taiwan has moved further away from China. Also cross strait exchanges were intensified in the past two decades. Therefore, Beijing keeps an eye on Taiwan's political development, especially on those issues, well, the actions or the moves by Taiwan for which China deems to support a Taiwan independence.

For example, China opposes Taiwan's constitutional amendments and referenda which might touch the issues of sovereignty. Many observers are afraid that the emergent Taiwanese nationalism may clash with the rising Chinese nationalism in the future. Democratization has encouraged the idea of people's sovereignty in Taiwan. The majority of people oppose the idea of one country, two systems for unifications between Taiwan and China.

In fact, as I just mentioned earlier, most of the people in Taiwan support the establishment of an independent Taiwan state. You know, a frustrated Taiwan asked for more international space including UN membership and recently we insisted to conduct referenda on the UN issues.

Taiwan needs a new constitution that can reflect Taiwan's political reality, but it is very difficult because of the oppositions from China. It's very difficult for Taiwan to have a new constitution in the future because the threshold is extremely high. According to the additional article 12 of the ROC constitution, to amend the constitution the proposals shall be initiated upon one fourth of the total member of the Legislative Yuan and passed by at least three fourths of the members of the legislature at a meeting attended by at least three fourths of the total members of the Legislative Yuan and sanctioned by you know, electors in a referendum with more than 50 percent of the total voters casting their votes where more than 50 percent who cast their votes supporting the amendment.

Although Taiwan's democracy faces tremendous challenges ahead as I just mentioned, its democracy has come to a point of no return. Nobody, you know, in Taiwan, no matter how disappointed they are, you know, with Taiwan's democracies, nobody supports Taiwan to return to the old days as it was ruled by authoritarian regimes.

So we must move further and try to make our democracy more mature in the future. The coming two elections in next year, especially the presidential elections in coming March, will have a significant impact on Taiwan's ____ and cross-strait relations. It is believed that the KMT will continue to enjoy the majority in the Legislative Yuan. It means that he will continue to win the legislative elections in January next year. But whether it can win the presidential election is in everybody's guess.

If the KMT can win the presidential elections, then there's pressure to reverse the trend in Taiwan. Although economic performance under the DPP is not good, the DPP has deepened the Taiwanese consciousness on identity in the past seven years. But we are – you know, if the KMT come to power, will it reverse the trend? It is a

question. If the KMT cannot win the presidential elections, some observers believe that the party will face the risk of being further divided.

It is not my position to predict the outcome of the elections because as the president of the Taiwan Foundation for Democracy, I'm supposed to be neutral. The Foundation was established on the basis of consensus building for the ruling party in Taiwan. I just mentioned those questions and issues for your consideration. Thank you very much for your attention. Thank you.

[Applause]

Carl Gershman: Well, Lin Wen-cheng was supposed to talk about Taiwan and I'm supposed to talk about the world in the same amount of time. [Laughter] So, give me a break. I'll try to give you a survey and I also will have something to say about Taiwan.

I've been asked to talk about the state of democracy in the world and let me begin by noting that overall, it's not very good, depending on where we've come from. The period in which Taiwan became a democracy was called the third wave of democratization when there was a dramatic expansion of democracies in the 1980s and early '90s, the number of democracies in the world tripled. But in this decade, for a number of reasons, the process of democratization is said by some political scientists who are actually on the more hopeful side, to be in recession.

And some people actually think that we're now in the grip of the reverse wave. The idea of a third wave was a book by Sam Huntington and in that book, Professor Huntington said that all of the previous waves of democratization were followed by a reverse wave because, you know, it's difficult to consolidate all of the progress and there is a reaction against that progress.

Whether we're in a reverse wave or whether we're in a recession, the period is not good and I'll just briefly tick off some of the factors that account for that.

One is that is called the backlash against the advance of democracy and against democracy assistance itself, stimulated largely by the Rose and Orange revolutions and the fear on the part of many countries in the world, Russia being perhaps the most prominent, but by no means just Russia, including Venezuela, Egypt, Belarus, Zimbabwe, even China itself that they don't want to see any Orange or Rose revolution taking place in their country so they have determinedly try to cut off – to bring NGOs under control or to cut off international democracy assistance both in the form of technical assistance, but also in the form of financial assistance.

There's also been a backsliding in a number of these countries, in Russia, in Venezuela, Egypt, Thailand, the Philippines, Bangladesh, of course Pakistan. And the question is, why has this backlash taken place? It has not taken place, let me say, because of globalization, which I was sort of surprised by the title of this country, "Can Democracy Survive Globalization?" But globalization does not represent the main problem here in these problems that I've been describing.

There are a lot of other factors, one of which is, of course, high oil prices, which has tended to strengthen backward looking autocrats like Putin in Russia or Chavez in

Venezuela or Ahmadinejad in Iran and give them more – allowed them to be more aggressive and more assertive and also forces the oil dependent countries, especially in Europe, to be a lot more cautious in the way they speak about their own values in democracy.

There also is the rise of populism which grows out of the poor performance of many democracies and the failure to really deliver and to address problems of poverty and inequality. There is the context of the war on terror which gives a lot of governments in the world the excuse or pretext for going after dissidents in the name of fighting terrorism, the way the Russians treat – I mean they have a law on extremism and anybody who speaks against the government is considered to be in violation of this law in extremism.

China treats every Uiger as if they were terrorists and can use the context of the war on terror to try to justify repressive policies. There is the growth because of Iraq, of a lot of anti-Americanism in the world, which also strengthens the anti-democratic forces against those who are favoring democracy.

And finally, there is the rise of China itself as a factor in trying to explain the recession, the democratic recession because China is a strong and powerful country which does – which is prepared, because of its thirst for energy resources, to develop constructive relations with any governments which can be helpful whether it's Zimbabwe or Venezuela or Uzbekistan or any governments which have difficult relations with the west because of their autocratic powers and also because China offers an alternative model of development from the democratic model in the wake of the third wave, it was felt that development depends on democracy. Now China is offering an alternative model.

Having said all of that, let me just note that there are positive trends which are, or at least positive factors which are important to call attention to. The number of democratic reversals has not really been that large and some of them may be turned around and I'll have a – I'll speak about that.

There have been positive gains, especially in Indonesia, in Turkey, even in the Arab world. Morocco in September had elections which were not for, you know, an all powerful parliament since the monarchy has the dominant control, but still were a gradual step forward in the Arab world which can also be seen happening in countries like Jordan, Kuwait and Yemen, which had a democratic presidential election, and the most democratic really in the Arab world a year ago September. And in some smaller African countries, Sierra Leone, Liberia you've had a restoration of democracy and in Liberia, you now have the first woman who was elected president in an African country.

I think as we think about the world today from the point of view of those of us who are in the business of advancing democracy, the challenges we face are where are there opportunities where we might be able to reverse what I consider to be a negative momentum in the world. And let me just quickly refer to a few cases that I think we have to be paying special attention to.

One is Venezuela, which, as you know, just a week ago had a referendum in which President Chavez was basically defeated by a majority that did not want to see the country take this dramatic step toward autocracy and an endless presidency without restrictions by Chavez himself and where there has been the emergence of a student movement and other forces which represent something new for the country. Some of our friends in Venezuela think the change is not going to come quickly, but that this referendum and the opposition forces that have emerged are the beginning of the end for Chavez.

In Serbia, Serbia is now going through a rather critical phase where over the next months, Kosovo will be recognized as an independent state. This could stimulate very potentially violent nationalist forces in Serbia, but from our view of the situation, Serbia ultimately wants to become part of Europe. And if they can get through this period of potential nationalism and reaction to the independence of Kosovo. If they can get through this period without a grave setback, I believe Serbia will be on the road in a very gradual and perhaps difficult back and forth way to integration into Europe and that would be a gain for democracy.

Thailand is having elections on the 23rd of this month and you could have the restoration of a democratically elected government in Thailand which I think would have implications for Burma and for Southeast Asia.

Pakistan is going to have elections on January the eighth. These do not look like they're going to be free and fair elections, but I've returned from Pakistan and I feel very, very strongly that the time has come in Pakistan for the military to take itself out of politics and to allow a democratic political process to evolve and develop, which has never happened in Pakistan and I think there is the opportunity at least for a breakthrough moment. It's a long way in coming. It's going to depend a lot on what local forces do and also what the United States does, but I do believe that there is an opportunity in Pakistan.

And finally, I think there is kind of an opportunity in China with the Olympics coming up. I know that China is trying very, very hard to control all the internal forces, but the fact that this big, international event is taking place, I think will have the – may encourage certain internal forces to become more assertive and may restrain the Chinese in it's repression.

And as I think we know, China is a bundle of contradictions with the explosion of the internet, with the explosion of protests taking place. I mean the government admits to almost 100,000 a year, but there are a lot more, the terrible conditions where – in labor conditions where maybe on something, by official figures five to six thousand people a year perish in the mines and it's probably three times that number. There are a lot of – the environmental conditions – there are a lot of reasons for protest forces to sustain themselves in China and over time, although this is not going to happen automatically by virtue of economic development, it's possible that China can become more democratic.

I also just want to quickly call attention to the need to broaden the Support for Democracy, those involved in the Support for Democracy in the world. It was very

important when the Taiwan Foundation joined the NED, the German Foundations, the British – Westminster foundation for democracy and many other institutions. And there are new initiatives that are underway. There is an initiative to create a European foundation for democracy based in Brussels, which will bring Europe together in terms of having a partner in Europe to work with on Support for Democracy. Canada is in the process of creating an additional institution which will bring its political parties into the process of aiding democracy.

And then most importantly, an issue that is of high priority to the NED is to try to bring India into the effort to advance democracy in the world. India is very ambivalent about this because of its history of non-intervention and non-alignment. It's concerned about China. But India has an enormous amount of influence in Asia, especially in countries like Indonesia and India is beginning to explore ways in which it can exercise its own soft power throughout the region and we are actively engaged with friends in India as we were in Taiwan to try to encourage India to join this whole effort and share its expertise in administering the most difficult elections they have in the whole world. And it is local government, its judiciary, the way it's dealt with pluralism, its internet sector and its cultural connections with many countries throughout Asia.

A brief word in conclusion about Taiwan and as it fits into this whole picture. I think maybe we can think of the experience of Taiwan as emblematic of the fact that democracy is tough and that consolidating democracy is tough and it's not just enough to have a democratic transition and I think we can say that the democratic institutions in Taiwan have not really performed very well.

This is not a function of globalization. This is a function of the deep polarization in Taiwan and the paralysis that that has led to. I mean there really are two sectors in Taiwan which are governed by two separate visions of where the country should go whether it's a Taiwanese society or Chinese society, whether it should go toward independence or whether it should think about eventual integration in some way into the mainland.

And there has been, as you know, very deep conflict which Professor Lin Wen-cheng just spoke about. There is – there are poles which show that only about – that there are 40 percent of the – there are only 40 percent of the population will, in Taiwan, affirm democracy over any other alternative system, which happens to be, in the Asia barometer, which takes polls of attitudes toward democracy in east Asia. It's the lowest figure among the new Asian democracies.

So there are things that are troubling and it's hardly, you know, for one in the United States to sort of speak about the need to overcome polarization since our society is deeply polarized when it comes to elections. I don't know how many messages you've received, but I've received a lot of messages from people telling me that if Hilary is elected president, they're going to Australia or if, you know, because of Bush, if the republicans are elected, I just got a message from somebody, they're going to Colombia for some strange reason.

But we are a deeply polarized society as well. The difference, of course, is that Taiwan has less margin for error given its very precarious relationship with mainland China and also there was a hope that we all had that a successful and robust Taiwanese democracy would be a model for China in the future. Democracy is a resilient system. It encourages a kind of an accommodation.

I think that Lin Wen-cheng used the word maturity and it's my hope that over time as Taiwan deals with these problems, as it's been dealing with them, it will learn to see accommodation not as a form of weakness, but as a form of maturity which all democracies need. Taiwan is blessed. If you look at the world today, Taiwan is blessed that this polarization has not led to violence. If you think about countries like Iraq, Afghanistan and others which are trying to overcome devastating internal conflicts, Taiwan has a much, much better chance to move forward.

We have to remember, you know, the statement of one of our abolitionists back in 1858, Wendell Phillips, who said that, you know, the price of liberty is eternal vigilance and I think it's not only vigilance that Taiwan is gonna need to protect its democracy, but also a degree of forbearance toward political opponents and to realize that they have a lot of common interests and that they need to somehow shape a common identity which will enable them to move forward in the future. Thank you.

[Applause]

Kirk Larsen: Thank you both Lin Wen-Cheng and Carl Gershman for their remarks. To introduce our next speaker, I will turn the time over to my colleague, Bruce Dixon, a professor of political science here at GW. And so we will vacate the stage and turn the time over to Bruce.

[End of Audio]

PLENARY ADDRESS

Bruce Dickson: ...career in the United States government, holding a variety of positions in the intelligence community, in State Department, Pentagon, National Security Council. At different times in his career, he served as the director of the American Institute in Taiwan, as ambassador to South Korea and to China. With such a wide variety of experience in East Asia, it's little wonder that he began his career with a master's degree in international relations here at GW. We could only hope that more of our graduates go on for a career as accomplished as his was. With little further delay, ladies and gentlemen, please welcome Ambassador James Lilley.

James Lilley: Well, first I've got to explain myself to you, and Bruce's introduction did that. I'm not a terminator or an educator; I'm a facilitator. And this is a personal odyssey. I had the great privilege of serving my country as head of U.S. missions, both in Beijing and Taipei, and my arrival in both places was inauspicious, to the say the least.

In January 1982, I arrived in Taiwan representing Ronald Reagan, a friend of Taiwan, but precisely at that time, the administration turned down the long-sought-after advanced fighter aircraft for Taiwan: F-16 or F-5G, followed several months later by the communiqué of August 17th, 1982, negotiated with the PRC, which limited the quality and quantity of arms for Taiwan, going directly against the Taiwan Relations

Act. This aroused bitter disappointment in Taiwan and circumvented our commitment to Taiwan.

In May of 1989 I arrived in China, one month before Tiananmen. There were bitter recriminations, bloodshed, and sanctions, and this was followed by the leading Chinese dissident seeking refuge in our embassy. He stayed for over a year and was the man who came to dinner and stayed.

It is important that I explain – emphasize – the enormous changes that have taken place since I arrived in Taipei as a young officer in 1952 and May 1990, '91 when I left China after over 50 years involved in the struggle.

When I arrived in Taipei in 1952 as a young officer, we were locked in combat with China in the Korean Peninsula. We sought to distract China in its southern flank, through covert action, paramilitary activity, and probes and black propaganda in the Taiwan Strait, in Hong Kong, and in the Thai-Burma border area. We were trying to connect with the alleged 1 million guerrillas in China, and a huge organization, West Enterprises, with hundreds of employees was formed to exploit this. The head of the West Enterprises, actually a World War II hero, said you have our fruitless efforts to determine guerrillas in China that if he ever found a guerrilla in China, he would stuff them and have them put in the Smithsonian Institute. China, by the way, was having a series of failures in Southeast Asia by supporting the local communist movements.

