CRISIS IN THE TAIWAN STRAIT: IMPLICATIONS FOR U.S. FOREIGN POLICY

BEFORE THE
SUBCOMMITTEE ON
ASIA AND THE PACIFIC
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS
SECOND SESSION
MARCH 14, 1996

Printed for the use of the Committee on International Relations

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CRISIS IN THE TAIWAN STRAIT: IMPLICATIONS FOR U.S. FOREIGN POLICY

THURSDAY, MARCH 14, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
Washington, DC.

The subcommittee met, pursuant to call, at 2 p.m., in room 2172, Rayburn House Office Building, Hon. Doug Bereuter, (chairman of the subcommittee) presiding.

Mr. Bereuter. The subcommittee will be in order. This is a meeting of the Subcommittee on Asia and Pacific. Today's hearing will focus on the increasing tensions between the People's Republic of China and Taiwan and what this means for the United States.

It is coincidentally scheduled for a day on which we have had other briefings involving Dr. Campbell and Secretary Lord, and on which we have had committee mark up activities on the subject, as well. The smoldering tensions between Taiwan and China continue to threaten to ignite into open cross-strait conflict. China's M-9 missile test 25 miles off the coast of Taiwan's two busiest ports, its live fire exercise within 33 miles of Taiwanese territory and its amassing of 150,000-troop amphibious force opposite Taiwan have quite appropriately been labelled as acts of terrorism by House Speaker Gingrich.

At this precarious point, miscalculation and recklessness by either party could lead to catastrophe. Much to the consternation of many in Congress, the Administration's initial reaction to this crisis seemed to be one of ambiguity. The United States sent warships through the Taiwan Strait, but then insisted implausibly that the ships were only deployed there because of inclement weather. I do not know if that is an accurate assessment, but that was the report.

As I mentioned, many in Congress believed it was necessary to send an unambiguous signal that the United States would not sit idly by for Taiwan to be attacked. However, the recent announcement that the United States is sending a second Navy aircraft carrier group to join the one already in the waters near Taiwan is an important demonstration of U.S. intent. The fact that this carrier group comes from the Persian Gulf force is an indication of how dangerous the current tension is along the Taiwan Strait and how fundamental an interest we have in peace in this important region.

Secretary Christopher has become more candid in his description of PRC actions as "reckless and provocative". Secretary Perry has correctly referred to China's missile tests as "acts of coercion". All
responsible observers agree with these assessments of China's attempts to intimidate the voters of Taiwan in the weeks before Taiwan's historic national elections on March 23, just 9 days away.

I am confident that the people of Taiwan will not allow these heavy-handed Chinese actions to bully them from casting their ballots for the candidates of their choice. I was pleased to see recent reports that the Taiwanese are remaining cool in the face of these missile tests. Neither of the political leaders nor the financial markets in Taiwan, at least, are panicking in the face of Beijing's threats.

There has been intense debate in the press and the media, among academics and on the Hill about the Administration's so-called policy of strategic ambiguity. Many of my colleagues and I have criticized this policy and called on the Administration to make a clear and unambiguous expression of our friendship with Taiwan, our support for the peaceful resolution of Taiwan's future, and also its security, more importantly. It is the responsibility of both Taipei and Beijing to negotiate in good faith, but the United States must not permit Beijing to impose its will on Taiwan by force.

My basic questions to the Administration witnesses include the following: Does the Administration consider PRC actions in the Taiwan Strait to constitute a threat to the security or the social or economic system of the people of Taiwan, as stated in the Taiwan Relations Act? If so, why has the Administration not consulted with Congress as required by the TRA in an official sense?

If you do not consider what has happened to date to constitute such a threat, I would say to the Administration, then why are administration officials calling PRC actions acts of coercion, and why are we sending to the area a second aircraft carrier group?

What my colleagues and I are seeking is some clarity and consistency in our policy, vis-a-vis Taiwan security and Chinese threats. I hope our witnesses today will use this opportunity to provide the subcommittee, as well as the Chinese people on both sides of the Taiwan Strait, some clarity and consistency regarding this critical foreign policy issue.

Let me emphasize that it is not my intention to be anti-People's Republic of China when I criticize Beijing's missile test, military exercises or other coercive activities, nor would I offer unequivocal support for all Taiwanese policies or actions. The United States is not seeking to create new adversaries where none need exist, and we must not be stampeded into adopting policies that are contrary to the U.S. national interest.

For example, while we enthusiastically support and congratulate Taiwan's economic success and democratic progress, the United States is not endorsing the efforts of some Taiwanese politicians to enhance their position in the United Nations or other international organizations which require statehood. Taiwan's leaders should be very careful about such statements, for unilateral action to establish an independent Taiwan, which Taiwan's leaders consistently claim they are not seeking, would be extremely dangerous and would be inconsistent with the policies of five successive U.S. administrations from both political parties.

Our first panelist is Ambassador Winston Lord, Assistant Secretary of State for East Asia and Pacific Affairs. Ambassador Lord
was confirmed to his current position in April 1993. This marks the fourth occasion when Secretary Lord has testified before the subcommittee, and his testimony always is an important contribution to our deliberation. It is a personal pleasure to welcome Assistant Secretary Lord as a witness before the subcommittee.

Deputy Assistant Secretary of Defense Kurt Campbell is, among other things, the Pentagon’s point person on Asian policy issues. Prior to coming to the DoD, Dr. Campbell served on the National Security Council as director of the Democracy Office. Dr. Campbell has been on the faculty of the Kennedy School at Harvard University, my graduate alma mater, by the way, and has previously served as a special assistant on the Joint Chiefs of Staff. He appears before the subcommittee for the first time today.

I am also pleased at this excellent panel of private witnesses that will follow the Administration’s testimony. Dr. Gerrit Gong is the director of the Asian Studies Program at the Center for Strategic and International Studies and a recognized expert on decisionmaking in the People’s Republic of China. He has worked as special assistant to two U.S. ambassadors at the U.S. Embassy in Beijing. Dr. Gong has taught at Georgetown, Johns Hopkins and Oxford Universities.

Mr. Douglas Paal is the president of the Asia and Pacific Policy Center and in a previous capacity, served as Senior Asia Advisor to Reagan and Bush National Security Councils. He has served on the State Department Policy Planning staff and as a senior analyst for the Central Intelligence Agency.

Mr. Nat Bellocchi has recently retired after a long and distinguished career in the foreign service. His final posting was as the chairman of the American Institute in Taiwan, thus making him the senior U.S. representative on Taiwan. We welcome your expertise, all of you gentlemen from the first and second panels.

That bell indicates that we do have a vote. I think we will take at least one more set of comments from my colleagues, and then we will need to take a recess. My understanding is it will be followed by a second vote, so this may be a recess that lasts for approximately 15 to 20 minutes.

The gentleman from American Samoa, Mr. Faleomavaega, is recognized.

Mr. Faleomavaega. Thank you, Mr. Chairman. Mr. Chairman, I can tell you there is a consensus here among the members of the committee, a sense of agreement that there is no matter more urgent in the world than the events unfolding now in the Taiwan Straits. Deterring conflict in the Taiwan Straits and protecting Taiwan against threatened military aggression by the People’s Republic of China must and should be the No. 1 priority of our Nation at this time.

I want to commend you, Mr. Chairman, and Chairman Gilman for the bi-partisan spirit shown with passage of House Concurrent Resolution 148, which hopefully will be debated fairly in the chamber in the coming weeks. The idea of this resolution, Mr. Chairman, as you know, is that we want to be very unambiguous with the people of China in terms of how the Congress feels about Taiwan. Basically, that our country will not stand idly by while China
continues to commit its military forces to intimidate the people and the government of Taiwan.

I cannot more strongly applaud and support the actions taken by the Administration in stationing the two aircraft carriers, the Independence and the Nimitz, in the Taiwan Straits and to send a clear message to China that our government will not tolerate an attack by the military forces of the PRC.

Mr. Chairman, the decisive action by the Administration was no doubt prompted by the congressional action taken on the resolution now pending. It sends a strong message for immediate U.S. intervention, if necessary, to defuse the hostile environment created by China's reckless efforts to cause fear among the people of Taiwan, and to influence the outcome of the pending elections in Taiwan.

China's threatened use of force contravenes the PRC's commitment under the 1979 and the 1982 joint communiques to resolve Taiwan's status by peaceful means. The U.S.-China joint communiques and the Taiwan Relations Act, which govern the trilateral dynamic in the Taiwan Straits, fundamentally stressed that force will not be used to resolve the Taiwan question.

I think it was well stated in the recent speech given by the former Prime Minister of Singapore, Mr. Lee Kwan Yew, who quoted from Mr. Kissinger's book about the White House years regarding comments made by Mao Zedong at the time, that even if it took 100 years for China and Taiwan to resolve this problem of the one China policy, so be it.

Mr. Chairman, for the sake of time, I am going to simply say thank you and commend you for taking this initiative in holding this hearing and I certainly welcome Assistant Secretary Win Lord and Secretary Campbell for their testimonies before the committee this afternoon.

Mr. BEREUTER. Thank you very much, Mr. Faleomavaega. I am going to recognize Secretary Lord. This will expedite the process, and after having recognized, before I let you speak, I am going to recess. This will give us the opportunity to proceed directly to your comments when we return.

I would anticipate we will be gone for approximately 20 minutes, but the subcommittee will be in recess at the call of the chair.

[Recess.]

Mr. BEREUTER. The subcommittee will come to order. That was a little quicker than I anticipated, but there will be two more votes. I believe we might be able to hear from the witnesses before we vote.

Mr. Secretary, I have already introduced you. We are very pleased to have you here. I think, Secretary Lord, we would be pleased to have your testimony.

STATEMENT OF HON. WINSTON LORD, ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. LORD. Thank you, Mr. Chairman. It is a pleasure to be back. With your permission, I would like to submit for the record my entire written statement. I will give you some verbal excerpts.

Mr. BEREUTER. Your entire statement will be made a part of the record. You may summarize or proceed as you wish.
Mr. Lord. Mr. Chairman, members of the committee, I welcome the opportunity to appear before you today to discuss one of the United States' most urgent and central policy issues in Asia. It is also one of the most difficult. I commend you for addressing these questions at this time.

In the decades since a series of crises threatened to embroil the U.S. in the Taiwan Strait in the late 1950's, peace and stability have prevailed as a result of wise policies on all sides. However, since last summer, tough political rhetoric in Beijing and a series of military exercises by the People's Liberation Army have combined to increase tension in the region.

The Administration has responded to large-scale military exercises in the Taiwan Strait by the PRC with a very clear message. These activities are provocative and dangerous. We have reminded the PRC that U.S. law, the Taiwan Relations Act, explicitly declares any effort to determine the future of Taiwan by other than peaceful means to be of grave concern to the United States.

Peaceful resolution of the Taiwan question is also a premise of our three joint communiques with the PRC. During the past several weeks, the President and his advisors have expressed our strong concerns in a number of private and public messages. Last week, all our top national security officials met with a senior PRC official and urged his government to exercise restraint and caution.

We have made clear that any military attack on Taiwan would have grave consequences. We have also taken a number of prudent, precautionary steps, including certain naval deployments in international waters near Taiwan to underscore our interests, deter the use of force and prevent any miscalculation.

We have been closely consulting with other countries in the region, many of whom have expressed their own concerns directly to Beijing.

Despite our concerns, we have not concluded that there is any imminent threat to Taiwan. The PRC wishes to influence Taiwan's Presidential election, and more fundamentally, to restrain Taiwan's international activities. The PRC does not, in our judgment, intend to take direct military action against Taiwan. We understand that Taiwan authorities have reached the same conclusion.

While the PRC is bent on intimidation and psychological warfare, it knows that resorting to force would severely damage its own interests. Nonetheless, their recent actions clearly carry the risk of accidents or miscalculation that could lead to escalation. We have underlined to Beijing that whatever its intentions, its provocative moves are risky, indeed.

Chinese authorities have stated publicly as well as to us in diplomatic exchanges that there is no change in their intention to seek a peaceful resolution of the Taiwan question. They have not, however, ruled out the use of force in certain circumstances. We believe that Beijing's leaders fully understand our views and our policies.

Recent PRC demonstrations of military strength are designed to send a message to the Taiwan authorities to curb what the PRC regards as efforts to establish an independent Taiwan. Beijing's leaders are especially sensitive on this issue, which involves questions from their standpoint of sovereignty and national integrity.
While urging restraint by Beijing, we have also made clear to Taiwan's leaders that restraint is in their interest. We oppose provocation by either side. We strongly urge both sides to resume their high-level dialog.

The people on Taiwan and their leaders have reacted calmly and with restraint to the rise in tensions. For example, the Premier, who is also Lee Teng-hui's Vice Presidential running mate, reiterated that the Lee administration is "adamant in its pursuit of national reunification and strong opposition to Taiwan independence. The outcome of this election will not alter our government's steadfast pursuit of national reunification." For his part, Lee Teng-hui continues to reiterate his commitment to reunification in his speeches on the campaign trail.

Let me take this opportunity to congratulate the people of Taiwan on their upcoming elections. Since martial law ended less than 10 years ago, the people of Taiwan and their leaders have achieved a democratic miracle that matches their economic miracle of the past decades.

Taiwan's economic minister has stated that he expects the current tensions will not significantly affect Taiwan's trade. We agree that Taiwan's economy remains very strong and I cite some statistics in my statement.

On the other hand, heightened tensions have already had some impact on Taiwan's economy and caused minor inconveniences to air and sea traffic in the area. If tensions are prolonged or escalated, there surely would be a serious impact not only on cross-trade economic cooperation, but on the region's economy as well.

The people of Taiwan are clearly concerned by the PRC's heavy-handed attempts to influence their behavior. There is some evidence of this concern in fluctuations in the stockmarket and suggestions of some capital outflow. But, all things considered, these provocative exercises are being taken in stride.

Overall, the international community in Taiwan is also reacting calmly to the PRC's actions, and I note how American citizens have been inquiring and how we take our obligations very seriously about their welfare and safety, and we have kept in touch with them and we have told them that we have no evidence that the PRC has the intention to attack Taiwan, and that this view is shared by the Taiwan authorities.

Now, what is U.S. policy? I outlined at the beginning of my remarks our immediate reactions in recent weeks. Here is the broader picture. It is vital to keep in mind U.S. interest, both with respect to the Taiwan issue and in our relations with the PRC. Our fundamental interest in the Taiwan question is that peace and stability be maintained and that the PRC and Taiwan work out their differences peacefully.

At the same time, we will strictly avoid interfering as the two sides pursue peaceful resolution of differences. The Taiwan Relations Act of 1979 forms the legal basis of U.S. policy regarding the security of Taiwan. Its premise is that an adequate defense in Taiwan is conducive to maintaining peace and security, while differences remain between Taiwan and the PRC.
I then quote from the Taiwan Relations Act some very important language, but in the interest of time, I will leave it to my written statement.

However serious, the present situation does not constitute a threat to Taiwan of the magnitude contemplated by the drafter’s of the Taiwan Relations Act. The PRC pressure against Taiwan to date does not add up to a “threat to the security of the social or economic system” of Taiwan. It is our understanding that the Taiwan authorities agree that the present exercises constitute an attempt to influence Taiwan’s behavior in its upcoming elections, rather than an attempt to threaten Taiwan’s security.

We will continue to carefully monitor the situation. We have testified before the Congress and informally consulted with many members of their staff. We will continue to work closely with you, and if warranted by circumstances, we will act under Section 3c of the TRA, in close consultation with the Congress.

Overall, U.S.-China policy, including the Taiwan question, is expressed in the three joint communiques with the PRC and again, I quote some relevant sections from those communiques that are particularly important. The TRA and the joint communiques precisely express the governing principles of our policy. They serve the United States today just as well as they have in past decades. They have been followed by successive administrations of both political parties.

Let me call particular attention to an aspect of the August 17, 1982 joint communique between the United States and the PRC, that is extremely important to Taiwan’s security. In this document, the PRC stated that its “fundamental policy”, is to “strive for a peaceful resolution to the Taiwan question”. Based on that PRC assurance, the U.S. Government made reciprocal statements concerning our arms sales to Taiwan, that we would not increase the quantity or quality of arms, and intend gradually to reduce these sales.

At the time the joint communique was issued, we made it clear that our intentions were premised on the PRC’s continued adherence to a fundamental policy of striving for peaceful reunification with Taiwan. Our judgment is that the PRC has not changed this policy, and we have abided by our commitments.

Taken as a whole, our China policy has been unequivocally successful in obtaining our fundamental objective for the security of Taiwan; peace and stability in the Taiwan Strait. Along with the earlier U.S.-PRC communiques, the Taiwan Relations Act and the 1982 communique have been complimentary elements. The TRA has provided for our continued support for Taiwan’s self-defense capability of a 1982 communique which forms the basis for our understanding with the PRC that any resolution of the differences between Taiwan and the mainland must be achieved peacefully.

U.S. arms sales to Taiwan have been consistent with these documents. We will continue to provide for Taiwan’s legitimate self-defense needs. Taiwan’s weapons systems are not offensive in character, but constitute a credible deterrent to military action. With the addition of several new defensive systems purchased or leased from the United States in the past few years, Taiwan’s self-defense capability will be as strong as at any time since 1949.
I then indicate in my statement examples of the kind of equipment that's been provided to Taiwan as well as its own indigenous capabilities. We believe that Taiwan's basic inventory of equipment will be sufficient to deter significant military actions against Taiwan.

Now, what are the stakes involved? If conflict were actually to break out in the Taiwan Strait, the impact on Taiwan, the PRC and the region would be devastating. The PRC has enjoyed positive relationships with the United States and other industrialized countries that have allowed it to carry out the program of reform, an opening to the outside world that has propelled the PRC's economic modernization.

Taiwan capital, over $20 billion, has fueled PRC economic progress. Large numbers of Taiwan residents have visited the PRC and the mainland has become one of Taiwan's largest export markets. All of these achievements, as well as prospects for a smooth Hong Kong transition, would be immediately put at risk in the event of conflict in the Strait.

If such a conflict were precipitated by Beijing, there would be severe damage to a wide range of PRC interests, political and diplomatic, as well as economic. The entire Sino-American relationship would be put at risk. China's ties with Japan and all its other Asian neighbors would suffer grievously. So would its overall international standing.

Here I might digress for a moment. I think what Beijing has already done has hurt its interests. I think it is strengthening the mandate of Mr. Lee in the election in Taiwan. It has raised concerns throughout Asia. It is raising concerns in Hong Kong, which returns to China in less than 500 days. It has stirred a firestorm of criticism in this country, including in Congress and it is greatly complicating our efforts to maintain good relations with China, which remain in our national interest.

Conflict would also be costly to the United States and to our friends and allies in the region. Hostilities between the PRC and Taiwan, however limited in scale or scope, would have a destabilizing effect and constrict the commerce which is the economic lifeblood of the region. It would force their neighbors to re-evaluate their own defense policies, possibly fueling an arms race with unforeseeable consequences. It would seriously affect the tens of thousands of Americans who live and work in Taiwan and the PRC.

Mr. BERLEUTER. I am sorry to unfortunately interrupt you there. I need to answer this bell, the final passage vote.

Mr. LORD. Sure.

Mr. BERLEUTER. I anticipate this is the last vote of the day, so we will resume in approximately 12 to 15 minutes.

Mr. LORD. Sure.

Mr. BERLEUTER. Thank you. The subcommittee will be in recess.

[Recess.]

Mr. BERLEUTER. The subcommittee will resume its sitting. Secretary Lord, I am sorry to have interrupted you. Please proceed with your testimony.

Mr. LORD. Thank you, Mr. Chairman. I will just pick up where I left off. What would the United States do if commitments to peaceful settlement appeared to weaken, if hostilities appeared
likely, if there appeared to be a threat to Taiwan security or economic and social system? The Administration would immediately meet its obligations under the Taiwan Relations Act to consult with the Congress on an appropriate response.

The nature of our response would of course depend on the circumstances leading to a breakdown in relations across the Strait, but I hardly need remind this committee that the people of the United States feel strongly about the ability of the people of Taiwan to enjoy a peaceful future. This sentiment must not be underestimated. We have conveyed it to Beijing in unmistakable fashion through our statements and our actions. Some have questioned the Administration's policy of not setting out in advance the details of our response to the use of force against Taiwan.

In our view, providing such details would be very unwise. Significantly, during the 1979 consideration of the Taiwan Relations Act, Congress determined that we should not make an advance commitment to respond in a specific manner. As the House of Representatives observed in its report on the TRA, "What would be appropriate action, including possible use of force in Taiwan's defense, would depend on the specific circumstances. The committee does not attempt to specify in advance what the particular circumstances or response might be."

Agreeing with this prudent policy, the Senate report noted that no mutual security treaty to which the United States was a party requires the United States automatically to introduce armed forces into hostilities. We should take careful account of this sound counsel from those who drafted the TRA.

We have stated that grave consequences would flow from a use of force against Taiwan, and we have spelled out our determination to see that the future of Taiwan is worked out in a peaceful manner. We cannot and should not be more precise in advance about hypothetical scenarios. I am confident our message is clear. A resort to force with respect to Taiwan would directly involve American national interests and would carry grave risks. There should be no ambiguity about our posture in Beijing, Taipei or anywhere else.

Let me just digress for a minute here, Mr. Chairman, because you mentioned this phrase "strategic ambiguity". This phrase is like the Energizer Bunny. We cannot stamp it out. I have never used it. I do not know who has used it. There is no ambiguity about the fact that we would take very seriously a resort to force on the Taiwan issue. We do not believe there is any ambiguity in the minds of the principal players, especially Beijing.

We, however, are not precise in advance on hypothetical situations for reasons I have just spelled out, that Congress would not want us to be. We should consult with the Congress in such a situation and the kind of courses that we would recommend would depend on how we reach that point and what the context was.

So, let us try and stamp out the Energizer Bunny of strategic ambiguity today, once and for all time.

We have used and will continue to use all of our channels, including our military-to-military relationship with the PRC, to communicate our concerns directly to Chinese civilian and military leaders. We have consulted extensively with other countries with
interest in the region. They, too, have counseled Beijing to show restraint, and in the question period, I will have a rundown of what each country has been doing and what they have been saying to Beijing and so on.

We will continue to engage the Chinese Government on issues of mutual interest and encourage the PRC’s positive participation in the international community. We seek engagement, not confrontation, but this effort must be reciprocated by the PRC.

