Weak or Smart?

A Smart Power Analysis of Taiwan’s Elbowroom

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Også Jon da.

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1 Introduction

We must use what has been called ‘smart power’, the full range of tools at our disposal – diplomatic, economic, military, political, legal and cultural – picking the right tool or combination of tools for each situation.

US Foreign Secretary Hilary Clinton in her confirmation hearing on January 13th 2009 (Clinton 2009).

By referring to the term ‘smart power’ thirteen times in her confirmation hearing, Ms. Clinton certainly contributed to popularizing it (See for example Benen/The Washington Monthly, January 13, 2009; CBS News, January 13, 2009; Fox News, January 22, 2009; or Hertzberg/The New Yorker, January 26, 2009). Being of somewhat disputed origin, the term was probably first used by Nossel (2004), but it is usually associated with Joseph S. Nye Jr., who defines it as “the ability to combine hard and soft power into a winning strategy” (Nye/The Boston Globe, August 19, 2006).¹ While ‘hard power’ basically connotes military, economic or demographic strength (Mearsheimer 2001), ‘soft power’ often rests on intangible assets and is roughly understood as the ability to attract and persuade (Nye 1990, 2004). This will all be discussed in more detail later. For now, it suffices to stress that smart power remains an ambiguous academic concept, as illustrated quite well by the director of Royal United Services Institute (RUSI) Michael Clarke, stating that “it means everything and nothing” (Clarke 2010). Consequently, Nye (2007: 172) calls on researchers to “go beyond sterile debates (…) and to look carefully at particular cases that can illuminate how to integrate hard and soft power”. This thesis takes Nye at his word and will argue that Taiwan under current president Ma Ying-jeou represents such a case.

¹ Nye is a co-founder of the international relations (IR) theory neoliberalism, and he is also the one who coined the term ‘soft power’ in the early 1990s. A 2008 survey conducted by Teaching, Research and International Policy (TRIP) at The College of William and Mary ranked him the most influential scholar on American foreign policy over the last 20 years.
Taiwan’s status and prospects are often analyzed mainly in the context of China-US relations (Bush & O’Hanlon 2007; Mearsheimer 2001: 372-377; Romberg 2003; and Tunsjø 2008). Indeed, there are good reasons for choosing this framework. First – on the most basic level – Taiwan obviously dwarfs compared to China and the US, and International Relations (IR) theory tends to focus predominantly on great powers (Fox 1959: 1-2; Handel 1990: 3-4; Mathisen 1971; Neumann & Gstöhl 2006: 22-23).

Second – from an historical perspective – the controversy that has come to surround Taiwan has to a large extent been shaped by Sino-US relations (Bush 2004, 2005; and Tunsjø 2008). Third – drawing on recent developments – the contemporary importance of Sino-US relations is increasing both regionally and globally as a result of China’s rapid rise, having obvious implications for Taiwan (Carpenter 2008: 155-183; Cohen 2010: 263-292; and The Economist 2009).

Against this backdrop, the following analysis of the Taiwan issue is interesting:

What happens if China becomes big and powerful and doesn’t own Taiwan? At some point they’re probably going to use military force to take Taiwan, and it may be the case that (…) the United State say[s], “That is unacceptable,” and go[es] to war on behalf of Taiwan (Mearsheimer/Conversations with History 2002: part 6).

Uncontroversial and straightforward as this analysis arguably is, the point is that it leaves Taiwan powerless to the extent that it is not even mentioned as an actor in ‘its own conflict’. In other words, it appears that Taiwan is not regarded capable of influencing the turn of events in one way or the other. However, despite obvious factors suggesting that Taiwan’s ‘elbowroom’ is severely limited by strong interests and deep involvement from the world’s two greatest powers – or rather because of these factors – this thesis wishes to investigate whether, and to what extent, Taiwan’s elbowroom is still sufficient in terms of allowing it to determine its own future.² The core research question, then, asks:

² Elbowroom is certainly an ambiguous term, and it is used in this thesis mainly because of its figurative connotations. That is, while more commonly used terms like ‘space’ or ‘room of maneuver’ arguably convey more or less the same meaning, they still strike the author as somewhat static. That is, while space sounds like something you might have (or not), elbowroom sounds like something you might create (or lose).
How does Taiwan’s hard and soft power interplay (smart power) to define its elbowroom as an independent actor capable of determining its own future?

1.1 Some basics I: China and the US

Elbowroom cannot logically exist in a vacuum. Rather, it is created (or lost) vis-à-vis something. In Taiwan’s case, this ‘something’ consists essentially of China and the US (as explained above), and since both of these great powers play such an important part in defining the scope of Taiwan’s elbowroom, it is necessary to start by laying out their basic interests and positions – in order to see what Taiwan is up against, so to say.

According to the People’s Republic of China (PRC/China), Taiwan is an inseparable part of PRC territory, and when it comes to this fundamental claim, Beijing is as uncompromising today as it has been since the founding of the PRC in 1949 (PRC Constitution 1982; PRC white paper 1993; PRC white paper 2003). In other words, there cannot be two Chinas (one PRC and one Republic of China (ROC)), there cannot be one China and one Taiwan, and the only legitimate government of (all of) China is the PRC. In government rhetoric, this view is typically based on legal claims concerning China’s sovereignty and territorial integrity, as well as symbolic arguments about not allowing Chinese historical unity to be broken.

In addition, a range of pragmatic considerations and strategic incentives certainly play an important role in upholding China’s unwillingness to yield ground. Factors worth mentioning include fear of a separatist domino effect spreading to Tibet and Xinjiang (See for example Wong/The New York Times, January 20, 2009), concerns related to having a US ally just off the China coast (See for example PRC government website, January 26, 2010), the role that Taiwan plays as a common symbolic cause providing legitimacy for the Chinese government (Friedman 2006: xxii-xxiii; and Hughes 1997), and finally, the issue of maritime territorial claims (Nordhaug 2001; and Tønnesson
Perhaps more relevant for the purpose here are the specific policies that these claims and considerations foster. In this regard, the so-called ‘One-China policy’ along with the 2005 ‘Anti secession law’ (ASL) are of particular importance. The former refers to China’s policy of demanding that all its diplomatic allies acknowledge the PRC as the sole legitimate government of (all of) China, and thus refrain from seeking relations with the ROC. This policy also involves denying – or at least seriously restricting – Taiwanese access to international organizations. As for the ASL, it states that China sees itself as entitled to “employ non-peaceful means and other necessary measures to protect China’s sovereignty and territorial integrity” (ASL: Article 8). In this way, it prepares legal ground for taking military action against Taiwan, should they pursue de jure independence (see below).

As mentioned already, such policies are undoubtedly quite uncompromising in nature. However, as Moody (2007) and Romberg (China Leadership Monitor, no. 23, 2008a: 2-7) both illustrate by historically laying out the development of major trends in Beijing’s position, it is important to note that although fundamental claims are clearly not subject to compromise, this does not mean that China’s entire Taiwan policy is written in stone. In other words, China’s Taiwan policies are neither set indefinitely, nor made in a vacuum, and hence, they might be more flexible – and thus open to influence from Taiwan – than they appear at first glance.

Turning now briefly to the US’ position, Redd (2007) sums up its policy since the 1970s as one aspiring to build better relations with China, while at the same time preventing it from taking over Taiwan by force. Importantly, however, this is not to say that the US supports Taiwanese independence. On the contrary, the US “acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but

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3 US policy vis-à-vis Taiwan and China is mainly grounded in the 1979 Taiwan Relations Act (TRA) (which is US national law), the 1982 Six Assurances to Taiwan and the 1972/1979/1982 Three Joint Communiqués between the US and China. For a well arranged discussion about these documents (and their current relevance), see Romberg (China Leadership Monitor, no. 31, 2010a).
one China and that Taiwan is a part of China, [and] does not challenge that position” (1st Joint Communiqué: 12). In essence, these somewhat conflicting aspirations of the US have resulted in a policy of ‘strategic ambiguity’ (Carpenter 2008: 158; Hickey 2008; and Tucker 2005). By not clarifying its exact intentions – most importantly related to whether or not it would intervene in a military confrontation – the US keeps all options open, while maintaining what we might call a ‘leverage of the unsaid’.

Clearly, then, the US is balancing on a narrow edge. On the one hand, as China rapidly emerges as a powerful global actor, the US does not want to upset Sino-US relations, and certainly does not want to get involved in a resource-demanding military engagement in the Taiwan Strait. On the other hand, however, the US is deeply committed to Taiwan’s security. Consequently, the US’ most basic interest is to uphold cross-strait peace and stability – that is, to maintain the status quo.

Hickey (2008), Redd (2007) and Tucker (2005) all point out how US policy has shown to be highly consistent over the years. However, as noted above in relation to the policies of China, it is important to stress that being consistent should not be confused with being static or inflexible. Illustratively, Tunsjø (2008) explores US Taiwan policies as a ‘shifting discursive construct’ that is continuously shaped by external as well as internal factor. Arguably, this opens up for Taiwanese influence.

In sum, China wants reunification, while the US wants to maintain status quo. Put differently, both China and the US play important roles in defining Taiwan’s elbowroom, and against this backdrop, time is now probably overripe to look closer at the basics of the latter’s position.

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4 Illustratively, some voices in the US suggest that the US’ commitment to Taiwan’s security is outdated, like for example Senator Dianne Feinstein in June this year (Taipei Times, July 4, 2010; and Waldron/China Brief, October 22, 2010).

5 To be sure, this commitment will be addressed in much detail later.
1.2 Some basics II: Taiwan

According to Wang (2006: 150), Taiwan is “the most prominent of a handful of ‘de facto states’”, which by Pegg (1998: 5) is defined in comparison to quasi-states: “The quasi-state is legitimate no matter how ineffective it is. Conversely, the de facto state is illegitimate no matter how effective it is.” In fact, Taiwan meets all basic criteria that are commonly used to define a state.\(^6\) However, because of China’s strict policies (as outlined above), it remains isolated in the international community, largely lacking diplomatic recognition and organizational representation – hence the important distinction between de facto and de jure independence (Tsang 2008:1-4).\(^7\)

However, along the same lines as the above remarks about Chinese and US policies, international status and recognition is not eternally fixed (Tunsjø 2008). In this regard, the PRC replacing the ROC in the UN in 1971 serves as an obvious illustration. Besides, to complicate the issue even further, it is important to note from the beginning that Taiwan’s end goal is arguably as ambiguous as its political status, since Taiwanese public opinion includes the full range of views from strong advocates of unification with China, to equally determined supporters of de jure independence.\(^8\) Therefore, the elbowroom under investigation could be understood as Taiwan’s capability to bide time and accumulate leverage, thus preventing China and the US from resolving and settling the issue without Taiwanese consent.

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\(^6\) The 1933 “Montevideo Convention on the Rights and Duties of States” is the most commonly used reference in this regard. It puts forward four basic criteria of statehood, that is (1) a permanent population, (2) a defined territory, (3) government, and (4) capacity to enter into relations with other states (Montevideo Convention: 1).

\(^7\) As of November 2010, Taiwan has 23 diplomatic allies, mostly small states in Africa, South America and the Pacific. For a full list, see ROC MoFA website at [http://www.mofa.gov.tw/webapp/ct.asp?xItem=32618&CtNode=1865&mp=6](http://www.mofa.gov.tw/webapp/ct.asp?xItem=32618&CtNode=1865&mp=6). In terms of membership in international organizations, see ROC MoFA website at [http://www.mofa.gov.tw/webapp/public/Data/811511552371.pdf](http://www.mofa.gov.tw/webapp/public/Data/811511552371.pdf) for a full list. (There is always a controversy revolving around what name Taiwan should use when joining international organizations. ‘Chinese Taipei’ is often chosen.)

\(^8\) There are numerous polls depicting this development, and in (very) general terms, the majority of Taiwanese usually seem to agree that any final solution is still premature. One recent poll can be found at [http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=8579](http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=8579).
1.3 Elbowroom: military, economic and political leverage

The above undoubtedly paints a rather gloomy picture of Taiwan’s situation, and current developments do not necessarily give rise to optimism. In short, while the cross-strait military and economic balance is shifting rapidly in China’s favor, international political recognition of Taiwan seems distant at best. Based on a combination of these factors, several observers have expressed concern that Taiwan is being increasingly marginalized, and some suggest that it is facing ‘finlandization’ (See Chang/Eurasia Review, June 9, 2010). Accordingly, Friedman (2006: xix) states bluntly that “Taiwan is too weak to control its international destiny”.

What’s more, the same combination of factors also creates the backdrop against which Taiwan and President Ma’s elbowroom should be analyzed. After Mr. Ma and the KMT took power in 2008 on a platform promising to ease tensions with China and promote closer cooperation, cross-strait tension has eased significantly, both rhetorically and in terms of concrete policy changes. This rapprochement represents a strong break with the presidency of Chen Shui-bian from 2000 to 2008, during which Taiwan followed an independence course that not only brought about serious threats from China, but also gave rise to US criticism that Taiwan was altering status quo. How could one assess this change of air?

Indeed, the tension reduction does not even out military or economic imbalances across the strait, nor does it automatically increase Taiwan’s international representation or recognition. However, it has undoubtedly silenced both Chinese threats and US criticism – at least in the short term. Does this imply that Taiwan – by changing US and Chinese incentives through its domestic policies – is creating elbowroom for itself by subtly maneuvering between the two giants? Or are Taiwan’s policies rather a matter of necessity, and thus rather an illustration of marginal – or

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9 Finlandization refers to the influence that a powerful country might have on the policies of a smaller neighboring country. The term dates back to the Soviet Union’s influence on Finland’s policies during the Cold War.
even shrinking – elbowroom? In short, what sources of leverage are available to Taiwan and to what extent are they capable of changing the gloomy picture painted above?

1.4 Wrap-up: originality claim and thesis outline

Indeed, this is not the first time that Taiwan’s ability to shape its own future is being addressed, and obviously, using the term elbowroom does not in itself bring originality to a well researched field of study. There are, however, other factors providing leverage to the originality claim of this thesis. As the chapter on theory will stress in more detail, this is (to the author’s knowledge) the first analysis to apply a smart power framework. In this way, it adds to an underdeveloped body of smart power literature – as called for by Nye (2007: 172) and popularized by Ms. Clinton. In the next instance, such a framework hopes to provide some new and valuable perspectives on what this thesis has labeled Taiwan’s elbowroom. Adding empirical relevance to this latter claim is the recent shift in Taiwan’s policies, along with current developments in China and Sino-US relations – both factors emphasized above. Finally, Taiwan’s position as somewhat squeezed between two great powers arguably makes the analysis relevant on a more general level as well – that is, as a case study of small actors’ ability to influence great power politics.

Following this introduction, chapter two discusses the thesis’ theoretical framework, as well as the research methods applied. Drawing on these two introductory chapters, the three next ones investigate how Taiwan’s hard and soft power interplay (smart power) in the military, economic and political realm, respectively. Finally, chapter six examines how the combination of Taiwan’s (smart) military, economic and political power defines the total scope of its elbowroom. The final chapter also attends briefly to theoretical implications and gives some suggestions for further research.