We were trying to harass China, and it failed in some of its efforts, some due to our actions, some due to this local situation, and we failed in trying to help Taiwan retake the mainland. Now fast-forward to the 1990s. Both China and Taiwan entered the World Trade Organization, with the United States participating very heavily to get Taiwan in. Both had dynamic high-tech growth. Economics were expanding. Both were major trading and investment partners of the United States. Both were powerhouses in the information technology business, largely in cooperation with each other. There were links between Silicon Valley, Hsingchu in Taiwan, and Zhongguancun in Beijing and were an indispensable part of the economics and, quote, "stability of China."

I might just take a moment to stress that the United States has participated consistently in getting Taiwan into international organizations. I know people are disappointed that we aren't trying to get you in the UN, but we did try to get you, and succeeded, in getting you into the Asian Development Bank when China wanted you kicked out of World Bank in 1985, and then, as I mentioned, in 1991, '92, Taiwan entered the World Trade Organization with considerable help from the United States.

Military and politically, it's not as positive, and more threatening, obviously. In military, there's two instances that strike me as important. First is the Quemoy of August of 1958. Men died in aerial combat as MiGs faced with F-86s with sidewinder missiles.

In Taiwan Strait, in March 1996, modern firepower nuclear-capable missiles were fired, along with live fire exercises in the Taiwan Strait. Two U.S. carrier battle groups entered the area, but it was an engagement without casualties: elements of Chinese

opera, lots of gong-banging, threats, and force. Lurking in the background was the United States' power, and we neutralized the Chinese threat.

In politics, the breakthrough came in Singapore in 1993 when two fine statesmen, Koo Chen-fu and Wang Daohan, both of whom I knew, and hammered out agreements while singing Chinese opera together, the strategy of the empty city. They were both very distinguished, capable, cultured men. There was real hope, but the dialogue ended as China insisted on a one China principle and Taiwan emphasized its separate identity. The implicit understanding, based on Deng Xiaoping's relationship with Chiang Ching-kuo, which started in walks in Moscow in the early 1920s, no longer influenced the leadership on either side.

And China is now split by internal Chinese forces opposed to each other. China versus Taiwan is part of the struggle in China's view, and a historic pattern emerges, where who holds power is determined by force or absorption to hold that power. China history tells us that outside forces had a role in this process.

In this time, the U.S. has tried to use its influence to reduce frictions between the two Chinese sides by giving Taiwan confidence to deal with China through spiritual and material support – this is particularly obvious in the 1980s – and by reassuring Beijing we do not seek to formalize the split among the Chinese, and we would work with China to aid it, as we did, to survive against the external Soviet threat and to be a major partner in its reform and opening policy and bring prosperity coming to China.

Finally, I'm reminded by the fact that 2 billion phone calls were exchanged between Taiwan and China in 2000 – a good deal more than the 1.3 billion population of China so often cited. These calls were personal, commercial, and perhaps even romantic, and perhaps affect the ugly propaganda and nationalism and ethnic identity that pour of the places. The U.S. can play a balancing role and try not to lean too much to one side, but I caution all of my friends, after listening to you today, as Churchill said about the United States, we invariably do the right thing after we've exhausted all other possible alternatives. Thank you.

Bruce Dickson: I guess we have a slight pause. The next item on the itinerary for today is the keynote address from Senator Dole. I'll retrieve Kirk Larsen to do the honors for that. You can have a moment of fresh air or your own thoughts.

KEYNOTE ADDRESS I

Terri Giles: Good afternoon, everyone. Again, on behalf of George Washington University, the Taiwan Foundation for Democracy, and the Formosa Foundation, thank you all for coming today for this very important conference.

It is my distinct honor and pleasure to be able to introduce our next speaker. Having worked in the U.S. Senate for 12 years and experienced the system working observing Congress now and seeing the issues that have plagued this country over the past six or eight years, particularly the rancor that's happening between Democrats and Republicans, one only has to think of the idea of a public servant and what that really means when one thinks of our next speaker.

Senator Bob Dole was a leader in this country. He was someone who reached across the aisle to find compromise, to make the system work, and I believe in my heart – and this is coming from a liberal Democrat – that we are a much poorer country without his leadership in the Senate. I once heard my senior senator from West Virginia, Robert C. Byrd, say that Bob Dole was the best senator that he'd ever worked with, and that came from his heart.

When you think about what it takes to handle our messy system of democracy, compromise is the grease that keeps the government rolling. You don't compromise your principles, but you get the work done, the work of the people done, and it's not getting done today - we all can pretty much agree on that. I hope that in the future that we'll go back to a more civil demeanor with each other and try to move America forward instead of getting stuck in the mud.

The gentleman who is speaking next, Senator Dole, is one of those people who always put America first, duty first, integrity first, and has served this country not only in the great struggle of war but as a dedicated public servant in peace. Senator Dole is a great inspiration, not only to Republicans, not only to people from Kansas, but really to people around the world. So please join me in welcoming Senator Bob Dole.

Senator Bob Dole: Well, thank you very much for being here, and I'm very honored to be here and I want to thank Terri for her kind introduction. In the good old days, I used to work with her boss, Jay Rockefeller, and we were on the same finance committee. And I think we both had sort of a streak of independence, and sometimes we thought, "Maybe we want to get some things done." You know, not always disagree, and without getting _____ Taiwan.

You know, I never criticize my colleagues, but there is a kind of a change in politics in how more personal and confrontational it seems to have become in the past – maybe it happened when I was there too, and it's probably a good thing to have competition and ideas and good debates, and you can't agree on everything. I don't care what country you're from or what your party is or what your philosophy is. There are just some things you can't come together on, but I always thought, in most every case, there's probably a solution somewhere if you got the right people together.

In any event, I'm no longer in politics. I'm still thinking about 2008, but it's getting a little late for the Iowa caucuses, and I've been there many, many times. And I hope Taiwan never adopts the caucuses or our electoral system, which is so totally out of whack when you have – well, there's Iowa – is it one forty-seventh of one percent of the people of America, may decide the next president. Of course, I carried Iowa both times I ran, so I thought it was a great system, but as you look back on it, you think you've got one or two small states that are going to dictate – whether you're a Democrat or a Republican. It makes you pause.

I want to thank Dr. Lin and the Taiwanese Foundation and Dr. Chen, the great leader of the democracy movement. And you're all distinguished guests, and I've got a feeling that most of you are probably more well-versed about what's happening in Taiwan these days than maybe I am, but I appreciate the opportunity 'cause I know you're going

to have a good session and you've got some outstanding – already had some outstanding panelists and speakers, and you're going to have more.

But my history with Taiwan probably goes back at least as long as yours, in most cases. It goes back decades, and President Carter's a friend of mine, and we always got along very well together. In fact, when we dedicated the Dole Institute of Politics, University of Kansas, he was the dedicator. He came all the way from Georgia just to do that for me.

But when he decided to terminate relations with Taiwan and establish diplomatic relations with Beijing, I introduced a Senate resolution to make the administration consult with Congress before it altered our relations with Taiwan. And, as you probably all know, the resolution passed 97 to 0, and based on this mandate, Congress proceeded to pass the Taiwan Relations Act, which has guided our country's relations ever since. And one of my staff members who couldn't be here today, Bob Downum – I don't know how many of you know Bob Downum – was very critical in that whole process because he was a young man on my staff who really knew a lot about the issue, and was very helpful to me.

In periods as minority and majority leader of the Senate during the ensuing quarter-century, I supported many measures to provide various forms of assistance to Taiwan. Since leaving the Congress, I've been among those privileged to represent Taiwan in the United States.

Unlike many of you here today, I can't claim to be an expert on Asia or Taiwan. But I do try to follow events and issues there and in Washington. From my perspective, one of the most interesting developments in recent years has been the emergence in Taiwan of a full-fledged, multi-party political system. No one can deny that Taiwan has completed its fundamental transition into a genuine democracy.

After decades of one-party rule, Taiwan now has five major political parties and nearly a hundred others. There are now competitive elections at every level of government – presidential, legislative, regional, municipal, and mayoral.

Some in Taiwan may even think that the country's elections and political debate are too competitive! This is because the development of a multi-party system inevitably comes with growing pains.

These growing pains have sometimes led to sharp political debate and clashes in the legislature. We have also seen a number of large political demonstrations in Taipei. And, like Governor Schwarzenegger in California, President Chen has survived efforts to re-call him from office.

In my view, these growing pains have strengthened Taiwan's political culture and society. Today, Taiwan sits comfortably in the first tier of the world's democracies. One reason for this is that the country is responsive to its people's needs and aspirations. It learns from its new political experiences and uses them to enact reforms. The result is a system that provides full political rights and civil liberties to its citizens.

This doesn't mean there aren't any missteps, but it does mean that, when there are, Taiwan's leaders act and react constructively, to the ultimate benefit of their people.

Of course, the linchpin of Taiwan's political freedom is economic prosperity. Taiwan benefits from being one of the twenty largest economies in the world. It is one of the United States' top ten trading partners. It is at the forefront of the world's computer industries.

As in most democracies, political debate in Taiwan is often centered on the country's economy and related domestic issues that affect people's everyday lives. The one international issue that stands out in Taiwan's internal deliberations is its relationship with mainland China.

Taiwan's two major political parties have somewhat different views on this issue. These are based on competing visions of the nation's future status. Simply put, the president's Democratic Progressive Party favors independence – or the permanent political separation of Taiwan from the Beijing regime – while the KMT party believes in "one China" and supports the ultimate reunification of Taiwan and the mainland.

In the long-term, these two views would seem to represent the difference between night and day. In practice, the difference is smaller. The KMT actively supports the "one China" policy espoused by the United States and other major powers. For fear of provoking Beijing, its majority in the legislature has repeatedly declined to purchase advanced weapons systems made available by Washington. By contrast, President Chen has called for a national referendum on applying for UN membership under the name of "Taiwan."

My view, however, is that, despite their significantly different approaches to the Beijing issue, Taiwan's two main parties agree on one transcendent point: Taiwan will be free and democratic, regardless of whether it becomes independent or reunites with Beijing. An independent Taiwan will always be a democracy. A Taiwan that reunites with the mainland will do so only as part of a democratic system of government.

This is because the Taiwanese cherish their liberty. They abhor the way in which Beijing deprives its 1.3 billion people of even the most basic human rights – including freedom of expression and religion, the rule of law, and the ability to elect democratic leaders, and elect them democratically. The contrast between Taiwan's open polity and the Communist, authoritarian regime in Beijing could not be starker. Beijing's one-party system prevents the people of the mainland from choosing and criticizing their government, operating a free press, obtaining information from the Internet, and enjoying the protection of an independent judiciary. In short, the people of the mainland are made to serve their government, when their government should be serving them.

Taiwan's people and their leaders categorically repudiate and reject this abominable, discredited, and regressive system and its callous disregard for the rights of man. Yet Beijing not only wants Taiwan to embrace it, but also threatens to make it do so forcibly. In an era when Communism is inflicted on fewer and fewer of the world's peoples, and when more and more countries are becoming independent, Beijing has

passed a law providing for the use of "non-peaceful" means against Taiwan in the event that other efforts at reunification fail. Today, Beijing deploys 800 ballistic missiles aimed directly at Taiwan.

When Taiwan's leaders debate their country's political status – or any other issue for that matter – they do so in this context. In the United States, we debate these issues in the context of our relations with China as a fellow global power, and with Taiwan as a fellow democracy.

There should be no doubt that China is, indeed, a global power. The topic of our conference today is, "Can democracy survive globalization?" My own view is that the pressures of greater competition in the global marketplace mean that China must liberalize, both economically and politically. But, in the short-term, globalization presents special challenges to Taiwan because China is everywhere. It is all over the global stage. It is a permanent member of the UN Security Council, where its role has more often been to thwart progress than to promote it. Its rapacious appetite for natural resources from every corner of the globe has only just begun to manifest itself. Its economy – one of the fastest-growing in the world – makes major powers hesitate to support Taiwan, and causes small countries to quake in fear of this nascent giant.

Not content to simply let Taiwan be, China not only points missiles at the small island nation, but also launches a variety of political and economic barbs in its direction. It discourages third countries from trading with Taiwan. It vehemently opposes Taiwan's entry into international organizations. It labors diligently to persuade Taiwan's diplomatic allies to switch their allegiances from Taipei to Beijing.

I would like to see U.S. policy focused less on China's might and more on America's democratic alliance with Taiwan. When President Bush took office, his Administration pledged to adopt less "China-centric" postures globally and in the Asia region. While it rightly accepted that China is a major power that must be reckoned with, it committed to formulate and implement policies viewed less through the prism of Beijing. It wanted, for example, to encourage Japan and India – two of the region's largest and strongest democracies – to play more active roles in multi-national organizations.

9/11 changed this, to some degree. The Administration's policies necessarily shifted as it directed its primary efforts toward the war on terror. The result has not been that Taiwan has been neglected, but that it has not been as high a priority as it could have been. Don't get me wrong: President Bush has been a close friend of Taiwan, as evidenced most clearly by his authorization of the sale of major weapons systems to Taipei.

But our country has been, in my view, a little reluctant to expend political capital to do other things that would not only advance Taiwan's interests, but also advance our own, help Asia, strengthen international institutions where they should be strengthened, and promote stability on a global basis.

The first of these would be a vigorous U.S.-led effort to admit Taiwan as a member of the World Health Organization. Taiwan's exclusion from this body borders on the

criminal because for every day that Taiwan is kept out, people who desperately need its aid can't receive it. Ranked by The Economist as the second healthiest nation in the world, Taiwan has provided more than \$450 million in health care and humanitarian aid to more than 90 countries in the past decade. It is willing and able to do much more. Yet China not only blocks Taiwan's entry into the W.H.O., but has also persuaded the W.H.O. not to share information with Taiwan or invite Taiwan to conferences without Beijing's permission. The result: Political considerations are allowed to trump the organization's avowed mission, and rational decision-making is abandoned.

Here is a classic case of the United States and its democratic allies bowing to bullying and trepidation rather than exercising leadership to right a wrong and help people in need.

After the 9/11 terrorist attacks, the Bush Administration was widely criticized for its admonition to other nations, "You're either with us or against us." Regardless of whether that criticism was deserved, I do think our nation should reflect more on who its real friends and allies are.

I know that Taiwan does. I'm sure that, like me, Taiwan's leaders would like to see the United States be even more forthcoming. Nevertheless, they must surely take comfort in the fact that our countries' alliance is strong – militarily, politically, and economically. They know that this strength continues from year to year, and from election to election. They know that the next U.S. president, no matter who he – or she – is, will be a friend of Taiwan. The only question is a matter of degree.