We have also told the Taiwan authorities that we expect them to avoid any actions that put at risk the interests of all parties concerned. In recent days, we have reaffirmed strongly these themes to both parties. The United States strongly opposes both aggression and provocation.

It is critical to recognize that the United States does not unilaterally have the capability to impose a solution which would guarantee peace and stability in the Taiwan Strait. A lasting peace requires Taiwan and the PRC eventually to find a common framework for addressing their relationship. Both sides need to avoid provocative political or military actions that have the potential to destabilize the situation. They must together actively seek ways to address their differences peacefully.

This is the only long-term guarantee of Taiwan’s security. It is also a necessary element in guaranteeing long-term peace and stability in East Asia. We hope the two sides will agree as soon as possible to take up again the dialog that was suspended last June.

We must also remember that our national interest is served by a constructive relationship with Beijing. The PRC is a nuclear power, a Permanent–5 U.N. Security Council member and a major player on issues like Korea, Cambodia and arms control. It is also central to a solution of a host of global problems such as environmental degradation, narcotics trafficking and refugees.

The PRC is the fastest growing economy in the world, supporting one-fifth of all human kind. As I indicated before, a constructive U.S.-PRC relationship is a fundamental element in Taiwan security and well being.

In conclusion, Mr. Chairman, six administrations of both political parties have understood that comprehensive engagement with Beijing, not confrontation, isolation or containment, represents the best way both to promote our interests and to encourage a positive or constructive PRC role with the world. This policy has served the interests of the United States, the PRC, Taiwan and regional security and prosperity. It has enabled us to pursue engagement with China and strong, unofficial ties with Taiwan. It has enabled Taiwan’s people and leaders to maintain their security, produce one of the world’s economic miracles, and consolidate the democracy so richly symbolized in next week’s elections.

We intend to pursue the course I have outlined in this statement. We call on Beijing and Taipei to exercise restraint and resume the dialog that will lead toward a peaceful resolution of the issues between them, and we urge bipartisan support and the Congress that will send a strong signal of American purpose and resolve. We will work closely with you toward this goal. Thank you.

[The prepared statement of Mr. Lord appears in the appendix.]
Mr. BERLUTER. Thank you, Secretary Lord, for your statement. We will look forward to asking questions and I have just been proven wrong.

I would like to begin with the testimony of Dr. Kurt M. Campbell, Deputy Assistant Secretary of Defense for Asian and Pacific Affairs. He has already been introduced. We are pleased to have you here, Dr. Campbell. Your entire statement will be made part of the record. You may proceed as you wish.

STATEMENT OF DR. KURT M. CAMPBELL, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF DEFENSE

Dr. CAMPBELL. Thank you, I will try to be brief, Mr. Chairman. Thank you for this opportunity to appear before this committee at this critical juncture. I would like to take this opportunity to compliment and support some of the statements made by Ambassador Lord today.

As you know, maintaining the peace and stability in this area is in the political, security and economic interest of the United States, and for that matter, of the People's Republic of China, and is a matter of international concern. The current situation in the Taiwan Strait is being closely monitored at the Department of Defense, as you probably can tell from the bags under my eyes.

The recent series of PRC military exercises, to include the firing of ballistic missiles close to Taiwan, has increased tensions in the cross-strait relationship. We have been very clear with our PRC interlocutors and in our public statements, and I want to be very clear here today. The Department of Defense and this administration view the PRC exercises as reckless and irresponsible. PRC activity, though highly provocative and clearly aimed at intimidation, is expected to remain at the exercise level.

We believe that the greatest danger to peace in the Taiwan Strait does not come from a PRC attack on Taiwan or indeed, any other direct military action. This possibility remains remote. The greatest danger comes from the potential for an accident or miscalculation, and I would like to get back to that in a few minutes, if I can.

As you know, Mr. Chairman and members, the Taiwan Relations Act guides Defense Department activities with regard to Taiwan and China. We have four critical responsibilities as specified in the TRA, and I want to just take a couple of minutes to review them quickly.

One, we are responsible to assess the military balance to ascertain Taiwan's defensive needs. We do this on a continual basis, both through direct discussions with our Taiwanese interlocutors, through interaction with the People's Liberation Army and also other PRC officials and through discussions with other officials in the region.

Second, we are required to provide articles and services necessary to Taiwan to maintain a sufficient self-defense capability. As you know, Mr. Chairman, over the last several years, Taiwan has been involved in a significant upgrading of its defensive capabilities. We have assisted in that. We have provided F-16 fighters,
Knox Class frigates, M-68 tanks and a Modified Air Defense System.

The third point that is critically articulated in the Taiwan Relations Act is the responsibility to keep Congress informed on Taiwan security requirements. As Secretary Lord has indicated, we have been working very closely with our interlocutors on the Hill in staff briefings and in hearings such as these.

The last criteria which is often overlooked, but frankly is perhaps the most critical, is the responsibility to maintain the capacity of the United States to resist force or coercion against the people of Taiwan. When this administration came to office at the Pentagon, we published an East Asia strategy report which specifies that we will maintain 100,000 troops who are deployed. This is a commitment of our enduring interest in the Pacific, and it is a physical manifestation of our commitment to peace and stability, not only in the Taiwan Strait, but elsewhere. It is also welcomed by most of our interlocutors in the Pacific.

Let me speak specifically about some of the steps that we have taken in the last few weeks. As you know, we have sent the U.S.S. Independence carrier battle group closer to Taiwan in the last several days, and we will be repositioning the U.S.S. Nimitz to the Western Pacific in the coming days. These actions are a signal of our concern and of the seriousness with which we view the situation. They are prudent, precautionary measures. We have important interests in the region, and these actions assure us that the carriers are in position to be helpful if they need be.

They will also assist us in monitoring the situation as it unfolds. These forces do not serve to threaten China nor any other country in the region. These forces serve as a reminder that American strength is solid and enduring and we are prepared to protect national interests.

I want to say right here that it is not appropriate to go into operational details or to speculate about the hypothetical military contingencies. Let me just say one other thing about this whole issue of strategic ambiguity, which Secretary Lord has already commented on. If you look at our robust deployment of forces, our activities, both diplomatic and political, I think I would make the argument that our policy is one of strategic clarity and tactical ambiguity. There is an important distinction there. Tactical ambiguity makes good sense in all situations such as we are confronting, but our strategic clarity is there.

Let me just say that we believe that our long-term interests are engaging China in a dialog. I mentioned at the outset that we believe that the greatest threat in the upcoming days and weeks is the threat of miscalculation or accident. One of the things that Secretary Perry hopes to do in his discussions and interactions with senior Chinese military officials is to begin a dialog to help reassure each other about our military activities.

As you may well be aware, in the early 1970's, although in a very different circumstance, Secretary Warner, when he was Secretary of the Navy, engaged in a dialog with the Soviets about the incidents at sea. We hope to have a similar dialog with the Chinese. Clearly, we have a different relationship with China, but a dialog
that is intended to assure each other, to inform each other of our activities.

With that, Mr. Chairman, let me conclude and we will be happy to take questions as you see fit.

[The prepared statement of Dr. Campbell appears in the appendix.]

Mr. BERUETER. Thank you very much. There may be time for Mr. Salmon to fit in one question before we go vote, then I am going to take the step which I hope you will not advise the speaker. I am going to invite Mr. Faleomavaega to take the chair and continue with the questions.

Mr. Salmon, the gentleman from Arizona.

Mr. SALMON. I do not think you could have picked a better guy, frankly. First a comment, then a question, and I will make my comment very brief.

I would like to compliment, first of all, Secretary Perry for the strong comments that he made about 3 weeks ago in relationship to China wanting to be a responsible super power, and what they are doing is not responsible. I applaud those comments.

I applaud the deploying of the *Nimitz* down the Taiwan Strait. I applaud what you all have done most recently with the two aircraft carriers. I think it is about time.

I agree that we do not want to spell out every jot and tittle, but we have to state our values very, very clearly. In every relationship that I have or have had in my lifetime, be it father to children, son to parents, husband to wife, manager to employees, it has always been, in motivating them, imperative that I state my values. I think in any relationship that is important, because if they do not know to the extent to which you are committed to your values, then people try to cross those lines, and you cannot fault them for that.

To me, it ought to be the same in our relationship in our dialog with other countries. We cannot fault them if they do not know the level of our commitment to the values that we hold. Now, we stipulated in 1979 the Taiwan Relations Act and our commitment to the people of Taiwan. I think that this reaffirmation of late to the people of Taiwan is important, and it is absolutely imperative to avert a major conflict or a mistake, as you had mentioned. If they do not know our intentions, shame on us. We deserve what we get, and I appreciate the stand of late.

I understand the Taiwanese defense forces have a need for short-range air defense systems. Is the Administration prepared to allow that the Republic of China buy these systems from the United States? Dr. Campbell.

Dr. CAMPBELL. We have a yearly dialog with our Taiwanese interlocutors about a range of defensive systems. We have committed to provide a Patriot system derivative to Taiwan, called the Modified Air Defense System, which will be proceeding to Taiwan in the upcoming months. We believe that this will meet many of their defensive capabilities. The dialog that we have covers a range of specific weapons and technologies. Congressman Salmon, without any more specifics, I cannot go into greater detail. I will tell you that we are committed to meet a range of challenges in terms of roles and missions, and we believe that those specific challenges, we are meeting now.
Mr. Salmon. Thank you. I need to run and go vote as the chairman had to, but I would like to state this. In the International Relations Committee earlier today, we had a markup on Representative Cox’s amendment. I would like to state for the record, there is no intention to embarrass or to undermine this administration in their efforts to preserve peace and a continuing engagement. No rationale at all for that.

It is simply, we are the people’s House. We are stating, we believe the will of the American people, and that is to provide clarity from our body, that we do stand with Taiwan and that we will not tolerate any aggression toward her. Thank you.

Mr. Faleomavaega. [Presiding.] I thank the gentleman from Arizona for his questions. As an Army veteran, I have difficulty at times understanding what a carrier group constitutes, and I am sure the public wonders too. Can you, Dr. Campbell, specify what you mean by saying one carrier group; what are you talking about in terms of firepower, vessels and manpower?

Dr. Campbell. OK, a carrier battle—

Mr. Faleomavaega. Two carrier groups, that is a lot, but I do not know what one carrier group constitutes.

Dr. Campbell. I can tell you specifically, Congressman, what is with each of the carrier battle groups. The Nimitz, which is proceeding to the Western Pacific, as Secretary Lord indicated, includes with it the cruiser U.S.S. Port Royal. That is an Aegis cruiser, so it has a sophisticated radar system. The destroyers U.S.S. Callahan and the U.S.S. Oldendorf, the frigate, U.S.S. Ford, and some replenishment ships underway, as well.

The Independence, which, as you know, is stationed to the east of Taiwan has with it the U.S.S. O’Brien, a destroyer, and an Aegis cruiser, the U.S.S. Bunker Hill, which also has the Aegis configuration. Also, the destroyer U.S.S. Hewitt and the frigate U.S.S. McCloskey. As you asked, this is a significant armada. It has air capabilities. It has anti-air, anti-ship capabilities. It also has the capability to monitor the situation in terms of intelligence and developments. It gives us a significant punch.

Mr. Faleomavaega. The concern that I have in sending not one carrier group but two carrier groups is that that may more or less force the PRC to reciprocate and heighten tensions. I am a little concerned that the PRC might reciprocate in kind.

I might add, too, would you say that the two carrier groups could literally destroy the People’s Republic of China?

Dr. Campbell. No, in fact, I would not.

Mr. Faleomavaega. You would not go that far?

Dr. Campbell. I would not get into those kinds of characterizations, frankly, Congressman. Let me just say, both Secretary Christopher and Secretary Perry this weekend made very clear that the deployment of the Nimitz to the Western Pacific was a precautionary move.

It is not aimed at China. It is a statement of our interest in maintaining peace and stability in the Taiwan Strait.

Mr. Faleomavaega. Secretary Lord.

Mr. Lord. Yes, let me add to that, actually we believe that the impact of these deployments could be to reduce tension. We made it very clear in our rhetoric that as Dr. Campbell has said, that
these are cautionary. They are not directed in any offensive way. They are there for monitoring and contingency purposes. We frankly think the situation might have been more dangerous if there was any miscalculation of Beijing about the interest we have at stake here, and we wanted to underline our interest by deploying these assets.

Beijing itself cannot be expected to applaud these deployments, but their official spokesmen have noted on several occasions that we are in international waters, that this is a common international practice.

Finally, we have continued not only in our statements today but in recent talks with senior PRC officials as I alluded to, to stress not only our concern about this situation, but our continuing desire to have a constructive relationship with Beijing that will require resolving many issues of interest to both of us, and it certainly means reducing tensions in the Taiwan Strait.

Mr. Faleomavaega. I do not mean to get into semantics, but I appreciate Dr. Campbell's definition of strategic ambiguity, meaning tactical ambiguity but strategic clarity. I like that.

Regarding the gentleman from Arizona's sentiments about the committee's recent passage of House Concurrent Resolution 148, can you state for the Administration, Secretary Lord and Dr. Campbell, exactly the Administration's position on this? Will it help or will it cause more problems for the Administration, if this resolution should go through the House and the House passes it? I understand the Senate is taking similar steps on this. But, we want to make sure that we are singing the same tune and not be in conflict, so that we do not add to the risk of accidents or miscalculations that we discussed earlier. Secretary Lord.

Mr. Lord. Yes, let me lay out the Administration position. First, we believe clearly that the motives and the objectives of the Congress and the Administration are exactly the same, that the Congress is motivated to be helpful in this situation, and indeed that general expressions of concern about the situation, precautionary signals to Beijing, support for American underlining of its interest and determination, all of these, and there are many elements of these in the resolution here in the Senate, are, of course, helpful to us.

Second, in discussions in the last couple of days, there have been some positive changes from our standpoint in the draft text, and we appreciate the effort that the House and the committee members have made in that regard.

Having said that, there is one remaining problem from our standpoint, however well intentioned, which means that we cannot support the resolution, and that has to do with what was in paragraph seven. I will not read it unless you wish me to, but our problem is that it could be interpreted, however the intention, of elaborating on or reinterpreting or perhaps redefining or even advancing obligations under the Taiwan Relations Act.

Several administrations of both political parties, including close friends of Taiwan, have felt, and I believe the Congress has felt, that the Taiwan Relations Act has served us well and it is sufficient for Taiwan's security. Even if no substantive differences in our obligations are meant by this language, the very fact that it is
new language runs the risk of being misinterpreted and various proponents or various points of view may try to read something into these semantic changes. We think, therefore, it is very unwise to tamper with the language of the Taiwan Relations Act.

Furthermore, Taiwan itself is pleased with the Taiwan Relations Act. I, of course, cannot speak officially for them, but on many occasions, they have made clear that they appreciate the Taiwan Relations Act and they would be somewhat apprehensive about changes being made on it. Again, I'm not pretending to give their official position on this particular issue here. But, as a general proposition, they do not like the idea of opening up the Taiwan Relations Act to changes.

So, I would say that we welcome the motives and the general assurances here, but we cannot support the House resolution as presently constituted, because of paragraph seven. As a final comment, let me say that we have also been working on the Senate side, and the present status of the Senate resolution is one that we can fully support. Thank you.

Mr. Faleomavaega. There seems to be some thought, as was expressed when we met recently with the Deputy Minister of Foreign Affairs from the People's Republic of China, that Taiwan has contributed to the present tensions over a period of time with a series of events; where President Lee was invited to address Cornell University, where Taiwan is currently seeking membership with the United Nations and where Taiwan has also conducted military exercises along the Taiwan Straits, just like PRC is doing right now.

So, these series of events culminated with the perception that we have welcomed a head of state from Taiwan, almost recognizing it as an independent and sovereign state. Does the Administration feel that perhaps Taiwan has overplayed its hand, and is now causing the People's Republic of China and the United States to almost go to war over Taiwan. I want to know how the Administration feels about that sentiment?

Mr. Lord. Sure.

Mr. Faleomavaega. If there is truth in it, I would appreciate the Secretary's comments.

Mr. Lord. First, of course, we made it clear, we are not almost at war, but it is obviously a tense situation. Second, that is the Chinese point of view. We have heard it, of course, in our own exchanges with them and we have discussed this issue at great length.

On the specific point of exercises, yes, Taiwan has conducted exercises. Yes, nations including the United States conduct exercises and have the right to do so in international waters. But, having said that, if you look at the nature of the most recent PRC exercises, their length, the hazardous nature of these exercises, their location, clearly, these are in a much more extreme category than anything Taiwan has done in recent years.

Having said that as I said in my statement, we have urged restraint on both sides of the Strait and I said in my statement, we will not tolerate aggression, but we will not tolerate provocation, as well. I do not wish to go over past history or events that got us to this point. I will say that nothing that has occurred has changed America's policy toward China, which is a one-China policy, which
looks to Beijing as the official capital of China. But, if we have strong and unofficial relations with Taiwan, we adhere to the three communiques in the Taiwan Relations Act. So, none of the events you described as far as U.S. policy is concerned has changed that situation. We made that clear to Beijing. Whatever Beijing’s interpretation, however, of recent history, it does not justify lobbing missiles on either side of Taiwan and the other provocative exercises that we have seen.

Dr. Campbell. Excuse me, Congressman?

Mr. Faleomavaega. Yes, please.

Dr. Campbell. I just wanted to offer one very quick support of what Secretary Lord said about the TRA. It is very important to keep in mind the record of accomplishment, frankly, of the last 16 or 17 years, of the TRA. If you look at what the agreement has helped bring in, unprecedented economic growth, the flourishing of democracy, frankly, an increase in cross-strait dialog, a very healthy relationship with the United States, and the TRA has also assisted in responding to Taiwan’s defensive needs.

This is something that has served us very well, has served China very well, and served Taiwan very well. So, I think as we go forward, we must keep this in mind.

Mr. Faleomavaega. I noticed also from The Wall Street Journal yesterday that, despite all the problems that we are discussing, trade still continues between Taiwan and the People’s Republic of China. How much is it now, about $20 billion annually?

Mr. Lord. Well, an investment of over $20 billion in the mainland. The trade is roughly the same level as well.

Mr. Faleomavaega. Does Taiwan still actively seek membership with the United Nations in view of what is happening now with recent events?

Mr. Lord. That is still their official position, that they believe they should be a member of the United Nations.

Mr. Faleomavaega. The position of our government is that we do not support Taiwan’s——

Mr. Lord. We do support as a result of a review of our policy a couple of years ago, encouraging greater participation by Taiwan in international organizations that do not require statehood. We are committed to that policy, but the United Nations clearly, under the charter, requires statehood, and therefore does not meet our criteria.

Mr. Faleomavaega. Dr. Campbell, probably more than anyone in this room, you can appreciate if I say the phrase the Monusau Mau Rugby Team, you will know what we are talking about. Maybe rather than playing ping pong, we can teach our friends over there how to play rugby.

In relation to what you said about the risk and the question of accidents and miscalculation, what assessment can the Administration give us that we are not going to go to war because of some stupid accident or by miscalculation?

Let us say by accident, a Chinese missile happens to land on a U.S. cruiser or one of the aircraft carriers? I am being hypothetical about this, but I just wanted your comments about the risk.

Dr. Campbell. Congressman, let me just say that we are taking every prudent precaution in this very important and delicate time.
Mr. Faleomavaega. The question of risk and miscalculation was evident in recent history with Iraq, where Saddam Hussein was alleged to believe by officials of our government that the United States would not intervene if Iraq should attack Kuwait.

Because of this miscommunication, if it was, we are still debating this issue, whether by miscalculation Saddam Hussein was misled into believing it was OK for him to attack Kuwait, could we possibly have a similar situation developing here in the Taiwan Straits, if we have problems with miscommunication?

Mr. Lord. I do not believe there will be any similar problem. We are right to pay attention to history. I can assure you as someone who has sat in on almost all the high level talks with the Chinese, that we have been very straightforward, precisely to remove any miscalculation and if there was any doubt, I think the movement of two carrier task forces should serve that purpose, again, in a non-provocative way, but nevertheless, to make very clear that we would treat the resort to force with grave concern and meet our obligations under the Taiwan Relations Act.

So, I think the combination of our obligations under the TRA, the rhetorical record over many decades of successive administrations, the impressive forces that we maintain in the Pacific, and despite budget cuts as Dr. Campbell said, we have maintained roughly 100,000 forces forward deployed, and our recent rhetoric, private and public, in a movement of our military assets, will make sure that we do not have a repeat of the Iraqi situation.

Now, I want to stress again, we have no evidence and our Taiwan friends have no evidence that Beijing plans to launch a military attack in any event. This is psychological warfare. It is risky and it is provocative, but it is not a prelude to war, in our opinion, and we are doing everything that we can to make sure that it does not slide toward that eventuality.

Mr. Faleomavaega. Dr. Campbell, just one more question and I thank Secretary Lord for your response. I am very intrigued by this phrase “strategic ambiguity” which seems to be another way of saying neither confirm nor deny anything.

Dr. Campbell. Congressman, if you ask me what two words would I use to describe American defense strategy or deployments in the Pacific, it would not be strategic ambiguity, it would be “forward deployed”.

Mr. Faleomavaega. I really appreciate that. Thank you, gentlemen. Mr. Chairman.

Mr. Bereuter. [Presiding.] Thank you very much, gentlemen. You have been here a long time today on the Hill. Secretary Lord, you must wonder at times which takes more of your time, working on foreign relations with the other countries of the world, or foreign relations with Congress. I use that term advisedly.

Mr. Lord. It is usually much more pleasant with the Congress, I can assure you.

Mr. Bereuter. You are kind. So, I am not going to keep you at great length here. I had a couple of questions. If they have already been answered by questions addressed by the gentleman from American Samoa, just tell me and I will catch up through the record.
Maybe this would be best addressed to Secretary Campbell to start with, at least. How can the United States best deter the PRC from provocative military actions against Taiwan in the future, and deter Taiwan from taking steps to exacerbate military tensions in the Taiwan Strait? I think the first maybe is in part for you, both, or at least in part for Secretary Lord, as well. So, I would appreciate your response to that, and I will give you another part to the question that relates to it.

Would the U.S. policy of deterrence be more effective with cooperative U.S. ties with and between both Beijing and Taipei? I think the answer is obviously it would, but how do we improve particularly the contacts, military to military, and in all the civilian sectors between Beijing and Taipei itself? Those have been going on to some extent unofficially. I suspect they are interrupted, at least, for the moment.