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10 Obviously, the three realms overlap to some extent. Still, they are analyzed separately first, for the sake of structural clarity.
2 Theoretical Framework and Research Methods

2.1 Theoretical framework

Neumann and Gstöhl (2006: 3) describe IR as “a state-centric discipline as well as a power-centered discipline”, and this thesis does not intend to challenge any of those two foundations. On the contrary, the previous chapter did not only stress that what is under investigation is Taiwan’s elbowroom as a de facto state. In addition, it pointed out that this elbowroom will be examined as a function of Taiwan’s hard and soft power – that is, its smart power. Berenskoetter (2007: 2) notes that “IR scholars cannot ignore theoretical debates when thinking about ‘power’”, while Treverton and Jones (2005: ix) hold that “at the dawn of the 21st century, the concept of power is more important than ever and also more debated”. The following goes into some detail about the theoretical framework of this thesis, which in essence revolves around the question of how to assess the power of states, with main emphasis on small states, and – obviously – Taiwan in particular.

2.1.1 Small states and the concept of power

Fox (1959: 4) asks the fundamental question “how can the small state exercise power in international politics?”, and she points out that “what is impressive is the variety of circumstances under which the power of a small state, when confronted with an unwelcome great-power demand, turns out to be much greater than any inventory of its internal resources would suggest” (Ibid: 8). This is what Lindell and Persson (1986) call the ‘paradox of weak state power’, and many observers have brought attention to the issue. Some have approached it by studying alignment policies (Holst 1983; Rothstein 1968; and Vital 1971), others have looked at international negotiations (Habeb 1988) or political integration projects like the EU (Griffiths & Pharo 1995; and Thorhallsson 2000). Some have also emphasized the development of world institutions as a channel of influence for small states (Mathisen 1971), and finally,
there are those who have pointed out that the end of the Cold War opened up more room of maneuver for small states through increased focus on norms and ideas (Lange et al. (Eds) 2009; and Neumann & Gstöhl 2006: 14-15).

For the purpose here, the essence to draw from these contributions is their common emphasis on the strong link between the extent of small states’ power on the one hand, and how power is being conceived or defined on the other (Handel 1990: 257-259; Neumann & Gstöhl 2006: 17-19; and Rothstein 1968: 2). Hence, this thesis proceeds through such a ‘power lens’, and different conceptions of power make up the backbone of the following discussion.

Power is a contested concept, as illustrated by Berenskoetter’s (2007: 1-21) detailed account of how the power debate has developed throughout history. Steven Lukes’ (2005) three dimensions of power create a good backdrop for this debate. The first dimension sees power as decision making and focuses mainly on ‘who wins’, which typically emphasizes relative military capabilities. The second dimension brings ‘non-decisions’ or ‘agenda-setting power’ into the equation by asking why (and how) some alternatives are left out of the debate. Finally, the third dimension stresses that power is at play in consensus as well as conflict, by emphasizing how preferences can be shaped by values and norms.

Against this backdrop, one can raise several fundamental questions about the nature of power. These include whether power should be seen in absolute or relational terms; as a possession or an effect; as dominative or not (power over vs. power to); and whether or not power is at all measurable (Berenskoetter 2007; Habeeb 1988; and Schmidt 2007). As will be apparent throughout this thesis, such questions are useful references that help structure the arguments, and one should therefore keep them in the back of one’s mind as the focus is now directed towards the distinction (and interplay) between hard and soft power.

11 Berenskoetter (2007: 4-12) loosely associates these three dimensions with the three IR schools realism, institutionalism and constructivism, respectively.
2.1.2 Hard power and political realism

There is a strong and long-lasting connection between power and political realism. Illustratively, Mearsheimer (2001: 12) states that for all realists, “calculations of power lie at the heart of how states think about the world around them”. And although Schmidt (2007) importantly points out that realists do not make up a unified and coherent group who share an identical conception of power, most people will probably agree with Berenskoetter (2007: 6) that in general, “the realist baseline takes the distribution of military capabilities as the indicator for measuring ‘power’”. Mearsheimer’s (2001) definition of power serves as a good example.\footnote{12}

Mearsheimer (2001: 55) defines power as a combination of military and latent power, where the former consists of a state’s army and its supporting air and naval forces, while the latter is made up of economic and demographic resources capable of translating into (more) military force. In other words, power consists of capabilities – as opposed to both outcomes (Ibid: 57-60) and intentions (Ibid: 45) – and these capabilities can be categorized into weapons, money (to buy more weapons), and people (soldiers). This is hard power. Given this emphasis on material (measurable) capabilities, Mearsheimer (2001: 12) holds that “with good indicators (…), it is possible to determine the power levels of individual states (…)”. Furthermore, since hard power is what matters, states that wish to increase their power rely in all essence on military means – that is, war, blackmail (threat of force), bait and bleed (weakening rivals by provoking a fight between them) and bloodletting (making a rival’s war protracted and deadly) (Ibid: 138-139).\footnote{13}

In short, then, Mearsheimer’s power is a hard and measurable possession. Moreover,
and somewhat confusingly, while power is seen in relative – as opposed to absolute – terms, it is also seen in absolute – as opposed to relational – terms. That is, while Mearsheimer (Ibid: 34) explicitly underlines that what matters to a country is its power relative to other countries (power over), he also adheres to what Guzzini (2000: 55) calls a “lump concept” of power, where power is seen as a collection of accumulated elements making up a fungible general indicator (See also Berenskoetter 2007: 3; and Schmidt 2007: 47-48).\textsuperscript{14}

Such a conception of power leaves small actors quite powerless, and political realists do indeed have a long history of ascribing small states with limited influence over great power politics. Illustratively, more than 2000 years ago Thucydides famously stated that “the strong do what they can and the weak suffer what they must” (Strassler (Ed) 1998: 352), while more recent examples include Morgenthau’s (1948: 196) claim that “small nations have always owed their independence either to the balance of power (...), or to the preponderance of one protecting power (...), or to their lack of attractiveness for imperialistic aspirations”.

2.1.3 Soft power – a weapon of the weak

On the most general level, Nye (2004: 2) holds that “power is the ability to influence the behavior of others to get the outcomes one wants”, and he puts forward three basic mechanisms through which such an ability might play out – that is coercion (sticks), inducement (carrots) and attraction (co-option) (Ibid: 5). While the two former are grounded essentially in military and economic resources (hard power), attraction rests mainly on intangible assets and is described as the “ability to shape the preference of others” to make them “want the outcomes you want” (Ibid). This ‘attractive power’ is what Nye has labeled soft power, and a country has three main sources of it – those being “its culture (in places where it is attractive to others), political values (when it

\textsuperscript{14} Naturally, this ‘lump concept’ makes the process of measuring/assessing power quite straightforward. The problem, however, is that such an assessment/measurement does not consider context and outcome, as stressed below.
lives up to them at home and abroad) and foreign policies (when they are seen as legitimate and having moral authority)” (Nye 2004: 12). Finally, it is worth mentioning the idea of negative soft power – that is, the opposite of attraction, which is often labeled repulsion (Ibid: 12-13, 29). The notion of repulsion is useful to keep in mind for the discussion on how hard and soft power interplay.

A concrete example might help illustrate and sum up the main difference between the power categories introduced above. If you refuse to jump up and down like a chicken, but then you change your mind when I put a gun against your head, I have coerced you with a tangible military resource. Furthermore, if you yield because I offer you a sum of money, you have been induced by tangible economic resources. However, if I appeal to your love and compassion for caged fowls and convince you that you might contribute to releasing them by doing what I tell you to, I am trying to attract you by applying an intangible resource. Importantly, Nye (2007: 169) would hold that although your ‘degrees of freedom’ indeed vary significantly in these three cases, power is nonetheless at play in all of them.

The above shows that soft power might differ from hard power in terms of both resources (tangible vs. intangible) and mechanism (coercion and inducement vs. attraction). However, it is important to stress that Nye’s conception of power diverges from Mearsheimer’s in a more fundamental way as well. By defining power as something that exists in a relationship, Nye rejects a ‘lump concept’ consisting of measurable capabilities. Following Baldwin (1979), who emphasizes that whether or not power resources produce power behavior depends on the context, Nye (2004: 3) holds that “power resources are not as fungible as money”, but “always depend on the

15 Nye also claims that the importance of soft power is currently increasing. There are two main reasons for this. First, he holds that in the ‘global information age’, the question is not only “who’s military or economy wins, but also who’s story wins” (Nye 2004: 30-32). Second, he argues that the role of military power is changing as the political and social costs of using military force are raised (Ibid: 18-21). Obviously, however, not everybody agrees with Nye in this claim. For example, Edward Luttwak (Telegraph, August 16, 2008) claims that Russia’s invasion in Georgia in 2008 proved once and for all that soft power is irrelevant.

16 It might be useful to stress that although soft power is a quite recent term, the concept itself is certainly not new – as is the case for hard power as well. For example, ancient Chinese philosopher Mencius is often credited with early versions of soft power (Nye 2007: 162).
context in which the relationship exists” (Ibid: 2). Hence, although Nye’s definition of power (as quoted above) labels power as an ability – that is, a sort of possession – it also stresses the outcome (effect), and thus shifts some emphasis from power over towards power to (See also Berenskoetter 2007: 6-7; Mearsheimer 2001: 57-60; Ringmar 2007; and Schmidt 2007: 47-48).

In this regard, Nye (2007: 164) warns observers about committing the so-called ‘vehicle fallacy’ of “confus[ing] the resources that may produce behavior with the behavior itself”. In other words, pointing out that a country did not achieve its goal is not the same as proving that it did not have power, since “favorable outcomes [also] depend on context and the skills of the agent” (Ibid). Similarly, though, one also needs to watch out for the tautology trap. That is, it might be tempting to argue that a country has power simply by pointing out that it succeeded.

Importantly, the fact that Nye’s conception of power differs significantly from that of most realists does not mean that soft power is necessarily in conflict with realism as such. On the contrary, Nye (2007: 170) actually underlines that “there is no contradiction between realism and soft power. Soft power is not a form of idealism or liberalism. It is simply a form of power, one way of getting desired outcomes”. In other words, soft power – like Mearsheimer’s hard power above – should be seen as a descriptive rather than a normative concept.

The main point to draw from this is that soft power arguably opens up more channels of influence to small states than does a strict focus on hard power. Accordingly, Goldstein (2008: 26-27) holds that “some actors have international influence that exceeds their economic and military power, [which] suggests that soft power can actually compensate for deficiencies in other categories of power”. In the words of

17 Attraction, for example, will obviously always depend on “who is doing the perceiving” (Treverton & Jones 2005: 10).
18 Importantly Nye (2007: 164) stresses that such context-sensitivity is not unique to soft power, since “having a larger tank is of little help if the battle is fought in a swamp”.
19 Naturally, these problems are not as prevalent if one adheres to a ‘lump concept’ of power.
Treverton and Jones (2005: 14), “soft power enhances the room for the weak to maneuver, giving them more opportunity to resist coercion”.\(^{20}\)

### 2.1.4 Interplay between hard and soft – smart power

The dividing line between hard and soft power is not always clear-cut. For one thing, tangible power resources – like weapons and money – might sometimes work through attraction as well as coercion or inducement, and might thus contribute to producing soft power, as subsequent chapters will illustrate. Furthermore, Smith (2007) points out that persuasion – especially when coming from a powerful country – easily shades over into coercion. Along the same lines, Mattern (2007) points out how attraction is an ambiguous term, since it remains somewhat unclear whether it should be seen as something ‘natural’, or rather as ‘socially constructed’. Mattern (Ibid) labels the latter ‘representational force’, and claims that it is basically coercive or inductive in nature even if it rests on an intangible resource.

Illustrating this point even further, Lukes (2007) points out that while Nye takes an agent-based approach, one could instead focus on the subject, and ask under what circumstances it is susceptible to attraction. That is, one might want to ask whether the agent actively and consciously uses soft power as a tool to get a desirable outcome (representational force), or whether it is rather the subject who is attracted to the agent on its own accord. If I am attracted to you – or perhaps even in love with you – I might arguably be more inclined to support you. However, if you know about my feelings, and then use this knowledge intentionally to seduce me into supporting you – should we then call this attraction, inducement or coercion? In short, it is often extremely difficult to decide to what extent the subject’s choice of policies is a result of the agent’s soft power (attraction), and to what extent it is simply a result of an overall assessment of pros and cons, where attraction might play only a marginal part.

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\(^{20}\) Importantly, this is not to say that soft power is exclusively (or even mainly) relevant for small states. Indeed, the term was introduced in association with US power (Nye 1990), and recently, China’s soft power has become a popular area of study (Kurlantzick 2007; and Li 2009).
Although the distinction between hard and soft power is sometimes blurry, the essence is that they “interplay and sometimes reinforce and sometimes interfere with [or undercut] each other” (Nye 2004: 25; see also Nye 2007: 169). In line with the above, such interplay is highly context-sensitive, and hence, some of the theoretical discussion is left for the chapters on military, economic and political power, respectively. For now, it suffices to state that smart power is arguably at play when hard and soft power go hand in hand and work in the same direction – that is, when they reinforce each other instead of undercutting each other.21

Smart power has been targeted in some research. Center for Strategic and International Studies (CSIS) conducted a report on US smart power in 2007, which concludes that the US can “become a smarter power (…) by complementing U.S. military and economic might with greater investments in soft power” (CSIS report 2007). Also, Hoadley (2006) uses the term to analyze New Zealand’s security situation, and Mahbubani (2008) applies it on China’s strategy to emerge as a great power. However, as was carefully stressed in the introduction, the concept remains under-researched and ambiguous, leading to Nye’s call for illustrative cases. The following section explains why Taiwan under President Ma constitutes such a case.

2.1.5 Taiwan as a case

First and most basically, both hard and soft elements are highly ‘visible’ in Taiwan’s case. While the former is represented quite clearly by China’s ever-present military threats, the latter is signified by the fact that several scholars put strong emphasis on Taiwan’s soft power as a means of compensating for a relative lack of hard power (Goldstein 2008; Lee 2007; Lu 2007; and Tsang 2008). In Tsang’s (2008: 10) words, “soft power is of greater importance to Taiwan than to any other country”.

21 Keep in mind that smart power was defined in the introduction as “the ability to combine hard and soft power into a winning strategy” (Nye/The Boston Globe, August 19, 2006). Also, as was the case with regard to both hard and soft power above, smart power is not a new concept although the term is quite new. Ancient Chinese philosopher and military strategist Sun Tzu is often mentioned in this regard (Chan 2005).
Second, Taiwan’s history – and the before-mentioned presidency of Chen Shui-bian from 2000 to 2008 in particular – has demonstrated quite clearly the *limitations* of both hard and soft power. In terms of the former, Chen (China Brief, November 19, 2009) lays out the historical process through which Taiwan has eventually given up a long-lasting policy of matching China militarily. Regarding soft power limitations, it is illustrative that President Chen actively played the ‘soft power card’ in his attempts to gain *de jure* independence (Larus 2006, 2008; Lin 2008; and Tsang 2008). Not only did this mission fail to achieve its goal. Arguably, it even worked counterproductively, exemplified by severely deteriorating relations to both China and the US, as well as the loss of six diplomatic allies.