Taiwan is also fortunate to have friends among Democrats and Republicans, in and out of the current Administration, and in both houses of Congress. It has enjoyed strong cooperation with President Bush and the current House and Senate, and it can anticipate warm relations with the next president and Congress.

2008 will demonstrate yet again that Taiwan and the United States are privileged to share the greatest bond enjoyed by democracies: Our leaders are elected by our citizens. In the words of both Abraham Lincoln and Taiwan's constitution, our governments are truly "of the people, by the people, and for the people." Thank you.

Bruce Dickson: Now we have time to take a break for lunch. Those that are involved with the lunch connected with the conference, please proceed to go upstairs, and we'll reconvene in an hour.

[End of Audio]

PANEL II – Democracy and Security in Cross-Strait Stability

Kirk Larsen: Ladies and gentlemen, welcome back. We have a couple of top-flight panelists to round out the afternoon's portion of our conference today. I just wanted to make you aware – you may have heard some rumors to the effect that Senator Sherrod Brown may join us. The Senate is still deliberating and still voting, and so if he can tear himself away from his voting obligations, he hopes to be able to be here at the very end

of our conference to give some concluding remarks. We'll let you know as soon as we know whether that will emerge as an actual reality or just a hope. But in the meantime I'll turn the time over to Bruce Dickson to introduce and to moderate the next afternoon's panel.

Bruce Dickson: So the lone dissenting voice will act independently of the rest of the panel. We're going to go and order the program, which is also the order of the speakers to my right, beginning with Stephen Yates. Steve is currently the president of D.C. Asia Advisory, a business and public affairs firm here in town. He formerly worked at the White House under Vice President Cheney, and before that the Heritage Foundation. Widely known as a commentator and contributor on policy issues and contemporary issues concerning Asia and Taiwan in particular. Again, following the same program as this morning, we'll have each of the speakers speak for around 15 minutes, and after they're done speaking, then open it up for questions and answers after that. Steve?

Stephen Yates: Thank you very much, Bruce. It's a pleasure to be here and also humbling in a sense to be on a panel with many friends and with an audience, too, that know at least, if not more, about the subject that I'm going to address. The topic I was asked to address was East Asian democracies and regional peace, so a little bit of an external flavor on the questions as they relate to Taiwan, perhaps. A couple of questions come to mind that I think other speakers are going to address, so I wouldn't belabor long on them.

The question that comes to my mind about why democracy is relevant to regional peace: I believe it is, but that's a belief. And there's a theory in international relations about whether democracies will go to war with other democracies, and so if that holds true, then of course we should want more of it in Asia. But the focus of my remarks will be on trying to talk about some of the challenges that democracies in East Asia have in trying to address regional peace and security.

There is, I think, a long-term question about what comes after China's presumed peaceful rise. After that, will there be peace? After that, will it be a democracy? Or another variation of the question: can there be regional peace if China continues to rise as a powerful non-democracy? I think others will address this more, but for countries all the way from Japan down to Indonesia, there are some well-known challenges in trying to make national security decisions or to try to contribute to regional peace.

One is once you become democratic, you become more transparent: everyone can see your warts, everyone can hear what your craziest politician wants to say, and you also have the desire among leaders to seek the camera out also. So in some ways it can distort focus on governance by people seeking to project their own agendas – many agendas – and also, there's a challenge of everyone in the world being able to see how you do your business, which might impress them but it often won't.

And another challenge in many of the democracies is a disaggregation of power. You move, in most cases, from one man or one party speaking in a very methodical or somewhat controlled way on behalf of a country to having many voices. And this can come in the form of divided government, with a legislature speaking in one way about a set of issues and an executive branch the other, or it can just be with different personalities or factions within a party addressing issues in a different way. It can be a

challenge for others to know what to expect of a democracy when you speak with many voices, as people say to the United States when we have multiple messages going out to the world.

When the countries of East Asia have moved towards democracy – applies to other parts of the world as well – often deliberations become slow, results are at times minimal, and a lot of times the outcome is due to compromise. And so bold moves and reforms become more difficult even as calls for bold moves and sometimes even extreme positions increase.

There's a tension, almost constant in some democracies, between the demands of campaigning versus governing, and in some instances, one never ends the campaign and never begins governing, and so I think that whether it be Taiwan or the other democracies of East Asia, it's a challenge. It's tough to address.

As countries in East Asia have democratized, there tends to be a more intense focus on domestic politics and policy, at times to the neglect of international and foreign policies. Oftentimes, the defense budgets and things that relate to international commitments get hurt on funding as more domestic interest shifts domestic.

In national decision making, and especially national security decision making, one of the problems is: often it's tough to keep secrets in democracies. Now in our country we have a debate how much secrecy is okay. I think in most of the democracies of East Asia, this is often a challenge. It's very difficult to address sensitive national security issues in front of everyone. Sometimes it's difficult to present candid advice to a national leader if that leader knows that that conversation is going straight to the press. It's oftentimes difficult to give intelligence warnings or other kinds of alternatives scenarios to a leader if that, too, is going to go out to the press as if it was his policy. And it makes long-term planning difficult as people keep a short-term political horizon.

In national security decision making in East Asian democracies, deterrence has become a challenge. If countries that you seek to deter are very readily able to see the divisions within your polity, if they're readily able to see the limits of your budget process and your acquisition process and training of your military because you have an open and transparent process, at times deterrence can become more difficult with democratization. And of course negotiations become very complicated when you have to deal with the many voices, difficulty of keeping secrets, and the sensitivities of the issues that need to be addressed in negotiations.

Now there are structural challenges as well that have been difficult to overcome in old and established democracies in East Asia as well as the new ones. Some of it has to do with having limited number of staff for the chief executive in these countries. When you have structures that were built for one party or one man, oftentimes the whole rest of the government was presumed to be working for that person. But when you change to democracy and you need to have political appointees go with ministers into cabinet agencies to be able to implement an agenda and you look at, say, in Indonesia, where they're allowed to have three political appointees go with the cabinet minister out to an agency of thousands, guess what the odds of success are in implementing that president's agenda in that ministry. Well, this is a problem that is common across many

of the democracies of East Asia, including Taiwan's, when looking at the transition to democracy.

The constitutions, written for different times and different circumstances, also stand in the way when you have constitutional issues that are difficult for Japan to deal with, one of the older and more established democracies. Constitutional issues in Taiwan – everyone is aware of the sensitivities and challenges involved there. It's a common problem among many of the East Asia democracies.

And then there is the issue of the legacy of key institutions and civil servants having been recruited and the institutions being established at a time when party membership in one party was important for that membership. And how do you deal with a transition over time to a more pluralistic political environment when you, in many cases, have a large cadre of people in the bureaucracy that were loyal to the old party? So tough transitional problem that people in Taiwan know well is also shared in many of the other East Asia democracies.

Now spoken in tremendous generality, I don't know what, if any, benefit, frankly, people have to covering some of the generalities, but I think that these are important challenges to recognize and that we need to find effective strategies to help these East Asian countries overcome these difficulties if we expect them to contribute more themselves to regional peace. Implicit, I guess, in looking at this challenge is the notion of: is the United States going to take a lead in trying to contribute to the development of East Asian democracies and regional peace, or are we going to try to play a supporting role to help these East Asian democracies overcome their own challenges so that they, then, on their own, with common values and greater purpose, able to contribute to their own peace and prosperity in the region? If I have not exhausted my time, I yield it to my colleagues at this point. Thank you.

Bruce Dickson: I have to say, I'm stunned at – this morning when Jim Lilley spoke, he gave a five-minute speech in a 15-minute window. Steve Yates has followed that example. I've never known people to run short on their time constraints.

Stephen Yates: Problem of government.

Bruce Dickson: Our next speaker is June Teufel Dreyer, who is professor of political science at University of Miami in Florida, who probably regrets coming up here for this weekend after leaving Florida. Previously, she served as commissioner on the U.S.-China Economic and Security Review Commission, and she will be speaking on the topic of...

June Teufel Dreyer: Illiberal China and regional stability.

Bruce Dickson: Couldn't have said it better. Okay.

June Teufel Dreyer: Thank you so much, Bruce, and, actually, the temperature in Florida, according to the Weather Channel, has gone plunging down. We are having an exceptional cold wave; it's 64.

Bruce Dickson: Oh, no. That's awful. Awful. Ouch.

June Teufel Dreyer: And since it was 84 last week, that really is a drop in temperature.

But anyway, that China is not liberal is a matter of consensus, including within the Chinese elite themselves. President Hu and Premier Wen have, in fact, rejected the idea of liberalism there in favor of intra-party democracy, which seems to be an effort to reduce corruption within the ranks of the top party and government people by having everybody inform on each other. And they have denied everybody but the lowest level, the village level, the right to have democratic elections, and of course the village level doesn't control finances to any extent, so that's a fairly safe kind of situation. These people have even denied the right to direct election to people in Hong Kong, who have an extremely high literacy rate and a high level of political awareness, so this is not liberal.

And the illiberalism extends beyond candidates and ballot boxes. The press in China is forbidden to publish stories that could, quote, "be damaging to social stability." This obviously is a very broad category which has been officially interpreted to include "spreading rumors," quote-unquote, and it's been explained that this is regardless of whether the rumors are true or false. So if you spread a rumor that there's been an epidemic of a disease and there really is an epidemic of disease, you can be accused of destroying social stability.

All right. So what, then, do we say, having said about illiberalism; what do we say about regional stability? Now stability is an odd term. To most people it means the absence of war or, at the very least, the absence of violent confrontation. Very little of that has concerned China in the last decade, though this has not prevented certain Chinese officials from threatening violence on several occasions. We all remember [Qung Huang-Kai](#), who asked if we would be willing to trade Taiwan for Los Angeles in a nuclear confrontation.

Now if you look at the dictionary definition of stability, it says something very different. It says: "Stability is the state or quality of being fixed, of steadiness." Now if that's the way you interpret stability, the region has not been stable at all. For all the cant coming out of both Beijing and Washington about "it's bad to disturb the status quo," China has in fact achieved quite a bit of change to the status quo that is favorable to its international position, and it's done this in the best way possible without resorting to force.

I saw something in the *South China Morning Post* about ten days ago, and the title was: "China's New Regional Assertiveness." Now I think highly of the *South China Morning Post* most of the time and they were not wrong, but somehow they interpret this as something new and I would say that this is not new. If you talk to the Vietnamese, they will point out that China took over the Paracel Islands already in 1974. In 1988 the Chinese and the Vietnamese forces had an encounter over the Spratly Islands, which probably occurred when Vietnamese ships tried to observe Chinese construction activities on two reefs that the two countries contest.

So I want to point out those two instances because those both occurred back when the Chinese military budget was very small, and since 1989 it's been going up by double-digit increments, except for one year when it was 9.9-something, so pretty close.

February 1992, the National People's Congress passes a law asserting Chinese ownership of various disputed territories: the Spratlys, the Paracels, the Diaoyutai/Senkaku, and Taiwan, and maybe a few other places I've forgotten. And it then unilaterally asserted China's right to – and this is a quote – "adopt all necessary measures to prevent and stop the harmful passage of vessels through its territorial waters" – and guess, of course, who gets to decide what's harmful passage and what isn't – "and for PRC warships and military aircraft to expel the intruders" – exact quote.

In the spring of 1996, the Philippines announced that China had built concrete structures, including radar installations, in another disputed area called Mischief Reef. A couple of weeks later, the Indonesian authorities announced Chinese maps that showed them the Natuna Islands as part of China's exclusive economic zone. This is important because they have rich oil and gas resources and because Indonesia has always administered those islands. 1996, also, the PRC tested missiles and carried out a year's worth of – actually, eight months' worth of war games in and around the Taiwan Strait that looked to a lot of people like a dress rehearsal for an invasion.

Fall of 1998, the Chinese demanded that Japan follow the example of U.S. President Bill Clinton in making a statement about Taiwan. Japan refused, prompting then-President Jiang Zemin to deliver a long lecture to the Japanese about the error of their ways, and the Japanese public opinion reacted very negatively. And what has been taking place, just to make a very long story shorter, is what looks like a pattern in which the PRC will push forward in very small increments. If it is challenged, and sometimes it is, China will pull back _____ but without withdrawing the substance of its claim and it will later push forward again.

Let me give you another example, and this one also concerns Japan. When that 1992 law was passed, the Japanese Foreign Ministry said to the Chinese Foreign Ministry, "Well, you know, the emperor and empress have been scheduled to visit China, and we think that this is going to embolden the Japanese right wing to forbid Their Majesties to visit." And the Chinese Foreign Ministry then issued a statement, saying, "Our policy hasn't changed." They didn't withdraw the law. You see what I'm saying? And they continue to push forward with it. They haven't abandoned the substance; they've simply pulled back a little for a time.

Now there have been other instances of this. You know how seldom the South Koreans and the North Koreans agree on anything, and in 2004 both sides got upset when Chinese research papers claimed that the ancient kingdom of Koguryo – I may not be pronouncing that correctly – was a minority kingdom of Northeast China, and it was Han Chinese in origin. The Koreans regard Koguryo as one of the three kingdoms that formed the modern Korean state, so they were not happy about that.

Same year also, 2004, Singaporeans got angry when China told the about-to-be-Prime Minister Lee Hsien-loong that he shouldn't have visited Taiwan even in a private capacity and he must promise never, ever to do it again. It was really very interesting

because those of you who read *The Straits Times* – in fact most Singaporean newspapers are very pro-Chinese – that they actually got angry letters from Singaporeans, which they published, saying that "This isn't the ancient Chinese empire. We are not a tributary state of China, and they have no right to tell us what to do."

Now there are a couple of exceptions to this pattern of most countries issuing a feeble bleat and then withdrawing. The Dalai Lama has managed to successfully visit a couple of countries, including Mongolia and Japan, though of course it's always explained that he's visiting there as a religious leader and not as a political leader.

And another very interesting phenomenon recently is when the Chinese government tried to push Japan into declaring that Japan opposed Taiwan's plans to hold a referendum on joining the United Nations, the Japanese quietly told China that since China has always reminded Japan that Taiwan is a part of China and since Chinese foreign policy is predicated on the *Pancha Sila*, the Five Principles of Peaceful Coexistence, one of which is that no country is supposed to interfere in the domestic affairs of another, the Japanese couldn't possibly issue a statement on Taiwan because it would be interfering in China's domestic affairs. We could learn a lot from the Japanese.

Now these examples are pretty few. Two weeks ago, the Deputy Assistant Secretary of State Tom Christenson, when he was asked about China announcing a new flight route that's close to the center line of the Taiwan Strait, which would certainly amount to a change in the status quo, evaded; he gave no answer. Now this amounts to tacit acquiescence, as most states in the region appear to do. So my point is there's stability in the region in the sense that China hasn't used violence, but it appears to be achieving its goals in an even better way without violence, through creeping assertiveness in very small increments, what you might call salami tactics. You slice off a thin slice, and eventually the salami is gone.