What can we do, if anything, to increase those kinds of contacts which might give us a better opportunity to deter potential provocations and conflict?

Dr. Campbell. Mr. Chairman, as you said, I will answer the first part of the question and let Ambassador Lord handle more of the political issues associated.

While you were away, we discussed in some detail the movement of the two battle groups into the Western Pacific. We believe this is a powerful testament of our commitment and sends a signal to China and to other actors in the region.

My own view is, Mr. Chairman, that in a few weeks, China will reflect on the strategy it has taken, and I think it will conclude that the strategy was unsuccessful. I think it is unsuccessful in three ways. I think after the election in Taiwan we will see that President Lee's mandate is potentially far greater than what was anticipated only a few weeks ago. That is number 1, so I think they will see that this intimidation has failed.

Number 2, although China desires to pinpoint its political and military actions on Taiwan, it cannot help but have a degree of contamination. Indeed, we have seen a range of concern throughout the region. This has spiked concerns about Chinese intentions and behavior, and this will outlive the crisis.

Number 3, I think what China's actions have accomplished is a rather profound reaffirmation of American commitment to security in the Pacific. So, from each of these three perspectives, I think that the strategy is ill conceived, and I would hope that they would reflect on that in the future, as they think about any other sort of course of action.

On the question of military dialog with China, in other forms, I think I have articulated why that dialog is in the strategic interest of the United States. It is critical. The military is a critical player inside China. It plays an important role in a country that is going through a transition. This is important, that we maintain ties.

We believe that in the coming months and years, that this relationship, this sharing of information, this comparison of values, of goals, of strategies can improve confidence, and that will be our goal over the horizon.

Mr. Lord. With respect to the rest of your question, which I took the thrust to be both to deter either side from being provocative
and also to get them to talk more to each other and have more contacts?

Mr. Bereuter. That is correct.

Mr. Lord. We have already indicated, I think, at some length how we are deterring the PRC. Obviously, in recent days and weeks, that has been our primary public and private emphasis, given what Beijing has been up to. But, I want to make clear that all along, and I repeat it in my statement, that we have said very directly to Taiwan that we think it is in its interest to show restraint, and I would say as I said earlier that so far during the recent tensions, it has reacted with calm and restraint.

But, we believe that it is not in Taiwan's interests to take provocative actions, say, of a political or diplomatic nature. They have to determine their own interests, but we have urged restraint on them, even as we have been urging restraint on Beijing.

We have pointed out and their history shows that stability in the Strait that we have seen essentially in recent decades up until last summer, has served both sides well, in terms of their development, prosperity and in the case of Taiwan, security and movement toward democracy.

It has led in the last couple of years to encouraging commercial exchanges, investment, tourism and even direct dialog. We would like to see a return to that situation. We would like to see the trends that were there before recent tension accelerated. We cannot get in the middle and it is inappropriate for us to specifically urge particular types of actions by either side.

What we can do is make clear that solving their problems is up to them, that we will support any resolution of the issues they come to, but it must be done peacefully. We always welcome exchanges and will continue to do that, along the lines of what you are suggesting, because I agree with you. The more that they can talk to each other and have exchanges, the better off we are.

So, that is our policy. We will continue to follow it.

Mr. Bereuter. Thank you very much. I hope that after the elections that take place in Taiwan, the Taiwanese American lobby and the unpaid or official lobby that exists here will exercise some restraint, that they will not try to push the envelope quite as far as they have. I hope that the kind of provocative actions that we have seen from the People's Republic of China might also be reduced and eliminated in that immediate period of time.

It will be difficult at times to keep some of my colleagues from continuing the reaction that is underway, but I think it would be counterproductive and could be quite dangerous.

There have been two reports that as you know, Secretary Lord, were at one point referred to in the House Concurrent Resolution, which the International Relations Committee passed to the floor today. I felt uncomfortable about the original form and I am pleased to say that my amendment struck those two provisions, because of their lack of verifiability.

But, I want to ask you both, perhaps particularly Dr. Campbell with respect to the first one, in the January 24 article in The New York Times, quoting Former Deputy Assistant Secretary of Defense Charles Freeman, who is, of course, not a member of the government at this point, indicating the People's Liberation Army might
be prepared to launch a missile a day at Taiwan for 30 days. I want to ask, do you find that suggestion credible? What accounts for the story, if it is not credible?

The other unconfirmed report, not from Mr. Freeman, but also repeated in that story, suggested the PRC might be willing to use ballistic missiles on the U.S. mainland if we were to support Taiwan. That is to use ballistic missiles on the U.S. mainland if we were to support Taiwan. That was in a newspaper article about the same time.

What credibility do you ascribe to these reports which were attributed to Chinese officials in the People's Republic of China?

Dr. Campbell. Well, as you can imagine, Mr. Chairman, this story and these reports echoed throughout the bureaucracy and in a variety of other reporting over the weeks following that story.

I have had an opportunity to speak with Ambassador Freeman in detail. His own view is that the reporting of his comments were a bit garbled. My own view is that in my discussions with Chinese interlocutors and those that I have heard recounted, I have never heard any such threat or any kind of discussion about strategic retaliation ever. That is not something that has ever come up in any dialog I am aware of on any occasion.

Mr. Bereuter. Dr. Campbell?

Dr. Campbell. Yes?

Mr. Bereuter. If he said that they were garbled, did he suggest that while garbled or not, those kinds of threats had been made?

Dr. Campbell. I think in my discussion with him, he indicated that the conversation he had with a relatively junior military official, I believe it was a lieutenant colonel, was speculating on something off the record or just off the hip.

My report or retort to you in my own experience and in every other report I have ever seen, in every other interaction, I have never heard any other report that is even close to this one. So, that is my template that I would use to go forward.

On the question of the missile tests, of course we have seen some missile tests. Those are of great concern to us and indeed, we had some reports and some information early on that this was a possibility.

Mr. Bereuter. This one, of course, said a missile test a day for 30 days, directed at Taiwan. Not offshore.

Dr. Campbell. Again, as I indicated, when I discussed this with Ambassador Freeman, he suggested that this particular comment was also perhaps taken out of context and again, we hear, Mr. Chairman, a whole variety of reports all the time. We have to look at them carefully, evaluate them carefully. I think I will just stand with that.

Mr. Bereuter. Would you assume that they are not credible reports of the policy of the People's Republic of China?

Dr. Campbell. I would, indeed, yes.

Mr. Lord. I would like to underline what he said. First, I have never heard, and I have dealt with the Chinese for many years, and I have been at almost all the meetings, anything remotely like the Los Angeles quote.

Second, as Campbell has suggested, we often encounter lower level officials, not to mention think tank types and so on, popping
off or speculating or possibly thinking they are engaging in psychological warfare. This is not official Beijing policy, and very frankly, in our recent talks with the Chinese, we have pointed to these secondhand reports as being very unhelpful, and it was clear that it was not their official policy.

Mr. BEREUTER. Thank you very much. Have you concluded, Mr. Faleomavaega?

Mr. FALEOMAVAEGA. One quick question, Mr. Chairman, if it is all right.

Mr. BEREUTER. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Secretary Lord and Dr. Campbell, I think all of us can appreciate the cultural nuances when we deal with our brothers and sisters from the Asia and Pacific region. This thing about saving face is probably the most serious matter. We, ourselves, have honor and pride, and when we negotiate with the People's Republic of China, we should be sensitive to their honor and pride. For the PRC not to lose face unduly, we should not give any implication that they lost and we won.

I cannot emphasize that more than anything and I think Secretary Lord appreciates that more than anyone. I must say that the media was not very helpful in creating all this hype and all this tension, where so much misinformation is coming from all different corners of the planet, heightening the tension between these two super powers. I just want to offer that humble suggestion to Mr. Secretary, that the Chinese are just as proud a people as we are.

I sincerely hope that we will find mutual ground where the honor of both of our countries will not be lessened in anyway. I appreciate the time, Mr. Chairman and thank you, Mr. Secretary.

Mr. BEREUTER. I appreciate that as a statement. Final statement from the gentleman from Arizona?

Mr. SALMON. Actually, it is a question, Ambassador Lord, this question being directed at you. It seems to me that there is just incredible miscommunication and misunderstanding underfoot.

I was in Taiwan about 2 weeks ago and I met with President Lee Teng-hui. Because of, I think, I am going to piggyback on what you were saying about the media not doing us any favors, while I was there, on CNN, the headline was that Lee was going to assert any day Taiwan's independence.

It unnerved me. I asked him that question when I met with him, have you changed your policy toward the one-China policy? Are you going to assert independence or are you leaning in that direction? He said, absolutely not. I maintained the same position that we have always maintained, that we are not seeking to declare independence. We do honor the one-China policy. We do want reunification at some point in time when it is mutually desirable. We do want to achieve that means through peaceful ends or through peaceful negotiations, and he stated that over and over again.

Yet, yesterday, when we met with the top official from the Chinese Government, I mentioned that to him and his answer was, well, you have been deceived. He is lying to you. There is just such a lack of trust, and I do not know if it is political gamesmanship, or if they really do believe that there is some untruth that is happening.
Frankly, I take him at face value. President Lee says they are not pursuing independence, they are not. Taiwan is not launching missiles at China. His followup comment was, well, you have to watch his actions, not his rhetoric.

Well, what actions has president Lee or the mainstream government of Taiwan done to show them that they are pursuing independence? To me, it is just a comedy of errors, and I would like your comment. Why is the leadership in China misreading so badly? Is it that they are getting erroneous information? What is the problem?

Mr. LORD. These are very interesting comments, and I will get to your last question in a minute, but there are some other points that you made. First, this question of miscommunication and that was really what the chairman was getting at, the need for these two to be in touch as much as possible. We are going to encourage that, as I said, to an earlier question. You are absolutely right.

Now, part of it is miscommunication, part of it is historical distrust, part of it is jockeying, but nevertheless, the more they can talk directly and get back to the trends we saw earlier, the better off everyone will be. In Mr. Lien’s case, he has made it clear even in a political campaign that he is for eventual unification, a peaceful resolution against independence. He has said it over and over again. I quoted in my statement today his running mate’s comments, Premier Lee’s to the same effect. So, it is out there time and again.

I must say that we have also seen some signs, we are in direct touch, of course, with Taiwan, very high levels, that they would be in the mood for a restraint and dialog after the elections. Now, it is going to take efforts by both sides and restraint by both sides.

I would let Beijing speak for itself about why it interprets Lee’s actions and words as being different and I do not want to get in the middle of definitions, but there is no question that this whole issue has become more sensitive in Beijing because they are in a succession period. Any issue of sovereignty or what they consider sovereignty or nationalism is always sensitive in China. It is particularly so during a succession period, when people are jockeying for a future position.

Furthermore, Marxism is dead as an ideology and nationalism is partly designed to replace that. All of this makes what is always a sensitive issue even more sensitive, so this might partly explain it.

Finally, and we can maybe discuss this in private session more productively, people do not want to be exposed on this issue, and Mr. Lee’s visit may have exposed some Chinese leaders, and they feel they have to protect their flank.

Dr. CAMPBELL. I would just add one point to that if I may, please. I want to just get back very quickly to a point that Congressman Faleomavaega made. It is very important for us to think about how we deal with China over the next several months. Clearly, the next several weeks will be critical, but what we as a superpower have to keep in mind as we go forward is that to maintain a dialog, we will have to treat the re-emergence of our dialog, so to speak, very carefully and be sure to instill the idea that there are no, in this situation, winners or losers.
Mr. LORD. Could I underline? I know you have to wrap this up, but to get back to the same point, even as we are talking to the high level visitor from Beijing about the risks involved in the Taiwan Strait situation, we also at great length, after warning about the problems in that area, laid out as best we could how we could try to manage our relationship, not only in this issue, but in other areas of difficulties, and maintain an overall constructive relationship in our mutual interest.

That remains the President's policy. There are problems, not only here but in non-proliferation and trade and human rights. But, there are also many common interests and I point to them in my statement. They are security, economic, they are global issues, and we have to find a way in our mutual interest, looking toward the next century, to manage problems and to expand areas of cooperation.

But, this will involve resolving this issue or making progress on it, and we will be very cognizant, not only of the need to deter miscalculation or escalation by Beijing, but if they show restraint, and assuming Taiwan shows restraint as it has indicated it wishes to do, to find a way so that we can lower tensions and get back on a more cooperative path.

Mr. BEREUTER. I want to thank our two distinguished witnesses for their patience today as we have completed our votes on the floor, and for the testimony, oral and written, that you presented.

I think that the dialog and questions between members of the subcommittee and the two distinguished witnesses have helped illuminate a number of issues for the American people. It has clarified positions. I think it should be important to people who are listening for the People's Republic of China and Taiwan, as well. I believe that hearings of this nature, therefore, can play a very constructive role in illuminating exactly what has happened, what American policy is, and where we think that activities as reported are not credible.

Mr. Berman expresses his apologies for not being here. He is in a markup in the Judiciary Committee. The subcommittee will relay written questions from Mr. Berman on behalf of the minority. If you could answer those, we would appreciate it, and I would ask unanimous consent from my colleagues that Mr. Berman's statements be submitted as subcommittee questions to the distinguished witnesses. Without objection, so ordered.

Thank you very much, and I will call immediately the second panel.

[Questions and responses submitted for the record appear in the appendix.]

[Recess.]

Mr. BEREUTER. The subcommittee will resume its sitting. Gentlemen, I hope you found the testimony and interchange that we had to be interesting, as interesting as we did, because we kept you here quite a period of time.

We are nevertheless very enthused to have your attendance here, and we look forward to your testimony. I have already presented information about you in a brief biographical comment, so I will not proceed with that. I have you listed in a particular order and I think we will proceed that way and save our questions and com-
ments until all three of you have had an opportunity to make your presentations.

First person on the list is Dr. Gerrit W. Gong, Director, Asia Studies Program at the Center for Strategic and International Studies. Dr. Gong, your entire statement will be made a part of the record. If you could summarize, it would be helpful. You may proceed.

STATEMENT OF DR. GERRIT W. GONG, DIRECTOR, ASIA STUDIES PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Dr. Gong. Thank you, Mr. Chairman. My written statement reviews six U.S. interests which anchor us in the cross-strait relationship. My oral summary will focus on points numbers 1, 3, and 6 of my written statement.

It is in the U.S. interest to help maintain an equilibrium of confidence, so those on both sides of the Taiwan Strait can determine the pace and scope of their mutual interaction peacefully. Now, there are two parts to this statement.

First, the cross-strait interaction needs to occur peacefully. Second, it is primarily those on the two sides which should be engaged in this interaction. What we have seen in the events of the last few weeks is the first part of the statement starting to impact on the second. That is, the lack of peaceful conditions, shifting the relationship between those who are involved in the relationship across the Strait.

More specifically, the greatest potential concern in the current situation as I see it now is the focus shifting from China-Taiwan relations to an emerging bilateral confrontation between Washington and Beijing. If you feel it, if you think about it, what we are moving toward now is a bilateral confrontation instead of the United States being one of the factors watching what happens across the Strait.

We walk a policy tightrope in calibrating statements and actions to minimize the tendency by the part of some in Beijing to underestimate our resolve, and the part of some in Taipei to overestimate what the nature and scope of our support might be. Our policy, Mr. Chairman, as you and others of this committee have stated, is to make sure that neither Beijing nor Taipei are given a blank check or a veto with respect to our options.

Therefore, what we need at this point is a pulling back by both Taipei and Beijing in rhetoric and action that allows us, the United States, to return to our normal role as an interested party rather than a direct actor in the cross-strait relationship.

My next point is that it is in the U.S. interest to help maintain multiple channels of communication, including cross-strait channels, so Taipei and Beijing can engage each other. Let me mention two specific initiatives that it might be time to consider.

First, at an appropriate time and under appropriate circumstances, the United States officially or unofficially, might offer good offices to facilitate limited contact between PRC and Taiwan militaries. This would likely follow March 23, 1996 elections and would occur logically at lower, perhaps unofficial levels, focused on hot line and crisis management issues in the beginning. But, over
time, it seems to me as I say in appropriate ways, those who are most directly involved in a potential mistake or accident need to talk to each other. If we can facilitate that discussion, it may be in our interest.

Likewise, to broaden understanding of the U.S. governmental system, members of the U.S. Congress should find ways to foster and exchange views with the National People’s Congress in Beijing. At some point, this kind of bilateral dialog between our Congress and the NPC in Beijing might open possibilities for direct cross-strait exchange, also important among those serving in representative capacities.

My last point, it is in the U.S. interest to pay particular attention to Taipei and Beijing domestic politics and timetables. I feel, and as we look at the current situation, sense the possibility of an emerging expectation gap. In earlier ages, we talked of bomber gaps or missile gaps. What I am concerned about is the expectation somehow that after Taiwan’s March 23 elections, Taipei and Beijing will automatically resolve their differences, that tensions will automatically diminish, that Taipei and Beijing will somehow automatically be freed to pursue cross-strait initiatives that bring peace.

To be sure, many such initiatives are being considered, but it seems to me it may be premature to assume that after March 23, Taipei and Beijing will automatically be willing or able to put domestic politics aside and to focus on cross-strait initiatives.

One factor in this is very simple. It is not until May 20 that the Taiwan Presidential inauguration will be held. As we have noted, the gap between March 23 and May 20 automatically leaves some time during which Taiwan will not be able to answer these questions in a fully authoritative way, since the new Cabinet, the new Premier and so on will not be in place. So, it is important that we have our expectations lengthened in a sense, so that there is no undue pressure on Taipei prior to a time it is ready authoritatively to make these statements, and likewise, so Beijing understands that this process might take a little more time than might otherwise be expected.

One of the dilemmas here, of course, is that continued tension is likely after March 23, if Beijing feels it can channel the direction of Taipei’s policy options, as Representative Salmon says, if it continues to pressure what takes place there.

Paradoxically, in my view, Beijing’s efforts to constrain those options may also ultimately limit the ability of any successful Taiwan leader to reach out to Beijing across the straits. I hope that Beijing will recognize that fact.

It is also possible that both Beijing and/or Taipei will overplay their respective hands or overreact to each other as they have done in the past. Thus, even after May 20, political constraints and divergences in Beijing and Taipei may still limit the ability of each to reduce completely or immediately cross-strait tensions. That means that our window for dealing with this question may be a fairly short one, particularly as 1997 approaches, and Beijing turns its attention to Hong Kong.

Beijing wants us to understand that sovereignty is an emotional issue reaching all walks of life, and we want Beijing to understand
that peaceful resolution of issues in as emotional issue here, reaching all walks of life. In this environment, we need solid, well thought through initiatives on the part of Taipei, which promise enough to represent a qualitative shift in approach, and which deliver on what they promise and link steps, as the gentleman from American Samoa stated so well, that allow both sides to ratchet down in an interlinked fashion, saving face for both sides, so that Washington and Beijing can step back from the edge without pointing mutually accusatory fingers.

Mr. Chairman, this summarizes points 1, 3 and 6 of my written statement. Thank you very much for the opportunity to come and engage in this dialog with you and your committee.

[The prepared statement of Dr. Gong appears in the appendix.]

Mr. BEREUTER. Dr. Gong, thank you very much for your direct testimony. I will have some comments for you in a few minutes. We appreciate the fact that you summarized your statement.

The next witness is Mr. Douglas Paal, president of the Asia-Pacific Policy Center. Mr. Paal, you have a lengthy statement, so we would appreciate it if you can summarize in some fashion. You may proceed as you wish. Your entire statement is made a part of the record.

STATEMENT OF MR. DOUGLAS H. PAAL, PRESIDENT, ASIA PACIFIC POLICY CENTER

Mr. PAAL. Thank you, Chairman, I will summarize. I have presented a paper today, which I believe makes an effort to step back from the immediacy of the crisis that we are discussing in the Taiwan Strait, look at where we want to go with China over the long term as a rising power in the global world order, discussing to some degree our own responsibilities as the principal power of the current world order, and outlining some of the problems that I have noticed in American conduct of its diplomacy with respect to China over the last few years.

My intention is by no means to say that the fault lies with the United States that we now have tensions in the Taiwan Strait. On the other hand, American behavior has in some respects conditioned the way the Chinese look at this situation, in ways that I think might have been improved upon in retrospect, and can be improved upon in the future.

Over the past two decades, few diplomatic issues have been more vexatious than how to manage the Taiwan issue and U.S. relations with China. The people of China have developed an undeniable, politically powerful sensitivity to issues involving sovereignty and territorial integrity during the past turbulent century. They genuinely believe Taiwan is only China's affair.

The people of Taiwan for their part have been politically separated from the mainland since 1895, and they have progressed magnificently to new economic and political heights. They see little for themselves in any formal reunification with contemporary China. The United States has powerful interests in good economic, political and other relations with both Taipei and Beijing. These cross-cutting interests have necessitated nimble, subtle and sometimes ambiguous formulations in behavior.
The tortuous negotiating history of the three Sino-U.S. communiques and the legislative history of the Taiwan Relations Act are testimony to the need for hand-on, delicate diplomacy, with constant adjustment of the incentives and disincentives that discourage disruptive behavior by all parties.

It is my assessment that the United States has, in the past several years, tilted the balance of incentives and disincentives in an increasingly dangerous fashion in the management of relations with China and Taiwan. Beijing is learning that to be truculent and tough with Washington and with Taipei wins a response that is more to its liking.

I then go on in the prepared text to discuss some of the specific developments over the last 3 years, ranging from the American threat to deny Most Favored Nation status in 1993 through the pursuit of the Yin He ship that was supposed to have been carrying chemical weapons in 1993 to the difficulties of President Lee Teng-hui’s transit at Honolulu back in 1994, and a sense in Congress that he had been insulted in the treatment by the United States.

I talk about the Taiwan policy review and the ambiguous messages that emerged from that in later 1994, and the Taiwan elections of December, 1994, where PRC got into the habit of launching exercises to try to condition the voting public in Taiwan.

I go on in early 1995 to discuss the Mischief Reef occupation by the PRC’s forces in Philippine-claimed waters in the Spratly Islands, and how this territorial seizure has remained, has been allowed to stand.

Then, finally, discuss the flip flop and precipitous nature of the turn around on President Lee Teng-hui’s visa to visit the United States. The visa is not something I would have disagreed with. The manner in which it was handled, I think, left a great deal to be desired.