In short, both hard and soft power is very much present, while both have also proved their shortcomings. Hence, when assessing Taiwan’s elbowroom under President Ma, it makes sense to examine the leverage that might result from the interplay between the two. That is, it makes sense to apply a smart power framework, and as an interesting curiosity, President Ma has in fact labeled his national security strategy ‘SMART’ (Ma 2008).\(^{22}\)

To sum up, it is useful to emphasize once again that this thesis serves two parallel purposes. For one thing, it aspires to be a theoretical contribution to refining the concept of smart power. To be sure, this does not involve trying to prove Mearsheimer or Nye wrong, but merely to use – and transcend – their concepts in an attempt to supplement the power debate. Second, in terms of empiricism, a smart power approach might offer some useful insights on Taiwan – and perhaps on small actors in general. Importantly, this is not the same as assessing ‘what is smart for Taiwan’, since such direct policy recommendations are beyond the scope of this thesis. That is, smart power should be understood descriptively, as was stressed with regard to both hard and

\(^{22}\) SMART is an acronym for ‘soft power’, ‘military deterrence’, ‘assuring status quo’, ‘restoring mutual trust’ and ‘Taiwan’. It was presented by President Ma in a speech before the Association for the Promotion of National Security on February 26, 2008.
soft power above.

The following section explains briefly how the tasks presented above will be carried out – that is, the research methods applied.

2.2 Research methods

Yin (1994: 4-6) distinguishes between exploratory, descriptive and explanatory case studies, and this thesis arguably contains elements of all three categories. Given the status of smart power as an underdeveloped concept, the thesis is exploratory in the sense that it collects information and looks for patterns that might contribute to refining the concept. (What is smart power?) On the other hand, both hard and soft power are well established terms that give clear direction to the research, thus adding a descriptive component. (What does Taiwan’s hard and soft power consist in and how do they interplay?) Finally, although this thesis does not investigate a process through which causal factors lead to a specific outcome, it is nonetheless explanatory in the sense that it aspires to add explanation to the issue of Taiwan’s relatively large amount of leverage vis-à-vis China and the US. (How is Taiwan able to maintain or create elbowroom despite its relative weakness?)

Furthermore, since the concepts of ‘smart power’ and ‘elbowroom’ are both very vague, some would probably comment that applying them involves serious challenges in terms of operationalization and measurement (Adcock & Collier 2001; and Treverton and Jones 2005). However, this thesis does not attempt to determine the precise amount of Taiwan’s smart power or the exact size of its elbowroom. Rather, it seeks to identify areas where smart power is a useful term, and in the next instance suggest how it contributes to defining what has been labeled Taiwan’s elbowroom. In other words, while this thesis does not present a complete operationalization that

23 Adcock and Collier (2001) discuss operationalization as a methodological tool, while Treverton and Jones (2005) address the challenges associated with measuring power – both hard and soft.
allows for strict *measurement*, it provides a thorough *theoretical discussion* that creates a sufficient foundation for carrying out the *analysis*.

**What sources are required in order to carry out the tasks outlined above?**

Most basically, existing academic literature makes up an important component. Furthermore, newspaper articles – both opinion- and news-pieces – serve to supplement scholarly publications, especially when dealing with contemporary events that are not yet to be found in published research. Besides, some primary sources like government documents or political speeches are included when found necessary. Finally (and importantly), this thesis also draws on twelve semi-structured in-depth interviews with Taiwanese informants and respondents, conducted in Taipei from May 10\textsuperscript{th} to 21\textsuperscript{st} 2010.\textsuperscript{24} 25 These interviews were essential for two main reasons. First, discussing the issues in question with relevant people and institutions in Taiwan obviously adds an invaluable perspective to the analysis. Second, the lack of smart power literature, as well as the fact that this thesis deals with recent and contemporary issues, makes direct interviews an important source of information.

Interviewees were chosen on basis of what kind of information they were likely to provide – that is, what Bryman (2004: 334) calls ‘purposive sampling’. Furthermore, since smart power is a somewhat all-embracing term, such a selection includes scholars, policy makers, military officers, think tanks and NGOs – of which policy makers and military officers chose to be anonymous due to the sensitivity of some issues. The author kept a flexible interview guide – aspiring to avoid asking leading questions – and took written notes during the interviews.\textsuperscript{26}

Against the methodological backdrop created above, the concept of *validity* is

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\textsuperscript{24} In the following, ‘interviewee’ will refer to both informants and respondents (Jacobsen 2005: 171).

\textsuperscript{25} Obviously, it would have been very useful to include interviewees in ‘target countries’ as well – that is China and the US – but naturally, lack of time and resources made this impossible.

\textsuperscript{26} Although some basic questions were the same for all interviewees, they were naturally asked questions according to their specific field of expertise as well. It should also be mentioned that since Taiwan is a highly divided society politically, one needs to be attentive of interviewees having a political agenda. Interview notes are available on request.

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somewhat difficult to pinpoint, mainly because of the reservations made in terms of causality, operationalization and measurement. In short, however, construct- and internal validity should be understood as the extent to which the smart power framework is perceived as valuable in terms of analyzing the empirical case – that is, Taiwan’s elbowroom. This requires the author to be highly attentive of staying focused on the theoretical framework throughout the thesis, and accordingly, each empirical chapter starts with a theoretical section. Also, the use of multiple sources – as outlined above – helps ensure internal validity (source triangulation). Regarding external validity, it is sufficient for now to stress that this thesis is certainly not trying to develop a coherent theory of smart power, and hence, one should not automatically take the findings to be generalizable. This will be addressed in some more detail in the final chapter when discussing theoretical implications.

Finally, the concept of reliability is also a bit ambiguous in this context, since a qualitative analysis like this one will unavoidably rest to some extent on the author’s own interpretations of the sources. However, being explicit about sources and research methods – as this thesis aspires to be – will at least allow others to access the same information as the author has, in which case a different conclusion would only give rise to interesting debates.
3 Taiwan’s Military Power

This chapter seeks to assess Taiwan’s military power as it appears in interplay between hard and soft aspects – that is, its smart military power. The first section is a theoretical discussion about the relationship between military resources and power. Following suit is an outline of the cross-strait military imbalance in hard power terms. Third, soft aspects are included as Taiwan’s smart military power vis-à-vis China and the US is assessed.

3.1 The nature of military power

One might easily assume that military power means hard power, and indeed, this is true to a large extent – after all, it is hard to deny the fact that a gun is rather coercive in nature. However, the matter is not as straightforward as it seems at first glance. As Nye (2007: 167) points out, “military power appears to be a defining resource for hard power, but the same resource can sometimes contribute to soft power”. In other words, although military power always involves a considerable hard power component, it does not necessarily consist exclusively of hard power.

In order to grasp this somewhat confusing distinction, it is necessary to keep in mind that chapter two defined soft power as the ability to shape the preference of others – through attraction rather than coercion or inducement – to make them want the outcome you want. Illustrative in this regard is Osama bin Laden’s famous quote that “when people see a strong horse and a weak horse, by nature they will like the strong horse” (See for example Walt/Foreign Policy, April 22, 2010). Along the same lines, Nye (2007: 167) points to the 1991 Desert Storm campaign as well as the US armed forces’ relief efforts in Indonesia after the 2004 tsunami as examples of how military resources can be perceived as attractive, and thus projecting soft power.

27 Obviously, these two examples are intrinsically different – the former being potentially attractive because of its
Just as military resources can *project* soft power, they “can also *undercut* soft power” (Nye 2007: 168, author’s italics). Nye (Taipei Times, September 4, 2008) mentions the Soviet Union’s violent campaigns in Hungary and Czechoslovakia as examples in this regard, but an equally illustrative – and more relevant – example is arguably the 1989 Tiananmen massacre in Beijing. As will be discussed in more detail below, the point is that when the use of military force is seen as illegitimate, it runs the risk of seriously undercutting soft power, which in the next instance might have strong implications for one’s total scope of military power.28

As discussed in chapter two, it is not always easy to draw a clear line between coercion, inducement and attraction. However, the essence is that “military resources can produce [and undercut] soft as well as hard power, depending on the context in which they are used” (Nye 2007: 168). This leads to an important notion for anyone carrying out the task of assessing power distributions. Even when such an assessment is limited to *military* power – like in this chapter – it is not sufficient to count guns, soldiers and money, although this is certainly a key component that will be addressed in the following section. One needs to take soft aspects into consideration as well. That is, one needs to look at how hard and soft military power interplay, and whether such interplay might constitute smart military power.29

3.2 A large and growing hard power imbalance across the strait

Denmark and Fontaine (2009: 3-4) state that “fifteen years ago, Taiwan enjoyed a formidable qualitative military advantage over the mainland. This advantage has convincing strength, while the latter’s attractiveness is grounded in its good intentions. Besides, it is useful here to remind about the fact that attraction is always dependent on who is doing the perceiving, as was stressed in chapter two. For example, one can easily imagine that not all Iraqis were equally attracted by the Desert Storm campaign.

28 This is relevant to what was mentioned in chapter two about repulsion as the opposite of attraction.

29 As mentioned in chapter two, scholars who downplay the relevance of soft power obviously do not claim that a hard power assessment of relative military capabilities is sufficient in terms of predicting an outcome (Mearsheimer 2001: 34).
eroded.” A Taiwanese senior naval officer (retired) gave a similar assessment in conversation with the author, noting that “ten years ago, we could fight, but today – no” (Interview, May 13, 2010). Moreover, these are certainly not the only observers to stress that the military balance across the strait has changed greatly in Taiwan’s disfavor over the last couple of decades as a result of China’s rapid economic growth and considerable military build-up (Chase 2008a; Cole 2006; Swaine et al. (Eds) 2007; and Tsang 2006 (Ed)). The following goes into some detail about this hard power imbalance.

First, Shlapak et al. (2009, Summary: xv) hold that China’s Short Range Ballistic Missiles (SRBM) are able to “knock the Republic of China Air Force (ROCAF) out of the war for long enough to launch large-scale air raids on Taiwan, [and in the next instance] suppress ROCAF operations indefinitely and lay Taiwan open to further Chinese air attacks”. Adding leverage to such gloomy predictions about the SRBMs, a report released by Taiwan’s Ministry of National Defense (MND) in July this year estimates that the number of SRBMs aimed at Taiwan will reach approximately 2000 by the end of 2010 (See for example Taipei Times, July 19, 2010).

Second, Shlapak et.al. (2009, Summary: xvi) also claim that “China’s ability to suppress or close the ROCAF’s bases could give the People’s Liberation Army Air Force (PLAAF) an almost overwhelming numerical advantage that (…) could allow China to attain air superiority over Taiwan and the strait”. Finally, Holmes and Yoshihara (2010) state that “the ROCN’s [Republic of China Navy] prospects for wresting sea control from the PLAN [People’s Liberation Army Navy] in wartime appear slight [and] worsening by the day”. In short, Taiwan is not only facing a fast growing threat from Chinese SRBMs, but also seems to be losing both air and sea control to China.

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30 Shlapak et.al. (2009) is a follow-on effort to Shlapak et.al. (2000), and hence, comparing the two illustrates well how the balance has changed considerably over the last decade.

31 Only four months before this report was released, Taiwan Today (March 18) referred to an estimated the total of 1400 missiles, suggesting a massive increase over a quite short time. Importantly, though, these are all speculations, and Bush (The Washington Times, September 8, 2010) actually holds that China’s missile build-up has taken a ‘pause’. 
It is necessary here to add a few words about what Mearsheimer (2001: 83, 114-128) calls the “stopping power of water”. In essence, this concept describes how large bodies of water (the Taiwan Strait) significantly limit a country’s (China) power-projection capabilities. Hence, despite the large (and growing) military imbalance outlined above, the outcome of a Chinese attempt on a full scale invasion of Taiwan remains uncertain. Illustratively, Shlapak et.al. (2009, Summary: xvi) call such a task “dauntingly difficult”, Tsang (2006: 7) uses even stronger words like “foolhardy” and “suicide”, while the abovementioned senior naval officer noted dryly that “Taiwan is lucky to have the strait” (Interview, May 13, 2010).

A question that follows naturally from this is for how long Taiwan would be able to hold off a Chinese attack. A Taiwanese colonel and senior defense researcher told the author that until some years ago, it was commonly believed that Taiwan could hold China for at least two weeks, but that today, many have started to doubt whether this is possible (Interview, May 15, 2010). In line with this pessimistic view, a computerized war game recently carried out by Taiwan’s military concluded that China could in fact seize Taipei in only three days (See for example The China Post, August 5, 2010).32 Obviously, no one can know for certain how a cross-strait military confrontation would play out in real life, but still, the picture painted here is certainly not uplifting for Taiwan.33

In sum, although the Taiwan Strait – as well as the ambiguous US security guarantee – offers what seems to be strongly needed protection, there is little doubt that a large and growing imbalance exists across the strait in terms of hard military power. It is against this backdrop that the chapter now turns to assess Taiwan’s smart military power with regard to responding to this imbalance.

32 This conclusion was dismissed by the Taiwanese Ministry of National Defense (MND).
33 Naturally, any assessment of the cross-strait military balance is incomplete without taking the ‘US factor’ into consideration, as touched upon in the introduction. This issue is be dealt with below.
3.3 Taiwan’s smart military power

How does hard and soft military power interplay in Taiwan’s case? How might the interplay constitute smart military power? And finally, how and to what extent does it contribute to adjust the military imbalance outlined above? The following sections attempts to answer these questions by looking at Taiwan’s smart military power vis-à-vis China and the US, respectively.

3.3.1 Taiwan’s smart military power vis-à-vis China: a legitimate defense

A useful starting point here is how the so-called ‘security dilemma’ holds that “the measures a state takes to increase its own security usually decrease the security of other states” (Mearsheimer 2001: 36). From the above, it is quite clear that China’s military strength (and threat) poses a threat to Taiwan’s security.\(^{34}\) Hence, Taiwan faces obvious incentives to increase its security by strengthening its military capabilities.\(^{35}\) However, the security dilemma tells us that this would easily run the risk of provoking China, which is certainly not in Taiwan’s interest, given China’s relative military strength. It appears, then, that Taiwan is stuck in a deadlock where responding to the security threats from China is crucial on the one hand, but extremely risky on the other. Might soft power play a part here?