The optimist's view is that as China democratizes, it'll become more liberal and more willing to accommodate its neighbors' claims, territorial and otherwise. There will be more freedom of religion and more civil liberties.

Now, recently, doubts have been raised as to whether China is in fact becoming more liberal and more democratic, and a terrific statement of this is found in Jim Mann's *The China Fantasy*, where he says it's perfectly possible that in 20 years China will still be authoritarian, and since Jim is here I'm going to let him take it up himself with you.

But suppose China does become liberal. Suppose that doesn't happen as Jim predicted. Is that going to mean the end to the creeping assertiveness and bullying its neighbors, as some people seem to think? I believe it is not necessarily going to happen that way.

With the death of communism as an ideology and, you know, as Arthur Waldron said at least ten years ago, these days nobody except a couple of intellectuals in the West believes in communism anymore, not even the leaders of the Communist Party. So it's dead, and what has arisen in its place is nationalism. It's a pretty effective kind of nationalism. Confucius has been substituted for Marx and Lenin – a portrait of

Confucianism that Confucius himself might not recognize, but nonetheless Confucianism.

And I would say that the rise of democracy might complicate the ability of the Chinese leadership to control crises, and here is how it might happen. Right now the right to organize to demonstrate and to let the government know what policies and actions interest groups want the government to take – it would be harder and harder for the Chinese government to control. Right now if there's hostility between China and Japan, and the Japanese prime minister comes to visit or the Japanese foreign minister comes to visit, hopefully bearing lots of foreign direct investment, the Chinese government is able to put the young hotheads under house arrest or make sure that they don't leave their apartments and cut off their telephone access. This would not be possible or would be a lot harder in a democratic China. So what I'm saying here is that unwise foreign policies that are more confrontational and more overtly dangerous to regional stability might result.

Now to kind of wrap up here, if a liberal China presents as much, if not more, of a challenge to regional stability as an illiberal China, what do we do? It's my personal view that the solution is not as simple as the one that American policymakers profess to believe. I'm not sure they really do believe it, since I don't think they're that stupid. And the answer I keep hearing is that we must engage China in dialogue, and if that doesn't work, their solution is to engage them in more dialogue, and after that, still more dialogue. Now this solves nothing, in my opinion, and meanwhile China continues to grow and to practice creeping assertiveness.

The other part of the policymakers' answer is: we must persuade China to become a responsible stakeholder in the international system. China, to its great credit, has been quite forthright in saying that it doesn't want to be bound by rules devised by somebody else, and it's an excellent argument that I personally would find it very hard to refute. And I wish I had thought of this myself – I didn't – but someone said that China resents being treated like a Rottweiler in the waiting room of a dog obedience school, and I personally can't blame them for that.

So what has seemed to work in the past, I would argue, is that when nations push back, Beijing withdraws at least temporarily, and this seems to me to indicate we need to be more frank and more willing to assert our discontents when Beijing does press forward.

Recently there have been a couple of happy signs that countries are taking small steps _____ receiving the Dalai Lama and refusing to back off. Gerrit van der Wees and Steve and I and Wen Yen were actually in a conference in Germany where she got raked over the coals on this one. Sarkozy has sounded certainly a bit more willing to take on the Chinese than his predecessor Jacques Chirac. The EU Trade Commissioner Peter Mandelson has complained rather forthrightly about product safety and this deteriorating balance of trade.

I've already given you a couple of examples of the Japanese making a statement with regard to the Taiwan referendum and other things, and last, but not least, the United States, after our port call was first agreed to and then withdrawn, sailing the *Kitty Hawk* through the Taiwan Strait for the first time in a long while. I am also told on good

authority something I didn't read in the newspaper, and that is that the *Kitty Hawk* carried out missile firings the entire day before, which I found fascinating.

Now those of you who know me know that I am no fan of Hillary Rodham Clinton, but I think she was dead right when she said that the Chinese respect the United States more when we take them to task on matters that displease us. And I would conclude with the advice that we've got to do more of that and not less. Thank you.

Bruce Dickson: Thank you, June. Our next speaker is John Tkacik, who is currently senior research fellow at the Heritage Foundation. He previously had a long career in the U.S. Foreign Service, including two tours in China, as well as Taiwan, Hong Kong, and of course the pinnacle of his career in Iceland – not the focal point for controversy or a great power rivalry – so he saved his post-foreign service career for Asian affairs. He will be speaking today on the U.S. balancing act in cross-Strait relations.

John Tkacik: Thank you very much, Bruce. Basically, the issue was how to balance – the problem of the United States balancing its policy in the Taiwan Strait between democratization and national identity on one side and China on the other.

I think, first, we have to be clear what the problem is. Now all of you can think for yourself. Taiwan Strait: problem. Right? I mean, we all see that there's a problem, but we've got to be clear on what the problem is, and I have to say that if you think about it for longer than two seconds, you come to the sudden Buddhist sartorial-like revelation that "Oh, it's China's threats of war. It is not Taiwan's democracy." So I think once you understand that simple fact, then I think the rest of the Taiwan conundrum is a bit easier to approach.

Now China is not threatening war if the status quo changes, which is to say China is not a status-quo country. China threatens war if the status quo does not change. Are you beginning to sort of let this soak in? This is quite clear. I think nobody in this room would suggest that Taiwan is part of China, that Taiwan is a part of China that is undergoing a crystallization of a national identity separate from China, and hence Taiwan is agitating for independence. Rather, everybody in this room would agree that Taiwan has already been independent, de facto, since 1949 and that Taiwan hasn't really been governed by Beijing since 1895 and that Taiwan's emerging consensus on its national identity is a result of its de facto independence, not, as the Chinese communists would suggest, a cause of it. Beijing threatens war if the Taiwanese people do not submit to China's demand that they accept Beijing's sovereignty over their country.

I mean, these are the facts that you have to sort of get used to. There is no philosophical or theoretical truth that undergirds China's irredentist claims to Taiwan; it is simply brute force. Now brute force has a very understandable and valid logic all of its own, but it's vital that we recognize that that's what this is. It's all about this. This is not about some moral or legal imperative, the weight of which is on the Chinese side.

But for all this, I have to say that there is at least a broad, broad consensus in China that Taiwan is part of China, while in Taiwan there is not yet a convincing consensus, although there now seems to be a sort of majority that says that Taiwan is already a

sovereign nation that is non-subordinate to Beijing. I think, you know, that sort of majority being 51, 52 percent, I think, according to a study done by National Zhongzhi University a year ago in October 2006, one I think that impressed me quite deeply with its thoroughness and sophistication. It said about 60 percent of Taiwan's voters identify themselves as Taiwanese only. The same poll showed, not surprisingly, that 62 percent of Taiwan's voters would support *de jure* independence if China were to permit it.

Now that number, the number of people that support *de jure* independence in Taiwan, drops about 8 percentage points to 54 percent if you add the caveat "if China does not permit it." So what I'm trying to say is that roughly an eighth of those who consider themselves Taiwanese only indicate that they're not quite ready yet to brave China's wrath in the matter.

Now my observation at this point is that a country in which barely half are willing to support independence, even though another country would not permit it, seems to me to be a country in which almost half the population is not willing to support independence. Do you see where I'm going with this? The major problem is when the country in question has been *de facto* independent for nearly 60 years already, and when that country has a flourishing democratic system in which 40 percent seem opposed to a military budget for large weapon systems and 30 percent support that budget, with presumably another 30 percent not caring one way or the other. At this point one might wonder if that country has progressed quite to the level that it needs to avoid serious internal frictions or conflicts if the issue of national identity is pushed too far too fast.

Now I know a lot of people don't want to hear this, but I'm just telling you. Last May I had an opportunity to discuss this problem with a number of top Taiwanese political leaders, including then-DPP Chairman Yu Shyi-kun, and Chairman Yu explained to me that he, too, was very concerned about this phenomenon, this lack of a broad-based consensus in Taiwan on a national identity on the future of the country. I mean, it's there. I mean, you gotta face up to it. And he explained to me that the proposed referendum on Taiwan's United Nations application was designed as a tool to help catalyze the crystallization of just such a consensus. I happen to think that that actually makes sense.

There were other tools as well that you could use to catalyze such a crystallization of national identity, but it will indeed be a challenge to reverse 50 years of educational, professional, government, political, and even military indoctrination that Taiwan is part of a greater Republic of China. And I have to say that the emergence of a Taiwanese identity over the past 15 years has been striking. In 1992, for example, only 15 percent of Taiwan's people considered themselves Taiwanese only, and now that number is up above 60 percent. The trends are clearly in the direction of a strong Taiwanese national identity in the future, but the population is not there yet right now.

Now that said, the trend toward a broad consensus on national identity in Taiwan is a result of Taiwan's democracy and its democratic processes. There are two opposing political views in Taiwan, a blue camp and a green camp, that are competing in the marketplace of Taiwan's ideas for support in the matter of national identity. One camp wants to retard or impede the emergence of a consensus on Taiwan's future separate

from China; the other camp wants to hasten the disintegration of a consensus on Taiwan's future as part of China.

Now this is where the problem of a balanced American policy comes up. The horror for American policymakers – and I'd point out that my good friend Randy Schriver, who's around here someplace, has dealt with this – is that the obvious trend toward a firm, non-Chinese national identity that is legitimized by a process in Taiwan that is quite obviously democratic. In other words, we now supported Taiwanese democratization for all these years, and lo and behold, what do you get if you support Taiwanese democratization? You get the emergence of a Taiwanese national identity. The delimit is that American policymakers do not want to be in the position of defending democracy in Taiwan against China's threats of war. The delimit is not just a result of pusillanimity but it is because China is now such a huge global economic power and because the United States' efforts are already pretty much completely occupied elsewhere, if you know what I mean.

Now I also think there's a feeling that there is not yet a consensus in Taiwan on where it's going, and consequently, Washington doesn't want to be seen in Beijing as protecting Taiwan until a national identity of a Taiwanese, non-Chinese national identity actually solidifies. Now this, of course, is at the root of a guilt trip that Beijing seeks to lay on Washington. You know, Beijing does say, "If it weren't for you Americans encouraging democracy in Taiwan, our Taiwanese brethren would never have conceived of the idea that they weren't Chinese." In other words, according to Beijing, Taiwan's current de facto independence is America's fault, and he who ties the knot must untie it.

Now I have to say there are polls that show that 32 percent of U.S. citizens would support U.S. military involvement in the Taiwan Strait if a formal declaration of independence by Taiwan started a war. Now I don't quite believe those polls because my own informal polls and experience tells me that 90 percent of U.S. citizens believe Taiwan is already a country in its own right and that Taiwan is democratic and that China is communist or, at the very least, a dictatorship. So I have a hard time understanding, you know, why 32 percent of the American population is the only group that thinks that we have an interest in defending Taiwan.

At any rate, the danger for American foreign policy is that we allow China to define our interest in Asia insofar as China convinces U.S. policymakers that, one, PRC claims to Taiwan are right and just and, two, that it's in U.S. interest only, not in China's interest, to avoid a war in the Taiwan Strait. Then I can pretty much guarantee that Washington will abandon Taiwan, democracy and all, at some point in the near or medium future. If, on the other hand, we define our own interests in maintaining Taiwan as separate from China, then we can begin making the decisions that are needed to defend those interests.

Now I have to say I wonder if, in fact, it is true that avoiding war with the United States is not in China's interests. I rather suspect that avoiding war with the United States is rather more important as a policy goal in Beijing than preventing Taiwan independence. You know, I think that's a legitimate and debatable topic to bring up, but I have to say that China's strategic clarity on this issue is absolutely crystal clear.

"Independence means war" has been far more effective in convincing the United States that China has no interest in avoiding a war in the event of some kind of Taiwan independence than the U.S. policy of strategic ambiguity has been in convincing China that the United States intends to defend its interests in the Taiwan Strait or at least Beijing in general. I mean, it's just a matter – I don't want to draw too many judgmental lines here, but I have to say that strategic clarity on the part of the Chinese seems much more effective in getting them to reach their goals than strategic ambiguity is on the United States' side.

Now I always end my discussions with this observation, and so I just thought I would throw it in as sort of the signature conclusion. This reminds me of Dr. Kissinger's dictum that in an international system in which peace is the paramount interest, the entire system is at the mercy of the most ruthless actor, and there is every incentive to appease that actor no matter how unreasonable its demands. So my conclusion is that if the United States has interests in Asia, if it has interests in maintaining Taiwan separate from China, it would be best to be clear about it rather than to keep it secret. At any rate, that's sort of where I would leave it at this point. Do I still have some time left? I've got some jokes I could throw out.

Bruce Dickson: Sure.

John Tkacik: Thank you.

Bruce Dickson: Okay. The fourth speaker on this panel is Jim Mann, who is author in residence at Johns Hopkins School of Advanced International Studies here in D.C. He's the author of two very well-received books on U.S.-China relations: *About Face* and *The China Fantasy*, which came out earlier this year. He's now at work on a prequel on the equally well-received but non-China-related book, *The Rise of the Vulcans*. His task for today is to explain for us the U.S. ideas on China's future. Jim?

James Mann: Thank you, Bruce. Yeah, I want to talk today about the subject of my last book, which is American ideas about China and the language that gets used in thinking about China's future in this country.

I had previously written two books about, really, the American relationship with China. The first was about the business relationship, told through the perspective of a single joint venture, Beijing Jeep, and then the second was on America's diplomacy with China. And it seemed to me that there was a part of the American relationship with China which I'd left out, which had to do with political discourse, language, and expectations over the past decades.

And what I tried to do there – and I'm going to lay this out and then update it a little bit – is talk about the different concepts that get used in American political debate about China and where it is headed, and I lay out three scenarios.

The first is what I call the soothing scenario, and I would say it's the dominant scenario in American political discourse about China, and that is that China is gradually heading towards political liberalization or democracy and that, as China's economy advances, that things are inevitably headed towards political change. And when I say that's the

dominant scenario, it's the one that gets used by both parties – leaders of both parties. The last two presidents have given one or another formulation of the soothing scenario. It was Bill Clinton who said that he thought political change was coming to China just as inevitably as the Berlin Wall fell and that history was on our side. And the same kind of idea was picked up by the current president, who said, "Trade freely with China, and time is on our side."

And since the subject of today's conference is globalization, the soothing scenario is really the dominant one by proponents of globalization. It becomes a rationalization for greater and greater commercial ties with China, since, if China is inevitably heading towards political liberalization or democracy, then continuing Chinese repression is not something that anybody needs to worry about because, after all, it's going to end.