All of which now brings us to the current and so far highest level of intimidation against Taiwan since the late 1950’s. In the near term, it would be beneficial for the United States to take a number of steps. First, to keep channels of communication open with China’s leaders, including the visit of the Defense Minister to the United States, expected in April, with suitably high levels of U.S. officials continuing to visit China.

Second, to remind China that further efforts to escalate tensions will not go unanswered, in that the use of force undermines basic U.S.-China understandings regarding arms sales to Taiwan and other fundamental aspects of U.S.-Taiwan unofficial ties.

Third, to consult closely with our allies and friends, demonstrating to them the coherence of our policy and seeking their active support in tempering China’s pressures, for alliance management is our strong American trait and a major Chinese deficiency.

Fourth, to maintain afloat elements of the Seventh Fleet near missile and amphibious exercise locations as is being done, to observe and be visible.

Fifth, to conduct exercises subsequently that rehearse necessary measures to keep Taiwan’s trade routes open in the event of a future blockade. To position Aegis cruisers between the declared missile target areas and Taiwan to guard against misguided missiles if that is technically feasible, and I do not know the answer to that.
To press for development of theater missile defense on an accelerated basis, so as to diminish the threat from Chinese missiles to Taiwan and other parties friendly to us over time.

To send a private Presidential emissary to Taiwan to show support, consult and to remind the Taiwan leadership more privately and less publicly, that there are real limits on U.S. willingness to support any Taiwan effort to flout a power so significant to Taiwan as China.

To encourage Taiwan to prepare to do what many there say it will do after the elections, that is, to make conciliatory gestures to Beijing, such as expanding transport and communication links across the Strait.

Finally, to urge Beijing to show greater flexibility in recognition of the fact that the political situation in Taiwan has evolved far beyond what it was when the United States and China issued the three communiques governing bilateral relations and the issue of Taiwan.

For the longer term, the United States will find itself in a more dignified and effective posture if it draws two major lessons from the current tensions. Taiwan will also benefit if U.S. policy is more skillful in greater freedom from intimidation and in its scope of action internationally. It is my practical experience and deep belief that cross-strait relations improve only when the United States is pursuing constructive ties with both Taipei and Beijing. The first precondition for better ties is that China must be viewed strategically. By this, I do not mean attempting to revive the former strategic triangle, rather as I said before, China is poised to join the ranks of great powers.

In a sense, as custodians of the established order, we have a need to manage China's emergence to comport with our interests and still permit China to grow. In doing this, we should learn from history and not repeat the mistakes of our colonizing predecessors and misjudge or mishandle Chinese intentions. Preachiness and high handedness are no substitute for firm and coherent policy implementation with clear priorities, not crises de jour and changeable wish lists.

By the same token, China, which in many contexts but not all, seems eager to have a good relationship with the United States, should be persuaded or induced to be increasingly accommodating to the interests of the United States and the international community. The strategic approach requires high-level dialog.

As Senator Nunn of Georgia recently noted on the floor of the Senate, it has been 7 years since a President or Vice President has visited Beijing. High-level dialog is especially required for China, which is still hobbled by an over centralized, political and foreign policy leadership. The Chinese can be quite rational and thorough in the process of making policy, but experience makes clear that there is no substitute for talking directly and candidly to China's leaders.

A recent Chinese leadership preoccupation with the so-called American containment strategy for China demonstrates that failure to communicate has its costs and misunderstanding. One trip to China, a nation of 1.2 billion people, in 3 years by the Secretary of State is plainly not enough. The Administration's strategy of en-
agement or comprehensive engagement, falls short, in my view. In fact, these terms seem devoid of content that would suggest a direction to policy.

Perhaps it is their very meaninglessness that makes them easy for so many to endorse. I would suggest the term "integration and deterrence" more accurately captures the spirit of a future-oriented U.S. policy toward China.

The second caution for the future has to do with the delicate issue of U.S. credibility. As I have attempted to show, weakness and bluffs have played too large a role in recent Chinese calculations of American policy. From Most Favored Nation status to the Yin He affair to the Spratly Islands, the cost has been an increase in Chinese assertiveness and sensitive territorial, proliferation, human rights, political and economic issue areas. This can hardly be viewed as a result that is in our strategic interest.

The problem appears primarily to consist of both a failure of vision and of technique and implementation, rather than of skewed American intent. Congress has a right to insist that policy be implemented far more consistently and effectively in the future. The path we are on, if uncorrected, is headed unmistakably and entirely unnecessarily toward policy failure, toward a failure of deterrence.

Today's tough talk and sudden ship movements must be integrated into a coherent policy which, if it is successful, will reduce the need for further tough talk and action.

Finally, the current tensions in the Strait, while regrettable and deplorable and requiring close attention with a steady U.S. hand, will nonetheless pass by the time of Taiwan's inaugural ceremonies in May, at least for the short term.

What should be of concern to us is that the pattern of U.S. credibility begin to encourage greater caution in China and circumspection in Taiwan. Credibility can be damaged in short order and it takes years of steadiness to rebuild it. Today would be a good time to start. Thank you, sir.

[The prepared statement of Mr. Paal appears in the appendix.]

Mr. BEREUTER. Thank you very much, Mr. Paal.

Now we will hear from Mr. Nat Bellochchi, former chairman, the American Institute in Taiwan, our top government official in Taiwan at the time. Welcome, we're pleased to have your testimony.

STATEMENT OF MR. NATALE H. BELLOCHI, FORMER CHAIRMAN, THE AMERICAN INSTITUTE IN TAIWAN

Mr. Bellochchi. Thank you, Mr. Chairman, and thank you to the committee for this opportunity to express my views on the issues in the Taiwan Strait. I have submitted a statement, and I will try to give a brief summary of that statement here with your permission.

Mr. BEREUTER. Your entire statement will be made a part of the record, and we would appreciate your summary.

Mr. Bellochchi. I have in the statement gone into much more detail about the enormous change that has taken place in Taiwan. My work has been with Taiwan over the past 5 years, and so my views and statements here are oriented and focused very much on that element of the issue in the Taiwan Straits.
The changes have been enormous to the extent that one could call it a peaceful revolution, and the result, in my view, has been a fundamental change in the character of Taiwan, which inevitably affects their external behavior.

To ignore this and to hope to keep Taiwan to its past policies in its relationships with us and with the PRC, in my view, is unrealistic, and if pursued, would invite future instability on that island. If we are to consider in our policy deliberations how best to deal with Taiwan under these circumstances, we should understand how democracy has changed the way they must face the challenges they see before them.

Economic progress takes place not in the use of orderly plans that were the hallmark of Taiwan in the past, but in the uneven process of a democracy with far less control over the direction that it takes. A democratic political system now exists and has brought the leadership legitimacy, but placed limits on its power. Democracy has also affected Taiwan's international issues. For the voters of Taiwan, where 20 percent of the people travel abroad each year, pride in accomplishment has created strong pressure for international recognition. Even more important, however, is that in any future negotiations with the PRC, equality at the negotiating table is a fundamental condition. Taiwan must have the option of saying no to unacceptable positions and that can only be assured by the support of the international community.

For all these reasons, in democratic Taiwan, no political leader could survive without actively pursuing this objective, and therefore the call to simply cease seeking some internationally recognized status is unrealistic.

Perhaps nowhere has the impact of Taiwan's democratization been more pronounced than on its ability to manage cross-strait relations. Among many, the hope persists that the two sides will deal with this issue in "the Chinese way." To be sure, the Chinese way in many aspects is still around, but in a democratic system with the rule of law, it cannot be what it used to be.

This last point has been a major obstacle to movement even in the bicoastal talks that have already taken place. The rule of law, and whose law prevails, strikes at the heart of the political differences between Taiwan and the PRC. There has been some movement in resolving some practical commercial matters, but the impact of this should not be exaggerated. The very large number of tourists from Taiwan that has travelled to the PRC has done much to bring their differences in lifestyle in sharper focus.

The expansion of commerce between them has had considerable economic impact on both sides, but the degree to which this influences fundamental political differences, as obviously we see today, is not great. Democratization inevitably also affects Taiwan's conduct of its external affairs, including those with us.

Because the PRC has failed to adapt its policy toward Taiwan to accommodate this new reality, America has been inhibited in pursuing more flexible policies toward Taiwan that would recognize this change.

Yet, in my judgment, the pressures on the United States for changes in our policy will continue to grow. One reason for this is the greater and growing legitimacy of Taiwan's Government and
leaders. Another is the visit of President Lee Teng-hui to the Unit- ed States last summer. That brought many results, some good and some bad, but one it surely brought America is a greater awareness of today's Taiwan.

Yet another factor is the growing need and our own interest in having Taiwan participate in international organizations. Our large trade with that island is increasingly coming under multilateral rules and arbitration, such as WTO and APEC, for example. Taiwan's large foreign exchange reserves are needed for development and for peacekeeping assistance.

Other global issues such as environment, narcotics, standards, telecommunications, transportation and many more involve Taiwan as a player. Pressures will continue to grow, therefore, to find a way for Taiwan to participate more formally and fully in international organizations.

With regard to our policy, we should continue the premise that the final resolution of this issue in the Taiwan Straits must be worked out by the two sides and that the basis for our commitments in this regard would remain that it must be peaceful. I believe that it the only common sense policy we can have. We should continue to express our understanding that the PRC's interests are involved, which we have often done, but also insist that the PRC similarly understand that our interests are involved, as well, which they have not been willing to recognize.

Under present conditions with tensions at their present level, the first short-term objective, obviously, must be to cool the atmosphere. But, we must not then repeat what we have done so often, let the matter lie and seek to return to the previous status quo until the next crisis. We should encourage the two sides to talk and even to work toward an understanding that would permit a more realistic interim relationship without compromising either one of their ultimate goals.

In the meantime, we should be shaping our own policies toward this issue to better reflect the realities of present-day Taiwan. We must, of course, try to build a better relationship with the PRC. There are many facets to that relationship that go far beyond Taiwan. But we should not permit that to immobilize policies that would be in our own interest, only because the PRC opposes them.

Since democracy has come to Taiwan, for example, it is difficult to conjure up policies by the PRC toward Taiwan that would be more likely to encourage greater separateness, rather than greater cooperation. We should not refrain from pursuing other policies that differ from these, if we believe they would be more likely to maintain stability.

We should also be prepared to make clear that we believe democracy in Taiwan is irreversible, that as a practical matter as well as principal, we would oppose any efforts from outside Taiwan to alter that fact and that any change in Taiwan's status must have the acceptance of the people on Taiwan.

Similarly, however, the people on Taiwan must accept that their relations with the PRC cannot be resolved unilaterally, as well. That Taiwan must negotiate at some point in the future some kind of mutually agreed understanding on the relationship between the two sides.
The complexities involved in formulating the policy on this issue, however, makes any choice difficult, controversial and inevitably involves some cost. We should begin now, however, to work on policies needed after the current crisis subsides. Once past the present period of tension, and even better, past the ferment of elections in both the United States and Taiwan, we should be ready with a policy recommendation useful to whatever administration is in power next year.

In addition, Congress has an oversight responsibility under the TRA. In my judgment, this should be strengthened by not only a single study or policy review, but by a required periodic report to Congress on the state of our relationship with Taiwan. I thank you.

[The prepared statement of Mr. Bellocchi appears in the appendix.]

Mr. Bereuter, Mr. Bellocchi, thank you very much for your testimony, as well. We will now proceed to the questions. Mr. Salmon has asked me if he might proceed. He has a brief question, but he has another appointment, and I am going to honor that request. The gentleman from Arizona is recognized.

Mr. Salmon. Thank you very much, Mr. Chairman. First of all, a comment. Dr. Gong, I just want to compliment your choice of your alma mater for your Bachelor's Degree. It is also my alma mater for my Master's Degree and it is an honor to finally get to hear you speak. I have heard so many wonderful things about you.

Mr. Faleomavaega. Will the gentleman yield?

Mr. Salmon. Yes.

Mr. Faleomavaega. It seems we have three.

Mr. Salmon. That is right, three alumni.

Mr. Faleomavaega. Three alumni.

Mr. Salmon. We are the dominant force in here today. Also, Mr. Bellocchi, what an honor it was to be able to sit with you in the same room today. Thank you very much for your illuminating comments.

I do have a couple of questions, and Mr. Paal, I am going to address them to you initially, but I am interested in comments from the rest of you as well. Two questions. First of all, Mr. Paal, you talk about the flip flop in the granting of the visa to Lee Teng-hui and I completely concur. But, I think it would be illuminating maybe to share your insights as far as what exactly did happen with this administration, because I believe that was one of the chief blunders that has brought us to the point that we are at. It could have been a much clearer communication, a lot less threatening communication. It seemed that we did it with secrecy. I do not know, maybe it was just a comedy of errors, but I am interested in your insights further on that.

Second, to any of you, I am on the Human Rights Committee as well, and I am probably the only member of the Human Rights Committee, at least that I know of, that supported MFN, because I do believe that the continual engagement and sharing of ideas eventually will lead to improved human rights in that region of the world. That has been my belief heretofore, but frankly, I get very, very frustrated, because it seems like that is the only stick that we ever bring up. What are some of our other options? It seems to me that we could much more effectively use the United Nations in
dealing with some of these complicated issues, in working with us on whether it is nuclear proliferation or the intellectual property rights issues or most recently, with the controversies with Taiwan.

How can we much more effectively utilize the United Nations to work with us in denouncing some of the things that China does, so that we do not always have to go back to the MFN issue as the only game in town for negotiation with China?

Mr. PAAL. Thank you, Congressman Salmon, for those questions. First, with respect to the visit of President Lee Teng-hui, my own view is that this was an enormous blunder in the manner in which this happened, but I have long been an advocate of visits by Mr. Lee to the United States.

I think that the two are compatible, that you can bring him here, and not have a major outburst such as we have had. If I can indulge an anecdote, in the early part of 1994, I visited several of the officials responsible for China-U.S. relations and Taiwan relations and said that it was my sense, and this is, of course, well before the turnover in the House and Senate in the 1994 elections, that a growing consensus had developed in the Congress to invite Lee. That this was becoming palpable, and it would be a wise policy to prepare the way for a package solution that would be as palatable as you can make it for the PRC, as profitable for President Lee's visit, as possible, and also beneficial to our interests.

I had these discussions and they didn't really go anywhere. Once the change had taken place in the balance in the House and Senate, the Administration became more concerned that this was moving and I was amazed that the Secretary of State and other officials continued to assert to their Chinese counterparts that there was no flexibility in our policy, that we would rigidly stick to the previous policy.

I told many Chinese not to believe it, because it was unsustainable. I still believe that had we packaged something much as we had done the F-16 sale to Taiwan, where there was something on the table for the PRC, something on the table for the American people and something on the table for Taiwan, none of us would have an interest in kicking that table over. I really regret that we allowed our rigidities in our system to cause this to result in a flip flop, shock Chinese sensibilities and embarrass Chinese leaders.

Your second question about MFN and what value there would be in the business of defending MFN for the Bush administration. We used to call it the nuclear weapon you never want to use and no one really wants to pull the trigger on it. We tried to find alternatives, whether it was targeted sanctions under 301 of the Trade Act, Special 301, whether it was Presidential executive order sanctions, which we once employed with respect to missile transfers. Whether it was human rights pressures placed on the Chinese so that they would not get meetings at high levels with American officials if certain people were not released.

Those methods did seem to work and they won growing support in Congress before President Bush left office. You ask about the United Nations. I think it is preferable any time to multilateralize rather than to bilateralize. That keeps us out of Chinese nationalist debate.
However, when you go to the United Nations, you have China's veto, so it really becomes quite an impractical matter in most cases to take this kind of issue up. Thank you.

Dr. GONG. May I just add one footnote to this topic, Mr. Chairman?

Mr. BERERUTER. Please do, Dr. Gong.

Dr. GONG. I would just underscore the need for Beijing to better understand our system and maybe likewise. I recall the vote. It was 396 to zero in the House, as you would know better than anyone, and 97 to one in the Senate on welcoming a private, unofficial visit by President Lee. This is not a close vote. It is not a vote that indicates any, as we all recognize, great divergence of view.

Beijing did not see that coming, or if they saw it coming, they did not realize the potential impact, and that says to me how important it is that we talk much more to each other about the way our systems work.

Mr. BERERUTER. I have a little different view on some of these matters, and if you can stay a minute or two, I would like you to know my view on this issue.

Mr. SALMON. Just one followup comment. I know that in our dialog yesterday with the top level official from China, maybe if they spent just a little bit more time listening and a lot less time talking and learning how to communicate, maybe they would not be surprised when these kinds of things come up. Yet, trying to gather just a little bit more intelligence, they would have not been caught so off guard.

I, like you, Mr. Paal, did support the visit of President Lee. It was an unofficial visit to visit his alma mater. I did not see the problem. But, I, like you, believed that this administration could have done much more to soften the blows, like you, to lay some other things on the table to make it not be a loss of face situation, which it ultimately was, at least it is perceived to be by the leaders in China, that we could have done much more to ensure that that was a win-win scenario. It did not have to be the negative thing that it ended up being. Thank you.

Mr. BERERUTER. I think the subject about the visit of President Lee here is very important, and I certainly agree with you, Dr. Gong, that the People's Republic of China does not know nearly enough about our country, and especially about the Congress of the United States and our role vis-a-vis the executive branch, as they should. In fact, I think they are, frankly, among the least informed in this respect.

I think they recognize this problem now. I visited candidly with the Ambassador about this on a number of occasions. I believe that they are trying to bring people who have some of their educational experience in the United States to give a broader, give a longer leash to the people who work for the Ambassador, so they can engage more directly in contact.

I think, however, the biggest error in judgment by far was on the part of the Administration. They should have understood, of course we were going to get this kind of overwhelming vote on suggesting that President Lee would be able to visit his alma mater. Beyond the normal circumstance of the visit to the United States, Americans feel very strongly about the ability of a person to visit their
alma mater to receive an honor, and yet, the Administration directly advised the Chinese, according to the Chinese, that this was not going to happen. The Chinese depended upon that kind of statement from the Administration.

So, the real problem started with a detachment from reality on the part of the Administration. They perhaps need to have greater contact here, and perhaps they need to understand more about the country they represent, as we do, since we deal with our constituents across the whole country every weekend, every second weekend, every third weekend.

So, Mr. Paal, I take a little bit of exception to your comment that China must send far greater signals to the Administration, when you make that on the bottom of page nine. They send too many strong signals to the Administration as it is. The problem was in my judgment as I described it, the assurances given by the Administration that this would not happen. It might have been better if the Administration had ignored the will of Congress in our expression to the sense of the House and sense of the Senate, having made that position to the Chinese, and simply ignored our suggestion that he be given a visa. It might have been better since it reached that stage, because I think so much of what has happened subsequently has resulted from this initial problem. That is my view on that particular subject.

Dr. Gong, I thought it might be of interest to you on point three in your statement that the second institutional initiative that you suggested, which was that Members of the Congress should find ways to foster exchange of views with the National People's Congress in Beijing, that this is being pursued. In August, I visited with the equivalent of our speaker in Beijing and tried to understand if they would have a role there. There are some institutes and think tanks in this country that would facilitate that kind of dialogue between us, if that was desirable or necessary.

There was a polite examination and questioning about that, but I thought it was interesting that in the visit of the Vice Minister for Foreign Affairs of the State Council, apparently this subject was initiated by someone in that party, at least, on the Chinese side. So, perhaps this initiative that you suggest, which I think is a good idea and it ultimately will happen, will proceed.

Dr. Gong. If I may just add a footnote there?

Mr. Berreuter. Yes, please.

Dr. Gong. When your colleague, Mr. Berman, was with a CSIS delegation in Beijing, we also spoke with the chairman of the Foreign Affairs Committee of the National People's Congress on this same idea.

Mr. Berreuter. Good.

Dr. Gong. Our institution, as others, I think would be very happy to help facilitate it. I hope it goes forward.

Mr. Berreuter. I have one question for any and all of the three of you that would be enlightening for me. What weight do you give to the view that Taiwan will resume assertive initiatives in world affairs, once the current crisis with the PRC blows over? Do you subscribe, for example, to the view that not only does popular opinion in Taiwan require such an assertive stance, but the Taiwan leaders also judge that they need such increased international rec-
ognition and contacts to offset what they view as the longer term trends of growth and power in the PRC's economy and military power and political status relative to Taiwan? What do you expect in that respect, and what are the pressures that are likely to be brought to bear on Taiwan's leaders? We will start with you, Mr. Bellocci.

Mr. Bellocci. If I could start, there is a lot of weight given, of course, to the fact that you now have elected leaders in Taiwan and they must be responsive to the constituency, which is generating a lot of pressure in that area.

But, I frankly think that even more important, if one looks at the future from the Taiwan standpoint, from the Taiwan perspective, they see a China growing stronger in the military sense, which means it is going to diminish their advantage or their comparative strength in that sense. They see a PRC that is growing stronger economically. A huge country of that kind will soon overshadow their economy, and yet, at the same time, the leadership understands that one day they are going to have to sit down with that giant to work out some kind of relationship for the future.

Without the support of the international community, they will have very few chips to play. Will they be able to go before this huge country and say no, we do not accept the conditions that you have? Let us come back another time.

Mr. Bereuter. How would you like to see that support from the international community expressed?

Mr. Bellocci. I think it is going to have to evolve, as you say, once this present tension dies down because this is a sensitive issue now, we all must come up with some kind, some way, for the international community to accept Taiwan in some form. It does not have to be the diplomacy that we have with others, but could be some other form, in which we recognize the existence of this Taiwan, but at the same time accept that their status is an interim status, that it is yet to be worked out with PRC.

I think that that would help to relieve the pressures on Taiwan which are important for us, because we are interested in stability in the Straits, which includes stability on Taiwan, and at the same time, permits them to make a contribution that is in our interest. We need the money that they have for helping peacekeeping and aid around the world. They are active in trade and in all the other areas. These would all be in our interest to have them participate more fully than they are.

So, it seems to me that that would be an area that would help to keep tensions down for a longer period of time, until such time as those two sides can come to a permanent understanding.

Mr. Bereuter. Thank you.

Mr. Paal, would you like to comment on this?

Mr. Paal. Well, my view is essentially the same as Ambassador Bellocci. If you look at both the PRC and Taiwan, they are constantly selecting policies between two poles. On the one side, they need a hard pole. In the case of Taiwan, that is finding outside sources of support, so they have leverage back with the PRC.