For obvious reasons, it is somewhat difficult to imagine Taiwan’s military being perceived as particularly attractive by China. However, the director for foreign policy studies at Taiwan Think Tank (TTT) Dr. Lai I-Chung analyzed Taiwan’s military situation by stating that Taiwan obviously needs a strong and credible defense, and that it has to avoid the trap that it cannot anger China, while at the same time not give the

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\(^{34}\) Not only is Taiwan’s relative weakness worrying in terms of chances of success in a military confrontation. In addition, former chairman of the American Institute in Taiwan Nat Bellocchi (Taipei Times, July 4, 2010) claims that “[relative] reductions in (...) defense capability invite aggression”, which suggests that China’s inclination to aggression against Taiwan increases along with the cross-strait military imbalance.

\(^{35}\) Several observers have also pointed out how strengthening Taiwan’s military is important in terms of negotiating from a position of strength in future political talks (Chase/China Brief, July 17, 2008c).
impression that it is provoking (Interview, May 13, 2010). Along the same lines, and perhaps more ‘to the point’, Ambassador Charles Teng at National Policy Foundation (NPF) stated that Taiwan obviously needs arms, but that it needs to arm smartly, since it does not want an arms race (Interview, May 19, 2010).

Simply put, Taiwan’s challenge is to respond to its difficult security situation in a militarily effective, but non-provoking way. While the security dilemma tells us that this idea of arming without provoking is something of a contradiction, Booth and Wheeler (2008) introduce the term ‘security dilemma sensitivity’, which might serve to adjust such a view. The term is defined in the following way:

Security dilemma sensibility is an actor’s intention and capacity to perceive the motives behind, and to show responsiveness towards, the potential complexity of the military intentions of others. In particular, it refers to the ability to understand the role that fear might play in their attitudes and behavior, including, crucially, the role that one’s own actions may play in provoking that fear (Booth & Wheeler 2008: 7).

In other words, one might possibly overcome the security dilemma by seeing beyond the weapons themselves and look instead at how they are being perceived, and the intentions behind them. In Taiwan’s case, the distinction between offensive and defensive capabilities is illustrative.

There is a complex and long-lasting debate in Taiwan about whether or not to acquire offensive military capabilities (Chase/China Brief, July 27, 2007; Cole 2006: 163-164; Murray 2008; and Tsai/China Brief, April 16, 2009). The essence of this debate is quite visible in Murray’s (2008: 15-16) argument that a ‘porcupine’ defensive strategy “would offer Taiwan a way to resist PRC military coercion for weeks or months, [and] might also be less provocative to the PRC (...).” This thesis does not intend to make a judgment about whether such a porcupine strategy is a good choice for Taiwan or

36 TTT is an unaffiliated think tank, but is openly supporting the DPP.
37 NPF is a KMT-affiliated think tank.
38 In brief, Murray argues strongly in favor of defensive asymmetric capabilities. (The reader should keep in mind the ‘stopping power of water’.)
Still, the above implies that the relationship between the effectiveness of Taiwan’s defense on the one hand, and the extent to which it sends a provocative message to China on the other, is not necessarily proportional. Put differently, although military strength from Taiwan’s side is not likely to appear directly attractive to China, it is certainly conceivable that some military postures are perceived as more attractive than others. In the words of Dr. Lu Yeh-Chung at National Chengchi University (NCCU), “[Taiwan’s] hard power can enhance [its] soft power, depending on how it is being used (Interview, May 17, 2010). Does this suggest that Taiwan’s military power might project soft power vis-à-vis China?

Relevant to this question is the before-mentioned notion of military power not only being capable of projecting soft power, but also of undercutting it – exemplified above by the 1989 Tiananmen massacre. In essence, the large and growing military threat from China – symbolized most clearly by the rapid increase in SRBMs – represents a quite sharp contrast to Taiwan’s relative weakness. Hence, China arguably runs a high risk of being depicted as a brutal (and authoritarian) aggressor against a defenseless (and democratic) Taiwan (Tsang 2006: 1-14). Tunsjø (2008: 88-91) highlights this point through the term ‘binary opposites’, and chapter five will deal with this issue in more detail.

For the purpose here, the key point is that China’s military threat against Taiwan – not to mention an actual use of force – is a ‘difficult sell’ in terms of legitimacy. As the abovementioned senior naval officer put it, “if you [China] want to win a woman [Taiwan], you take her out for dinner and buy her gifts – you don’t point a gun [SRBM] at her head” (Interview, May 13, 2010). Furthermore, if legitimacy is an important precondition for the actual use of force, then lack of legitimacy is somewhat

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39 Proponents of offensive capabilities argue that the only credible Taiwanese deterrent would be the ability to strike back. Dr. Lai at TTT argued along such lines (Interview, May 13, 2010). Furthermore, in line with the security dilemma, Mearsheimer (2001: 30-31) argues that even a population’s hands and feet possess some offensive capabilities, and naturally, so do all weapons. In this view, the idea of defensive weapons does not make much logic sense.

40 NCCU is Taiwan’s leading university within political science.

41 Importantly, this might refer to domestic legitimacy as well as legitimacy abroad (including Taiwan).
synonymous to lack of credibility, which in the final instance arguably contributes to reducing the overall military threat. Along these lines, a senior official from the Strait Exchange Foundation (SEF) described China’s SRBMs as a “symbol of a threat rather than a real threat” (Interview, May 12, 2010). Although many will argue that this as an overstatement, the message is nonetheless quite clear.

In illustrative contrast, Dr. Francis Kan at NCCU emphasized that Taiwan’s defense is quite ‘sellable’: “in Taiwan’s case, there is no contradiction between military capabilities and soft power, since Taiwan has no choice – it is under threat, and hence it needs a strong defense” (Interview, May 17, 2010). This might suggest that while China’s military strength (and threat) runs a high risk of undercutting its soft power (and hence the total scope of its military power), Taiwan’s hard and soft military power go hand in hand. However, before making a final assessment about Taiwan’s hard, soft and smart military power vis-à-vis China, its current defense policies – as well as China’s response to them – need to be assessed against the backdrop created above.

Regarding Taiwan’s military posture, President Ma presented his ‘Hard ROC’ defensive stance in a speech to the Association for the Promotion of National Security in February 2008 (Ma 2008). The president argued that such a defensive military posture would enable Taiwan to “arm and armor [itself] only to the point that the Mainland cannot be sure of being able to launch a ‘first strike’ that would crush [its] defensive capacity” (Ibid). In the same speech, Ma largely rejected offensive military capabilities on grounds that they are “not only infeasible, but also dangerous”. And indeed, only a few months after taking power in 2008, the Ma administration announced that it would not develop offensive counterstrike missiles (Hsiao/China Brief, September 3, 2008).

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42 SEF is a semi-governmental body that conducts direct official contact with China’s equivalent body, the Association for Relations Across the Taiwan Strait (ARATS). (The reason why they are semi-governmental is because of the unresolved relationship between China and Taiwan.)

43 Hard ROC is a play on words that is meant to convey the idea of Republic of China (ROC) being solid as a ROCK(!)

44 There have in fact been (unconfirmed) speculations about whether such a program has been reopened (Hsiao/China Brief, April 1, 2010).
Furthermore, an increased emphasis on soft power and defensive capabilities seems to be visible in military circles as well. The senior naval officer told the author that “[Taiwanese] military leaders today are less willing to attack, they want to defend and protect, [and hence the] MND is increasingly taking soft power into consideration (Interview, May 13, 2010). Also, the colonel and senior defense researcher held that “the MND knows that we don’t get anywhere only with hard power, we need to rely on soft power as well” (Interview, May 15, 2010). Finally, Taiwan’s first ever published Quadrennial Defense Review (QDR), submitted by the MND in 2009, is highly illustrative in this regard. Although Chen (China Brief, November 19, 2009), Mei (China Brief, May 27, 2010) and Huang (Taipei Times, March 20, 2009) all point out that the QDR does not fully adopt the porcupine strategy suggested by Murray (2008), it is undoubtedly heavily influenced by it (Tsai/China Brief, April 16, 2009).46

In terms of China’s response to these policies, it is highly interesting to note China’s reaction to the Obama administration’s announcement in January this year of a $6.4 billion arms sale to Taiwan (see below). In essence, several commentators pointed out how China’s angry (and quite predictable) response was targeted almost exclusively at the US, and not at Taiwan (See for example Romberg/China Leadership Monitor, no. 31, 2010a). In other words, China was much more upset with the US for selling than it was with Taiwan for buying, which suggests that even China – although obviously never particularly happy about Taiwan improving its military capabilities – still somewhat acknowledges Taiwan’s need for a self defense.47 Relevant here is Chase (China Brief, July 17, 2008c) speaking about “Taiwan’s legitimate defense needs” (author’s italics). Since legitimacy is certainly a highly subjective term, and given the fact that China sees Taiwan’s very existence as illegitimate, it is extremely interesting

45 The ‘Hard ROC’ posture stands in clear contrast to former president Chen Shui-bian’s strategy of ‘Decisive Campaign outside the Territory’, which involved an emphasis on counterstrike capabilities (Chen/China Brief, November 19, 2009).
46 Again, the contrast to the 2000 National Defense Report (NDR) – the first NDR under President Chen – is highly visible (Chen/China Brief, November 19, 2009).
47 There were certainly other reasons as well (economic and political) for China not to target Taiwan. These will be dealt with in subsequent chapters.
to note how Romberg (China Leadership Monitor, no. 29, 2009b: 11) claims that “even some PLA officers express understanding of [Taiwan’s] need for a robust defense in the face of PLA modernization.”

Taken together, the above suggests that strengthening Taiwan’s defense capabilities (hard power) might simultaneously send a somewhat attractive (defensive) message to China (soft power), possibly contributing to shaping the attitude (preferences) of the latter. In other words, Taiwan’s hard and soft military power arguably interplay and reinforce each other, constituting smart military power. This seems to give Taiwan more military leverage vis-à-vis China than the hard power imbalance suggests.

3.3.2 Taiwan’s smart military power vis-à-vis the US: a credible defense

To start with the basics, the TRA states that it is US policy to

consider any effort to determine the future of Taiwan by other than peaceful means; to provide Taiwan with arms of a defensive character; and to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan (TRA: Section 2; b; 4, 5, 6).

Furthermore, the 1982 ‘Six Assurances to Taiwan’ promise among other issues that the US will “not set a date for termination of arms sales to Taiwan” (Six Assurances: 1), and that it “will not revise the TRA” (Six Assurances: 4). This might appear to be quite reassuring for Taiwan, especially since US involvement in a cross-strait military confrontation is obviously capable of tilting the hard military power balance considerably in Taiwan’s favor – either through arms sales, actual military action, or threats of the latter. Still, however, there is no shortage of warnings that Taiwan’s defense efforts do not match the security threat it is facing (Chase 2008a; Chase 2008b; Cole 2006; and Murray 2008), and what is even more worrying for Taiwan is the fact that this alleged neglect has “led to (…) blunt warnings that Taiwan [can] not count on

48 Importantly, The TRA is US national law.
the US to defend it in a crisis if it [is] not willing to shoulder a larger share of the burden of protecting its own security (Chase 2008b: 722).49

Against this backdrop, the abovementioned senior SEF official – the one who labeled China’s SRBMs a ‘symbolic threat’ – explained to the author that an important reason why Taiwan needs a capable defense is because it sends a clear message to the US (Interview, May 12, 2010). Similarly, when asked about the connection between Taiwan’s hard and soft military power, Dr. Lu stated that “if you can convince the US public that our defense is responsible, that gives a very good impression” (Interview, May 17, 2010). In other words, US inclination to support Taiwan seems to increase along with the latter’s capability to defend itself. Although such a correlation might appear somewhat paradoxical, it is also perfectly conceivable in the sense that one is arguably more inclined (attracted) to support someone who does not take one’s support for granted.

The most direct, effective and important way in which Taiwan can assure the US of its own military seriousness and credibility is arguably through weapon purchases.50 In the words of Ambassador Teng at NPF, “arms purchases from the US are like an insurance premium” (Interview, May 19, 2010). However, this should not be understood as saying that Taiwan is allowed to purchase whatever weapons they want form the US. By far the most notable examples in this regard are the continuously requested – and repeatedly rejected – diesel submarines and F-16C/D aircrafts. The abovementioned senior naval officer held that these purchases seem highly unlikely to be carried out anytime soon, and commented that “we are not too happy with the US [for not selling]. We feel like a beautiful lady who is taken out for dinner by her boyfriend, but when we want to order beef, the boyfriend says no” (Interview, May 13, 2010). The colonel and senior defense researcher (also referred to above) agreed that

49 Along these lines, the reader should keep in mind what was mentioned in footnote 4 regarding US voices questioning the security commitment to Taiwan. Besides, it is worth noting here that proponents of such ‘un-commitment’ often point to the recent cross-strait détente to argue that US support is not needed as much as before (Ross/China Brief, Oct 22, 2009; and Waldron/China Brief, October 22, 2010).
50 Of course, weapon sales to Taiwan have an economic aspect as well as a military one.
Taiwan’s chances of purchasing submarines and aircrafts are slim, and suggested that it will probably have to rely on domestic production if they want to acquire them (Interview, May 15, 2010).^{51,52}

The above suggests that there is a significant grey area between what the US sees as Taiwanese neglect of its own security on the one hand, and what it sees as Taiwan exacting its own weapon demands on the other. Again, the distinction between defensive and offensive weapons is central. As Ross (China Brief, October 22, 2009) points out, there has always been “much debate within the US government about what exactly constitutes ‘appropriate’ defensive weapons”, as called for in the TRA. While technical discussions about the nature of different weapon systems are certainly better left to others, the main point here is that while the US is required – through national law – to provide Taiwan with “arms of a defensive character”, it also worries that providing Taiwan with offensive capabilities could have a destabilizing effect on cross-strait relations. Illustrative in this regard is the US opposition against Taiwan developing offensive counterstrike missiles (Chase, China Brief, July 27, 2007). Along these lines, Dr. Lu specified that the extent to which Taiwan appears militarily attractive to the US is largely dependent on convincing the latter that Taiwan’s military is essentially defensive in nature (Interview, May 17, 2010).

It is worth adding briefly that in addition to weapon purchases, some interviewees – most notably the abovementioned senior naval officer – also stressed the importance of Taiwan’s defense budget as a channel through which Taiwan is able to signal credibility and seriousness vis-à-vis the US (Interviews, May 12-21, 2010). Chase (China Brief, July 17, 2008c) supports this argument, holding that “raising the defense budget reflects Taiwan’s commitment to its security, which helps improve [relations]

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^{51} Taiwan already has a fleet of domestically produced aircrafts (the IDF). Also, it is in fact currently being speculated that Taiwan has restarted a program to build indigenously designed diesel submarines (See for example Hsiao, China Brief, April 16, 2009). Finally, there have in fact been some signs lately that the US is considering the F-16 sale, but this is not confirmed.

^{52} Not all observers agree about the necessity of these weapons. For example, the before-mentioned colonel and senior defense researcher assessed the submarines to be useful, but doubted the effect of F-16 C/Ds on grounds that it would be quite easy for China to bomb Taiwan’s runways, in which case the aircrafts would be useless.
with the US”.