That's the first scenario. The second is what I call the collapse scenario, which in simplest terms that China is heading for some kind of blowup or disintegration. It was best laid out, or most memorably, by Gordon Chang, in his book *The Coming Collapse of China*. That was at the beginning of this decade. I think, you know, we find articulations of the collapse scenario less and less frequently since China – over the past six or seven years of 10 to 12 percent growth. But, you know, in theory, one can have rapid economic growth leading to a collapse, so that is the second scenario.

And the third, which I happen to believe is the most likely I simply call the third scenario. And the third scenario is that what you see is what you get and will continue to get for a good while, that for the next couple of decades or so that China will remain a one-party state, that it will not allow organized political opposition, that it will continue to maintain controls on the press, and that really things are not going to evolve in the way that the proponents of the soothing scenario would like to suggest. And on behalf of the soothing scenario, an entire – I would call it a superstructure of ideas and language has been developed over the past 30 years or so to explain why we should not be particularly concerned about or should not be upset by the continuing evidence of Chinese political repression.

And these rationalizations have changed over the years. Each American president gets confronted with how to explain or rationalize continuing repression. The first example I can think of at the time of normalization or shortly after U.S. normalization with the PRC, you had the Democracy Wall movement in China. And so the Carter administration was presented with "Well, what are we going to say about this?" And they came up with one set of rationalizations, which I think endure, which I always call the Cultural Revolution baseline, and it had a lot more coherence in 1979 than it does in 2007. It was, essentially, we can't be all that critical because, after all, China has just come out of the Cultural Revolution. And, again, this wasn't an explanation in 1979, but, you know, close to 30 years later it's certainly far less so, and yet it continues to be advanced.

Really, the soothing scenario – the articulation that trade and investment are going to lead to political liberalization really is put forward in its fullest form by the Clinton administration in the years of the early '90s, coming out of Tiananmen. So that's the second leading rationalization, and then there's a whole series of, I would call, words and language that gets used to maintain this commitment to the soothing scenario. And

I mention in the book that kind of a series of epithets, so if people who were critical of China are sometimes called China-bashers, called anti-China, and there are a whole bunch of clichés. If you listen to tourists who've come back from a week in China, they will tell you, "Well, the Chinese people don't care about politics," which is about as thin as the old line, "Well, the Chinese people don't care about human life," something I really found, you know, a repelling cliché.

So they're rationalizations, they're euphemisms, and, you know, even since – I've noticed in the past eight or nine months, since my book came out, I've seen sort of new formulations. The Council on Foreign Relations did a report on China this year and there is a bunch of different views, some quite sophisticated, some not, in this report. They had a press conference on it, and some reporter asked, "Well, it really doesn't seem as though China is steadily opening up. In fact, over the last few years, it's really – political repression has kind of remained the same." And the chairman of the conference said – well, first advanced the Cultural Revolution rationale – "Well, things are much better now than they used to be – and then came up with the classic phrase, which you hear more and more, "Well, China just doesn't have American-style democracy."

And of course no one had said China would have American-style democracy. The phrase "American-style democracy" or, alternatively, "Western-style democracy" is a diversion. It sort of suggests that China has some kind of democracy which is not American or Western and diverts attention away from the fact that, say, China also doesn't have South Korean-style democracy. And it also – when it comes from people in the PRC – manages to give a nationalist tinge to the idea that China should remain a one-party state. So that's one recent rationalization.

A second phrase that comes up more and more in the last couple years is "humane governance." China may remain a one-party state, but what is evolving is a system of humane governance, which is, again, a diversion away from the question of whether there can be any organized political opposition in China or not. And there are other phrases. Chinese officials themselves talk about opening the way for greater participation in Chinese political life but never quite explain whether or how ordinary people are going to be able to participate. Or sometimes the goal is set as something less than an open political system, such as accountability. I would say that all of these phrases amount to really redefining political liberalization or democracy down, defining them in such a way that they mean something other than they ordinarily mean to us.

Now I would say that in the last couple of years I've started to see a new pattern, and for that I need to step back for a second. These three scenarios that I mention are meant to be descriptive. There are people who are strongly supportive of democracy in China who believe that in fact China will evolve towards democracy. I think, for example, of Bruce Gilley, who wrote a book about Chinese democracy. And there are people strongly supportive of democracy in China who think it won't. I think, for example, of Andrew Nathan. And on the other side, there are people who do not believe – people who tend to be strongly sympathetic towards the Chinese leadership, who believe that China is gradually or slowly headed towards democracy.

And there are other people, I think, who really don't care that much because the key point of the soothing scenario is that it is for public discourse and public consumption. And so I find that sometimes people who put forward the soothing scenario that China is headed towards democracy actually may not believe that so much, that really they think that political liberalization is not that important for China but they may be reluctant to say that in public. And I find that that point of view, really, which is that people tend to accept the third scenario and say, "It doesn't matter," are becoming more prevalent in Washington and American political discourse about China.

How does Taiwan fit into all this? Well, in the simplest sense – and you all have seen this – Taiwan is a model for democracy. It is to be hoped it is a model for democracy. The leadership in China certainly doesn't see it that way. They like to point to, you know, brawls in Taipei and in the legislature as a negative model. In my way of thinking, Taiwan fits in, in a way that is a little uncomfortable, which is that in these arguments about whether China is headed towards democracy, the proponents of what I call the soothing scenario for China argue that democracy is inevitable because China is going to follow down the path of Taiwan. And you all know and have heard the arguments so often. Taiwan moved to democracy because it developed a middle-class. Taiwan and South Korea moved from authoritarian governments to democracy and, therefore, so will China.

And I find this argument problematic in a couple ways, first because I don't think necessarily that China is going to follow along the path that Taiwan did. It's a much bigger place. Its politics, its political system is different, its history is different, and – and I have to phrase this quite carefully – Taiwan's democracy developed in two directions: from the bottom and also from the top. There was a push from the bottom from the grassroots, but it also took, at a particular point, the acquiescence of the leadership. And the United States, I think, was a factor at the top; that is, Chiang Ching-kuo was faced with a situation in the mid-'80s where he was losing international support. He was, in particular, losing support in Washington rapidly, and I think that whatever role that you assign to his actions, I think that the United States was certainly a factor. Well, I don't think that's going to translate to China at all.

So Taiwan comes up in these debates about China's future as a model not of where things should head but as a model of inevitability, and I would say that it doesn't work in that fashion. Let me hold up there 'cause I'm sure you all have questions.

Bruce Dickson: Thank you, Jim. We have about 20 minutes or so for questions and answers. First I think we'll take two or three questions as a group and then give our panelists a chance to respond. Okay. Here in the middle.

DISCUSSION – Q & A

Audience: My question is really for all members of the panel. I agree with Mr. Mann's thinking that, you know, China will probably stay a one-party state for the foreseeable future. My concern is the U.S. Homeland Security as China builds up its nuclear capability. Now our policy is to reduce our nuclear stockpile from something like 10,000 down to 2,000. China will be building up its several hundred upwards, so somewhere we're going to cross, and China might reach military parity with us. They're building ballistic

IGBM-capable submarines. Of course we have overwhelming advantage now with Trident submarines, but even that situation will change. My question is: is there anybody in the federal government or the Pentagon looking ahead and planning for the long-term future – strategic planning how we're going cope with that situation when we reach that situation?

Gerrit van der Wees: Gerrit van der Wees again. I have a question about U.S.-Taiwan relations, primarily for John Tkacik, but if others want to chime in, that would be great. We are seeing a polarized country divided on a single issue, a legislature controlled by the opposition, which is blocking defense budgets. We see a president whose popularity is at an all-time low but who is at the end of his second term and who wants to leave a legacy. Of course, you understand I'm talking about the United States here. So against this background, how can we get Washington to be more supportive of Taiwan's democracy instead of undermining it as it has been doing on a relative high frequency in the recent past?

Bruce Dickson: Okay. One more over here. Please identify yourself, sir.

Julian Baum: Thank you. Julian Baum. I'm a journalist who was based in Taiwan for a number of years. I'd like to ask the panel about a comment that Ambassador Lilley made a few years ago, and I'm sorry he's not here: perhaps he could explain it himself. But he was quoted, as I recall, in *The Wall Street Journal* as saying that the rationale for U.S. arms sales to China was to help stabilize the cross-Strait situation and to give the Taiwan government more confidence, when it eventually would have to sit down and negotiate a peaceful unification with Beijing. I would like to ask the panel – if I'm quoting Ambassador Lilley correctly – and he was recently quoted again in *The Nelson Report* I think a week or two ago. Is that your understanding of U.S. policy on arms sales, and if not, what is the rationale for U.S. arms sales to Taiwan?

June Teufel Dreyer: Julian, I think you misspoke in your first reference. You said the rationale for selling arms to China.

Audience: Oh, I'm sorry. I meant to Taiwan, of course. Yeah. Thank you.

Bruce Dickson: Okay. Why don't we start responses?

Stephen Yates: On the question of the nuclear capability, given the size and number of people in our Pentagon, I'm sure that if you rolled the dice, the odds are there is at least one person thinking long-term about these issues. I know that the increase of China's nuclear capability is a subject that's been on the minds of our leadership for some time. What to do about it's a difficult question. U.S. position on nuclear capabilities has been changing, and there also, I think, is a concern among some quarters that we have focused so much on other issues in dealing with China that we haven't really factored into our planning and strategies well enough for a country that has parity.

Now, of course, there's always a question about just because they have it, do we know how they would use it? Is it a negotiating tool or is it a tool they actually would use? And, you know, I for one – I get lost a little bit in these arguments 'cause I don't really care why someone intends to have a gun pointed at me with bullets in it or not.

They've caught my attention by holding the gun, and I don't have time to figure out whether I trust them or whether it's loaded. And so I'm not quite sure how far to go in trying to address the issue of the prospect of China reaching nuclear parity with the United States. It's a challenge that I have high confidence planners are trying to deal with, where they've got a solution, I'd be interested in hearing it.

The U.S.-Taiwan relations question that Gerrit proposed I'll gladly have John give his answer on how to be more supportive of Taiwan democracy.

Julian's question about the rationale for arms sales to Taiwan – one of the reasons I was happy to go short at the outset is I knew that Jim would speak at the end and 'cause I think there's a thesis that he's developed in his book and some of his comments that really applies to the long-term approach that has been guiding U.S. policy on cross-strait relations. There seemed to have been a strong presumption at the outset of normalized relations with China that we're entering a period in which somehow an inevitable process was going to change China to make it more moderate and the people of Taiwan were naturally going to want to be a part of that increasingly prosperous and moderate China, and so time will solve this problem.

And so arms sales under that set of presumptions would be sort of keeping you safe from something outrageous for a finite period of time but not keeping a sustained parity of capabilities in the Taiwan Straits forever. Now I may be wrong about what the presumptions were. It seems to me there is plenty of anecdotal evidence to suggest that if I'm wrong it's within a few degrees of error – not too far off. And what has been a real challenge is not necessarily, in my view, the democratization of Taiwan; it's the lack of democratization in China. That's why this gap has been so pronounced.

How can we envision a peaceful, un-coerced scenario of unification between China and Taiwan if China has not opened up and liberalized its politics? And under those situations, the lack of democracy in China make it easier for it to perpetuate a military modernization, and as we have learned, competitive democracy in Taiwan makes it difficult to perpetuate a military modernization. And as we learned from our own country, democracy can also make it so that maybe Americans over time have less interest or willingness in intervening in far-flung places if there's a conflict over China's claim to Taiwan.

I would like to believe that we have an enduring commitment to those who have fought for and achieved a level of democracy. After all, it's not that far-flung an enterprise to suggest that we should defend those who have chosen democracy on their own and established it on their own. That's different from saying we're going to go and take over a country and implant democracy in foreign soil.

But I think that there is a fundamental challenge to how we thought about policy that we have not fully internalized and grappled with on how we address this imbalance, because of this third scenario that Jim brings out of the lack of democracy. And that makes, I think, the rationale for arms sales difficult to deal with, 'cause if you believe for the next 50 years that China will be as we see it today, then you have to have a very robust arms sales strategy towards Taiwan if they're to preserve the military capability

to deter adventurism from China. That's pretty bold, probably more than people in Washington are prepared to swallow right now, so big challenge.

June Teufel Dreyer: To the first question, is anybody in U.S. government watching the Chinese military buildup and doing long-term planning? Yeah, and I think you can see that in the annual cross-Strait report put up by the Department of Defense. What you can't see is the behind-the-scenes bureaucratic battle that goes into the production of that report. And there's one a couple years ago that was really interesting, and this kind of reminds me of – I understand, in the 19th century, with pornographic books, they would leave the pornographic passages in Latin. And the idea is if you were educated enough to read the Latin, you could be trusted to handle the dirty stuff that was being described.

And what was going on with that Pentagon report is anybody who understands weapons and what they can do – that's the equivalent of Latin. And you were allowed to keep that information in. And then the National Security Council and the State Department would slap a preface on it that said, "Well, you know, the Chinese are making some strides, but really they're very far behind." And it was the soothing scenario, to use a phrase of Jim's.

So I mean, long-range planning is going on. People are watching. About five, six years ago, we put some more submarines in Guam and did certain things like that, but nonetheless there are people, both in United States government and elsewhere, who are saying, "We're still way ahead; there is nothing to worry about." And I don't know at what point they decide it's time to worry or whether you're going to get a repetition of some Henry Kissinger saying, "What in the name of God is strategic parity, and what does it mean?" You know, in other words, saying, "I'm not going to think about this; it's okay."

I mentioned a couple of us were in Europe, and I had a fascinating conversation at a conference we were at with the guy who teaches China at the German Command and Staff College, the equivalent of Leavenworth. And this is his attitude: there's absolutely nothing to worry about; you Americans are far ahead.

And is it a tool they'd use – the nuclear weapons? I have to take them at their word, and they say they would, and as Steve has already said, I'm not going to start questioning whether they mean what they say; I'm going to assume they mean what they say.

Julian's question about selling arms to Taiwan gives them confidence in negotiating – I think Jim has to say a lot of things that I'm not sure if it were possible to get him inebriated – you know, and I would be passed out long before that happened – what he would say. Because actually, it seems to me that the phrase in the Taiwan Relations Act that says the United States shall supply Taiwan with such defenses of arms as are necessary to keep a military balance in the state: that's a crock. There is no way that we could supply Taiwan – tiny little Taiwan – with enough arms to keep a military balance in the Taiwan Strait.

They were trying not to say something there by saying something else, and it seems to me that the real reason that the United States wants Taiwan to buy arms is to convince

Americans that the Taiwanese are willing to fight for themselves. And it is awfully scary when you hear Annette Lu, and she was not saying she espoused this. She was saying, "What would happen if war broke out?" And also I saw a paper by **Lin Chang-pen** once, and that was several years before Annette said this: "What would happen if China attacked Taiwan?" And he said the stock market go way down and the airports would be flooded with people leaving for Los Angeles.