The other pole of policy is how to be integrated with the economy through trade and investment, through interchange of people
across the Strait, and they are always choosing policies between those two poles.

In the political environment of the last couple of years and the most recent months, they have moved farther and farther to the harder pole of seeking outside leverage and moving toward independence. China has been trying to bring them back. China is doing the same thing, choosing policies between making itself attractive to Taiwan and putting hard pressure on Taiwan not to break away. China has gone all the way to the limit, I think, on the hard side of its policy choices.

Taiwan cannot give up seeking outside influence. It has to continue to find that leverage as Ambassador Belloccchi said. They have to bring something to the table.

Secretary Lord spoke earlier and said that we should not be expecting support for that membership in the United Nations. I think that is realistic. I see the discussion of membership in the United Nations is entirely a domestic Taiwan political debate, caused by one party's need to have a trump over another party. For us to get involved in that really is involving ourselves in Taiwan domestic politics.

On the other hand, membership in international financial institutions, where they are not now present, is very much in our interest, and very much part of what would give them some credibility in their dealings with the mainland.

If I may, sir, just on the exception you took to my page nine reference to the lesson, I was shorthanding in that part of the paper. The lesson was the lesson the Chinese learned from us, not the lesson they should learn from us.

Mr. Bereuter. All right, I accept that elaboration, and it is an unfortunate message that we sent them. It is exactly the opposite of what is needed.

Mr. Paal. Exactly.

Mr. Bereuter. I want to come back to your comment about the United Nations in a few minutes to ask all of you a question, but I would like to hear if Dr. Gong has a response to the initial question first?

Dr. Gong. Thank you. I only add that ideally it would be in our interest for that topic, i.e., the extent of Taiwan's breathing space, to be a topic for cross-strait discussion. It cannot be resolved in isolation. That question ought not be fought out with the United States as battleground. To the extent that we can direct that conversation as part of their ongoing discussion, part of the give and take that you would expect across the straits, that would be in their interest as well as in ours.

Mr. Bereuter. Do you think what has happened in the last year and a half or so between the United States and China, because to some extent, it has shifted to a PRC-U.S. confrontation, particularly in the last week, is likely to have any impact upon the retrocession—I am not sure that is the right word—of Hong Kong to the People's Republic of China?

Dr. Gong. Yes, there is no doubt that the conventional wisdom was that what happens in Hong Kong would affect Beijing's approach to Taiwan. In fact, what has happened is just the reverse.
Everyone is now viewing through the lens of Taiwan what will happen in Hong Kong.

Now, I am personally quite concerned, and this is in your jurisdiction and you have held important hearings on Hong Kong retrocession, return to sovereignty on July 1, 1997, that that may become a domestic political issue here and elsewhere, as we rightly are concerned about what takes place in Hong Kong.

People in Hong Kong, of course, would like to keep that as separate as possible from the Taipei-Beijing-Washington axis, because they see difficulties there spilling over into Hong Kong. On the one side, we have to understand that there is a natural linkage. On the other side, we have to see how we can keep them separate.

Mr. Bereuter. Mr. Paal made a distinction between full participation eventually in the international financial institutions, as contrasted to pushing at this time for membership in the United Nations. I might go further and add that the WTO is a proper place where we should expect to see them involved as soon as they meet the criteria.

But, as you probably know, all three of you, there has been legislation pending in the Congress now for some months, since 1995, which would direct our ambassador at the United Nations to push for full membership of Taiwan in the United Nations. That legislation has not moved, and I would like to have your view whether that initiative on the part of some Members of Congress serves a constructive purpose and, knowing that the Chinese, the PRC, serves on the Security Council and can veto that initiative in all cases, and could be expected to do so, or is it destructive or is it counterproductive or whatever term you might like to use, whatever contrast to constructive you want to use in the way of wording?

Dr. Gong, would you like to start?

Dr. Gong. I think this is a very important topic. It is linked conceptually with your previous question, and it seems to me that that is something which the new President of Taiwan, after his inauguration with his Cabinet, would want to discuss in detail here, i.e., having gone through the process of the last several weeks and months, they may have some judgments about where their balances and interests are, and it would be well for us to listen to that view inasmuch as they will have consequences to live with from it. Once the new administration in Taiwan is in place and has done a thorough review of these issues, it seems to me we should listen to what they have to say.

Mr. Bereuter. Dr. Gong, I think the Taiwanese lobby, once pushed, once initiated, is now out of control of the Taiwanese Government, and I do not think we are going to call them off on U.N. membership unless President Lee addresses it forthrightly after the election.

Dr. Gong. I was trying to say something like that in an indirect way.

Mr. Bereuter. I am a little more blunt.

Mr. Paal, you have already expressed your view, but perhaps you want to address this more directly?

Mr. Paal. Well, as I tried to say earlier, the KMT ruling party in Taiwan came up with the notion of membership in the United
Nations as a counter to its opposition's effective ridicule of the KMT's inability to establish an international identity for Taiwan.

This was a method chosen to play a role in domestic politics. There was, I believe, realistically speaking, never a chance that they thought that U.N. membership would be available to them.

What we have are major forces within Taiwan seeking outside parties to intervene in their domestic debate, and I think if looked in that perspective, it is something which we would want to stand back from, irrespective of other legal niceties that we might be concerned about.

Mr. Bereuter. Thank you.

Mr. Bellocchi.

Mr. Bellocchi. I would also say that it would be nice if their President could refer to their effort to get into the United Nations as an ultimate goal after they have received the credibility and the confidence of the international community and the PRC, and the way they handle other international organizations and handle their membership.

But, there is also, I think, another reason why it should be, Taiwan itself, put off into the distance somehow, and that is they have not made up their own mind yet just how and who it is that is going to be entering on their behalf. Is it a Republic of China or a Republic of Taiwan? This is a matter of internal debate in Taiwan, which has not been settled. So, it seems to me that overall, it would be better for them to try to change this to an ultimate objective, so they can maintain the political control that Mr. Paal was talking about in terms of their domestic politics, but not to face this issue every year as a controversial issue.

Mr. Bereuter. Thank you very much, gentlemen. I am going to, since the hour is late, dismiss you, and in doing so, I thank you very much for your patience and for the work that you put into your testimony and for your wisdom. The subcommittee appreciates it.

I would just say in concluding that while I spoke negatively about the People's Republic of China's understanding of the United States, particularly about the Congress, it obviously, and I need to state that perhaps in this case it is not obvious, goes the other way as well. Americans do not understand enough about the People's Republic of China, its government or many other aspects of it.

One of the interesting things I find is that so many Members of the Congress are very interested in China. If you ask them which country they would like to visit, the largest number of Members of the House would say they want to visit the People's Republic of China. Despite all the political pressures that are deemed to keep Members from traveling, despite all the allegations that newer members are, in particular, isolationists, I do not see that tendency. Certainly, I do not see it with respect to the People's Republic of China.

There is an intense interest in the People's Republic of China and I think that obviously more contact between the Chinese people and the Chinese Government on one hand and Members of the Congress and Americans generally, the better off we are going to be. So, I have an optimism that springs from the possibility for in-
creased contact between our two countries and between parliamentarians, for that matter.

Thank you very much, gentlemen. The hearing is adjourned.

[Whereupon, at 4:40 p.m., the subcommittee was adjourned.]
APPEXENDIX

STATEMENT OF THE
HONORABLE ENI F.H. PALEOMAVAEGA
MEMBER OF CONGRESS

HEARING ON
CHINA-TAIWAN STRAIT CRISIS

HOUSE INTERNATIONAL RELATIONS
SUBCOMMITTEE ON ASIA-PACIFIC AFFAIRS
MARCH 14, 1996

MR. CHAIRMAN:

I THINK WE ALL CAN ALL AGREE THAT THERE IS NO MATTER
MORE URGENT IN THE WORLD THAN THE EVENTS UNFOLDING NOW IN
THE TAIWAN STRAIT. DETERRING CONFLICT IN THE TAIWAN STRAIT
-- PROTECTING TAIWAN AGAINST THREATENED MILITARY AGGRESSION
BY THE PEOPLE'S REPUBLIC OF CHINA (PRC) -- MUST AND SHOULD
BE THE NUMBER ONE PRIORITY OF OUR GREAT NATION.

I WANT TO COMMEND CHAIRMAN BEREUTER, CHAIRMAN GILMAN,
CONGRESSMEN LANTOS AND TORRICELLI, AND REPRESENTATIVE COX,
THE AUTHOR OF HOUSE CONCURRENT RESOLUTION 148, FOR THEIR
LEADERSHIP IN FORGING THE 83 MEMBER BI-PARTISAN COALITION,
THAT THROUGH THE INTRODUCTION OF THE RESOLUTION LAST WEEK,
SPOKE UNEQUIVOCALLY AND WITH STRENGTH AS TO AMERICA'S
COMMITMENT TO -- PROTECT DEMOCRACY, ENSURE FREEDOM, AND
PRESERVE PEACE -- IN TAIWAN.

MR. CHAIRMAN, I AM PROUD TO BE AN ORIGINAL CO-SPONSOR
OF H.CON.RES. 148, WHICH SENDS A CLEAR MESSAGE THAT AMERICA
WILL NOT STAND IDLY BY WHILE CHINA CONTINUES TO COMMIT ITS MILITARY FORCES TO INTIMIDATE THE PEOPLE AND GOVERNMENT OF TAIWAN.

MOREOVER, I CANNOT MORE STRONGLY APPLAUD AND SUPPORT THE ACTIONS TAKEN BY THE ADMINISTRATION OVER THE WEEKEND. STATIONING THE "INDEPENDENCE" AIRCRAFT CARRIER GROUP OFF TAIWAN, WITH THE "NIMITZ" CARRIER GROUP TO ARRIVE SHORTLY, HAS SENT A CLEAR MESSAGE TO CHINA THAT THE GOVERNMENT AND PEOPLE OF THE UNITED STATES OF AMERICA WILL NOT TOLERATE A MILITARY ATTACK OR MISSLE-ENFORCED BLOCKADE OF TAIWAN BY THE PRC.

THE DECISIVE ACTION BY THE ADMINISTRATION WAS NO DOUBT PROMPTED IN PART BY CONGRESSIONAL ACTION LAST WEEK CALLING FOR IMMEDIATE U.S. INTERVENTION TO DEFUSE THE HOSTILE ENVIRONMENT CREATED BY BEIJING'S ANGRY RHETORIC, MISSILE TESTS AND MILITARY EXERCISES IN THE TAIWAN STRAIT.

CHINA'S RECKLESS EFFORTS ARE INTENDED TO CAUSE FEAR WITH THE PEOPLE OF TAIWAN AND INFLUENCE THE OUTCOME OF THE NATIONAL ELECTION NOW PENDING IN TAIWAN. AS YOU KNOW, MR. CHAIRMAN, THE MARCH 23RD ELECTION IS TO BE THE FIRST DEMOCRATIC ELECTION OF TAIWAN'S PRESIDENT.
China's threatened use of force contravenes the PRC's commitment under the 1979 and 1982 joint communiques to resolve Taiwan's status by peaceful means. The U.S.-China joint communiques and the Taiwan Relations Act -- which govern the trilateral dynamic in the Taiwan Strait -- fundamentally stress that force will not be used to resolve the Taiwan question.

Mr. Chairman, when China's recent aggressive actions evidenced their willingness to violate the principle of Taiwan's peaceful resolution -- threatening the stability of the entire Asia-Pacific region -- the United States stepped forward because no other country could do what we did in drawing the line with China.

After discussions with ambassadors from several nations in the region, I think it safe to say that much, if not all, of the Asia-Pacific is extremely grateful for America's bold and decisive leadership in preserving stability in the region.

Mr. Chairman, although I am a Vietnam veteran, I can assure you I am no warmonger. Having fought on the battlefield for America, I weigh very heavily and carefully any
COMMITMENT OF U.S. MILITARY FORCES. HAVING BEEN THERE MYSELF, I DO NOT WANT OUR SERVICMEN AND WOMEN PUT IN HARM'S WAY UNNECESSARILY.

ALTHOUGH MUCH ATTENTION AND CRITICISM HAS BEEN DIRECTED AGAINST BEIJING FOR THE CRISIS IN THE STRAIT, CERTAINLY TAIPEI DESERVES ITS SHARE OF THE BLAME FOR CONTRIBUTING TO THE UNNECESSARY ESCALATION OF TENSIONS WITH CHINA, WHICH NOW THREATENS OUR FORCES IN THE AREA.

FOR YEARS, U.S. ADMINISTRATIONS, BOTH REPUBLICAN AND DEMOCRATIC, HAVE UNEQUIVOCALLY SUPPORTED THE "ONE CHINA" POLICY -- ACKNOWLEDGING THAT TAIWAN IS PART OF CHINA. PEACE IN THE TAIWAN STRAIT HAS BEEN THE RESULT.

TAIWAN'S ACTIONS OVER RECENT YEARS, HOWEVER, HAVE GIVEN RISE TO THE VERY REAL PERCEPTION IN BEIJING AND THE WORLD THAT THIS PREMISE IS BEING CHALLENGED -- THAT TAIWANESE INDEPENDENCE IS BEING SOUGHT.

WHILE I SUPPORTED THE ISSUANCE OF THE VISA FOR TAIWAN'S PRESIDENT LEE TO SPEAK AT CORNELL UNIVERSITY, MANY BELIEVE THAT HE OVERPLAYED HIS HAND WITH THE MEDIA, TREATING HIS VISIT TO THE U.S. AS THAT OF A HEAD OF STATE.
SIMILARLY, PRESIDENT LEE'S TRIPS TO OTHER ASIA-PACIFIC NATIONS HAVE BEEN ACCOMPANIED BY GREAT FANFARE. AGAINST THIS BACKGROUND HAS BEEN TAIWAN'S CAMPAIGN FOR UNITED NATION'S MEMBERSHIP, WHICH HAS MATERIALLY ALTERED THE PRC'S PERCEPTION OF TAIWAN'S MOTIVES AND CONDUCT.

WHILE THE PRC'S BELLICOSE ACTIONS ARE TO BE CONDEMNED, I CAN UNDERSTAND AND APPRECIATE BEIJING'S ANXIETY AND FEAR THAT A RECOGNIZED PROVINCE OF CHINA MAY SIMPLY CHOOSE TO SECEDE WHILE THE WORLD WATCHES. TAIWAN'S AGGRESSIVE PURSUIT OF INDEPENDENCE HAS GONE WAY BEYOND EVERYONE'S EXPECTATIONS.

MR. CHAIRMAN, LET US HOPE THAT WITH THE INTERVENTION OF U.S. MILITARY FORCES IN THE TAIWAN STRAIT THAT THIS WILL BE A STABILIZING FACTOR FOR PEACE -- ALLOWING COOLER HEADS TO PREVAIL.

NO ONE WANTS A WAR BETWEEN CHINA, TAIWAN AND AMERICA. IT IS A CONFLICT WHERE EVERYONE COMES OUT A LOSER, AND WOULD FUNDAMENTALLY DESTROY THE PROMISE OF PROSPERITY FOR THE ENTIRE ASIA-PACIFIC REGION IN THE UPCOMING CENTURY, THE PACIFIC CENTURY.
For Immediate Release

April 23, 1993

WINSTON LORD
ASSISTANT SECRETARY OF STATE
FOR EAST ASIAN AND PACIFIC AFFAIRS

Winston Lord was sworn in as Assistant Secretary of State for East Asian and Pacific Affairs on April 23, 1993. He was announced for this position by then President-elect Clinton and Secretary of State-designate Christopher on January 19 and confirmed by the Senate on April 21, 1993.

Before assuming his duties as Assistant Secretary of State, Ambassador Lord had been chairman of the National Endowment for Democracy, vice-chairman of the International Rescue Committee, and chairman of the Carnegie Endowment for International Peace's National Commission on America and the New World.

Ambassador Lord's history of government service with the Department of State includes his appointment as U.S. Ambassador to China from 1985-89. From 1973 to 1977, he was Director of the Policy Planning Staff. Ambassador Lord was a Foreign Service Officer from 1961-67, during which time he was assigned in Washington to the Congressional relations, political-military and economic affairs staffs and abroad in Geneva. He has also served in the U.S. Government outside the Department of State as Special Assistant to the National Security Advisor (1970-73), on the National Security Council staff (1969-70), and on the Policy Planning staff in International Security Affairs at the Defense Department (1967-69).

From 1977 to 1985, Ambassador Lord was president of the Council on Foreign Relations. He also has been a member of the Asia Society, the American Academy of Diplomacy, the America-China Society, and the Aspen Institute of Distinguished Fellows.

Among the awards Ambassador Lord has received are the State Department's Distinguished Honor Award and the Defense Department's Outstanding Performance Award.

After graduating magna cum laude from Yale University in 1959, Ambassador Lord obtained an M.A. at the Fletcher School of Law and Diplomacy in 1960. He has received Honorary Doctorate degrees from Williams College, Tufts University, Dominican College, and Bryant College.

Ambassador Lord was born in New York City on August 14, 1937. His mother, Mary Pillsbury Lord, served for eight years as United States Delegate to the United Nations and U.S. Representative to the U.N. Human Rights Commission. He is married to Bette Bao Lord, whom he met while they were both studying at the Fletcher School. They have a daughter and a son.
Mr. Chairman, Members of the Committee, I welcome the opportunity to appear before you today to discuss one of the United States' most urgent and central policy issues in Asia. It is also one of the most difficult. I commend you for addressing these questions at this time.

My testimony will discuss the present security situation in the Taiwan Strait area. I will begin by addressing the issue that is of immediate concern to all of us: the current PRC military exercises near Taiwan. Then, I will explain why the policy of the United States serves the interest of all parties concerned in maintaining peace and stability. I will describe the dangers to our interests which would result from conflict in the area. And I will urge that we -- both the Administration and Congress -- move cautiously and cooperatively to maintain the successful balance that successive Administrations have achieved. Precipitate actions by any of the interested parties could have unintended consequences that might exacerbate the situation.

Recent Developments

In the decades since a series of crises threatened to embroil the U.S. in the Taiwan Strait in the late 1950s, peace and stability have prevailed as a result of wise policies on all sides. However, since the visit of Lee Teng-hui to the U.S. last summer, tough political rhetoric in Beijing and a series of military exercises by the People's Liberation Army have combined to increase tension in the region.

The Administration has responded to large-scale military exercises in the Taiwan Strait by the PRC with a very clear
message: these activities are provocative and dangerous. We have reminded the PRC that U.S. law -- the Taiwan Relations Act -- explicitly declares any effort to determine the future of Taiwan by other than peaceful means to be of grave concern to the United States. Peaceful resolution of the Taiwan question is also a premise of our three joint communiques with the PRC. During the past several weeks the President and his advisors have expressed our strong concerns in a number of private and public messages. Last week, all our top national security officials met with a senior PRC official and urged his government to exercise restraint and caution. We have made clear that any military attack on Taiwan would have grave consequences. We also have taken a number of prudent, precautionary steps -- including certain naval deployments in international waters near Taiwan -- to underscore our interests, deter the use of force and prevent any miscalculation. We have been closely consulting with other countries in the region, many of whom have expressed their own concerns directly to Beijing.

Despite our concerns, we have not concluded that there is any imminent threat to Taiwan. The PRC wishes to influence Taiwan's presidential election, and more fundamentally, to restrain Taiwan's international activities. The PRC does not in our judgment intend to take direct military action against Taiwan. We understand the Taiwan authorities have reached the same conclusion. While the PRC is bent on intimidation and psychological warfare, they know that resorting to force would severely damage their own interests. Nonetheless, their recent actions clearly carry the risk of accidents or miscalculation that could lead to escalation. We have underlined to Beijing that, whatever its intentions, its provocative moves are risky indeed.

PRC authorities have stated publicly, as well as to us in diplomatic exchanges, that there is no change in their intention to seek a peaceful resolution of the Taiwan question. They have not, however, ruled out the use of force in certain circumstances. We believe that Beijing leaders fully understand our views and our policies.

Although neither Taiwan nor the PRC wants a military confrontation, there is a danger that misunderstandings and strong emotions on both sides could lead to a further increase in tensions and even unanticipated conflict. Democratic development in Taiwan has permitted the free expression by a portion of the Taiwan populace of a desire for a separate Taiwan identity -- a desire largely suppressed under the previous political leadership in Taiwan.

Recent PRC demonstrations of military strength are designed to send a message to the Taiwan authorities to curb what the PRC regards as efforts to establish an independent Taiwan. Recent Taiwan policies, including last June's private visit to the U.S. by President Lee Teng-hui, have been interpreted by
the PRC as a step toward independence. The Chinese position, acknowledged by us, is that Taiwan is a part of China, and the PRC interprets these developments in Taiwan as a challenge to the acceptance of a "one China" policy by Taipei. Beijing's leaders are especially sensitive on this issue, which involves questions of sovereignty and national integrity.

While urging restraint by Beijing, we have also made clear to Taiwan's leaders that restraint is in their interest. We oppose provocation by either side. We strongly urge both sides to resume their high level dialogue.

Taiwan Reaction

The people on Taiwan and their leaders have reacted calmly and with restraint to the rise in tensions. For example, the premier, Lien Chan, who is also Lee Teng-hui's vice presidential running mate, announced that Taiwan's military will maintain a state of alert, but he urged the public to remain calm. He reaffirmed that Taiwan's presidential election will proceed as scheduled on March 23. He reiterated that Lee Teng-hui's administration "is adamant in its pursuit of national reunification and strong opposition to Taiwan independence... the outcome of this election will not alter our government's steadfast pursuit of national reunification." For his part, Lee Teng-hui continues to reiterate his commitment to reunification in his speeches on the campaign trail.

Let me take a moment to congratulate the people of Taiwan on their upcoming elections. Since martial law ended less than ten years ago, the people of Taiwan and their leaders have achieved a democratic "miracle" that matches their economic miracle of the past decades.

Taiwan's economic minister has stated that he expects the current tensions will not significantly affect Taiwan's trade. We agree that Taiwan's economy remains very strong. Statistics show that Taiwan's exports this January and February increased almost 15 percent over the same period last year. Moreover, Taiwan's trade with the PRC in 1995 increased more than 25 percent over the previous year. As the American Chamber of Commerce in Taipei has noted, "Taipei and Beijing maintain a stronger, more economically mature relationship than the political rhetoric suggests." The Chamber also finds that "the current political tensions can be managed by the two sides themselves and that the U.S. Government should encourage mutual restraint and a resumption of dialogue" -- as we have, in fact, been doing.