Neither purchasing weapons nor increasing one’s defense budget brings forth immediate soft power associations. However, although they both certainly contribute to strengthening Taiwan’s military capabilities in hard power terms, they also seem capable of making the US more inclined to support Taiwan – not mainly through coercion or inducement, but through attraction. That is, a strong Taiwanese defense seems to be more attractive to the US than a weak one, suggesting once again that Taiwan’s hard and soft power interplay and reinforce each other. As was the case in relation to China above, the following section briefly links these findings to Taiwan’s current defense policies – as well as the US’ response to them – before the final power assessment is carried out.

Taiwan’s ‘Hard ROC’ defensive posture (outlined above) seems to appeal well to the US’ preoccupation with defensive weapons. In addition, Taiwan’s $6.4 billion arms purchase in January – as well as a pledge from President Ma to increase Taiwan’s defense budget to 3 percent of GDP – arguably sends a clear message to the US that Taiwan is willing to shoulder responsibility for its own security.

Furthermore, the arms sale is highly illustrative of the US’ continuing commitment to Taiwan’s security. According to Bush (The Washington Times, September 8, 2010), “the logic behind the sale is simple: China has increased the island’s vulnerability [through its military build-up]; at the request of Taiwan, the Obama administration seeks to reduce the islands insecurity”. Romberg (China Leadership Monitor, no. 31, 2010a: 4) similarly claims that the sale is in line with consistent policies of “raising the cost of military conflict (…) and hence contribute to maintenance of peace and

53 The abovementioned notion of ‘binary opposites’ plays an important part here as well, especially in relation to Taiwan being a democracy and the US being a somewhat self-proclaimed defender of such. However, this will be dealt with mainly in the chapter on political power.
54 It is both relevant and interesting to note here that Ma in April told the CNN that “Taiwan will never ask the United States to fight against China on its behalf” (CNN, April 30, 2010), causing a lot of controversy in Taiwan.
55 In illustrative contrast stands the US decision in 2007 to freeze all arms sales to Taiwan because of the latter’s long-lasting indecisiveness about carrying out a purchase that was originally approved by the US 2001 (Chase 2008b).
stability in the Western Pacific”. Finally, and perhaps most interesting, Romberg (Ibid) stresses that “part of the logic [behind the sale] was to strengthen President Ma’s credibility”, illustrating the influence Taiwan might have on US decision making.56

In sum, by strengthening its military capabilities (hard power), Taiwan simultaneously increases its attractiveness (soft power) vis-à-vis the US, which seems to increase the latter’s inclination to supporting Taiwan. In other words, hard and soft military power work in the same direction – that is, smart military power.

56 However, it is necessary to mention here – although it will be stressed in more detail later – that all interviewees conferred for this thesis were careful to highlight that in the end, US commitment to Taiwan’s security depends on the US’ assessment of what is in its own interest (Interviews May 10-21, 2010). Accordingly, it is also an important factor that as China continues its rapid rise, Taiwan might certainly play a part in US efforts to (1) restrain or contain China and (2) maintain its position in Asia (Rosen/Wall Street Journal, August 8, 2010; and Waldron/China Brief, October 22, 2010). For example, Ms. Clinton recently stated that a peaceful resolution of competing sovereignty claims in the South China Sea is in the US ‘national interest’, a response to a Chinese statement that Beijing’s claims to the South China Sea are on a par with those to Taiwan.
4 Taiwan’s Economic Power

This chapter seeks to assess Taiwan’s smart economic power and takes a similar approach as the last one. It starts out by discussing the ways in which economic resources constitute power. Second, the uneven economic distribution across the strait is laid out. Based on these two sections, the third one examines Taiwan’s economic power through hard-, soft- and smart power lenses.

4.1 The nature of economic power

As touched upon before, economic resources naturally make up an essential component in a country’s hard power arsenal. For one thing, the ‘latent power aspect’ reminds us that states “need money (…) to build military forces and fight wars” (Mearsheimer 2001: 55), and the fall of the Soviet Union – largely resulting from insufficient economic resources to sustain an arms race with the US – is an illustrative case in point. Furthermore, economic resources are certainly able to coerce and induce without taking such a military detour; bribes, payments, freezing of bank accounts and sanctions are notable examples in this regard (Nye 2004: 5-6, 99).

At the same time – and somewhat similar to what was stressed in relation to the military aspect in the previous chapter – Nye (2004: 33) states that “economic prowess contributes not only to wealth, but also to reputation and attractiveness”. Hence, “a successful economy is [also] an important source of attraction” (Nye 2007: 165). Indeed, it is perfectly conceivable that countries might be drawn to successful economies without being actively coerced or induced. As Mead (2004: 25) notes, economic power is “sticky power; it seduces as much as it compels (…) A set of economic institutions and policies attracts others into [one’s] system and makes it hard for them to leave”.

Furthermore, the dividing lines between economic attraction, inducement and coercion
are certainly blurry. In what situations can we rightfully claim that I am being attracted and shaped by your economic system, policies or values? And when am I rather being induced – or even coerced – by your economic strength? A current and relevant illustration of this grey area is how the so-called ‘Beijing consensus’ arguably works through all three mechanisms, and how it is difficult (at best) to determine where exactly to draw the line between them.\\footnote{57 The term ‘Beijing Consensus’ refers to China exporting its model of economic development and growth to other countries – essentially third world countries.}

It should be added that Taiwanese scholars usually define economic power in softer terms than does Nye (Lu 2007: 3-4). Illustratively, while Nye (2004: 5-6, 31) classifies development- and humanitarian aid as hard power behavior, Dr. Lu stated in conversation with the author that “sanctions are hard, while aid is soft” (Interview, May 17, 2010). Similarly, Dr. Lee Chyungly at NCCU suggested the following and quite straightforward categorization: “when you use [economic resources] for yourself, [they are] hard; when you use [them] for others, [they] are soft (Interview, May 17, 2010). In essence, there is a difference – as well as an obvious overlap – between buying support on the one hand, and gaining it on the other.

In any case, although “sometimes in real-world situations, it is difficult to distinguish what part of an economic relationship is comprised of hard and soft power” (Nye 2007: 166), it seems reasonable to agree that “economic resources can produce both hard and soft behavior” (Ibid: 165). Furthermore, the question of which of the two provides the agent with more leverage will depend largely on the context. In other words – and similar to what was the case in the previous chapter – when studying an economic power relationship, it is not sufficient to compare economic resources and assess how many weapons they are able to buy and how much coercive or inducive leverage they are able to produce – although this is certainly an important part of it, which is dealt with in the following section. Once again, the point is that such a strict focus on hard leverage does not tell us much about whether this leverage is likely to be applied or not, and hence it does not necessarily give us the full picture. In this respect, attraction (soft
power) might play a part, and hence we need to look at how hard and soft economic power interplay, possibly constituting smart economic power.

Against this backdrop, Dr. Lee held that economic power is the key if one wants to investigate Taiwan’s smart power, since “economic power can be both hard and soft, depending on how it is being projected” (Interview, May 17, 2010). Accordingly, this chapter now turns to assess Taiwan’s economic power as a function of the above reflections. For obvious reasons, it will look predominantly at Taiwan’s economic relationship and engagements with China, but the US factor will be touched upon as well, as well as other parts of the global community.

4.2 Economically weak and dependent?

Earlier this year – after about three decades of massive economic growth – China overtook Japan as the world’s second largest economy behind the US. And although the last 30 years have certainly seen an impressive economic development on the other side of the Taiwan Strait as well, Tsang (2008: 10) points out that “what economic achievements Taiwan has made cannot but pale in significance (…) when they are compared with the mesmerizing rise of China (…)”. In short, Taiwan’s economy obviously dwarfs compared to China’s, and the latter’s military build-up following its rapid economic rise (as pointed out in the previous chapter) illustrates quite well the importance of this factor in ‘latent military terms’.

As significant as sheer size is the level of cross-strait economic integration. Economic links between Taiwan and China started to develop in the early 80s, and the process has continued in a rapid pace since then, making the two economies tightly interwoven as of 2010 (Cheng 2005; Gy 2005; Hu 2006; Kao 2009; and Tanner 2007). Today, China is Taiwan's number-one export market, its main venue for foreign investment,

58 The latest figures from CIA World Factbook (2009 est.) show a Chinese GDP (official exchange rate) of $4.909 trillion, compared to Taiwan’s $379 billion.
and the production base for many of its profitable exports, most notably in the IT sector. In addition, somewhere between 750,000 and one million Taiwanese live and work in China. As a senior official in the Taiwanese MoFA, Research and Planning Committee told the author, “China is now an economic superpower – Taiwan cannot ignore the rise of China” (Interview, May 12, 2010).

This naturally raises questions about interdependence, and Keohane and Nye (1977) famously hold that where there is an asymmetry between buyers’ and sellers’ dependence, the more dependent party is more vulnerable, which can be used as a source of coercive power by the less dependent party. Accordingly, Burdekin and Whited (2009) have assessed the cross-strait economic relationship based on a number of variables, and conclude that the effects of “China variables” on Taiwan are indeed stronger than vice versa. Tanner (2007, Summary: xiii) argues along the same lines, labeling the cross-strait relationship one of “asymmetric interdependence (…), [where] Taiwan depends on the mainland market for a higher percentage and a far broader range of its economic activities than the mainland depends on Taiwan”. 59

In sum, China is not only economically superior to Taiwan in relative hard power terms, but also plays a vital role in Taiwan’s own economy. Taken together, this suggests that Taiwan is running the risk of becoming economically dependent on China, and hence the following looks into what economic tools – hard, soft and smart – Taiwan possesses in terms of escaping such a role of an overly dependent party.

4.3 Taiwan’s smart economic power

It is necessary to stress from the beginning that because of an impressive economic development over the last half-century – often labeled the ‘Taiwan miracle’ – Taiwan

59 Noticeably, not all observers agree that the picture is as imbalanced as suggested here, and Gy (2005) claims that ‘mutual dependence’ is a more valid label for cross-strait economic relations. Still, as China continues its express growth and cross-strait economic integration is only accelerating, Taiwan’s dependence on China is arguably unlikely to diminish.
is today the world’s 18th largest economy by PPP-adjusted GDP (25th by nominal GDP) and the world’s 16th largest trading nation. In other words, despite China’s relative economic strength, Taiwan’s hard economic power resources are certainly not insignificant. The question, then, is how softer aspects interplay with these resources? And in the next instance, how the interplay between them shapes the equation that makes up the total scope of Taiwan’s economic power?

In terms of general economic attractiveness, Goldstein (2008: 41) holds that Taiwan’s ‘economic miracle’ also constitutes a core element of its soft power, and points out among other things that Taiwan ranks quite high on various global economic indexes (Ibid: 45). Similarly, several interviewees conferred for this thesis stressed the soft power inherent in Taiwan’s successful adoption of a liberal market economy, and pointed out how this helps Taiwan build global support by cultivating its image as a responsible economic player. Notable in this regard is Larus (2006: 42) showing that Taiwan is often able to join global and regional economic organizations where statehood is not a requirement – WTO and APEC being the most prominent examples.

On the one hand, then, Taiwan’s tangible (and quite considerable) economic muscles contribute to induce the international community into desiring trade and economic cooperation with Taiwan. On the other, Taiwan’s appeal to currently broadly accepted economic values and practices helps strengthening its economic attractiveness, reputation and support – thus making its ‘product’ more ‘sellable’. In other words, hard and soft economic power seem to interact and strengthen each other, constituting smart economic power.

However, there is little doubt that in order for Taiwan’s smart economic power to reach out to the international community in this way, it depends to a considerable extent on

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60 This point is of special relevance in Taiwan’s relations with the US, as will be dealt with below.
61 Taiwan joined APEC in 1991 and WTO in 2002 under the names ‘Chinese Taipei’ and ‘Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu’ (Often abbreviated ‘Chinese Taipei’), respectively.
China accepting it. (For example, one often talks about China ‘granting’ Taiwan membership in organizations.) Put differently, it is crucial for Taiwan that China does not apply its leverage to seek to isolate Taiwan economically. A central question is therefore whether and to what extent Taiwan is able to counter such economic isolation. Given China’s special interest in Taiwan – coupled with the considerable cross-strait economic imbalance outlined above – such a task certainly appears quite a challenge. Hence, the following section devotes some special attention to Taiwan’s economic power vis-à-vis China.

4.3.1 Taiwan’s smart economic power vis-à-vis China

Again, it is useful to start by acknowledging that although cross-strait economic interdependence is arguably uneven, Taiwan is certainly not insignificant for China in hard economic terms. According to PRC Ministry of Commerce statistics from October 2008, trade with Taiwan accounts for 5.2% of China’s total trade, making Taiwan China’s 7th biggest trading partner. Besides, the same source tells us that during the first eight months of 2010, China saw a 57.5% increase in its exports to Taiwan, as well as a 50.5% increase in its imports.

Turning to the attractive aspect, Hu (2006) points out that Beijing shifted to an economic-oriented Taiwan strategy after the 16th party congress of the Chinese Communist Party (CCP) in 2002. All interviewees conferred for this thesis also stressed the ‘economy card’ as the key element in China’s current policies towards Taiwan, which basically refers to China being eager to develop economic integration across the strait, hoping that this will have a spillover effect into the political realm. As a SEF senior official told the author, “China assesses economic ties to be a good thing, because independence will seemingly have a higher cost for Taiwan” (Interview, May 12, 2010).

62 The US-China Business Council’s statistics for 2009 ranks Taiwan number five.
The question of whether such a spillover effect from economics to politics is in fact likely will be dealt with in subsequent chapters. For the purpose here, the essence is that cross-strait economic cooperation seems to be highly attractive to China. In combination with the hard economic figures referred to above, this suggests that economic incentives across the strait – both hard and soft – are certainly running in both directions. Keeping in mind Keohane and Nye’s concept of interdependence, this might have important implications for how one assesses the distribution of economic power. A useful case in terms of assessing these implications a bit closer is the Economic Cooperation Framework Agreement (ECFA), which was signed by Taiwan and China on June 29th this year.63

4.3.1.1 The ECFA case

Rosen and Wang (2010: 2) point out that “China is frank in stating that it supports an ECFA undertaking because it believes this will maximize the prospect for eventual political integration across the Taiwan Strait”, which goes well with how China’s current Taiwan strategy was presented above. Furthermore, there are three ECFA-related observations in particular that might serve to support the above suggestion that China’s attraction to cross-strait economic cooperation provides Taiwan with economic leverage.