And fortunately, I cannot be drafted, but it would scare the dickens out of me if people are asking me as an American or my kids to defend a country whose people don't want to defend themselves. This is an argument I had with one of my fellow commissioners, and I couldn't refute it. And he says, "I have two sons of military age, and if these people don't want to buy arms, why should I sacrifice my kids for their expletive-deleted democracy?" And to me, that's the real reason Taiwan needs to buy arms: not to keep any balance, not to give them confidence in negotiating, because China's not willing to negotiate except under conditions that Taiwan can't negotiate under. So I think that if he had been completely free to say his opinion, that's what he would've said.

John Tkacik: On Jim's question about who's planning for Chinese nuclear threat, I think we just saw last week there was a quotation from either the chief of naval operations or the chairman of the joint chiefs testifying in front of Congress who said, yes, we are – in fact, they are very mindful of the Chinese military buildup. And, No. 2, I understand that the naval shipbuilding program has been speeded up to the – it was one submarine every two years, and then it was going to be one submarine every year and a half, and I understand that it's now up to one submarine per year that they will manufacture, and then they will retire a submarine every other year. So I think people are taking it seriously.

The problem I have is that the only people in the government that are planning for China's emergence as a military superpower are in the Pentagon, and I have to say that I don't think anybody else is taking it seriously, either in the intelligence community or in the State Department or anyplace else in the national security structure, but I can defer to others in the audience who know more than I do here.

On Gerrit's question about "how can we get Washington to be more supportive?" again, as I say, the biggest problem that I say is the lack of a solid consensus in Taiwan for where it wants to go. And as long as the electorate is driven right down the middle, it's very difficult to, you know, gin up ahead of steam – is it gin up ahead of steam? Anyway, to –

June Teufel Dreyer: Sure. Gin is engine, so if you –

John Tkacik: Oh, is it? Oh, yes, yes. Okay. Maybe if they gin up ahead of steam to support Taiwan. This is sort of riffing off of June's comment that it's very difficult to get us to support a country that doesn't seem to be interested in defending itself. And here's where I'm going to break from my two colleagues here. I think it is perfectly reasonable for Taiwan to arm itself to such a degree that China simply will not attempt to invade it.

June Teufel Dreyer: But we won't sell them anything but defensive arms.

John Tkacik: Well, yeah, I mean, there are two issues here. One is that we seem to have this hallucinated policy on the part of the State Department not to sell anything but defensive arms to Taiwan because the Taiwan Relations Act says, "Thou shall make available to Taiwan whatever defensive arms in whatever quantity and quality that is necessary to assure self-defensive capacity." But it doesn't say, "Thou shall not sell offensive arms." It's certainly within – you know, we can sell offensive arms if we want, and I have to say we have.

The idea of selling Taiwan submarines was – that was clearly looked at in the National Security Council as an offensive system, yet it was approved anyway. We've approved, I believe, harpoons for submarine deployment – also offensive. My feeling is that we are misguided when we put a lot of pressure on Taiwan to eschew long-range cruise missiles that could cause considerable damage on mainland China. You can tell that this makes a lot of sense because the Chinese complained so loudly and vociferously about it – or loudly and not vociferously –

June Teufel Dreyer: No. Vociferous.

John Tkacik: Vociferous and loud at the same time, heavens. Excuse me for my being redundant.

When Julian asks, you know, "What is the rationale for U.S. arms sales?" I have to say that in the Taiwan Relations Act, the rationale was to defend the country against communism. I don't think most people that sat down and voted for the Taiwan Relations Act, which I think passed, you know, almost unanimously in both houses, thought, "Oh, well, you know, we're just going to do the least we can do." I think that there was a feeling that China is communist; Taiwan, at the time, not communist – not quite democratic, but you get the idea – and that we owed it to Taiwan because they had been stalwart allies for 25, 30 years at that point.

The reason I say this is because Jim Lilley, in his book, underscores the fact that President Reagan had typed out four paragraphs of a directive on Taiwan arms sales and had George Shultz and Casper Weinberger and Judge Clark and one other person – four signatures on it – initial it so that they couldn't say, "Well, I didn't know about this." And each one of them was given a copy of to take back to his safe at his department, and that four-paragraph directive said that it will be a permanent imperative of U.S. foreign policy that arms sales to Taiwan be linked to the threat from China, that as the threat from China diminishes, then arms sales, of course, can diminish; but if the threat from China increases, we must make available to Taiwan, you know, whatever we need to.

This also was brought home, I think, in Jim Mann's book, *About Face*, where he talks about the 1992 F-16 sale, where, you know, there was a lot of excuse-making, primarily for the benefit of the Chinese, like, "Oh, you Chinese, don't worry; we're doing you a favor. We are selling Taiwan F-16s because the French want to sell Mirage 2000-5, and if we sell the F-16s, the French won't sell the Mirage."

Well, that was what we told the Chinese. What we were saying inside the government – and I know this – I think everybody knows this – was that the Chinese threat from the

new Sukhoi 27s they had just signed on to buy – a wing of Sukhoi 27 multi-role fighters – we used that – that contract was signed in, I think, April of 1992, and that was used as an internal rationale by the Defense Department to sell the F-16s to Taiwan. And when I say "by the Defense Department," I of course mean "by Jim Lilley," who was the assistant secretary of defense at the time. And I recall that – you know, maybe one of these days I'll write my memoirs. I recall sitting in INR and getting – you know, because we had been planning for several weeks a Deputies Committee meeting on the F-16s.

And of course State Department was against it. State Department was always against, you know, weapons sales to anybody for anything, I imagine. But State Department was against it, and we thought that we could sort of go slow on the thing. You know, we could just sort of delay and delay and delay, and finally the election of '92 would be over and everybody would forget about it.

Jim Lilley was a consummate bureaucratic in-fighter. Called me up, I believe, on August 17th – interestingly enough, it was exactly ten years to the day from the August 17th communiqué of 1982 – to say, "The Deputies Committee meeting has been cancelled." And I had said, "Well, why is that?" He said, "Well, it's just been cancelled."

So I went and told Bill Clark, who was the assistant secretary of state for East Asia. I said, "It's been cancelled." He said, "Oh, good. That's off our –"

And I said, "I don't think that's good in the sense that you think it's good. I think the decision has already been made. In other words, they went ahead and made the decision at the White House without you." And indeed that's what happened, because that was the 17th. The 24th was when we finally managed to get up the courage to call – and I guess it was – the Chinese ambassador...[End of Audio]

John Tkacik1: ...back was that Deng Xiaoping made the final decision for the Chinese to just go ahead and accept the F-16 sale because George Bush was a friend of China's and –

June Teufel Dryer: Sounds mendacious to me.

John Tkacik: Yeah, that's and they would just go ahead and they could trust George Bush to keep it under control, and I daresay they were shocked when George Bush lost the election in spite of this effort, but they actually thought they were doing Bush a favor. I'm sorry. I'm running at the mouth now. I apologize. Jim, what do you have to say?

James Mann: Because time is short, let me just address Gerrit's question about end of administration because I think if you look, whether it's through archives or interviews, if you look back at the last 6 or 7 administrations, you find it quite striking that in as time runs out in the final year and in the final months, administrations really narrow down to two or three priorities, and they really want to hold the line on anything else. I can actually remember in the last weeks of the Clinton Administration, a interview with Sandy Berger where he really was almost explicitly thinking aloud should the president spend his time on trying to make some headway with North Korea, where Madeline Albright had just traveled, or should he or the Middle East, and in the end, you know the

answer. He chose the Middle East; it didn't work. But that's the way presidents and administrations think about a last year, and in the current administration, most of what you have is what you see in the papers. I mean it's, of course, the Iraq War, Iran, North Korea, again, and the one that you see only more intermittently in the papers but I think would be their top diplomatic priority which is trying to beat the odds on the Middle East, on Israel and the Palestinians. And that's where the efforts are going to go, and outside those, I think when it comes to China and Taiwan, the unstated policy will be a ferocious defense of the status quo where, of course, the phrase 'status quo' is undefined, and there will be ferocious battles about what is or is not the status quo.

That's the larger politics that I think we're facing, and the unique factor this year then would be the Olympics, the fact that Bush is gonna go to Beijing. There are two exceptions to this principle. One is if there is some particular initiative involving China or Taiwan that makes it one of the top priorities, and the example I think on that would be the Clinton Administration pushing to get China in the W.T.O. That was one of its top priorities, and so it was quite active in its final year, and the second is the one that's been discussed at length here, which is the previous Bush Administration's sale of F-16s to Taiwan, and I find that fact specific enough so that I'm not sure I see those dynamics again. What that means is I think we're gonna see this administration really try to make sure there are no major changes, not have no diplomatic initiative of its own. That leaves the question well what happens between August and November? When the Olympics are over, will there be some P.R.C. initiative to change things on with respect to Taiwan? Of course, at the moment this administration and sometimes it articulates this, is worried about something happening in Taiwan that might cause a reaction in China before the Olympics. But I don't think people have quite focused on what happens after August, and then that takes you through 'til the next administration, but the underlying dynamics, again, will be not to have some positive agenda but to really keep things as they are until next January.

Bruce Dickson: Want to go a little bit longer? So stop now, okay. I want to thank the panelists for their presentations and their comments afterwards. Please join me in thanking them.

[Applause]

KEYNOTE ADDRESS II

Terri Giles: Ladies and gentlemen, if I could have your attention please, we have a very special treat today and it was a lot of hard work to get our next speaker here so we're kind of interrupting our program, and I apologize for not announcing sooner, but there are certain things that have kept our speaker engaged this morning. Oh, I don't know, the national budget, something like that, but we're grateful to have with us the senator from Ohio, Senator Sherrod Brown, to speak at our conference today. Senator Brown is a next door neighbor to me because I'm from West Virginia, so we have a lot of things in common, and I believe we have one of his relatives served distinguishedly in West Virginia. Am I right? Which is kind of one o' those interesting things, so it's almost like we're family, but more importantly, Senator Brown actually founded the Taiwan Caucus when he was in Congress in the House and has been a huge advocate for Taiwan's democracy and a defender of democracy throughout his whole career. He is incredibly knowledgeable on this issue. He's also dedicated to fighting for a fair hearing for Taiwan and from the U.S. perspective, understanding that how important

Taiwan and U.S. relationship really is. So I don't want to go on very long because he's had a very long day, I'm sure, already, and we have an please I would ask that everyone please stay around because we have one more very important panel particularly about the direction of U.S. policy for the next president, which is to me a pretty important topic and a very exciting topic, so without further adieu, I would like to introduce to you United States Senator Sherrod Brown.

Sherrod Brown: We were planning some conspiracy, sorry, so thank you. It's a pleasure to be here and pleasure to be among old friends. I look out, see lots of people I've met and either through FAPA or through the Formosa Foundation or through trips to Taiwan and it's good to see all of you and thank you, and I know you've all had a long day starting with when Kirk started this morning and you've been here much of the day. I apologize too for my, I was trying to get this on my schedule when they printed the schedules and do all that in the last couple o' weeks, and we just didn't know what was going to happen with session today as we try to wrap up; the last week is always unpredictable as those of you who are Taiwanese know in your country it's that way, and it's that way in your state legislatures and in our national government. Whenever session wraps up and there's divided government as there is in our country most of the time it seems. As I said thank you for, first of all, thank you for what so many of you have done. I've had a long relationship going back to my first run for Congress in 1992 where Taiwanese-American doctor named Masao Yu, and many of you know him, came to me and started talking to me about Taiwan and took a fairly blank slate, which is was at that time my knowledge of sort of Taiwan issues, and began to teach me, and that's what I urge all of you to do as I always do when I speak to a Taiwanese-American group, how important it is that you engage with your members of Congress, your House members, your Senate members, and talk to them about the special relationship between Taiwan and the United States; talk to them about the miracle of Taiwan; that Taiwan went from, I guess it's now it's been almost 20 years since martial law. It has evolved into a thriving democracy, into a wealthy country, a country that has done so well bringing up its living standards and being democratic at the same time. I love to point out to American audiences who know little about Taiwan how the miracle of Taiwan evolved over the last two decades and the proof of that really was not just living standards, but the proof of that was also how at some several years ago now I guess the transfer in power from the KMT to the DPP, and how without a shot being fired, and a real election with real transfer of power from one party to the other. I remember distinctly my first year in office, my first, actually my second week in office in Congress in 1993, watching a republican president walk in at quarter 'til 12 and watching a democratic president walk out at 1:00 in the afternoon. That hour and a half later, more or less an hour and a half later and how that's done peacefully in this country, and frankly, parenthetically, I plan to see that again in January of 2009, but that's a whole 'nother issue.

And I want to thank all of you that are participants in the Formosa Foundation, the Sigur Center for Asian Studies at G.W. here, the Taiwan Foundation for Democracy for inviting me to participate, and I, as I said I appreciate FAPA's involvement too. I want to especially thank Dr. Lin of the Taiwan Foundation for Democracy for organizing this, helping define this conference and doing all that he did and that foundation has done.

Focusing on Taiwan's unique democratic predicament in the face of globalization is not only timely but vital to understanding Taiwan's future. A year from now, we'll have a new leader in the United States. We'll have a new leader in Taiwan. We'll have generally pretty much new legislatures in both countries. At the same time, we'll be analyzing a year from now how well China was able to paint a positive picture of its regime and its country at the Olympic games in Beijing. We already know what needs to happen; the question is how. From U.S. policy on high level visits to Senate confirmation of the Director of the American Institute in Taiwan, there are significant policy changes in which the U.S. must act. We need to develop a better U.S. policy on Taiwan's safety, on Taiwan's security. We need to discuss the possibility of a free trade agreement and what it looks like, and we need to talk about the future of the one China policy. My preference, and I know this is a bit provocative for some, but my preference is we have a one China, one Taiwan, one Tibet policy, but I also understand that for some that's –

[Applause]

But this year's and seriously, in this year's presidential election in the United States, and I won't, I'm sure the discussion later right after this the panel will be very interesting about what's going to happen and in the Taiwanese elections. I think the elections here present, as they always do, a unique opportunity or a good opportunity to further develop our nation's Taiwan policy. Between now and the election, the presidential candidates in both parties need to explain what they will do different or what they will do the same with Taiwan, China, the U.S., and it's up to people in the Taiwanese community in this country to demand that they do. It's not easy necessarily get presidential candidates' attention to make public statements about Taiwan, but it's something that all of us – I mean I will be talking to the candidate of my party. I urge you to work through your connections and contacts with legislatures and with others to encourage both candidates for president to speak out and tell us what they plan to do on all of these issues. They should be asked why Taiwan doesn't have an ambassador or place at the U.N., their place at the U.N. table. They should be asked do they think that we should have confirmation of a director for the position of director of the American Institute of Taiwan. They should be asked what other kinds of questions on the uniqueness of the Taiwan-American relationship. And the people in this room, I mean you are leaders around the country, those of you who live here, and in helping to shape that and helping to push and in pushing American policy makers and American candidates at all levels, what are you going to do on these issues? And then another question to ask and I think this one demands more action from all of us. What will the next generation of, where will the next generation of Taiwan experts come from? Will they look at Taiwan from a Taiwanese perspective, or will they look at it from a Chinese perspective? Because over the last 20 years, as I think you're increasingly aware, there's been a shift in young people studying in the United States. 20 years ago, 30 years ago, I mean I, the, whenever I've been in Taiwan, I think I've been four times. When I've sat at dinner with Taiwanese people who were born in Taiwan and live there now, almost every one of them has studied in the United States, almost every single one of them it seems, and that's a, that's not a statistic as much as it's anecdotal, but I hear it over and over and over again. That was 20 years ago, and 20 years ago, you'd more likely see a Taiwanese student on an American campus than you would a Chinese student. And I understand how times change. I understand that the People's Republic of China's population is about 50 times what the population of Tai' – I know all that. But I also know that Taiwan's a prosperous country, and Taiwan's a country

that has looked to America and we have looked to Taiwan, a country with long term relationships, a country with very friendly relationships, and a country where there is a tradition of sending sons and daughters to the United States to study. And I would encourage you to do everything you can to sort of accelerate that and sort of rebuild that and increase that.