On the other hand, heightened tensions have already had some impact on Taiwan's economy and caused minor inconveniences to air and sea traffic in the area. If tensions are prolonged or escalated, there surely would be a serious impact, not only
on cross-Strait economic cooperation, but on the region's economy as well.

The people of Taiwan are clearly concerned by the PRC's heavy-handed attempts to influence their behavior. There is some evidence of this concern in fluctuations in the stock market and suggestions of some capital outflow. But all things considered, these provocative exercises are being taken in stride.

Overall, the international community in Taiwan is also reacting calmly to the PRC's actions. Many American citizens have come to the American Institute in Taiwan asking for advice on their security. The United States Government takes its responsibilities regarding the welfare and safety of American citizens overseas with the utmost seriousness. As always, AIT has welcomed those Americans who wished to register their presence in Taiwan. American citizens have also been told that we have no evidence that the PRC has the intention to attack Taiwan. This view is shared by the Taiwan authorities.

**United States' Policy**

It is vital to keep in mind U.S. interests both with respect to the Taiwan issue and in our relations with the PRC.

Our fundamental interest on the Taiwan question is that peace and stability be maintained and that the PRC and Taiwan work out their differences peacefully. At the same time, we will strictly avoid interfering as the two sides pursue peaceful resolution of differences.

The Taiwan Relations Act (TRA) of 1979 forms the legal basis of U.S. policy regarding the security of Taiwan. Its premise is that an adequate defense in Taiwan is conducive to maintaining peace and security while differences remain between Taiwan and the PRC. Section 2(b) states:

> It is the policy of the United States...to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States; 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.

Section 3 of the TRA also provides that the "United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." It further directs the President to:
inform the Congress promptly of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the United States arising therefrom. The President and the Congress shall determine, in accordance with constitutional processes, appropriate action by the United States in response to any such danger.

However serious, the present situation does not constitute a threat to Taiwan of the magnitude contemplated by the drafters of the TRA. The PRC pressure against Taiwan to date does not add up to a "threat to the security or the social or economic system" of Taiwan.

It is our understanding that the Taiwan authorities agree that the present exercises constitute an attempt to influence Taiwan's behavior and its upcoming elections, rather than an attempt to threaten Taiwan's security.

We will continue to carefully monitor the situation. We have testified before the Congress and informally consulted with many Members and their staff. We will continue to work closely with you. If warranted by circumstances, we will act under section 3(c) of the TRA in close consultation with the Congress.

Overall U.S. China policy, including toward the Taiwan question, is expressed in the three joint communiques with the PRC as follows:

-- The United States recognizes the Government of the PRC as "the sole legal Government of China."

-- The U.S. acknowledges the Chinese position that "there is but one China and Taiwan is part of China." In 1982, the U.S. assured the PRC that it has no intention of pursuing a policy of "two Chinas" or "one China, one Taiwan."

-- Within this context, the people of the U.S. will maintain cultural, commercial and other unofficial relations with the people of Taiwan.

-- The U.S. has consistently held that resolution of the Taiwan issue is a matter to be worked out peacefully by the Chinese themselves.

I reiterate the above passages from the TRA and the joint communiques because they precisely express the governing principles of our policy. They serve U.S. interests today just as well as they have in past decades. They have been followed by successive administrations of both political parties.

Let me now call attention to an aspect of the August 17, 1982, Joint Communique between the United States and the
People's Republic of China that is extremely important to Taiwan's security. In this document, the PRC stated that its "fundamental policy" is "to strive for a peaceful resolution to the Taiwan question." Based on that PRC assurance, the United States Government made reciprocal statements concerning our arms sales to Taiwan -- that we would not increase the quantity or quality of arms and, in fact, intend gradually to reduce these sales. At the time the Joint Communique was issued, we made it clear that our intentions were premised on the PRC's continued adherence to its fundamental policy of striving for peaceful reunification with Taiwan. Our judgment is that the PRC has not changed this policy, and we have abided by our commitments.

Taken as a whole, our China policy has been unequivocally successful in obtaining our fundamental objective for the security of Taiwan -- peace and stability in the Taiwan Strait. Along with the earlier U.S.-PRC communique, the TRA and the 1982 communique have been complementary elements. The TRA has provided for our continued support for Taiwan's self-defense capability, while the 1982 communique forms the basis for our understanding with the PRC that any resolution of the differences between Taiwan and the mainland must be achieved peacefully. U.S. arms sales to Taiwan have been consistent with these documents. We will continue to provide for Taiwan's legitimate self-defense needs.

Taiwan's weapons systems are not offensive in character, but constitute a credible deterrent to military action. With the addition of several new defensive systems purchased or leased from the U.S. in the past few years, Taiwan's self-defense capability will be as strong as at any time since 1949. Those systems include various types of military aircraft, ships, and air-defense and anti-ship missiles. In addition, the U.S. has provided significant technical support for Taiwan's own production of the Indigenous Defense Fighter and PERRY-class frigates. We believe that Taiwan's basic inventory of equipment will be sufficient to deter significant military actions against Taiwan.

While our arms sales policy aims to enhance Taiwan's self-defense capability, it also seeks to reinforce regional stability. We will not provide Taiwan with capabilities that might provoke an arms race with the PRC or other countries in the region. Indeed, decisions on the release of arms made without consideration of the long-term impact both on the situation in the Taiwan Strait and on the region as a whole would be both dangerous and irresponsible. Any transfer of a complicated modern weapon system generally requires years of lead time before the capability is fully in place. Each new system, moreover, demands a U.S. commitment for continuing support in order to remain effective.

The Stakes
If armed conflict were actually to break out in the Taiwan Strait, the impact on Taiwan, the PRC and the region would be devastating. The PRC has enjoyed positive relationships with the United States and other industrialized countries that have allowed it to carry out the program of reform and opening to the outside world that has propelled the PRC's economic modernization. Taiwan capital -- over $20 billion -- has fueled PRC economic progress, large numbers of Taiwan residents have visited the PRC, and the mainland has become one of Taiwan's largest export markets.

All of these achievements, as well as prospects for a smooth Hong Kong transition, would be immediately put at risk in the event of conflict in the Strait. If such a conflict were precipitated by Beijing there would be severe damage to a wide range of PRC interests, political and diplomatic as well as economic. The entire Sino-American relationship would be put at risk. China's ties with Japan and all its other Asian neighbors would suffer grievously. So would its overall international standing.

Conflict would also be costly to the United States and to our friends and allies in the region. Hostilities between the PRC and Taiwan, however limited in scale or scope, would have a destabilizing effect and constrict the commerce which is the economic life-blood of the region. It would force their neighbors to re-evaluate their own defense policies, possibly fueling an arms race with unforeseeable consequences. It would seriously affect the tens of thousands of Americans who live and work in Taiwan and the PRC.

What would the U.S. do if commitments to peaceful settlement appeared to weaken, if hostilities appeared likely, if there appeared to be a threat to Taiwan's security or economic and social system? The Administration would immediately meet its obligations under the TRA to consult with the Congress on an appropriate response. The nature of our response would of course depend on the circumstances leading to a breakdown in relations across the Strait. But I hardly need remind this committee that the people of the United States feel strongly about the ability of the people of Taiwan to enjoy a peaceful future. This sentiment must not be underestimated. We have conveyed it to Beijing in unmistakable fashion through our statements and our actions.

Some have questioned the Administration's policy of not setting out in advance the details of our response to the use of force against Taiwan. Providing such details would be very unwise. Significantly, during the 1979 consideration of the TRA, Congress determined that we should not make an advance commitment to respond in a specific manner. As the House of Representatives observed in its report on the TRA, "What would be appropriate action, including possible use of force in Taiwan's defense, would depend on the specific circumstances. The committee does not attempt to specify in advance what the
particular circumstances or response might be." Agreeing with this prudent policy, the Senate report noted that no mutual security treaty to which the U.S. was a party requires the U.S. automatically to introduce armed forces into hostilities. We should take careful account of this sound counsel from those who drafted the TRA.

We have stated that grave consequences would flow from a use of force against Taiwan, and we have spelled out our determination to see that the future of Taiwan is worked out in a peaceful manner. We cannot and should not be more precise in advance about hypothetical scenarios.

I am confident our message is clear. A resort to force with respect to Taiwan would directly involve American national interests and would carry grave risks. There should be no ambiguity about our posture in Beijing, Taipei or anywhere else.

The Challenge

Our policy must be consistent, and must encourage both sides to find a peaceful and durable solution. We will continue to make clear this position to the PRC and to Taiwan. We have used and will continue to use all of our channels, including our military-to-military relationship with the PRC, to communicate our concerns directly to Chinese civilian and military leaders. We have consulted extensively with other countries with interests in the region. They too have counseled Beijing to show restraint.

On our side, we must also avoid unwarranted actions that could add to tensions. We should maintain our present prudent and effective policy of arms sales, within the framework of the TRA and the three joint communiques. We have an enormous stake in preserving stability in Asia and maintaining a productive relationship with the PRC. We will continue to engage the Chinese Government on issues of mutual interest and encourage the PRC's positive participation in the international community. We seek engagement, not confrontation, but this effort must be reciprocated by the PRC. We have also told the Taiwan authorities that we expect them to avoid any actions that put at risk the interests of all parties concerned. In recent days we have reaffirmed these themes to both parties. The United States strongly opposes both aggression and provocation.

It is critical to recognize that the U.S. does not unilaterally have the capability to impose a solution which would guarantee peace and stability in the Taiwan Strait. A lasting peace requires Taiwan and the PRC eventually to find a common framework for addressing their relationship. Both sides need to avoid provocative political or military actions that have the potential to destabilize the situation. They must together actively seek ways to address their differences peacefully. This is the only long-term guarantee of Taiwan's
security. It is also a necessary element in guaranteeing long-term peace and stability in East Asia.

Only the resumption of positive dialogue directly between Beijing and Taipei can lead to a peaceful and lasting settlement. We understand that the Taiwan authorities are prepared to resume cross-Strait talks. The PRC has also indicated its willingness to expand ties with Taiwan in a number of areas as long as the Taiwan authorities continue to embrace the principle of "one China." We hope the two sides will agree as soon as possible to take up again the dialogue that was suspended last June.

As we forthrightly seek to maintain peace and stability in the Taiwan Strait, we must also remember that our national interests are served by a constructive relationship with Beijing. The PRC is a nuclear power, a Perm-5 UN Security Council member, and a major player on issues like Korea, Cambodia, and arms control. It is also central to the solution of a host of global problems such as environmental degradation, narcotics trafficking and refugees. The PRC is the fastest growing economy in the world, supporting one-fifth of all humankind. Not only has its development dramatically altered the economic lives of its people for the better, but its success or failure will have enormous consequences for us and everyone else. As I indicated before, a constructive U.S.-PRC relationship is a fundamental element in Taiwan’s security and well-being.

Mr. Chairman, six administrations of both parties have understood that comprehensive engagement with Beijing, not confrontation, isolation, or containment, represents the best way both to promote our interests and to encourage a positive and constructive PRC role with the world. This policy has served the interests of the United States, the PRC, Taiwan, and regional security and prosperity. It has enabled us to pursue engagement with China and strong, unofficial ties with Taiwan. It has enabled Taiwan’s people and leaders to maintain their security, produce one of the world’s economic miracles, and consolidate the democracy so richly symbolized in next week’s elections.

We intend to pursue the course I have outlined in this statement. We call on Beijing and Taipei to exercise restraint and resume the dialogue that will lead toward a peaceful resolution of the issues between them. And we urge bipartisan support in the Congress that will send a strong signal of American purpose and resolve. We will work closely with you towards this goal.

Thank you.
KURT M. CAMPBELL

Dr. Kurt M. Campbell was appointed as Deputy Assistant Secretary of Defense for Asian and Pacific Affairs on May 15, 1995. In December 1995, Secretary of Defense William Perry awarded him the Medal for Outstanding Public Service for his work on the security relationship with Japan. He was formerly the Counselor to the Assistant Secretary of Defense for International Security Affairs (ISA). Before coming to the Pentagon he served as Director in the Democracy office of the National Security Council. Previously he was the Deputy Special Counselor to the President for NAFTA in the White House. He was also the Chief of Staff (International) to Secretary of the Treasury Lloyd Bentsen, Special Assistant to the Under Secretary of the Treasury for International Affairs, and the White House Fellow (class of 1992) at the Department of the Treasury. Campbell was part of the Treasury delegation at the Vancouver US-Russian Summit, the 1993 G-7 Summit in Tokyo, and the Presidential visit to South Korea. He also coordinated the historic September U.S.-Japan State/Defense "2+2" meeting in New York.

Dr. Campbell was Associate Professor of Public Policy at the John F. Kennedy School of Government at Harvard University between 1988 and 1993. He has also been the Assistant Director of the Center for Science and International Affairs and a Director of the South Africa Project at Harvard University. He was an International Affairs Fellow of the Council on Foreign Relations at the Pentagon, a stringer for the New York Times Magazine in Southern Africa, an Olin Fellow at the Russian Research Center, a Fellow at the International Institute for Strategic Studies in London, a lecturer in International Relations at Brown University, a consultant to the Rockefeller Foundation, a Distinguished Marshall Scholar in Great Britain, and a member of St. Cross College at Oxford University.

Campbell received his B.A. in political science from the University of California, a Certificate in music (violin) and political philosophy from the University of Erevan in Soviet Armenia, and his Doctorate in International Relations from Brasenose College at Oxford University. He rowed and played rugby for the first Brasenose College teams and received his Varsity "Blue" in tennis for representing Oxford in the Cambridge match.

Campbell was formerly a Special Assistant on the Joint Chiefs of Staff and a member of the US-Soviet Dangerous Military Activities negotiating team. He also coordinated the J-5 external advisory group on emerging avenues of military diplomacy. He received a Joint Service Commendation Medal for his work on the Joint Staff. Campbell has also served as a reserve naval officer in a special CNO intelligence advisory unit in the Pentagon. He is the author of two books, numerous scholarly articles, and many newspaper, magazine, and opinion pieces on a wide range of international subjects. He maintains a farm in Little Washington, Rappahannock County, Virginia.

January 1996
STATEMENT BY DR. KURT M. CAMPBELL
DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR ASIAN AND PACIFIC AFFAIRS
BEFORE THE HOUSE INTERNATIONAL RELATIONS COMMITTEE
SUBCOMMITTEE ON ASIA AND THE PACIFIC
14 MARCH 1996

Thank you for the opportunity to appear before you at this critical juncture in U.S-PRC-Taiwan relations.

Today, I'd like to supplement Ambassador Lord's comments by describing how we at the Department of Defense view the current situation in the Taiwan Strait, and what we believe are the keys to securing peace and stability in the Strait over the longer term.

Maintaining the peace and stability in this area is in the political, security, and economic interest of the United States, and for that matter of the PRC, and is a matter of international concern. Any effort to determine the future of Taiwan by other than peaceful means, would be of grave concern to the United States. We have made our views on this very clear to the PRC both in Washington and Beijing.

The current situation in the Taiwan Strait is being closely monitored at the Department of Defense. The recent series of PRC military exercises -- to include the firing of ballistic missiles close to Taiwan -- has increased tensions in the cross-Strait relationship. We have been very clear with our PRC interlocutors and in our public statements, and I want to be very clear today -- the Department of Defense and this Administration view the PRC exercises as reckless and irresponsible.

PRC activity, though highly provocative, and clearly aimed at intimidation, is expected to remain at the exercise level. We believe the greatest danger to peace in the Taiwan Strait does not come from a PRC attack on Taiwan, or indeed any other direct military action -- this remains remote. The greatest danger comes from the potential for an accident or miscalculation. In short, although the PRC has undertaken a very risky course of action, it is imperative that all sides remember the longer term goal of peaceful resolution of the dispute. It remains important for all sides to take a sober and sensible approach and to manage the situation prudently. All parties should refrain from responding in a manner which could escalate tensions.

Let me now address what we believe are two key roles the United States can play toward achieving that longer term goal of peaceful resolution of the dispute: (1) meeting our Taiwan Relations Act obligations, consistent with the Three Communiqués; and (2) continued comprehensive engagement with the PRC.
On the first point, I'd like to focus on our obligations under the Taiwan Relations Act -- or TRA -- which we take very seriously at the Pentagon. Briefly, the TRA requires that we:

- Assess the military balance to ascertain Taiwan's defense needs;
- Provide articles and services necessary to Taiwan to maintain a sufficient self-defense capability;
- keep Congress informed on Taiwan's security requirements; and
- maintain the capacity of the United States to resist force or coercion against the people of Taiwan.

The United States will meet its obligations under the Taiwan Relations Act. We do this not only because it is required by law, nor simply as a favor to our friends in Taipei. We do so because this is a key part of the strategy that will help to secure long term peace and stability in the Taiwan Strait and in the region.

In assessing Taiwan's defense needs, the Department of Defense and U.S. military have dedicated significant intelligence resources over the past two decades to monitoring the military balance in the Strait. We also have an active dialogue with Taiwan's security authorities to keep current on their defense issues. Additionally, through engagement with the PRC, and dialogue with the People's Liberation Army, we gain clearer insights into Chinese military capabilities and intentions. We continue to improve our efforts in all areas that help us carry out our responsibility to assess the balance.

On our second obligation, I note that we have helped Taiwan gain a formidable capacity to defend itself and to maintain a strong defense posture. Taiwan has acquired defensive systems from us in recent years including F-16 fighters, Knox Class Frigates, M-60A tanks, and the Modified Air Defense System -- a Patriot system derivative. We have an annual process through which Taiwan may request defense articles and services. We continually reevaluate Taiwan's posture to ensure we provide Taiwan with sufficient self-defense capability, and comply with the terms of the 1982 Communiqué and the declarations by President Reagan at that time.

Our third obligation is to keep Congress informed. In this regard, as we are doing before you today, we maintain a very active dialogue with Members of Congress and staff of relevant committees. We do this not only due to TRA requirements, but because it is not possible for any Administration to maintain a China policy that supports our national interest without the active involvement and support of Congress.

Finally, the TRA obliges us to maintain the United States' capacity to resist any resort to force or coercion that would jeopardize the security of Taiwan. This obligation is consistent with America's overall strategy in the region, our commitment to peace and stability, and our regional military posture. The Administration's commitment to maintaining 100,000 troops in the region for the foreseeable future is well-known and widely appreciated.
throughout the region. Our forward deployed troops in the Asia-Pacific region, including our assets afloat, stand ready.

As you know, we have sent the USS Independence CVBG closer to Taiwan, and will be repositioning the USS Nimitz CVBG to the Western Pacific. These actions are a signal of our concern and of the seriousness with which we view the situation. They are prudent precautionary measures. We have important interests in the region, and these actions assure that the carriers are in position to be helpful if they need be. They will also assist us in monitoring the situation. These forces do not serve to threaten China, nor any other country in the region. These forces serve as a reminder that American strength is solid and enduring, and we are prepared to protect our national interests. However, it is not appropriate to go beyond this overview into operational details, nor to speculate about hypothetical military contingencies.

Comprehensive engagement with the PRC is the second key I mentioned as being important to achieving long term peace and security. Though we disagree strongly with this particular set of actions by Beijing, it is as important now as ever to maintain a dialogue. We do not do so as a favor to Beijing, but because it is in our own national interest -- and in the interest of Taiwan, and the rest of the region.

We choose to engage China even as tensions rise in the Taiwan Strait. We seek to prevent or minimize conflict through dialogue. As Secretary Perry has stated, engagement does not equate to appeasement, nor does it preclude using whatever means are necessary to protect our key national interests. It is only to say we prefer to protect our national interest through dialogue rather than force.

In the longer term, engagement with China is our best hope for developing a better understanding of the Chinese. It also represents our best hope for influencing China to act as a responsible participant in regional affairs -- including with respect to Taiwan.

United States engagement with the PRC has the support of the region, and the support of Taiwan. Taipei understands its own security is enhanced when there exists a pragmatic and constructive dialogue between Washington and Beijing. This is our goal.

However, as Secretary Perry recently stated, it takes two to tango, and two to engage. Our policy accepts China at its word when it says it wants to become a responsible world power. Its time for China to start sending the right messages.

Thank you once again for the opportunity to address this important topic today. I'd be happy to answer any questions you might have.
Dr. GERRIT W. GONG
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A Rhodes scholar with Ph.D. and M.Phil. degrees in International Relations from Oxford University, England, and a B.A. (summa cum laude) from Brigham Young University, Dr. Gerrit W. Gong joined CSIS in 1981. He has directed the CSIS Asian Studies Program since 1989. He was also appointed the CSIS Freeman Chair in China Studies in 1995.

Dr. Gong’s government experience from 1985-1993 includes service in the U.S. State Department as Special Assistant to the Under Secretary for Political Affairs (the Department of State’s senior career officer); Special Assistant to two U.S. Ambassadors at the U.S. Embassy in Beijing (including through the period of the Tiananmen tragedy); and consultant to the State Department’s Policy Planning Staff.

Dr. Gong has served on three university faculties: the Georgetown University faculty as part of CSIS; the Oxford University research faculty; and the Johns Hopkins School of Advanced International Studies (SAIS) as a Professorial Lecturer. Dr. Gong writes, lectures, and consults in the U.S. and East Asia.

Dr. Gong was born and raised in Palo Alto, California; he lives with his wife, the former Susan Lindsay, and their four sons in Northern Virginia.
U.S. Interests in the Current China-Taiwan Situation

Testimony of Dr. Gerrit W. Gong
Freeman Chair and Director
Asian Studies Program
Center for Strategic and International Studies (CSIS)
Washington, D.C.

before the
Subcommittee on Asia-Pacific Affairs
House Committee on International Relations
March 14, 1996

Introduction

Mr. Chairman, it is always a pleasure to testify before this distinguished committee on U.S. Asia-Pacific policy, especially the timely concern of China-Taiwan relations as a second U.S. aircraft carrier group deploys near Taiwan while the PRC launches missiles and holds large-scale military exercises prior to Taiwan’s March 23 first direct presidential elections.

To both descriptively and prescriptively review the current cross-Taiwan strait situation, let me briefly note six anchor U.S. interests.

1. It is in the U.S. interest to help maintain an equilibrium of confidence so those on both sides of the Taiwan Strait can determine the pace and scope of their mutual interaction peacefully.