First – and most basically – it is interesting to note that the ECFA was largely initiated and pushed through by Taiwan (Cooke/China Brief, May 27, 2009; and Lin/Reuters, June 24, 2010). Second, most observers seem to agree that the agreement – in strict (and measurable) economic terms – is in fact more favorable for Taiwan than for China (Rosen and Wang 2010: 2-3; Shen/PeaceNet, March 30, 2010; and Wang 2010), a point that has been emphasized quite strongly from China’s side, as illustrated by the following statement from a spokeswoman for the Taiwan Affairs Office (TAO): “No matter how one measures it, the Chinese Mainland receives far less benefit than the

63 In brief, the ECFA is a kind of a free trade agreement (FTA) between China and Taiwan, which removes economic restrictions in a number of areas.
Taiwan side” (Romberg/China Leadership Monitor, No. 33, 2010c: 2). Third, strong voices in Taiwan (mostly from the DPP side) have been pushing for letting a referendum decide whether or not to adopt the ECFA (Cohen & Chen/South China Morning Post, July 7, 2010; and Romberg/China Leadership Monitor, no. 32, 2010b). While no such referendum has been held, the Taiwanese minister of economic affairs has clearly stated that if it were to take place and reject the ECFA, Taiwan “would notify the Mainland, in accordance with a termination clause, to have the agreement terminated within a certain period of time” (See The China Post, May 6, 2010). Taken together, these examples imply quite strongly that China is not dictating Taiwan’s economic policies.

Obviously, however, the fact that China appears to be attracted to cross-strait economic integration is of little help to Taiwan if China’s intention is to use such integration coercively as soon as Taiwan has reached a satisfactory level of economic dependence. So the next question becomes whether such coercive measures are likely. That is, what are the rules of the game, so to say, and perhaps even more importantly, who sets these rules?

According to Rosen and Wang (2010: 2), Beijing officials’ trust in cross-strait economic ties spilling over into the political realm “is rooted not in the idea that ECFA would enhance their ability to coerce Taiwan, but in the view that it would maximize mutual prosperity and Taiwan’s perception of common interests, thereby establishing the goodwill necessary to facilitate political rapprochement in the future”. Similarly, Wang (2010: 1) holds that the “ECFA can be seen (…) as a part of an effort by Beijing to win the hearts and minds of the people of Taiwan by tangibly contributing to the island’s economic growth”. And finally, Romberg (China Leadership Monitor, no. 33, 2010c: 11) also points to “winning hearts and minds on the island” as the main reason for China’s “strong motivation to help Taiwan’s economy”.

64 Importantly, this should not be understood as saying that the ECFA is necessarily overall favorable to Taiwan. There are certainly strong voices in Taiwan (mostly from the DPP side) claiming that ECFA is rather a sign of China absorbing and marginalizing Taiwan economically (See for example Taipei Times, April 21, 2010).
Of course, one cannot automatically and blindly trust whatever Beijing declares to be its economic intentions vis-à-vis Taiwan – after all, it is not at all difficult to see how such a seemingly soft agenda could perfectly well be accompanied by a hard (and hidden) one. However, the above might still suggest that a Taiwanese appeal to cross-strait economic cooperation appears attractive to China, resulting in increased goodwill from the latter. (Besides, the trade statistics show that China has much to gain in strict economic terms as well.) Taken together – although it is arguably difficult to make an exact distinction between inducement and attraction – it is probably safe to say that both hard and soft power matter in the cross-strait economic game, and that the interplay between them seem to give Taiwan some economic leverage vis-à-vis China.

It was mentioned above how China to some extent constitutes a gatekeeper for Taiwan’s access to the global economic scene. As the SEF senior official stated, “Taiwan is very strongly connected to world trade, and now that all countries rush to China, Taiwan needs close economic relations with China in order to connect with the world” (Interview, May 12, 2010). Accordingly, it is important here to address the ECFA’s significance beyond cross-strait relations, and a big controversy revolves around whether or not Taiwan will be allowed to enter into FTAs with other countries – most notably ASEAN members – once the ECFA is signed.

Taiwanese officials, including President Ma, have stated that Taiwan is indeed entitled to signing such FTAs (See for example Focus Taiwan News Channel, June 2, 2010), and on August 5th, Taiwan and Singapore acknowledged that they are exploring the possibility of an economic agreement ‘on a par with an FTA’ (Bower & Freeman 2010). Although China’s final response to this claim is yet to be determined (Rosen

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65 Accordingly, Hickey (2009) notes that it is still too early to say whether China’s new policies represent a paradigm shift or not.
66 An FTA between ASEAN and China entered into force on January 1st this year, which naturally gave rise to concern in Taiwan that it will be marginalized if it is not able to sign similar agreements with ASEAN.
67 In a recent interview with Associated Press (AP), President Ma also stressed that Taiwan is currently
& Wang 2010; Shen/PeaceNet, March 30, 2010; and Wang 2010), it is interesting to note that a PRC foreign ministry spokesman noted in June that China does “not object to non-governmental economic and trade exchanges between Taiwan and countries having diplomatic relations with China, but we firmly oppose any forms of official contact with Taiwan” (Romberg/China Leadership Monitor, No. 33, 2010c: 5).

Furthermore, keeping in mind the points raised above, it is interesting to note Wang’s (2010: 3) argument that “while Beijing may hope to win the hearts and minds of the people in Taiwan through ECFA, suspicion that China is in fact seeking to isolate Taiwan to increase its own leverage to advance reunification will seriously harm that effort. To dispel such doubts, Beijing will need to go beyond its tepid response to Taiwan’s quest for additional FTAs”.

The above suggests that Taiwan’s economic power vis-à-vis China consist in a combination (interplay) of tangible economic inducements (trade), and an appeal to China’s attraction to cross-strait cooperation. In short, this smart economic power seems to put China in a dilemma. On the one hand, showing goodwill towards Taiwan could help Beijing win Taiwanese hearts and minds. On the other, however, such goodwill could arguably contribute to depicting Taiwan as an independent actor – as illustrated by bilateral FTAs or participation in international organizations.

Finally, it is interesting against this backdrop to note President Ma’s general policy of pushing strongly for economic cooperation while keeping politics in the background, once again constituting a clear contrast to former president Chen (Romberg/China Leadership Monitor, no. 26, 2008b; and no. 28, 2009a). This will be addressed in more detail in the next chapter.

“discussing trade arrangements with the US, Japan and Indonesia” (AP, October 19, 2010).

68 Of course, Taiwan’s ability to establish closer economic relations with ASEAN is not depending exclusively on China’s attitude. Lin (2008) stresses how Taiwan has been facing problems gaining leverage towards ASEAN countries. Besides, interviewees conferred for this thesis disagreed whether ECFA it will lead to FTAs or not.

69 In addition to ECFA, the opening of direct cross-strait flights and the loosening of restrictions on tourism are notable examples of such non-political ties.
4.3.2 Taiwan’s smart economic power vis-à-vis the US

When it comes to Taiwan, a picture is rarely complete without taking the US factor into consideration, and the economic realm is no exception. Once again, it is useful to start by acknowledging the presence and importance of hard power elements in Taiwan-US economic relations. The US Census Bureau’s latest trade statistics lists Taiwan as the US’ 9th largest trading partner (Taiwan places third on the US’ list), and in addition, US exports to Taiwan rose 68% between January and August 2010 (Rosen/Wall Street Journal, August 8, 2010). Still, as Sino-US economic relations are currently getting increasingly important, Taiwan could arguably use more leverage vis-à-vis the US – that is, soft as well as hard.

In terms of attractiveness, Taiwan’s abovementioned appeal to liberal market values is of particular importance. Keeping in mind that many observers – as well as interviewees conferred for this thesis – see Taiwan’s economic miracle as one of its main sources of soft power (Goldstein 2008; and Interviews May 12-May 21, 2010), it should be stressed how the TRA states that it is the policy of the US to “maintain the capacity (…) to resist any resort to force or other forms of coercion that would jeopardize the (...) economic system, of the people on Taiwan” (TRA: Section 2, b, 6, author’s italics). This suggests that Taiwan’s appeal to shared economic values – that is, liberal market economy – might add attractive leverage to the inducement of trade.\(^70\)

It is worth noting that although some observers have stressed that the US has good reasons to be sceptical of the ongoing economic rapprochement across the strait – out of fear that closer cross-strait ties could push the US to the sidelines – all interviewees conferred for this thesis emphasized that the US draws a clear line between economics and politics, and hence that it does not put any restrictions on Taiwan’s economic dealings with China. On the contrary, several interviewees argued that cross-strait economic integration and cooperation is warmly welcomed by the US since it

\(^70\) Tunsjo’s (2008) notion of binary opposites might once again play a role.
contrives to bringing stability to the region. Illustrative in this regard is the fact that
the US has been highly supportive of the ECFA (Cooke/China Brief, July 17, 2008;
Cooke/China Brief, May 27, 2009; Cooke/ China Brief, February 18, 2010; Rosen &
Wang 2010; Taiwan Today, April 8, 2010). 71

4.3.3 Soft power or hard cash?

The interplay between hard and soft economic power arguably becomes particularly
clear in the field of development- and humanitarian aid. Illustratively, Larus (2008)
categorizes Taiwan’s economic assistance as a way of buying support
(inducement/hard power), but still concludes that this “appears to be useful only so
long as it has been coupled with [interplay with] soft power” (Ibid: 187-188). This
seems to be in line with the abovementioned Taiwanese way of defining aid as an
important source of Taiwan’s soft power as long as it is based on altruism. Accordingly,
Dr. Kan emphasized that there is a large power potential in Taiwanese aid as long as
the incentives are not political: “If it is for humanitarian reasons – that is, if the goal is
not to win diplomatic allies – then Taiwan will win respect in the international
community, and then, aid is more powerful than any military weapon” (Interview, May
14, 2010).72 As an example of such power potential, Dr. Kan pointed to the 2008
Sichuan earthquake: “victims from the earthquake – and mainlanders in general – were
deeply touched by Taiwan’s considerable aid relief efforts, and many of them stated
bluntly that they would never again talk about using force against Taiwan” (Ibid).

Similarly, an official in the Taiwanese semi-governmental development agency
International Cooperation and Development Fund (ICDF) told the author that they are
often frustrated by questions about policy issues, since they create confusion around

71 Also relevant here is the half-ongoing and half-shelved process concerning a Taiwan-US FTA, as touched upon
above. Although no interviewees believed that such an agreement is likely to happen any time soon, many voices
– in the US as well as Taiwan – have called for speeding up the process, stressing that chances are bigger to
succeed now than in a long time because of the ECFA and because of President Ma’s clear distinction between
economics and politics (Cooke/China Brief, May 27, 2009; Taipei Times, May 10, 2010; Taipei Times, July 16,
2010; The China Post, July 11, 2010; and Rosen/Wall Street Journal, August 8, 2010).
72 Again, President Ma’s current policy of leaving diplomatic recognition (and politics in general) in the
background is highly relevant.
the assistance’s true intention (Interview, May 20, 2010). Chad Liu, a specialist at Tzu Chi – by far Taiwan’s biggest aid organization – told the author that there is a big difference between “winning support and buying support” (Interview, May 20, 2010), and like Dr. Kan, he also pointed to the 2008 Sichuan earthquake, emphasizing in particular the importance of Taiwanese volunteers in Sichuan being the first to arrive and the last to leave. Finally, in relation to Tzu Chi, it is interesting to add that a colonel and senior defense researcher (also referred to in the chapter on military power) noted that “Tzu Chi is Taiwan’s most important power source. They show Taiwan to the world, and in this way they are a more important weapon than the military (Interview, May 15, 2010).

As noted before, there is certainly a large grey area between inducement and attraction within this field, but the main point is that the interplay between them – that is, smart economic power – seems to be highly effective in terms of shaping the interests of others. Furthermore, this is a field where Taiwan is arguably able to gain some leverage, since – as the ICDF official pointed out – “there are no boundaries for development- and humanitarian aid” (Interview, May 20, 2010).

73 Arguably though, aid is never 100% apolitical, and the earthquake in Haiti (which is a diplomatic ally of Taiwan) is highly illustrative in this regard (See for example Erikson/China Brief, February 4, 2010; Harris/East Asia Forum, February 2, 2010; and Thompson/China Brief, September 10, 2009).

74 Several interviewees similarly stressed that Taiwan’s vibrant civil society – that is, NGOs like Tzu Chi – plays a particularly important part here.
5 Taiwan’s Political Power

The two previous chapters dealt with areas that are usually defined largely in hard power terms. They started out with considerable military and economic imbalances, respectively, and then moved on to investigate how soft power interplays with the hard elements, and how such smart power increases Taiwan’s leverage. The current chapter focuses on political power, and more specifically, on political power that is not grounded in military or economic resources – that is, intangible political power. Taking Joseph Nye’s definition of soft power as its starting point, the chapter begins with a theoretical discussion about the main sources from which a country might draw soft power. Based on this discussion, the main section assesses the leverage and ‘softness’ of Taiwan’s (intangible) political power.

5.1 The nature of soft power

As noted before, Nye (2004: 11) identifies three main sources of a country’s soft power, those being its culture (in places where it is attractive to others), its political values (when it lives up to them at home and abroad) and its foreign policies (when they are seen as legitimate and having moral authority). Obviously, the three overlap to some extent – as the following will illustrate – but for the sake of structural clarity, they are still treated separately below.

To start with culture, Nye (2004: 11) distinguishes between “high culture such as literature, art, and education, which appeals to the elites, and popular culture, which focuses on mass entertainment”. Next, he states that when a country has cultural appeal, it “increases the probability of obtaining its desired outcomes because of the relationships of attraction and duty that it creates” (Ibid). In other words, if I am attracted to you culturally, I am more likely to support you politically. In terms of high culture, educational exchange is often held to be the most prominent example of a country’s soft power potential (Nye 2004: 41-43), while movies, sports and music are
examples of soft power sources within popular culture (Ibid: 46-55). Importantly, the cultural aspect of soft power has received a good deal of criticism (Fan 2008; Ferguson 2003; and Hall 2010). For example, it has been pointed out that cultural attraction is hard to define, that people within a country are attracted to different things, and that culture is not exclusively – or even primarily – in control of the government. The main criticism, however, revolves around skepticism concerning the concrete impact that cultural appeal has on specific policy outcomes.75

Turning to the second source, Nye (2004: 17) holds that “soft power rests on some shared values”, and claims for example that “it is easier to attract people to democracy than to coerce them to be democratic” (Ibid). Again, the main idea is that if your political values are attractive to me, I will support you. One important criticism should be mentioned here. As Hall (2010: 204) points out, “sharing the same political values should (…) not automatically be equated with sharing the same foreign policy goals”. Put differently, it is highly plausible that I will care about defining your values as shared or attractive only if it suits me politically to do so, and hence it is difficult to tell when soft power is at play, and when it is simply a matter of shared interests or even political pressure.76

Third, while political values refer to the underlying standards of a country’s policies at home and abroad, foreign policy as a soft power resource refers to the specific way in which a country behaves to achieve its policy goals. As an example, Nye (2004: 61) holds that “policies based on broadly inclusive and far-sighted definitions of the national interest are easier to make attractive to others than policies that take a narrow and myopic perspective.” In other words, foreign policies will be attractive if they are framed in a way that is seen as legitimate by others. To this, Hall (2010: 204)

75 For example, the Norwegian historian Geir Lundestad has pointed out that “Norway did not become a NATO member in 1949 because the first issue of Donald Duck & Co. was released in Norway in 1948” (Lundestad, lecture at University of Oslo, 2008). Moreover, Nye (2007: 164) similarly acknowledges that “drinking Coca-Cola or wearing a Michael Jackson shirt does not necessarily convey power”, but also warns critics about committing the before-mentioned vehicle fallacy of “confus[ing] the resources that may produce behavior with the behavior itself”.