Let me talk about Ohio State for a minute. Ohio State is, at least on their own web site, they call themselves the Ohio State University calls themselves the largest university in the world. It's certainly one of the largest. It's a campus of over 50,000 in Columbus. Ohio State has a Chinese student organization, and a Taiwanese student organization, but there are also 11 other China-related organizations that transcend the more overt China-Taiwan distinction. In China there is a China oriental folk dance team. There's a China calligraphy club. There's a drama club, a Chinese language association, so as China has ascended, so has the number of students coming to the United States and places, to places like Ohio State. And that really, in many ways, and I'm not being combative with China here in any way, but that's an opportunity. That's something that we need as advocates for Taiwan and as people interested in the training, if you will, of the next generation of experts on Taiwan policy. We need to make sure that more of these, more students from Taiwan have the opportunity and take the opportunity to come to the United States and study. These students learn about America's. They learn about our democracy. They're, they learn about our way of life. They will, it means that and it's not all classroom teaching. It's coming to a country, as so many of you have studied abroad, and learning that country from the inside as a young, impressionable college, someone of college student's age. So while the Chinese calligraphy club or dance club at Ohio State may sound irrelevant to the long term viability of Taiwan, it really isn't. Many of these students who participate in these groups, the Chinese calligraphy association, the Chinese, the club, the dance club, whatever, many of these are American students, and so they will build these long term relationships.

So when we ask the question, when will the next generation of leaders in the U.S. and Taiwan come from? Where will they have studied? What language skills will they have? I want more and more Taiwanese students to take that opportunity. These young people will be our foreign service officers, writers, elected officials, leading thinkers, business entrepreneurs on both sides of Pacific, whether they're American kids that have been exposed to Taiwanese students or whether they're Taiwanese kids that have been exposed to American students in living in American communities and all that comes with it and for American kids to travel across and study in Taipei or study in any university in Taiwan.

I look at what the Formosa Foundation, what Terri and others have done so very, very well in the last few years. They bring 25 students or so from all over. They spend a week in Los Angeles in learning about American culture and government and Taiwan politics and all of that. Some are Taiwanese; some are Americans. Most of them are Taiwanese, come from Taiwanese families of the last generation or two, and then they come for a week in Washington, and we talk to them about government and how this all operates. So I urge you, in addition to building the rela' – really two messages today. One is building a relationship with activists, with American political activists, with elected officials, with candidates, building the relationship and educating them

about the Taiwanese miracle, about the great successes of Taiwan's economy and standard of living and about Taiwan's ascension into such a vibrant democratic state. And the second thing I urge you to do is continue to be involved in as many of these programs getting American students to Taiwan and getting Taiwanese students to come to America's great universities because what you do in both of those in convincing and persuading our elected officials in educating all of us and what you do with the next generation of young people, educating them about America, about the world, about each other will pay dividends for the next generation and the generation after that and the generation after that. So I thank you for your public service. I thank you for your commitment. I especially thank you for your activism. Thanks very much.

[Applause]

PANEL III – Taiwan Policy Road Map for the Next U.S. President

Henry Nau: Well, good afternoon. I'm Henry Nau, here at the Elliott School, professor of and student of American foreign policy, and I'm delighted to chair this panel. You may have noticed the panel is going to be very short. 15 minutes, no, we're going to run a little bit over that because we don't want you to feel as though we have shortchanged you, so we'll run probably until about 4:30 p.m., but and we'll try to say a lot more in a lot less time.

Let me just tee it up. I'm not going to bother to introduce the speakers; you have biographies in front of you, and I just want to thank them for being with us this afternoon. We'll go in the order in which they are seated to my right, but let me just suggest that listening to some of the conversation this afternoon, one of the commodities in which democracies are usually in short supply is patience, and next year both of these countries, the United States and Taiwan, are going into national elections when democracies tend to demonstrate even less patience. Issues get sucked into elections and sometimes in quite controversial ways, and I wouldn't be surprised for one, despite some of the predictions I heard this afternoon, if certainly China isn't a factor in the, mainland China and in that context Taiwan as well, will get drawn into the elections next year. That would all be well and good, I suppose, if we could count on elections resolving some of these issues. But our two countries have learned the last 8 years, that is Taiwan and the United States, that elections sometimes don't resolve very much. They can be very, very close as were both, as were the 2000 elections in both countries and continue to be controversial, close and controversial, as were the elections in 2004. So on that gloomy note maybe of the election season into which we are heading, let me turn now to the experts on the panel to give us a brief assessment of sort of how they see this issue in the context of the presidential election next year, and then we'll have a few questions from the floor and wrap up. Randy?

Randall Schriver: Well, thank you very much. I might point out that saying more in less time is absolutely contrary to my State Department training. But I'll do my best. I was very delighted to receive this invitation, delighted for at least two reasons. One, I'm an out of work republican, so I'm delighted anybody remembers me and invites me anywhere these days but also delighted in particular to have a chance to talk about the future. It seems that we all get engaged in a very interesting and I would also agree meaningful discussions about current issues, whether it be referendum or transits or whatever but too infrequently do we get invited to think ahead about how the next administration in

both countries is going to deal with our respective challenges, and how we can be thoughtful about that. I know in government, you're often captured by your inbox, so again, I'm delighted to have that chance and finally delighted because this relates very directly to a project which I and my fellow colleagues on this panel have been working on, so if you'll pardon me for the very shameless self-promotion, I'd like to talk a little bit about what we've been engaged in which relates very directly to this topic.

Almost a year ago, some colleagues of mine and I decided that we had pretty significant challenges in the U.S.-Taiwan relationship. Things had soured. Things seemed to continue to be trending down not up, and that this could adversely impact not only Taiwan but U.S. interests if not arrested and not moved into better direction, so we formed a bipartisan study group. My co-chair is Dan Blumenthal at A.E.I. Both Rupert and Chris are part of that study group. We represent bipartisanship right here on the panel, but there are several interested folks who said essentially the same thing: This relationship is not moving in the right direction; there will be consequences for the United States if we don't take proactive action. And it's not a sure thing that the next election will necessarily solve it. Your point is very well taken here. The common rhetoric now is well things have got to get better, whether it's ____ things will be better. Whether it's a republican or democrat, things will be better. It's hard to imagine things getting worse, when in fact, related to much of what was discussed earlier today, the challenges that China will present and the opportunities. We haven't talked much about the opportunities about China's rise but there certainly will be present as well.

It's quite possible that the next administration in the United States will inherit big messes in the Middle East, and therefore, will continue to be preoccupied. When they do give thought to Asia and challenges, security, economic, etc. in Asia, they may still see China as the road to which all problems are addressed, and things could not necessarily get on a better track just by virtue of changing administrations, but it may require proactive measures, and it may very well require very sophisticated thinking, so we hope that we're up to this task. As I said our bipartisan study group formed and met over the course of a year to talk about different ideas, different themes, and I'm going to allow my colleagues to expand on some of those themes which we think would be useful for our next U.S. administration to think about.

But let me continue with my general introduction of our project to give you a general sense of the way we're headed and what we're thinking about. First of all we think it's very important to give a re-articulation of why Taiwan matters, and I know that's a, that sounds like a funny thing to say in this audience because we all think Taiwan matters here, but I guarantee you for people particularly at senior levels of the administration and senior people who will be in the next administration, they need this presented to them in a very cogent and persuasive form to understand again why Taiwan is important in the United States, and I'm afraid to say democracy while important is just simply not enough. You hear people say all the time well Taiwan democratized; we did exactly what you asked of us. Where's the great overwhelming U.S. support that we're due? Well, it's a piece of it but it's not entirely the whole story, so our picture of why Taiwan matters will be much more comprehensive and we hope persuasive, talking about security issues including nontraditional security issues, talking about economic issues and in the context of globalization, not just the volume

of our bilateral trade but where Taiwan sits in the logistic chain, etc. Talk about global health, talk about global environment, and all this information is there but what we discovered in the course of our project, you actually have to go out and hunt for this. Show me the document that articulates why the U.S.-Taiwan relationship is important, why Taiwan matters to the United States. We couldn't find it, but yet we can find in the *New York Times* on Taiwan's leadership and recycling, the number one recycler in the world, find other pieces about health care innovation, etc., so this is going to be a very big and important part of our study.

We're seeking to change the nature and content of the dialogue. One thing as a former State Department official that just, it just never sits well, oftentimes when you're thrown out in front of cameras or asked to go testify in front of the Congress, it's almost for something that's sort of inherently negative, right? That's the only time you really get called, and unfortunately, you have the opportunity to go on the record too often when there's a problem or negative situation, and so if you just were to scan what officials have been saying about Taiwan from Washington, it certainly has a very negative tone, and so we want to change that but also change the content, not just talk about areas where we disagree, not just talk about referenda and transits and arms sales but talk about this broader agenda that we think could be the foundation for improving U.S.-Taiwan relations.

Number three, we do want to articulate that agenda, and we want to be very specific and concrete. I'll give you an example. Everybody notes as two democracies of like mind, this should be something that binds us together and should give us a common agenda. Well what is the agenda? Where do we work together to promote democracy? What does the actual operationalization of that, to not say a word very well, but to use a military phrase, when we operationalize that, what is that agenda? Who are we helping to, where are we helping to promote democracy together side by side? I would argue that there is no agenda right now in our bilateral relationship and it should be there along with many other areas, and so we're going to articulate an agenda in great specificity that a next administration in the United States and the next administration in Taiwan can reach for, hopefully word for word. They'll just take it right off the shelf and implement it, but no, seriously, it will be a ready resource for a next administration in both countries.

Number four, we want to talk about what's required of both sides. Everything I've said so far might sound pretty good to our Taiwanese friends, but guess what? There's work required in Taiwan; there's work required in Taipei. It's not just a matter of standing up and say we deserve this; we're owed this. We're a supporter and friend of the United States. Taiwan needs to change some of their behavior and some of their practices to go back to the same example to talk about democracy promotion in a consequential way for the United States means we're no longer going to trade off small South Pacific islands, those relationships, even though it worsens the relationship with Australia and New Zealand. We're going to talk about building real capacities, working on democracy promotion in ways that raise Taiwan's profile, raise Taiwan in the consciousness of other countries that matter, not bring a price for them. There are lots of things required of the United States to be sure, and we're going to articulate a lot of that which leads to point number five.

We're going to talk about process, how we interact with one another, and again, this will not solely be directed at the United States. A lot of people don't like the fact that there are constraints and limitations on the level of visits, on the frequency, how those are conducted, but there are things that Taiwan will need to do as well, but we're going to address that directly.

And then finally, we hope to have this in a context. You cannot talk about Taiwan without talking about China, but we do want to articulate a vision that is – I've said this before. Others have said this before: It is pro-Taiwan but not anti-China and why we believe that's possible. Our Chinese friends present this always as a zero sum game. It's one or the other, but we think it's possible to have positive relations, constructive relations on both sides particularly when one of those parties, Taiwan, is more consistently a responsible stakeholder than the other. So we want to articulate that vision, and we think we can do it in a persuasive way. I agree with many of the comments that have been made about the China relationship and the need to be stronger in articulating interests and defending interests, and I think that's a key. There's much more to be said on this topic but perhaps not enough time to do so, so again, I'll leave it to my colleagues to get into some of the more specific areas that we'll be looking at which I think does address this topic of the panel, what a next administration should do on Taiwan. Thank you.

Henry Nau: Randy, thank you. Now, Rupert. Rupert Hammond-Chambers.

R. Hammond-Chambers: I like what's down here: Can Democracy Survive Globalization? Can Taiwan's Democracy Survive Globalization? Absolutely. Globalization often is thought of simply through the, through an economic prism, but I think if we're honest, it captures a much broader cultural, economic, political integration that's going on within the globe, but to the extent that my role in the study that Randy and Dan have been driving is more on the economic side. I'll focus somewhat on that because I also think it fits neatly with the typical interpretation of globalization as we might see in our newspapers, on our television, or on the radio for those of you still listening to the radio.

The three principle cords of U.S.-Taiwan relations: political, economic, military security, the interplay between economics and democracy is a key one and sitting at the U.S.-Taiwan Business Council, as we advocate the interests of our membership in the market, I've been struck over the years by how little Taiwan utilizes its economic strength to project its interests. I'm not talking about mercantilism. I'm not talking about boycotts, that sort of negative use, but the fact that there's this remarkable message out there about Taiwan's role in the global supply chain that needs to get out, that needs to be constructed, if you want to get a public relations firm, sure. Why not? But the notion that you can have a professional pitch for Taiwan's role globally because Taiwan bats so much further above its weight than most of the other countries around the world. It's so significant economically. It plays such a key role in many of the things that we consume as citizens of our society, particularly in the United States where we have such a, such consumerism. And for Taiwan to impress upon us all that being the global economy but the United States principally us too that importance I think will draw out more of why it's important for the United States to have a relationship with Taiwan which sort of leads me into why we were asked to talk.

What would a democrat or republic president January '09 look to do? I think that the most important thing is and I would echo my friend and colleague Randy's point about embracing our report hook, line, and sinker. That would be a great way to start. But whoever is in charge needs a plan. If they don't have a plan, we're going to get more of the same, and this notion that it's all Chen Shui-bian's fault or it's all this person's fault or that person's fault is simplistic nonsense. There are significant trends taking place in Taiwan that are not being addressed in the policies of the United States and, for what it's worth, in China. And until we start to make some adjustments, we are going to continue to see some of the problems that we have seen to date irrespective of who's elected in Taiwan in March of next year.