From 1972, the premise which has been a sine qua non to the three U.S.-PRC communiques and Taiwan Relations Act is that those on both sides of the Taiwan Strait should determine the pace and scope of their mutual relations peacefully, free of coercion or intimidation.

To this end, the U.S. has walked a policy tight-rope in calibrating its statements and actions to minimize the tendency by some in Beijing to underestimate U.S. resolve and by some in Taipei to overestimate the nature or scope of U.S. support. Indeed, it is in the U.S. interest to pursue peaceful rather than forcible means of addressing Asia-Pacific issues with Beijing and Taipei, by giving neither one a blank check or a veto with respect to U.S. policy options.

This ongoing calibration of U.S. policy includes the December 19, 1995 passage of the USS Nimitz through the Taiwan Strait, paralleled by the January 31, 1996, Shanghai port call of the USS Fort McHenry. Concerned by the PRC’s extensive live-fire military exercises and firing of M-9 ballistic missiles to within
approximately 32 miles of Kaohsiung in southwestern Taiwan and 21 miles of Keelung in northeast Taiwan, the U.S. cross-strait balancing now includes the deploying of the Nimitz and accompanying vessels to join the carrier Independence and its task force approximately 100 miles off the coast of Taiwan.

These actions can be taken firmly but diplomatically. In international waters, these U.S. ships are not intended to constitute, and should not be seen as constituting, interference in Chinese affairs by any third country. Indeed, the U.S. should maintain some flexibility of response, lest (as in the First World War) single events, calculated or not, result through lock-stepped responses into ever-widening tragic consequences. Yet, both publicly and privately, as Secretary of Defense William Perry's recent statements have done, U.S. resolve should not be questioned, only the precise manner in which U.S. capabilities will be exercised in particular settings.

2. It is not in the U.S. interest for Taipei, Beijing, or an evolving cross-strait situation to shift responsibility for cross-strait peace and communication to Washington for restraint or adjudication.

In our efforts to play a constructive cross-strait role, Washington should follow a fundamental axiom: Taipei and Beijing are together responsible for their peace, prosperity, and security; each has a vital interest not to transgress the limits of the other in their continuing dynamic balancing of cooperation and competition. Reckless or provocative rhetoric or behavior on the part of either should be seen by both as not in their mutual interest.

This means building margins of safety, not simply limits of tension. In the current jockeying for position, Taipei and Beijing may each feel the need to push the limits to see how much the other will give, with Washington being seen as providing the safety net against potential misstep. This situation is fraught with possible miscalculation or mistake, from a PRC missile veering off-course to a lower-level military officer taking forcible action into his own hands.

Building margins of safety means strong statements, contingency plans, hot-line channels for emergency clarification, and plans to implement confidence building measures — all discussed in sufficient detail with both Beijing and Taipei (and, ideally, between them) so as to build a safety buffer against accident. While some jockeying for position is inevitable, both Taipei and Beijing should recognize (as should Washington) the need not to see how close to the precipice they can come, but how far both can stay away.
3. It is in the U.S. interest to help maintain multiple channels of communication, including cross-strait channels, so Taipei and Beijing can engage each other, though Washington should not consider mediating cross-strait disputes unless such advances U.S. interests and unless invited by both sides.

The U.S. helps maintain communication channels through firm engagement with both Beijing and Taipei. Firm engagement means firmly asserting U.S. interests; it also means being firmly engaged at all leadership levels, with multiple institutions, so U.S. cooperative not confrontational intents are clear to all involved. Both Beijing and Taipei should welcome strong U.S. lines of communication with the other. As such occurs, the U.S. can take both sides without taking either.

As part of the effort to broaden and deepen all constructive communications channels possible, two institutional initiatives might be worth exploring.

First, at an appropriate time and under appropriate circumstances, the U.S. might offer good offices to facilitate limited contact between PRC and Taiwan militaries. This would likely follow March 23, 1996, and occur at lower or perhaps unofficial levels probably focused on hot-line and crisis-management issues. The two PRC and Taiwan navies might find some common cause in discussing ways to prevent conflict in the South China Sea over the contested Spratly Islands, to which the two hold similar but competing claims.

Second, to broaden understanding of the U.S. governmental system, members of the U.S. Congress should find ways to foster exchange of views with the National People’s Congress in Beijing. At some point, this kind of bilateral dialogue might open possibilities for direct cross-strait exchange among those serving in representative capacities.

The question also arises of whether current circumstances warrant Washington considering some form of diplomatic initiative quietly to seek a cooling down of the current cross-strait situation. The scheduled visit of the PRC Defense Minister to Washington provides an opportunity to discuss such possibilities, as may the visits of senior Taipei officials, perhaps at the end of March or during April.

And, of course, the U.S. should continue to encourage both Taiwan’s Straits Exchange Foundation and Beijing’s Association for Relations Across the Taiwan Straits to resume their constructive direct ties at all levels.

4. It is in the U.S. interest to see other Asia-Pacific actors
make their interest in regional peace and stability known.

Just as Singapore’s Senior Minister recently commented in constructive detail regarding the responsibilities of both sides of the Taiwan Strait, so other countries in the region have a direct stake in expressing their interest in continued cross-strait peace, prosperity, and security.

This does not mean other countries should necessarily take sides in what they may see as a Chinese political issue. But there is a danger to all the region if non-peaceful means are employed to resolve disputed borders, territorial lines, or other issues. While formal collective security agreements have yet to be developed in the Asia-Pacific, emerging regional institutions should certainly perceive a collective interest in peaceful dispute resolution, even in issues touching sovereign concerns.

5. In our domestic sphere, it is in the U.S. interest to reestablish executive and congressional consensus in U.S.-China-Taiwan relations.

This consensus should be built around four points:

a) reestablish executive branch leadership and bipartisan congressional support regarding the direction and priorities of U.S.-China-Taiwan relations;

b) establish a long-term positive framework for U.S.-China-Taiwan relations that encompasses specific concerns within more overarching frameworks;

c) accommodate the demands of both pragmatism and idealism;

and,

d) acknowledge that both sides of the Taiwan Strait maintain there is one China, as reflected in the three U.S.-PRC joint communiques, Taiwan Relations Act, and cross-strait relations.

Healthy discussion of the alternative merits of different policy approaches is a hallmark of U.S. democracy, but it is not in the U.S. interest for domestic politics in Washington to become the dispute resolution mechanism for issues better resolved directly by involved parties.

6. Finally, it is in the U.S. interest to pay particular attention to Taipei and Beijing domestic politics and timetables, and thereby to manage Washington’s emerging expectation gap.

In earlier ages, we spoke of "bomber" or "missile" gaps. In
today's information age, perception or expectation gaps are equally of concern.

In this regard, a potential expectation gap may be developing here in Washington. It is the expectation that somehow following Taiwan's March 23 elections Taipei-Beijing differences will automatically be resolved; tensions diminished; and Taipei and Beijing freed to pursue cross-strait initiatives that bring peace.

To be sure, some such initiatives are likely. But it may be premature to assume that after March 23 Taipei and Beijing will be willing or able to put domestic politics aside and focus on cross-strait initiatives. For example, Mr. C.F. Koo, chairman of Taiwan's Straits Exchange Foundation, recently noted the May 20, 1996, inauguration address of Taiwan's newly elected president is a natural time and venue for Taiwan to lay out its thinking regarding cross-strait approach.

This reveals another dilemma: continued tension is likely after March 23 if Beijing feels it can channel the direction of Taipei's policy options prior and subsequent to their authoritative post-election articulation. Paradoxically, Beijing's efforts to constrain those options may also limit the ability of any successful Taiwan leader to reach out to Beijing across the strait.

It is also possible Beijing and/or Taipei will over-play its hand, or over-react to the other, in increasing pre-conditions for resuming cross-strait dialogue, as occurred during PRC Vice Chairman of the Association for Relations Across the Taiwan Straits Tang Shubei's March visit to Taipei and following Taiwan President Lee Teng-hui's June visit to Cornell.

Thus, even after May 20, political constraints and divergences of view in Beijing and Taipei may still limit the ability of each to reduce completely or immediately cross-strait tensions. And the window for dramatic initiative in this area may begin to close as 1997 approaches, given Beijing's likely focus on Hong Kong's reversion on July 1 of that year.

All this is more cause for concern than alarm, though the pursuit of U.S. interests in the current and evolving China-Taiwan situation will continue to demand our best policy thinking and efforts.

In that regard, thank you for the opportunity to share these few thoughts.
DOUGLAS H. PAAL

Douglas H. Paal is President of the Asia Pacific Policy Center, a newly formed institution in Washington, D.C., promoting trade and investment as well as defense and security ties across the Pacific. Prior to forming the Center, Mr. Paal was Special Assistant to Presidents Bush and Reagan for National Security Affairs and Senior Director for Asian Affairs on the National Security Council. Mr. Paal has served in the State Department Policy Planning Staff and as a senior analyst for the CIA. He also served in the U.S. Embassies in Singapore and Beijing. He studied Asian history at Brown and Harvard Universities and the Japanese language in Tokyo.
First, I thank this subcommittee for the opportunity to testify this afternoon. This is an important moment in the post-Cold War development of the Western Pacific, a region where American political, economic and security stakes have continued to grow and yet where traditionally accepted American leadership increasingly comes into question. The current tensions in the Taiwan Strait are best viewed from these two broader perspectives.

For me personally as well, the opportunity to testify allows me to present observations from recent in-depth discussions in Taiwan and China. In late January, I joined a small group of scholars, sponsored by George Washington University, which talked with over sixty prominent political, economic and military leaders on Taiwan. This group produced a report which I am pleased to offer to you for the record.

Two weeks ago, at the invitation of the China Institute of International and Strategic Studies (CIISS), an organization closely connected with the Chinese People's Liberation Army and
China's National Defense University, I had the opportunity to talk in-depth with military and government leaders, and especially those responsible for dealings with China's counterpart Taiwan.

My intention is to incorporate the observations from these two visits to the principal parties to the current tensions in the Taiwan Strait in the remarks that follow.

The historical moment in which we find ourselves transcends the disturbing tensions of the Taiwan Strait. While we must attend to management of the current crisis, we should not lose sight of the broader sweep of history unfolding before us.

History is replete with examples of how the rise of new powers can be mismanaged, leading to tragic consequences. Scholars such as Donald Kagan in his recent book, On The Origins of War, and Joseph Nye in his textbook, Understanding International Conflict, have detailed the costs when existing great powers adjust poorly to the emergence of ascendant powers, and when ascendant powers misunderstand the signals from established powers. There are cautionary examples from this century in Asia alone: the Russo-Japanese war of 1905, the Japanese invasion of China, and our own war with Japan.

The great exception in the litany of wars surrounding the rise of new powers was the United States, which enjoyed the blessings of broad oceans and non-threatening neighbors as it rose to global status. Our history of exceptionalism, I believe, requires us to study closely this general record of failure in managing the
emergence of great powers, to study the record of the failure of deterrence.

China today, an acknowledged ascendant power, is no such exception. China has territorial disputes to one degree or another with at least eleven neighbors. The United States, Japan, Russia, and many of the rapidly developing economies in the world today are located in or have major interests in China's immediate neighborhood.

My first point, therefore, is that actions that we, our allies and friends take with respect to China generally, and to tensions in the Taiwan Strait specifically, should be viewed in light of their implications for China's long-term behavior. We need to send clear signals to China and Taiwan of what is tolerable in the eyes of the international community, but we should also be mindful that China, as an ascendant power, will be shut out of the evolving international community only at great cost and only temporarily.

China has, over the past twenty years, in general established a strong record of accommodation to the established international system. It has normalized diplomatic and trade relations with most of the world's nations. It long ago disestablished its surrogate revolutionary forces in Africa and Asia. It has joined or seeks to join most of the international organizations that deal with difficult multinational issues.
By the same token, for tactical, strategic and historical/political reasons, China is often a truculent player on the international scene. Although one can point to occasions of cooperativeness within the status quo, one can also point to actions that appear intended to undo the status quo or to reassert a traditional Chinese sphere of influence in the region.

Our goal should be to maximize the incentives for China to follow the cooperative path and at the same time maximize the disincentives for China to play a role disruptive to our interests. We seek both to integrate and deter China, with a strong preference for integration and yet a recognition that there may be a need for deterrence. In those areas where our interests do not conflict, it stands to reason that China should be permitted a greater scope of policy commensurate with its material capabilities.

As the single global superpower, the United States has a special requirement to send clear signals about what it believes will disturb the existing global order. It is our right and our responsibility to do so. The U.S. willingness to lead during the Cold War has brought the world a greater degree of peace, justice, and prosperity after a long twilight struggle, at great cost and sacrifice to the American people. If we are shrewd, we will continue to lead in a fashion that persuades and does not merely attempt to command the rest of the world to follow.

Now, to issues regarding the situation surrounding Taiwan today. Over the past two decades, few diplomatic issues have been more
vexatious than how to manage the Taiwan issue in U.S. relations with China. The people of China have developed an undeniable, politically powerful sensitivity to issues involving sovereignty and territorial integrity during a turbulent century. They genuinely believe Taiwan is only China’s affair. The people of Taiwan for their part, have been politically separated from the mainland since 1895, and they have progressed magnificently to new economic and political heights. They see little for themselves in any formal reunification with contemporary China.

The United States has powerful interests in good economic, political, and other relations with both Taipei and Beijing. These cross-cutting interests have necessitated nimble, subtle, and sometimes ambiguous formulations and behavior. The torturous negotiating history of the three Sino-U.S. Communiques and the legislative history of the Taiwan Relations Act of 1979 are testimony to the need for hands-on, delicate diplomacy, with constant adjustment of the incentives and disincentives that discourage disruptive behavior by all parties. It is my assessment that the United States has in the past several years tilted the balance of incentives and disincentives in an increasingly dangerous fashion in the management of relations with China and Taiwan. Beijing is learning that to be truculent and tough with Washington (and with Taipei) wins a response that is more to its liking.

This pattern began, in my view, in 1993, when the Administration first linked China’s trading status with the United States (MFN) to explicit progress in certain areas of human rights, including
the freeing of dissident political figures. The premise in that linkage was that China had no choice but to comply.

From the Chinese perspective, however, the options we presented amounted to no more than a choice of means to suicide, but suicide nonetheless in either case. Compliance with American demands to loosen political controls would mean a dangerous political challenge to the Communist Party from within, which in the eyes of many Chinese could invite the chaos of the Cultural Revolution and a threat to recent economic progress. (Whether we think this assessment is right or just is less relevant than that major Chinese power holders thought so.) Alternatively, loss of MFN status would mean a threat to China's economic growth and social stability, consequently an equal threat to Communist Party dominance.

China then pursued an internal debate on the costs and benefits of complying with American demands and concluded that the United States Administration was bluffing, pursuing what traditional Chinese statecraft calls "the empty city strategy" of only pretending to have the will and forces to protect our interests. As is so often the case, America's means to press China impose unacceptably high costs on American business and jobs, and China saw through this weakness. Beijing's analysis was proved correct when President Clinton embarrassingly but rightly abandoned this ill-conceived strategy in 1994. (I say rightly because I believe trade is an inappropriate medium of pressure, except on trade-related issues.)
The unwitting lesson we taught China was that to stand up to American demands pays. No Chinese leader could subsequently go to China's council tables and argue that U.S. credibility was such that the real issue for China was how, not whether to comply with U.S. wishes.

This lesson was compounded in late 1993, when the United States clumsily pursued reports of the presence of chemical weapons precursors aboard a Chinese merchant ship, the Yin He. Even after China's president denied the existence of the precursors, the U.S. insisted upon and conducted a search of the ship that turned up nothing. No apology was forthcoming from Washington. The lesson this time: the Americans can be wrong, and it can be personally embarrassing for China's leaders to comply with U.S. wishes.

This lesson was taught a third time. In 1994, Taiwan's President Lee Teng-hui transited Honolulu on his way to Latin America. China protested vigorously, and the U.S. government, apparently concerned in part that tensions were already run too high with China over the MPN threat, imposed conditions on Lee's transit that were viewed by a large majority of Congress as insulting and undignified. The lesson for China: pushing Washington hard on Taiwan-related issues works.

In late summer 1994, the State Department issued the results of its "Taiwan policy review," which made adjustments in the
conditions and terminology attached to the operations of Taiwan's representatives in the United States and United States
representatives in Taiwan. Some changes were long desired by a wide spectrum of opinion which held that Taiwan was unnecessarily hobbled by U.S.-imposed restrictions, but the overall impression of the changes was one of incoherence and confusion about America's intent. The lesson for China: U.S. policy toward Taiwan is ambiguous and headed in a disadvantageous direction.

Meanwhile, on Taiwan, democratic institutionalization was proceeding apace, with rising calls for Taiwan independence in the context of the increasing political freedom we long urged Taiwan's authorities to permit. From Beijing's point of view, this was a tendency that needed to be curbed, and Beijing stepped up its demonstration military exercises near Taiwan in November 1994, just before local elections. The lesson for Beijing: Taipei and Washington are both deaf to China's concerns that Taiwan not pursue independence, therefore military moves may be more productive. Post-election analysis suggested that China's intimidation had, in fact, muted pro-independence sentiment.

In early 1995, Chinese "fishermen" were discovered to have occupied Mischief Reef in Philippine claimed territorial waters in the Spratly Islands. This followed a revealing pattern: in 1974, China forcibly overthrew Saigon's garrison on the Paracel Islands, just a year after the U.S. signed the Paris Treaty with North Vietnam. After the war, Beijing did not return the islands to Hanoi. In 1988, Beijing seized seven of the Spratly Islands from Hanoi, shortly after Moscow declared its intent to reduce its support for Hanoi. In 1995, China took Mischief Reef, after the forced U.S. withdrawal from Philippine bases. The lesson:
clearly China calculates its territorial moves in light of the great power relationships of its neighbors. Weak alliances invite poaching.

When Chinese were discovered on Mischief Reef, two significant developments occurred, which while small concretely were large symbolically. First, no one attempted to force China to remove its personnel or equipment from the Reef, so the assertion of territorial rights stood. Second, the U.S. posture was initially weak. It was not until months later, on May 10, 1995, that the U.S. adopted a policy stance firmly opposing the use of force and expressing its interest in the freedom of navigation in the South China Seas. This latter stance has generally been applauded by the few who actually know it exists. The lesson: months of weakness and indecision in Washington permitted China to alter the status quo. Subsequently, the ASEAN governments successfully employed their new ASEAN Regional Forum (ARF) on security to press China into a somewhat more accommodating position with respect to settlement of claims.

In mid-1995, most tellingly, the U.S. suddenly reversed off-stated policy and extended a visa for Taiwan’s president to visit his alma mater, Cornell University. The suddenness of the reversal and the seeming role of lobbyists and the Congress in bringing it about caught the Chinese off guard and alerted them to the limited influence of the Administration on Congress. The lesson: China must send far stronger signals to the Administration, Congress and Taiwan to prevent further flips-flops.
In the latter half of 1995, China initiated missile and large scale military exercises again intended explicitly to intimidate Taiwan's voters into not supporting candidates who favor Taiwan independence or variations of that theme. U.S. ships were not sent into the exercise region at the time. Subsequently a U.S. carrier battle group passed through the Taiwan Strait, a move applauded by me and many others as signaling U.S. resolve to maintain stability in the Western Pacific despite the intimidation. Unfortunately, Administration officials initially worked hard to prove that this transit was unintentional; fortunately, China still believes the U.S. move was an intentional show of force.

All of which brings us to the current and so far highest level of intimidation against Taiwan since the late 1950s. The missile "tests" and amphibious exercises underway near Taiwan are clearly within China's legal rights, and Beijing has punctiliously skirted the edge of international law and custom in staging the exercises. They do not apparently constitute adequate means to invade Taiwan, but they do make more realistic possible scenarios for interrupting Taiwan's trade with the outside world.

My sense is that Beijing's primary goal remains to diminish the vote on March 23 for Taiwan's President Lee Teng-hui, "to teach him a lesson" at the ballot box for pursuing what Chinese figure is a strategy of de facto Taiwan independence. Beijing wants Taipei to cease efforts "to split" away from China, but is not now in a position to force reunification.
Beijing equally clearly does not want to go so far as to incur the price of an international reaction to its moving forcibly against Taiwan's international trade and survival. The loss to China in trade and investment would be staggering. Nevertheless, I was told explicitly by all Chinese senior officials during my recent visit that, if the choice is starkly between letting Taiwan go or economic privation at home, the current Chinese leadership has -- for a wide spectrum of reasons -- decided to accept privation.

This poses a significant short- and long-term challenge for U.S. policy makers. China obviously wants a cooperative and mutually beneficial relationship with the United States, if the price is not too high. It is up to Washington to determine how to balance Chinese perceptions of the costs and benefits in setting the price.

In the near term, it would be beneficial for the United States -- to keep channels of communication open with China's leaders, including the visit of the Defense Minister to the United States in April, with suitably high levels of U.S. officials visiting China;

-- to remind China that further efforts to escalate tensions will not go unanswered, in that the use of force undermines basic U.S.-China understandings regarding arms sales to Taiwan and other fundamental aspects of U.S.-Taiwan unofficial ties;
-- to consult closely with our allies and friends, demonstrating to them the coherence of our policy and seeking their active support in tempering China's pressures, for alliance management is a strong American trait and a major Chinese deficiency;

-- to maintain afloat elements of the Seventh Fleet near missile and amphibious exercise locations to observe and be visible;

-- to conduct exercises subsequently that rehearse necessary measures to keep Taiwan's trade routes open in the event of a blockade;

-- to position Aegis cruisers between the declared missile target areas and Taiwan to guard against errant missiles, if that is technically feasible;

-- to press for development of theater missile defense on an accelerated schedule so as to diminish the threat from Chinese missiles over time;

-- to send a private Presidential emissary to Taiwan to show support, consult, and to remind the Taiwan leadership more privately and less publicly that there are real limits on U.S. willingness to support any Taiwan effort to flout a power as significant to Taiwan as China is;

-- to encourage Taiwan to prepare to do what many there say it will do after the elections, i.e., make conciliatory gestures to
Beijing such as expanding transport and communications links across the Strait;

--to urge Beijing to show greater flexibility, in recognition of the fact that the political situation on Taiwan has evolved far beyond what it was when the U.S. and China issued the Three Joint Communiques governing bilateral relations and the issue of Taiwan.