76 For the sake of the discussion below, it is necessary here to remind the reader about Mattern’s (2007) claim that soft power is exercised by applying representational force, and hence might not always be so soft after all.
comments that the whole idea of an attractive foreign policy is somewhat tautological. That is, others will support your foreign policy if it is attractive, while its attractiveness is defined by whether or not it is supported by others. Hence, exactly “how or why other states accept the justification of a policy as ‘legitimate’ remains unclear” (Ibid: 205), since (once again) it might very well be a simple matter of self-interest rather than attraction. Accordingly, Fan (2008) holds that the soft power potential of a country’s foreign policy basically lies in nation branding and public diplomacy.\(^7\)

Against this theoretical backdrop, the chapter now to turn to assess how it all plays out in the Taiwan’s case.

### 5.2 Taiwan’s cultural power

In terms of cultural appeal and attractiveness, it is important to note from the beginning that Taiwan is deeply divided culturally, which is closely related to its special status and situation.\(^8\) While some believe that “a unique Taiwanese (…) identity could deter China’s attempt of annexation (…), others hold a different view and suggest that Taiwan should promote traditional (…) Chinese [culture] to compete with China over cultural attractiveness” (Lu 2007: 5).\(^9\)

Such cultural ambiguity might certainly be a considerable shortcoming in terms of projecting an attractive cultural image, and an illustrative case in point is the establishment of Taiwan Cultural Centers in large international cities. While the significance of these centers – set up in New York, Paris and Tokyo – was proudly presented to the author by a senior MoFA official (Interview May 12, 2010), Tsang (2010) holds that they are not only fruitless in terms of promoting Taiwanese culture, but might even be counterproductive, because their semi-resemblance to China’s

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\(^7\) Fan (2003) holds that “public diplomacy is a subset of nation branding that focuses on the political brand of a nation; whereas nation branding is about how a nation as a whole reshapes international opinions”. Also, see Nye (2004: 107-110) on public diplomacy.

\(^8\) For a detailed account on the issue of Taiwan’s identity, see Horowitz et.al. (2007).

\(^9\) Simply put, the former view belongs to DPP and the latter to KMT.
Confucius Institutes is only confusing to people.\textsuperscript{80} Illustratively, even the above mentioned MoFA official admitted that Taiwan’s cultural appeal easily dwarfs against (or drowns in) that of China, and hence that Taiwan’s global cultural appeal faces severe difficulties.

It is, however, interesting to note that several interviewees conferred for this thesis emphasized culture as an important source of Taiwan’s soft power vis-à-vis China. For one thing, Dr. Lu pointed out how Taiwanese popular culture – in particular music and fashion – is gaining considerable ground among young people in China, and claimed that “this is likely to be an important aspect in the long run” (Interview, May 17, 2010).\textsuperscript{81} Somewhat along the same lines, but in the realm of high culture, a colonel and senior researcher stressed the role that Chinese exchange students play in terms of absorbing Taiwan’s cultural attractiveness (Interview, May 15, 2010).\textsuperscript{82} Finally, a SEF senior official emphasized the importance of mainland tourists bringing a positive cultural impression back to the mainland (Interview, May 12, 2010).\textsuperscript{83}

Applying Nye’s theory, this implies (although somewhat weakly) that a positive impression of Taiwanese culture among Chinese people might attract an increasing number of the latter to support Taiwan, which in the next instance could affect China’s policies. However, in line with the criticism mentioned earlier, interviewees agreed that this effect is not only difficult to measure, but also questionable in general, since culture appeal is likely to lose in conflict with other (heavier or harder) factors.

So in sum, not only is competing culturally with China on the international stage an

\textsuperscript{80} China is setting up such Confucius Institutes around the world in order to promote Chinese culture and language. As of July 2010, there were 316 Confucius Institutes and 337 Confucius Classrooms in 94 countries and regions. The Office of the Chinese Language Council International plans to set up 500 Confucius Institutes worldwide by 2010 in view of the fact that 100 million people oversees may be learning Chinese.

\textsuperscript{81} As a curiosity, it could be mentioned here that the Taiwanese golf player Yani Tseng was recently offered a $25 million contract on the condition that she would get Chinese citizenship. (She rejected the offer.)

\textsuperscript{82} Interestingly, in August this year, the Taiwanese government passed law amendments that considerably liberalized restrictions on mainland students in Taiwan (See for example Asia Times, August 14, 2010 or Economic Observer, August 20, 2010).

\textsuperscript{83} Taiwan opened up to mainland tourism in 2008 and the number of visitors is increasing rapidly. A curiosity that could be mentioned here is that a colonel and senior researcher told the author that a number of these tourists are certainly spies, but that the positive effect for Taiwan is still much more important (Interview, May 15, 2010).
extremely difficult task for Taiwan (whether it competes as ‘a separate Taiwan’ or as ‘the other China’). In addition, whatever cultural attraction Taiwan might emit vis-à-vis China does not seem to transfer easily into concrete policy changes. In other words, Taiwan’s cultural power is certainly soft, but does not necessarily provide much leverage, and thus seems unlikely to make a big difference in Taiwan’s political struggles – at least as an isolated factor. Furthermore, when talking about Taiwan’s cultural appeal, interviewees often focused largely on the openness of Taiwanese society, which is arguably closer to Nye’s second soft power category, namely political values. The next section deals with this aspect.

5.3 The power of Taiwan’s political values

Tsang (2008: 9-10) claims that Taiwan’s “most powerful instrument in external relations (…) is the soft power inherent in [its] impressive democratization”.84 Along the same lines, Dr. Kan told the author that “democracy is Taiwan’s most powerful weapon” (Interview, May 14, 2010), while Dr. Lu argued that “democracy is the key (…), even if we are small, we can have some leverage” (Interview, May 17, 2010).” Importantly, however, Dr. Lu added that “it is difficult to know exactly how democracy translates into influence” (Ibid), and hence, this section seeks to assess the mechanisms through which democracy might make a difference for Taiwan in terms of political leverage. Main emphasis will naturally be on relations with China and the US, but Taiwan’s diplomatic allies, as well as other members of the international community, will be touched upon as well.

5.3.1 Taiwan’s democratic power vis-à-vis China

Dr. Lu told the author that “democracy is an effective weapon because it challenges China’s legitimacy” (Interview, May 17, 2010). Furthermore, he added that this is true

84 Taiwan’s democratization started in the 1980’s and the first president election was held in 1996. For a detailed account, see Tsang and Tien (1999).
not only with regard to China’s legitimacy over Taiwan, but also its domestic legitimacy. The following goes into some detail about these two ‘democracy effects’.

To start with the latter of the two – the issue of China’s own political legitimacy – it is necessary to keep in mind Tunsjo’s (2008: 88-91) emphasis on binary opposites, as touched upon in previous chapters. In essence, Taiwan’s democracy represents a sharp contrast to China’s authoritarian regime, thus constituting a direct threat to CCP rule. (Indirectly, such a threat is arguably enhanced by the fact that the contrast also contributes strongly to the construction of a separate Taiwanese identity, which is of vital political and cultural importance for Taiwan – on an individual- as well as government level.) Along these lines, a senior MoFA official stressed to the author the importance of “Taiwan representing China’s political opposite” (Interview, May 12, 2010), while Dr. Lai at TTT used even stronger words, claiming that “Taiwan represents a beacon of light for people in China and Hong Kong who fight for democracy” (Interview, May 13, 2010).

Against this backdrop, it is easy to see the powerful message it sends when President Ma urges China to political reform, as exemplified by his call for the release Nobel Peace Prize winner Liu Xiaobo (Taipei Times, October 10, 2010). Furthermore, a SEF senior official claimed that “Taiwan’s successful democratic development certainly influences perceptions on the mainland” (Interview, May 12, 2010). While such an effect is not easy to pinpoint or measure, Dr. Lu interestingly pointed to China’s experiments with village elections as one example of democracy’s appeal on the mainland. Also, several interviewees emphasized Taiwan’s influence on Hong Kong’s ongoing struggles for democracy, and how this process is capable of challenging CCP rule even further.

The power potential lies here in the idea that China’s support for Taiwan increases as a result of its attraction to Taiwan’s democratic system – that is, a quite straightforward
soft power mechanism as defined by Joseph Nye.\textsuperscript{85} However, although interviewees all underlined the symbolic importance of this point, they also agreed that – as was the case when discussing culture above – the effect is not likely to be decisive by itself, since its importance easily diminishes in conflict with other factors. More specifically, sharing political values is not the same as sharing political goals, and hence, it is certainly not hard to imagine Chinese who are indeed pro-democracy, but who still claim sovereignty over Taiwan. As a colonel and senior defense researcher told the author, “if I were Chinese, I would never give up Taiwan” (Interview, May 15, 2010).

Turning to the other way in which Taiwan’s democracy challenges China’s legitimacy – that is, its legitimacy over Taiwan – the essence here is that China is more or less forced to take Taiwan’s voice into consideration for the simple (but powerful) reason that it is a democratic voice. (This argument becomes particularly strong when keeping in mind what has been noted before about China’s preoccupation with winning Taiwanese hearts and minds.) Three specific examples can serve to illustrate this point.

First, it is worth repeating what was mentioned in chapter four about the Taiwanese controversy revolving around whether or not to hold an ECFA referendum. The core point to draw from this is that if Taiwan were to reject the ECFA in a democratic referendum, China would have no choice but to take this (democratic) decision into account. (It would certainly be a whole lot easier for China to disregard such Taiwanese views if it could claim that they were not representative, valid or legitimate.) Second, several interviewees mentioned the so-called ‘DPP card’ as a concrete example of Taiwan’s democratic leverage. In brief, Beijing is very much aware of the fact that the Taiwanese people could end up electing a DPP president in the next election (which China does not want), and hence Chinese leaders are more inclined to play ball with President Ma, which could be exploited by the latter.

Third, and by far most important, a SEF senior official noted that Taiwan’s democracy

\textsuperscript{85} For a detailed discussion about the chances of Taiwan’s democracy spilling over to China, see Tsang and Tien (1999).
is creating “an environment where people can make a choice in a peaceful way” (Interview, May 12, 2010). Similarly, a MoFA official stressed that “any future reunification would have to be a democratic reunification (…), since Taiwan could never surrender its democratic sovereignty” (Interview, May 12, 2010). And perhaps even more ‘to the point’, Dr. Lu stated that “democracy gives the [Taiwanese] people the final say of their own destiny” (Interview, May 17, 2010). In other words, as long as there is no Taiwanese majority favoring unification, any Chinese takeover would require Beijing to find arguments explaining why it would be legitimate to act against the democratic will of Taiwan. Such arguments would arguably be difficult to find, and accordingly, all interviewees agreed that a forced takeover seems to be a highly unlikely scenario at the moment.

Again, it is necessary to spend some time on the mechanism through which this ‘democracy effect’ works, especially because it seems to work differently from what was the case above. While Taiwan’s leverage (or power) vis-à-vis China is still soft in the sense that it rests on an intangible resource (democracy) rather than money or weapons, it is in fact not so soft if attraction is the main criterion. That is, if China sees itself as somewhat forced to take Taiwan’s voice into consideration (against its will) because of the power of democracy, this is rather a matter of coercion or threat (representational force) than it is a matter of attraction. In other words, while the former ‘democracy effect’ was a quite straightforward case of soft power, hard and soft elements arguably interplay in the latter case, comprising smart power. Furthermore, interviewees conferred for this thesis agreed that the latter latter’s leverage is considerably bigger than the former.

Importantly, although such a democratic leverage seems powerful, it should not be taken as absolute, as illustrated well by China’s reaction to former President Chen’s struggles to achieve *de jure* independence – in which the ‘democracy card’ played a leading role. For one thing, the ASL is relevant here, and indeed, Denmark and Fontaine (2009) hold that the ASL “shifted Beijing’s focus (…) toward preventing [and deterring] *de jure* independence”. Furthermore, it is interesting to note China’s
massive protests against Mr. Chen’s UN referendum proposal in 2008, in which Taiwanese people were asked whether they wanted to apply for UN membership under the name ‘Taiwan’. Along these lines, no interviewees doubted that China would take serious action if Taiwan (hypothetically) were to vote in favor of de facto independence. This suggests that the democracy effect is powerful within given limits or ‘red lines’, and in this regard, three foundations of President Ma’s current policies should be briefly laid out.

First, regarding cross-strait policies, the so-called ‘three no’s’ promise that there will be “no unification, no independence and no use of force” in Mr. Ma’s presidency (See for example Wall Street Journal, December 15, 2009). Second, in terms of bilateral relations, the notion of ‘flexible diplomacy’ holds that Taiwan should “strengthen relations with major powers of the world, but does not have to win diplomatic allies just for the sake of winning” (The China Post, November 11, 2008). Third, in the area of international organizational representation, Taiwan has gone from actively seeking membership in UN bodies to seeking “meaningful participation in the activities of UN specialized agencies” (ROC MoFA Policy Repot, March 11, 2010), and has even pledged to be flexible over the contentious naming issue.

5.3.2 Taiwan’s democratic power vis-à-vis the US

As noted in previous chapters, several observers argue that Taiwan’s importance to the US is decreasing (Carpenter 2008: 155-183; and Waldron/China Brief, October 22,

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86 Simultaneously – as a response to the Chen/DPP proposal – the KMT put forward a proposal to bid for UN membership under the name ‘Republic of China’, as Taiwan had done every year since 1993. Both proposals failed as a result of low turnout.

87 Illustratively, 2009 marked the first year since 1993 in which no bid for UN membership was made. (The absence of a bid was repeated in 2010.) Furthermore, it was announced in April 2009 that Taiwan would gain observer status (under the name ‘Chinese Taipei’) in the World Health Assembly (WHA), which is the World Health Organization’s (WHO) governing body. Hence, on May 18th 2009, Taiwan participated as an observer in the 62nd WHA in Geneva, representing the first time Taiwan was allowed to participate in a meeting or activity of UN specialized agencies since it lost its UN seat to China in 1971. Furthermore, Taiwan’s next goal is to join the International Civil Aviation Organization (ICAO) and the UN Framework Convention on Climate Change (UNFCCC). Interviewees conferred for this thesis all held that little progress has been made so far in terms of joining these two latter organizations.

88 Needless to say, these three policy foundations all represent clear shifts from former president Chen.
2010). However, Tsang (2008: 14) claims that “what has increased dramatically in Taiwan’s importance to the USA is that the island is now a flagship for American inspired Asian democracy”. Similarly, Hickey (2008: 97) quotes a scholar who states that “the US does not need Taiwan strategically, but it needs Taiwan’s democracy strategically”.