On the economic front in that plan I would propose, we have a trade and industry framework agreement process in place. It's going very well actually. U.S.T.R. and Taiwan's Economic Ministry and its Office of Trade Negotiation are doing a terrific job; we have some momentum. But really it's a mechanism that's useful for managing issues and it doesn't address the key issue for me anyway as I look at the future of Taiwan's relationship, partnership relationship with the United States and all of our companies, all of our entrepreneurs, even our government for that matter. And that's the rapid bilateral multilateral economic integration process going on in the Asia-Pacific region on FTAs. FTA is sort of *persona non grata* now regrettably here, given that the difference in congressional views is to and executive branch views which is a great shame in trade here in the United States. There needs to be more standing up and speaking about why that's important, but it's for America's relationship with Taiwan and Taiwan's relationship within the region, a free trade agreement as a mechanism and a framework agreed upon with the United States will surely allow Taiwan to engage in a rapid process that is taking place in the region, and that's important. It's important for our relationship and it's important for peace and stability in the Taiwan State and straight and Taiwan's role, so F.T.A. I would certainly put on that action plan.

But it's not just F.T.A. That's harks again to Randy's point about Taiwan having to make significant, meet significant challenges and make significant changes. This notion that a President Ma, a President Hsieh will address cross-straight economic issues, I agree that there'll certainly be at the very least a change to addressing those important matters. I think there'll also be a substantive change to addressing those matters. It is important. If you accept the notion that Taiwan's economic health and wellbeing is a critical component to its future relationship with the United States and America's interests, if you accept Taiwan's role in the global supply chain, then Taiwan does have to address the barriers in the cross-straight relationship. And it is not either F.T.A. or cross-straight economic liberalization. That is not the way in which you can present this. It's both. It's about Taiwan's role globally and Taiwan's role as a partner with the United States. What that means for us as Americans and what that means for Taiwan as a partner to us or to its other trading partners, so not either or but both. And I think there is recognition. I was in Taiwan a few weeks ago. I know many of you travel there all the time. My sense is that there is recognition that change has to come on both presidential, in both presidential camps and perhaps what we're talking about merely is the pace of change as opposed to the core issues within change.

We've only got 15 minutes left, so I just want to leave one more sort of detailed issue, so we can sort of drill down one step further. If Taiwan, again, in Taiwan's partnership role, Taiwan is a partner. That's what Taiwan is economically for the world, in the world's economy. It is a critical partner. If Taiwan wants to continue to remain a critical partner to the United States in this area, I would float one essential continued area of reform, and that's the process for rule of law and the protection of intellectual property. For those of you who like to view Taiwan always through the relationship with China, it will always separate Taiwan with China, always. And as a consequence, it will draw important investment. It will draw an important strategic positive narrative as well from countries. Look at the importance that we equate as a country to intellectual property right protection when we talk to China or Russia or any of the other countries. The Europeans are their dialogue is really picking up. Sarkozy was just in France I think June Dryer mentioned his trip and _____. I.P.R. matters, and it's going to continue to matter in increasingly globalized intellectual property globe, and if Taiwan can do a good job of protecting intellectual property, it will do a good job globally, so I'll stop there. Thank you.

Prof. Henry Nau: Rupert, thank you very much. Right, let's go to Chris.

Christopher Griffin: Thank you. The good news about going third sometimes is that you get to feast on scraps, and we've done so much and looked at so many issues in the last 8 months of working on this topic that it literally is a feast, so we'll be covering just a handful of points that have come up and looking a big more at the diplomatic and security components of the relationship that we've been looking at and as the fellow from A.E.I. on this panel, I really have to give credit to my colleague, Dan Blumenthal, who with Randy has been co-chairing this work, this task force and has really been doing great work and I've just been delighted to be participating in it.

Just thinking broadly about the U.S.-Taiwanese relationship whenever it comes to diplomatic and security issues that the proper metaphor or analogy that comes to mind is thinking of some rhetoric that's entered into discussions of the U.S.-Japanese relationship in recent years; that in Asia, the U.S.-Japanese alliance should be a provider of public goods. Security in Asia is a public good. The ability to deliver humanitarian assistance is a public good, and too often thinking of, as Randy said, that the U.S.-Taiwan relationship is an anti-China relationship fails completely to address the notion that it actually is a means to deliver a public good of security, of humanitarian assistance, of disaster relief, of counter-proliferation efforts, counter-terrorism efforts, all the things that make American foreign policy, when it works, effective in Asia and in the world more broadly. The reasons that the U.S.-Taiwan relationship can fulfill this role is obviously; it's been covered both by Randy and covered by Rupert because of the degree of economic integration between the United States and Taiwan and moreover if we enhance the degree of economic integration between the United States and Taiwan, the role that the U.S.-Taiwan security partnership can play in furthering these goals, it increases. It doesn't decrease and I think this is an obvious property of it.

Just to cover a handful of the topics that we've discussed in the last months, most important counter-terrorism, counter-proliferation. These are obvious aspects where to

enhance cooperation on them would take initiatives that already exist. For example, Taiwan is a partner in the container security initiative. We went to Kaohsiung, looked at the port there, looked at how they inspect containers that come through there based upon intelligence leads that indicate the possible existence of proliferated materials there. Taking that, expanding upon it, expanding those capabilities on the Taiwanese side, coastal demand awareness; that how do you enhance maritime surveillance, how do you enhance intelligence sharing between the Taiwan United States Coast Guard, Navies, those other allies in the region such as Japan. If you look at the way forward in this relationship, to some degree, much of it's obvious, but because we haven't been thinking about the U.S.-Taiwan relationship as a means to affect these shared goals, it just generally hasn't come to the forefront of what we should be doing.

That simply stated from the A.I. perspective, when we look at what is and my perspective, when we look at what is the U.S.-Taiwan relationship and what's our Taiwan policy, the key thought that comes to mind is that crisis management isn't a foreign policy anymore than thinking that I can always go to the emergency room as a health plan. And that too often is how we've been thinking about what we're going to do here, and the purpose of this report really is to take a step back, say what is this relationship, what purposes does it serve, and what goals can it be used to affect? The last term that comes to mind that is fairly useful in thinking about the issues that we're trying to address and how we're trying to address them in this effort is the idea that I think that by now we're all familiar with the term 'responsible stakeholder' when we talk about the future that the United States envisions for China's political development, and development as an actor in the international environment, is in the future it should be a responsible stakeholder in international security and in his famous speech on the matter at the time under Deputy Security Zelleck laid down a set of benchmarks that we can use to measure whether or not China's meeting that goal. Quite simply the argument from my perspective is that Taiwan is a responsible stakeholder and the question is how can it be a more responsible stakeholder and an issue that both Randy and Rupert have raised, that the Southeast, sorry, South Pacific Oceania Region is a question where this is really going to be tested in the future, and we say how can the United States and Taiwan work together to deliver the public good, that is security and humanitarian assistance, that appears to be that really a key target, and it appears that the real purpose of the U.S.-Taiwan relationship at times should be to enable Taiwan to be a more effective responsible stakeholder and some ideas on how we're going to do that is what you have to look forward to in the report which hope whatever administration comes into power in a little bit over a year will take into serious consideration. Thank you.

DISCUSSION -- Q & A

Henry Nau: Well, thank you very much. I have to inform all these panelists that they not only qualify as diplomats. They don't qualify as professors because they said far too much in too little time. But thank you all very, very much, and why don't we go now to questions from the audience, and I thought before my colleague was saluting when he did this, but I understand now why he was doing it. Yes, sir?

Unknown Male: [Inaudible] ...are concerned that unrestrained economic interchange with China might lead to a holding up of Taiwan's economy or it might entail Taiwan's national security. How would you address those concerns?

R. Hammond-Chambers: Thank you. I've seen a lot of polling data that suggests that Taiwan's citizens want a closer economic relationship with China, but I think the point we're addressing here is how do you conceptualize that? I think you can interpret one extreme and say we would have no limits to cross-straight economic engagement. I don't think that's realistic. There are always limits in a globalized economy. We have the rule of law. We have national security concerns. Our country I think here is an excellent place to view the debate over where the economic line lies between our national security interests and the interests of our businesses. And you know what, that line is fluid. That line moves depending on what political party we have in charge or what the particular issue of the day is, and I think that applies towards Taiwan as well, but the reality is that Taiwan businesses have undertaken a remarkable 15-year effort to circumvent the present rules and regulations, and that now is negative for Taiwan's welfare and that Taiwan needs to undertake a process of reform to attempt to address that to capture as much of that offshore wealth as is possible and bring it back to Taiwan. Certainly, Taiwan's government should undertake export control regimes. At lunch today we talked about the need to place investment criteria perhaps or a framework for investment and within that framework it would allow Taiwan government to address mainland Chinese investments in Taiwan. There will be myriad concerns, but I think the overall point I would like to make is that the reality of Taiwan's barriers today do not fit what Taiwan businesses have done, and there needs to be a rationalization process for the long term health and wellbeing of Taiwan. That's my own opinion, and I might add as an extension for its relationship with the United States which is what we at the U.S. Taiwan Business Council find important. Thank you.

Henry Nau: June Dreyer?

June Teufel Dreyer: One question for Chris and another one for Rupert, and Chris, I wonder if you could elaborate on these benchmarks for being responsible stakeholders. You might gather from my talk I'm extremely skeptical of this idea and whether China is going to accept it. And what, pray tell, do we do if China does not meet the benchmarks for a responsible stakeholder?

And for Rupert, I wonder if you could tell us a little bit more about these polls that indicate that many Taiwanese want a closer economic relationship with China because polls are notoriously misleading in the way they pose questions, and let me give you an example of what happened in my home state but isn't the only one. People were asked on a ballot do you want smaller elementary school classroom sizes, and it passed overwhelmingly. And afterwards the governor announced how much taxes were going to go up to fund all of this, and amazingly, everyone changed their mind on this, so my *mutatis mutandis*, my question is have people in Taiwan who answered these polls that they wanted that thought about the circumstances under which they would have to agree to a closer economic partnership? Are the *san-tong*, the three directs, going to entail accepting Taiwan as this is a domestic matter between the two sides of the

straight, or other odious criteria or I should criteria that would be odious to a majority of people? Thank you.

Christopher Griffin: Give a very quick response to your question. To some degree, thankfully, for the purposes of this panel, whether or not China is actually going to be a responsible stakeholder doesn't really matter at this particular time as _____. I think that some really clear indications that it would and it'd seem unlikely is to look at Taiwan if you want to talk about what a responsible stakeholder is, essentially look at Taiwan's behavior today, participating in the container security initiative, providing direct material support in the war on terror, things that Taiwan has done that Taiwan is doing and opportunities to develop the relationship with Taiwan. I think if you want to talk about what a responsible stakeholder is, that relationship and the degree to which it can be further developed really is the model.

R. Hammond-Chambers: June, I agree with you 100%. The reason I responded in that way was to tease out exactly the point you're making; that it, you know the question came as a poll of the Taiwan people say they have concerns and my response is and I've seen polls that say that people don't have concerns. It really matters how, what you ask. The Pan Blue do polls, and hey presto, guess what? The majority of people think that the Pan Blue's right. And the greens do polls, and hey presto, you get the same thing. So I do think that's important. Economic liberalization comes with very, increased economic liberalization comes with very serious challenges for the Taiwan people. I happen to believe they're up to the task. I think that their hard work, their entrepreneurialism, and their access to capital will combine to ensure that they find a way through this, not just find a way through but thrive. But you're right. Polls are uh, they are uh, they should be ignored.

Henry Nau: Let me just maybe ask one last question as we pull it together and get the comments of the three panelists. Randy, you mentioned that you're going to set out an agenda for the bilateral relationship. That's one of your objectives, and I wonder if maybe each panelist could tell us if you had your druthers – I realize you haven't come to any conclusions. What would be the top priority on that agenda and maybe then we can wrap it up. We're right at that bewitching hour.

Randy Schriver: Sure, I think the first thing is to say what the agenda is not. Right now our agenda is how frequently and how vociferously must the U.S. criticize Taiwan for misbehavior of one sort or another. Are agenda is a punitive agenda right now so we seek to articulate something else. _____ is a little bit difficult and perhaps I'm prisoner to my background, my experience base, and so I would put a little more emphasis on the security issues, but I also want to broaden the security issues, not just how do we help Taiwan have an effective _____ against the P.R.C., how do we help Taiwan ensure they can hold out for X amount of time until we get to the fight, but very much as Chris was articulating, how can the U.S. and Taiwan have a shared vision for promoting peace and stability in Asia, and what are the things that we each need to do to accomplish and achieve those objectives? So broadening the definition of security and laying out some specific things we need to do to get there would be my top priority.

R. Hammond-Chambers: On the economic side, I think for the U.S. and then one for Taiwan I think on the U.S. side, the notion of a free trade agreement remains at the top of my list. There's

simply no doubt about it. It is, until something new and better is invented, it is the show and ____ in the Asia-Pacific Region and Taiwan needs to be involved. Negotiating on their own terms and conditions, responding to bilateral, multilateral efforts, and continuing to position itself. A weakened economic Taiwan is a Taiwan that is inherently unstable, so I think an F.T.A. on that front. On the Taiwan president's front, I think this is sort of a softer suggestion yet the, well, no. We'll go right to the heart of it, cross-straight economic integration. I think those are the two things that go hand in hand. Again, the Taiwan president needs a plan. It cannot be ad-hoc. There needs to be a plan put in place and executed through the four-year period and the combination of those two things should position Taiwan very well.

Christopher Griffin: I'm going to cheat and not give a real answer. I think that my real preference would be to some degree just the basic realization that whenever it comes to U.S.-Taiwan relations and Taiwan's role in the world, how Taiwan serves American interest, how Taiwan is an exemplar of the values that the United States believes in. Either on the security side which Randy emphasized or the economic side which Rupert emphasized, if the United States essentially doesn't act as an enabler of Taiwan's international space, we can't wait for anyone else in the international community to show up and do that for us. Be it on an issue such as an F.T.A., no other country is going to be first country to negotiate the F.T.A. with Taiwan, be it on security. No other country is going to be the first to say that it's an accept' it's not only acceptable thing, it's a good thing whenever a Taiwanese aircraft shows up with first responders to help out after a natural disaster. Just the very question of the role that the United States can play in the alliance and the relationship and the goals which it seeks to achieve.

Henry Nau: Thank you very, very much. Thank you all for your patience. And I just wanna say to these panelists, if you guys need another chair around the town anywhere in the next few weeks, let me know. You're a delight to chair. Right on time, right to the point, and thank you all very much.

Kirk Larsen: Well, gentlemen, on behalf of the Taiwan Foundation for Democracy, the Formosa Foundation and the Sigur Center, thank all you for coming, the presenters for presenting, and wish you all safe and happy travels.

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