For the longer term, the U.S. will find itself in a more dignified and effective posture if it draws two major lessons from the current tensions. Taiwan will also benefit, if U.S. policy is more skillful, in greater freedom from intimidation and in its scope of action internationally. It is my practical experience and deep belief that cross-strait relations improve only when the U.S. is pursuing constructive ties with both Taipei and Beijing.

The first precondition for better ties is that China must be viewed strategically. By this I do not mean attempting to revive something like the former "strategic triangle." Rather, as outlined above, China is poised to join the ranks of great powers. In a sense as custodians of the established order, we have a need to manage China's emergence to comport with our interests and still permit China to grow. In doing this, we should learn from history and not repeat the mistakes of our colonizing predecessors and misjudge or mishandle Chinese intentions. Preachiness and high-handedness are no substitutes
for firm and coherent policy implementation with clear priorities, not crises de jour and changeable wish lists.

By the same token, China, which in many contexts but not all seems eager to have a good relationship with the U.S., should be persuaded or induced to be increasingly accommodating to the interests of the U.S. and the international community.

This strategic approach requires high level dialogue. As Senator Sam Nunn of Georgia recently noted on the Senate floor, it has been seven years since a President or Vice President visited China. Our revulsion against the Tiananmen massacre has been considerably demonstrated and would not, I believe, be attenuated if our leaders were to meet and consult about the need for cooperation in the present and the future. There are some lessons for the present in American policy toward the U.S.S.R. of the 1980s, specifically in how to compartmentalize our various disputes with China, including human rights, with a positive result.

This high level dialogue is especially required for China, which is still hobbled by an overcentralized political and foreign policy leadership. The Chinese can be quite rational and thorough in the process of making policy, but experience makes clear that there is no substitute for talking directly and candidly to China's leaders. The recent Chinese leadership preoccupation with a so-called American "containment" strategy for China demonstrates that failure to communicate has its costs in misunderstanding. One trip to China -- a nation of 1.2
billion -- in three years by the Secretary of State is plainly not enough.

The Administration's strategy of "engagement" or "constructive engagement" falls short, in my view. In fact, these terms seem devoid of content that would suggest a direction to policy. Perhaps it is their meaninglessness that makes them easy for so many to endorse. I would suggest that the term "integration and deterrence" more accurately captures the spirit of a future-oriented U.S. policy toward China.

The second caution for the future has to do with the delicate issue of U.S. credibility. As I have attempted to show, weakness and bluffs have played too large a role in recent Chinese calculations of American policy. From MFN, to the Yin He affair, to the Spratlys, the cost has been an increased Chinese assertiveness in sensitive territorial, proliferation, human rights, political and economic issue areas. This can hardly be viewed as a result that is in our strategic interest.

The problem appears primarily to consist of both a failure of vision and of technique and implementation, rather than of skewed American intent. Congress has a right to insist that policy be implemented far more consistently and effectively in the future. The path we are on, if uncorrected, is headed unmistakably and entirely unnecessarily toward policy failure, toward a failure of deterrence. Today's tough talk and sudden ship movements must be integrated into a coherent policy, which, if it is successful, will reduce the need for further tough talk and action.
At the close of a very long meeting with one of China's strongest strategic thinkers two weeks ago, he made a telling point, intended to make unmistakably clear China's standard for its international policy and its doubts about U.S. foreign policy. He quoted the Tao Chuan, a fifth century B.C. classic of statecraft -- and Chinese leaders are increasingly digging into their historical roots to find lessons for a China that looms larger among its neighbors. His quotation was: "Credibility is the treasure of the country and the shield of the people." For him it is a high standard, and so it should be for us.

Finally, the current tensions in the Strait, while regrettable and deplorable and requiring close attention with a steady U.S. hand, will nonetheless pass by the time of Taiwan's inaugural ceremonies in June, at least for the short term. What should be of concern to us is that the pattern of U.S. credibility begin to encourage greater caution in China and circumspection in Taiwan. Credibility can be damaged in short order, and it takes years of steadiness to rebuild it. Today would be a good time to start.

Thank you.
Mr. Natale H. Bellocchi was Chairman of the American Institute in Taiwan from August, 1990, until December, 1995. The Institute was established by Congress in 1979 as the instrumentality through which programs, transactions, and other relations are conducted with respect to Taiwan by the President or any agency of the U.S. Government, pursuant to U.S. laws.

Prior to this appointment, Mr. Bellocchi had been serving as the International Affairs Advisor at the Industrial College of the Armed Forces since 1988. Mr. Bellocchi entered the U.S. Foreign Service in 1955, and had earlier worked as an engineer in the textile industry and served in the U.S. Army.

Following five years of service as a diplomatic courier, Mr. Bellocchi was assigned in 1960 as Administrative Assistant at the U.S. Consulate General in Hong Kong. In 1962 he served as the General Services Officer at the American Embassy in Vientiane, Laos. He took Chinese Language Training in Taichung, Taiwan, from 1963 to 1964 and then became Assistant Commercial Attache in Taipei, Taiwan, where he served until 1967. In 1968-69 he was Chief of the U.S. Commercial Unit in Hong Kong.

Mr. Bellocchi returned to Washington in 1970 for economic training. In 1971 he was a Deputy Province Senior Advisor in central Vietnam, and then Commercial Attache at the American Embassy in Saigon. During the next two years he was Commercial Counselor in Tokyo.

In 1974-75 he attended the Senior Seminar in Foreign Policy in Washington, and thereafter was detailed for one year to the U.S. Treasury.

Mr. Bellocchi went to New Delhi, India in 1976 as Economic Counselor and in 1979 returned to Hong Kong as Deputy Principal Officer. In 1981 he became Deputy Assistant Secretary of State in the Bureau of Intelligence and Research, and in 1985 was appointed to be Ambassador to the Republic of Botswana.

Natale Bellocchi was born July 5, 1926, in Little Falls, New York. He received a Bachelor of Science Degree in Industrial Management from Georgia Institute of Technology in 1949 and another in Foreign Service from Georgetown University in 1954. He served in the United States Army from 1950-53. He is married to the former Lilan Liu, and they have two children.
Mr. Chairman, I thank you and the committee for this opportunity to express some of my views on the issues facing us in the Taiwan Straits, and which remain so important to U.S. interests. My work over the last five years has focused on the U.S. Taiwan relationship. My statement, therefore, will have that focus. That relationship, the U.S. - PRC relationship, and that between Taiwan and the PRC mutually affect each other, and all three need to be taken into account in determining policy. While our most immediate concern is the lowering of the tensions that have surfaced these last few months, we should not wait to begin the process of determining what we should do thereafter.

Our policies toward the PRC and Taiwan, based on the Taiwan Relations Act and the three communiqués with the PRC, were shaped in the 1972-82 decade, in a world and a region that have since then undergone enormous change. We make claims that those policies have maintained
stability, permitted economic progress on both sides, and have not hindered political progress. The policies, therefore, should be continued. But the underlying issue, the relationship between Taiwan and the PRC, has not come closer to resolution, and in fact has become even more difficult even before the events of the last two weeks. The millions of visits by Taiwan citizens to the PRC and the billions of investments by Taiwan businesses, have not changed the fundamental political differences between them. The present rise in tensions illustrate how this issue continues to threaten stability in the Western Pacific. The threat this represents to all the other progress made in that region make it legitimate to consider how to adapt our policies in a way that better meets this concern and better serves our interest.

The world has watched with admiration as Taiwan has carried out what can best be described as a peaceful revolution in its political system. A new generation, largely native-born, has come to power. Their average age in the cabinet is around 53 years, for example, and that of the last Legislature about 47 years. Most of this new generation see the issue of their national status as a practical problem, not an emotional residue of what is for many, someone else's past civil war. Power has been dispersed, to the now more
representative legislature and to local governments. There is oversight by the legislature and the open media. There are periodic, open, vigorously contested, direct elections at all levels of government. National priorities more accurately reflect those of the electorate.

The changed atmosphere has had a profound effect on every facet of national activity. That is apparent in economic priorities, in foreign policy, in efforts to establish a recognized international status, and in the relationship with the PRC, and with us. This has brought a fundamental change to the character of Taiwan, which inevitably effects their external behavior. To ignore this, and hope to keep Taiwan to its past policies in its relationship with us and with the PRC, would invite future instability on that island. In the TRA, sec.2.c., the Congress demonstrated a concern that the people of Taiwan may not have a say in determining their future, a fundamental human right. Now there seems to be a concern among many that they will.

If we are to consider, in our policy deliberations, how best to deal with Taiwan under these circumstances, we should understand how democracy has changed the way they must face the challenges they see before them. The economy, for example, must be upgraded, and Taiwan must carve out a role
for itself in the rapidly expanding economies of the region, hence the massive plans for major projects in infrastructure and industry, and the decision to establish Taiwan as an attractive regional operations center. The upgrading of both infrastructure and industry require substantial resources and foreign participation. Regional centers and the internationalization of the economy need liberalizing laws and regulations that open the economy to even more competition from abroad, and agreements with trading partners which now include the PRC.

Interest groups have become more influential, and while pressures grow from that source, oversight by the legislature and by the open media introduce greater caution in decision making. So progress takes place, not in the use of orderly plans that were the hallmark of the past, but in the uneven process of a democracy, with far less control over the direction it takes.

The rapidity of political change has outpaced the laws and rules that regulate the system. So while decisions must be made, including some very fundamental ones, the rules that are used to arrive at them are sometimes still in flux, or made ad hoc as needed. At the same time, political parties that are the normal organizational base for politics have become less disciplined and
are proliferating. In the multi-representative districts, single issue legislators can easily become national figures, further complicating progress on both internal and external issues. Legislative and media monitoring is necessary but naturally inhibit bureaucratic flexibility. And the issues being publicly debated include such sensitive and fundamental ones as national origin or national identity. Democracy has brought the political leadership legitimacy, but placed limits on its power.

Democracy has also affected Taiwan's international issues. It has always pursued its international objectives to bolster its economy and to gain support for its political status vis-à-vis the PRC. The growth of its economy has made Taiwan an international presence. It is a participant without a seat at the global table that regulates, sets standards or otherwise manages a variety of activities. Aside from the harm this exclusion does its own economy, Taiwan's absence is not in the interests of the international community.

For the voters of Taiwan, where 20 percent of the people travel abroad each year, pride in accomplishment has created strong pressure for international recognition. Grass roots pressure, therefore, has given this
objective greater legitimacy. Even more important, however, is that in any future negotiations with the PRC, equality at the negotiating table is a fundamental condition. Taiwan must have the option of saying "no" to unacceptable positions, and this can only be assured by the support of the international community. For all these reasons, in democratic Taiwan, no political leader could survive without actively pursuing this objective, and therefore the call to cease seeking some internationally recognized status is unrealistic.

Perhaps nowhere has the impact of Taiwan's democratization been more pronounced than on its ability to manage cross-strait relations. A recent comment in an American news article suggested that if the two sides had the imagination to develop a modus vivendi in 1958 by firing shells at each other on alternate days, they surely could develop an innovative modus vivendi today. In my judgment it illustrates the gap in our perceptions. In 1958 Beijing was in Mao's hands, and Taipei was in Chiang, kai-shek's. Today Beijing has a comparatively weak government and Taipei has a democratic one. A wink and a nudge will not do the trick anymore. Yet, among many, the hope persists that the two sides will deal with the issue in "the Chinese
way. "To be sure, the Chinese way in many aspects is still around, but in a
democratic system with the rule of law, it can't be what it used to be.

This last point has been a major obstacle to movement even in the
bicoastal talks that have already taken place. The rule of law - and whose law
prevails - strikes at the heart of the political differences between Taiwan and
the PRC. There has been some movement in resolving some practical matters
largely connected to tourism and commerce, primarily from Taiwan to the
PRC. But the impact of this on the fundamental political issue between them
should not be exaggerated. The very large number of tourists from Taiwan
that have traveled to the PRC have done much to bring their differences in
life-styles into sharper focus. The expansion of commerce between them has
had considerable economic impact on both sides, but the degree to which this
influences fundamental political differences is obviously not great. For
Taiwan, therefore, developing a domestic consensus on an acceptable
relationship with the PRC represents its major challenge today.

I believe it is fair to say that in the relationship between the two
sides of the Straits, there has been more effort to seek areas of agreement by
the Taiwan side than from the PRC. The lifting of its claim to the mainland and its martial law regime, for example, resulted in opening up the PRC to its own people and commerce, among many other things. The initiative for cross straits talks through a semi-official organization came from that side. These were substantive moves that have not been reciprocated. At the same time, when it comes to the most fundamental of issues neither side has budged. For obvious reasons, the PRC will not forswear the use of force on the one hand, and Taiwan cannot accept less than recognition as an equal political entity before talks can begin on the other.

Democratization inevitably also affects Taiwan's conduct of its external affairs, including those with us. Our present relationship with Taiwan was largely built around the reality of a previous time - an authoritarian regime on Taiwan whose priorities and perception of its interests were different than they are today. Taiwan can't behave as it did in the past, however, and so must pursue its objectives differently. Because the PRC has failed to adapt its policy toward Taiwan to accommodate this new reality, America has been inhibited in pursuing more flexible policies toward Taiwan that would recognize this change.
Yet, in my judgment, the pressures on the U.S. for changes in our policy will continue to grow. Many may attribute these heightened pressures to successful lobbying by Taiwan, or China-bashing by Congress. There is that, of course, but it would be a mistake to ignore other factors that may form a more fundamental basis for this pressure. One is the greater and growing legitimacy of Taiwan's government and leaders. The entire ladder in both the executive and legislative branches, from municipalities to national levels, will soon have been directly elected by the voters on Taiwan.

The American public has already begun to change its perceptions of Taiwan, from primarily just a producer of goods, to one of a vibrant political entity that has embraced democracy. The visit of President Lee, Teng-hui to the U.S. last summer brought many results, both good and bad, but one it surely brought America is a greater awareness of today's Taiwan. So American public awareness of Taiwan's democracy, not just lobbying or China-bashing, creates pressure for policy change.

Yet another factor is the growing need, in our own interest, to have Taiwan participate in international organizations. Our large trade with that
island is increasingly coming under multilateral rules and arbitration: WTO and APEC, for example. Taiwan's large foreign exchange reserves are needed for development and peacekeeping assistance. Other global issues such as environment, narcotics, standards, telecommunications, transportation, and many more involve Taiwan as a player. Pressures will continue to grow, therefore, to find a way for Taiwan to participate more formally and fully in international organizations.

The changing nature of the overseas Chinese community in America, and their influence on U.S. domestic politics, can have some impact on policies toward both the PRC and Taiwan. Though always fragmented, they have become increasingly polarized. The Taiwan domestic political differences, and the struggle between the PRC and Taiwan for their hearts and minds, are all apparent among the myriad of associations and have some political relevance especially at local levels. Increasingly this will reach into national politics as well, creating some pressure for change.

The fundamental question about how to cope with the coming of democracy to Taiwan remains, however. While the resolution of the PRC - Taiwan relationship will not come in the near term, the pressures for change
on the U.S. and the PRC, from a now legitimate democratic Taiwan, will continue to grow.

What is needed after the present crisis is not the continuing jockeying by both sides of the Straits to establish conditions now that would guarantee a future final settlement favorable to them, but an interim understanding between them that would lower tensions and permit more realistic relationships until a future, final settlement can be worked out. On our part, in America, we should, for the first time, recognize that the issue is a long-term one and that there is a need to pursue our policy toward Taiwan with that in mind, while maintaining our fundamental commitments in a way that but better serves our interest in this interim period.

We should continue the premise that the final resolution of that issue must be worked out by the two sides, and that the basis for our commitments in this regard would remain that it must be peaceful. We should continue to express our understanding that the PRC’s interests are involved, which we have often done; but also insist that the PRC similarly understand that our interests are involved as well, which they have not been willing to recognize. We should also make clear to them that the degree of change that has taken
place and likely to continue, on both sides, requires us and the world community generally to pursue our interests in a more realistic way.

Taiwan has become an important player in international affairs, with or without the diplomatic symbolism, and it is now as legitimate a democracy as found anywhere. Some kind of interim acceptance of Taiwan in the international community would be in everyone's best interest, and would not compromise claims either side makes for their eventual relationship. It should be clear to the PRC, that even on this highly sensitive issue, their interests are best served by a more pragmatic approach. That absent this kind of broad understanding, the risk of instability will continue to grow. With it, however, fruitful relationships could expand and help in maintaining stability until such time as natural, voluntary and more permanent agreements can be reached by the two sides of the Straits.

Under present conditions, with tensions at their present level, the first, short term objective must be to cool the atmosphere. But we must not then repeat what we have done so often, let the matter lie - seek to return to the previous status quo - until the next crisis. For Taiwan that is no longer possible. We should encourage the two sides to talk and even to work
toward an interim stage in the relationship between them, while shaping our own policies toward this issue that better reflect the realities of present day Taiwan. We must, of course, try to build a better relationship with the PRC. There are many facets to that relationship that go far beyond Taiwan. But we should not permit that to immobilize policies that would be in our own best interest only because the PRC opposes them. Since democracy has come to Taiwan, for example, it is difficult to conjure up policies by the PRC toward Taiwan that would be more likely to encourage greater separateness, rather than greater cooperation.

We should also be prepared to make clear that we believe democracy on Taiwan is irreversible, and that as a practical matter as well as principle, we would oppose any efforts from outside Taiwan to alter that fact; and that any change in Taiwan's status must have the acceptance of the people on Taiwan. Similarly, however, the people on Taiwan must accept that their relations with the PRC cannot be resolved unilaterally as well. That Taiwan must negotiate at some point in the future some kind of mutually agreed understanding on the relationship between the two sides.
The complexities involved in formulating a policy on this issue, however, makes any choice difficult, controversial, and inevitably involves some cost. We should begin now, however, to work on policies needed after the current crisis subsides. Once past the present period of tension, and even better past the ferment of elections in both the U.S. and Taiwan, we should be ready with a policy recommendation useful to whatever administration is in power next year. In addition, Congress has an oversight responsibility under the TRA. In my judgment, this should be strengthened by not only a single study or policy review, but by a required periodic report to Congress on the state of our relationship with Taiwan.
QUESTIONS FOR THE RECORD

Submitted By

Hon. Howard L. Berman (D-CA), Ranking Member, Subcommittee on Asia and the Pacific

What autonomous capability does Taiwan have in detecting hostile "M" class missiles?

What product/and or systems can the US Government quickly provide to Taiwan to detect and/or defend against "M" class missiles?

What product in US inventory could be made available by the US Government to provide the operational detection capability and protection required by Taiwan?

Can AN/SPS-48E radar systems be used in a land-based application given its ship board design and use within the US fleet?

Can the AN/SPS-48E 3-D radar system be easily adapted for permanent land-based installation in Taiwan to provide early detection of "M" class missiles?

What is the position of the US Department of Defense regarding the issue of providing radar detection capabilities to Taiwan for detection and tracking of "M" class missiles?
QUESTION: What autonomous capability does Taiwan have in detecting hostile "M" class missiles?

ANSWER: For the target acquisition, tracking, and mid-course missile guidance of the Tien Kung (Sky Bow) missile system, the Taiwan Army has deployed the ADAR-1 semi-trailer-mounted 500 km range Chang Bei (Long White) multi-function phased-array radar, with an associated fire-control computer system. The ADAR-1 was developed by the Chung Shan Institute with technological assistance from the Martin Marietta's RCA division which developed the Aegis system. Each Tien Kung battery (fire unit) is said to have one Chang Bei with three to four 4-round missile launchers attached.

June 1996 press reports in Taipei reported that the Chief Arms Procurement Officer for the Army confirmed that for the first time the locally developed Tien Kung missile system had detected the M-9 missiles that had been fired into the waters near Taiwan in March. He further claimed that the phased-array radars could locate a target from a range of 300 kms while the range for the PATRIOT anti-missile system was 160 kms.

NOTE: We believe that the detection range is probably much less than the 500 or 300 kms mentioned and more in the range of 100 kms or less.
2. WHAT PRODUCT/AND OR SYSTEMS CAN THE U.S. GOVERNMENT QUICKLY PROVIDE TO TAIWAN TO DETECT AND/OR DEFENSE AGAINST "M" CLASS MISSILES?

In cooperation with Raytheon Corporation, Taiwan will produce the Modified Air Defense System (MADS). This system will have a ballistic missile defense capability equivalent to that of a PATRIOT air-defense system currently deployed with U.S. forces. Once deployed during the 1997-1998 time period, MADS should provide limited capability against PRC "M" class ballistic missiles.

6. WHAT IS THE POSITION OF THE U.S. DEPARTMENT OF DEFENSE REGARDING THE ISSUE OF PROVIDING RADAR DETECTION CAPABILITIES TO TAIWAN FOR DETECTION AND TRACKING OF "M" CLASS MISSILES?

The U.S. Government has no objection to releasing for sale to Taiwan early-warning radar systems whose capabilities fall within the parameters of our policy on arms sales to Taiwan as framed by the 1979 Taiwan Relations Act and the 1982 Joint Communiqué with the People's Republic of China. The USG has, in fact, already approved the sale to Taiwan of radar systems capable of detecting and tracking ballistic missiles. In certain cases, Taiwan has declined to purchase these systems.
QUESTION FOR THE RECORD
QUESTION NUMBER 4

AN/SPS-48E RADAR SYSTEM

QUESTION: Can AN/SPS-48E radar systems be used in a land-based application given its shipboard design and use within the US fleet?

ANSWER: Yes, the AN/SPS-48E radar system can be used in a land-based application. Two land-based AN/SPS-48E installations currently operate successfully at Pacific Missile Range Facility (PMRF) at Barking Sands, Hawaii, and Fleet Combat Systems Training Center Atlantic at Dam Neck, Virginia.
QUESTION: Can the AN/SPS-48E 3-D radar system be easily adapted for permanent land-based installation in Taiwan to provide early detection of "M" class missiles?

ANSWER: Yes, the AN/SPS-48E 3-D radar system can be adapted for permanent land-based installation to provide early detection of Theater Ballistic Missiles which could potentially include "M" class missiles. A modification to the AN/SPS-48E was developed by the manufacturer to track Theater Ballistic Missiles (TBM) and was successfully demonstrated in USS RICHMOND K. TURNER (CG-20). Performance will vary depending on target characteristics and operating parameters.