Furthermore, Tunsjø (2008: 99) points out that “since the US has officially stated that it will “stand beside any nation determined to build a better future by seeking the reward of liberty for its people”, the US may have to choose between ignoring the democratic will of Taiwan or risk a conflict with China over Taiwan. Should the US turn its back on Taiwan, it would seriously damage the image of the US as a promoter of global democracy”. In line with this, all interviewees conferred for this thesis put strong emphasis on the role that democracy currently plays in the relationship between Taiwan and the US. As a colonel and senior defense researcher told the author, “Taiwan will maintain US support as long as it stays a democratic and free society” (Interview, May 15, 2010). Bombastic as this statement might be, it is certainly plausible as Lu (2007: 4) holds that “democracy is the best selling point when promoting Taiwan’s image to the American public”. Illustratively, US President Barack Obama has stated that “I will do all that I can to support Taiwan’s democracy in the years ahead” (The China Post, May 25, 2008).

In terms of mechanisms in play, the general idea is that the US – as a strong supporter of democratic values – is attracted by Taiwan’s democratic appeal, and that this attraction shapes US interest in terms of upholding its support of Taiwan. This would be soft power. However, the above-mentioned blurry line between attraction and coercion is highly relevant here as well. As Dr. Lu told the author, “it is very difficult for the US to abandon a democratic Taiwan” (Interview, May 17, 2010). In other words, one could possibly argue that the US is somewhat caught up in Taiwan’s ‘democracy web’, where the role of ‘democracy supporter’ has turned into a strait
jacket – in which case it is all too tempting to call it a ‘Taiwan Strait jacket’. If one argues along these lines, Taiwan’s leverage starts smelling of coercion as much as attraction, and once again, smart power seems to be in play.

It is, however, important to repeat that all interviewees conferred for this thesis were careful to stress that in the end, US’ policies are grounded in US interests. As Dr. Lu stated, “it looks like Obama will support Taiwan’s democracy, but you never know what the situation will be when another president takes over, since it will always depend on the US public and US interests” (Interview, May 17, 2010). Besides, one needs to keep in mind that the US – like China – did not support the abovementioned UN referendum, suggesting once again that the democracy effect is certainly not absolute.

5.3.3 Taiwan’s democratic power vis-à-vis diplomatic allies and the international community

Larus (2008) has investigated Taiwan’s relations to its diplomatic allies, and although she “acknowledge[s] that Taiwan’s financial assistance to its allies is an important factor in their decision to maintain diplomatic relations with it”, she nonetheless holds that “the key institution linking Taiwan with its diplomatic allies is democracy” (Ibid: 156-157). As was the case in the section on development aid in the former chapter, it is certainly difficult to decide exactly where to draw the line between economic inducement and political attraction (and perhaps political coercion) in these cases. In any case, however, the leverage arguably lies in the way that they interplay and form a combination of smart power. Furthermore, despite being small, Taiwan’s diplomatic allies might still play an important role in terms of enhancing Taiwan’s legitimacy as a nation-state, mainly by “representing Taiwan in international forums where Taiwan’s presence is prohibited” and by “providing [Taiwan’s] government officials with the opportunity to make transit visits to the United States” (Ibid: 154).

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89 This is related to the so-called ‘credibility issue’, having to do with whether or not Taiwan constitutes a litmus test for the US’ credibility as an ally (Dumbaugh 2007).
In terms of Taiwan’s democratic power vis-à-vis the international community, it is probably sufficient to quote Dr. Lai at TTT, who stated that “Taiwan’s democracy makes it hard for the international community to abandon Taiwan” (Interview, May 13, 2010). That is, the same mechanism that applied to the US above arguably applies to other parts of the international community as well.\(^9^0\)

As a final note, it is necessary to stress that the ‘democracy effects’ outlined in this section depends fundamentally on “Taiwan’s ability to seize the moral high ground because of its democratic achievements” (Tsang 2008: 10). Obviously, what is considered ‘the moral high ground’ is not written in stone, since “ideas are not (…) universal or immutable” (Nye 2007: 163). However, Nye (Ibid) adds that although democracy was not the prevalent idea in some passed eras, “[it] is certainly the prevalent idea of the current era”.

5.4 The power of Taiwan’s foreign policy

Lu (2007: 6) argues that “multilateralism as a policy style constitutes one of Taiwan’s soft power assets”. Given Taiwan’s unique and isolated status, it obviously makes perfect sense to conduct foreign policies that focus on international cooperation. Illustratively, a SEF senior official told the author that “it is in everybody’s interest to let Taiwan participate in the international community” (Interview, May 12, 2010).\(^9^1\)

Furthermore, the soft power potential (as defined by Nye above) lies in convincing others that these policies are legitimate. An obvious case in point is how former president Chen Shui-bian’s active pursuit of independence was not met with much sympathy (attraction) abroad, and accordingly, Taiwan lost six diplomatic allies under his presidency, in addition to suffering from deteriorating relations with both China and the US. In contrast, President Ma’s policies are widely accepted as legitimate, and

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\(^9^0\) Again, there are obviously limitations as to how big this effect is. For an account on such limitations vis-à-vis ASEAN, see Lin (2008).

\(^9^1\) Also, Taiwan’s establishment of the Democratic Pacific Union is a case in point; see Larus (2006: 42).
Indeed, Taiwan has lost no diplomatic allies since Mr. Ma’s takeover, while relations to China and the US are better than in a long time.

However, as stressed above, this type of argument is somewhat simplistic, since it can easily be met with claims of tautology. The fact that China and the US support President Ma’s policies does not necessarily mean that these policies project power. That is, it could might as well mean that it is in China’s and the US’ interest to support them. Obviously, one might argue (somewhat rightfully) that in the end, Taiwan’s choice of foreign policies is what really matters. That is, Taiwan can certainly conduct foreign policies that might strengthen its soft power, and indeed, several interviewees pointed to public diplomacy and nation branding as examples of this – particularly stressing the role of NGOs. As Dr. Lu told the author, “Taiwan’s burgeoning civil society (…) and its role in international cooperation could help Taiwan to build a positive image abroad” (Interview, May 17, 2010). However, the point is nonetheless that it remains analytically problematic to see Taiwan’s foreign policy as a source of soft power *in itself*, rather than a means of projecting it.

Finally, it is worth stressing that many interviewees conferred for this thesis emphasized how soft power in general provides more leverage when not projected too actively. A senior MoFA official told the author that “there is no reason to remind China about our soft power, because they know it’s there” (Interview, May 12, 2010). Similarly, Lai I-Chung in Taiwan Think Tank called Taiwan’s soft power “invisible, but invincible”, and professor Kan at NCCU underlined that “Taiwan should not go about projecting its soft power too much, but rather be humble and let it work by itself” (Interview, May 14, 2010). In the words of Tsang (2010b), “don’t make too much noise, just tell the truth – and make a virtue out of a necessity”.
6 Conclusions: Taiwan’s Elbowroom and Smart Power

6.1 Empirical conclusions: Taiwan’s elbowroom

The three previous chapters investigated Taiwan’s smart power in the military, economic and political realm, respectively. The current section moves up one level and assesses how Taiwan’s leverage in these three realms combined makes up the total scope of its elbowroom. Hence, it is probably useful to start by repeating what was stressed in the introduction regarding Taiwan’s objectives. That is, since Taiwan’s end goal (unification vs. independence) is yet to be decided, its elbowroom is best understood as the total amount of leverage it is capable of obtaining while simultaneously biding time and avoiding that its future is determined against its will.

6.1.1 Protecting its domain – ‘defensive elbowroom’

Arguably, the first and most basic question that one needs to address when assessing Taiwan’s ability to determine its own future is to what extent it is capable of preventing a Chinese military takeover. Furthermore, the above has argued that this capability does not rest exclusively on the ROC Armed Forces’ likelihood of triumphing in case of a cross-strait military confrontation – that is, on hard military power. In the words of President Ma, “only when relying on soft power can Taiwan resist China’s missiles” (Ifeng News, June 6, 2008, author’s translation).

Along this line, Mr. Ma has also stated that “the most important strategy is to make the leadership in Beijing not even consider invading Taiwan” (AP, October 19, 2010), and a smart power framework suggests that such a strategy has a good chance of achieving its aim. Although there is no reason to repeat arguments that were made in previous chapters, the essence is that Taiwan seems to have the (smart) power to assure (1) that China cannot be certain of success in an attempted invasion, and (2) that a military takeover would not come without huge Chinese costs – both military, economic and
political ones. In other words, Taiwan arguably plays a crucial role in seriously reducing China’s inclination to use force – what we might call ‘smart deterrence’.

Second, since a military attack seems highly unlikely at the moment, a more pressing question is probably whether Taiwan is able to resist China’s strategy of using cross-strait economic integration as a means of achieving political sovereignty over Taiwan. In this regard, the most important point to draw from previous chapters is that Taiwan appears to be highly capable of distinguishing clearly between economics and politics. That is, in order for economic ties to spill over into the political realm, Taiwan would arguably have to let them. Illustratively, President Ma recently noted that although he intends to keep encouraging economic ties, he does “not intend to push democratic Taiwan into a political agreement that would hasten Beijing’s long-stated goal of unification” (AP, October 19, 2010).

Third, on the political arena, it is worth noting that it looks like Taiwan has been able to stop – or at least pause – the trend of losing diplomatic allies to China. As of November 2010, all of the 23 countries that recognized the ROC at the time of President Ma’s takeover in 2008 maintain diplomatic relations with Taiwan. Furthermore, nothing suggests that any of them will switch recognition anytime soon.

Finally, it should be stressed once again that Taiwan’s ability to maintain US support certainly plays a crucial part in all of the above. In this regard, the key point is how the combination of Taiwan’s military, economic and political leverage seems to contribute well to assuring that the US keeps on wearing the ‘Taiwan Strait Jacket’.

In sum, this suggests that Taiwan’s elbows are quite capable of resisting infringement. Put differently, its ‘defensive elbowroom’ seems to be able to protect its de facto independence – that is, to assure status quo.

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92 As a curiosity, this would probably rely more on China’s soft or hard power vis-à-vis Taiwan.
6.1.2 Expanding its domain – ‘offensive elbowroom’

Elbowroom should not be seen merely in defensive terms – to be sure, elbows might also serve as a means of expansion. For obvious reasons, this is not really an issue for Taiwan in the military realm, but on the political and economic arena, it is certainly relevant. Hence, the following will briefly assess whether – and to what extent – the findings in previous chapters suggest that Taiwan is able to create more political and economic elbowroom, respectively.

*Politically*, the notion of ‘red lines’ is central. In short, although previous chapters have suggested that Taiwan’s leverage is quite strong in some areas, it seems highly insufficient – vis-à-vis both China and the US – in terms of pushing for *de jure* independence. Obviously, Taiwan’s success in gaining observer status in the WHA might be taken as a sign of flexibility, but at the same time, the slow (if any) progress regarding expansion from the WHA to the ICAO and UNFCCC shows that this is still an extremely sensitive and difficult issue.

On the *economic* arena, however, the picture is different. As noted above, President Ma’s policies have shown that Taiwan is able to draw a clear line between the economic and political realm, which arguably has important implications for its ability to create elbowroom in the former of the two. That is, while China might successfully legitimize arguing against Taiwanese political representation, it is certainly more difficult to deny Taiwan economic space, which is illustrated well by the controversy revolving around the signing of bilateral FTAs. Besides, President Ma’s policy of ‘economics first’ – and the ECFA case in particular – suggests that Taiwan contributes to ‘setting the agenda’ in the political realm.

In short, Taiwan might be capable of creating more economic elbowroom, while the prospects for political expansion seem limited. In other words, one might claim that Taiwan’s smart power provides more ‘defensive’ than ‘offensive elbowroom’.
6.1.3 Total scope of elbowroom and future development

The above suggests that Taiwan is indeed capable of ‘biding time’, as has been stressed as an important factor regarding Taiwan’s ability to determine its own future. Hence, it is tempting to ask; whose side is time on? On the one hand, it makes sense when Tsang (South China Morning Post, June 18, 2010a) states that “as a rising super power, China should feel confident that time is on its side”. On the other hand, however, it is interesting to note that all interviewees conferred for this thesis stressed that China is not at all impatient in terms of unification (Interviews, May 10-21, 2010). That is, as long as Taiwan is not pushing for de jure independence, leaders in Beijing sleep well at night, because they have more pressing issues to deal with. (Naturally, the same goes for the US, who is happy to see peace and stability in the Taiwan Strait.)

Furthermore, one should keep in mind what was stressed in the introduction regarding Chinese (and US) policies not being written in stone, and illustratively, Romberg (China Leadership Monitor, no. 33, 2010c: 10) points out that China has “sharply limited its definition of what activity in the realm of “Taiwan independence” would provoke its use of force”. Against this backdrop, the findings of this thesis might suggest that as long as Taiwan doesn’t step on any red lines, it may be able to push them. Some argue that accepting a de jure status is a sign of marginalization rather than elbowroom. Still, fear of finlandization strikes the author as overly pessimistic, since Taiwan’s smart power seems too significant to resist it.

As a retired senior naval officer put it, “Taiwan is a beautiful woman – with a gun in her purse” (Interview, May 13, 2010).

6.2 Theoretical implications: limitations and further research

Berenskoetter (2007: 17) holds that power is “a contest about shaping and being

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93 As noted before, the future development of Sino-US relations will be an important variable as well.
responsible for the future”, and in this contest, both hard and soft power play a part. Furthermore, this thesis suggests that in many situations, the leverage lies not either in the soft or in the hard, but in the interplay between the two. Such interplay may take many shapes. For example, a tangible power resource might work through a soft mechanism (attractive military), and conversely, intangible resources are perfectly able to work through hard mechanisms (democratic coercion). Listing more examples is unnecessary. Instead, it is interesting to look briefly at whether – and to what extent – the interplay outlined here applies to other cases than Taiwan.

As mentioned in the methods section in chapter two, theory development is not a goal of this thesis. Still, it is probably not too bold to suggest (1) that smart power can be a helpful analytical framework for the study of power in international politics, and (2) that some of the issues raised above are highly relevant beyond the Taiwan Strait. Obviously, however, one has to be very careful not to assume that hard and soft power always interplay in the same way. For example, if someone were to use the relationship between military strength and soft power as a starting point for another case study, the Taiwanese debate about offensive and defensive weapons would certainly not translate automatically. To be sure, Taiwan is a quite unique case – in many respects – and the above should be analyzed against this backdrop.

So, to finish off with some suggestions for further research, two main directions could be proposed. First, applying a smart power framework on other case studies would contribute to strengthening and refining the concept even further. Second, if staying in the Taiwan Strait, Lu (2007: 2) points out that one “need[s] to pay more attention to the context through which ‘resources’ could turn into ‘influence’ on a case-by-case basis”. That is, while this study has taken a quite wide-ranging approach, many of the smart power areas suggested would certainly make good case studies of their own.
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