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Taiwan's relationship with the Chinese mainland has been the island's foremost foreign policy issue since the leadership of the Republic of China took refuge on the island after ceding the Mainland to the victorious Red Army. Taiwan and China have since been one of four divided nations, split not precisely by the Cold War but by the civil war that preceded it; but since the civil war was based on the same ideological cleavage it was quickly subsumed in the Cold War. In certain respects the nature of the issue has remained constant since: It is both a question of national sovereignty and a national security issue, as the Mainland has always competed with Taiwan to represent China to the rest of the world, and one way of resolving this contest has always been for one side to absorb the other (in the first decade or two, that threat was reciprocal). The legitimacy issue was initially exacerbated by an ideological division that split the two camps during the Cold War, but the developmental path taken by China since the Third Plenum of the 11th Party Congress has reversed this alienation, bringing the two sides into closer socio-economic (but not political) convergence. The end of the Cold War and the correlative demise of ideology have stimulated the rise of nationalism on both sides as well, but paradoxically the quest for national identity has split rather than united the two sides.

This paper consists of four parts. The first frames the shifting relations across the Strait diachronically in a critical juncture narrative. The second looks at the rise of nationalism and the search for national identity and their impact on cross-Strait relations. The third is concerned with the impact of political economic variables. The fourth views political and strategic relations across the Strait in terms of the logic of strategic triangular analysis. The conclusion will synthesize these four parts with a review of current developments in Taiwan leading up to the January 2012 election.

The Historical Dialectic

During the 1949-1971 period, Beijing's Taiwan policy was one of a logical continuation of the unconcluded revolutionary civil war, discussed in the terminology of "liberation" (usually armed, occasionally peaceful), while Taipei's policy was "recover the Mainland" (implicitly by force). The two sides were thus frozen into a stance of mutual antagonism, without commercial or diplomatic contact. Both were however for the most part occupied with domestic economic reconstruction—the Mainland digging out of the ruins of Japanese invasion and civil war to launch an ambitious "socialization of the means of production" and the Nationalists imposing martial law over a surly post-February 28 indigenous population to introduce a no less ambitious land reform and export-led industrialization program. The bitter legacy of the formally unconcluded civil war lingered on in the Chinese threat to invade the island and in Nationalist raids and spy flights against the Mainland; there were also major

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confrontations across the Strait in 1954-55 and 1958, though these were limited to the offshore islands and cut short by American intervention. Taiwan was integrated into the "free world" anti-communist Cold War coalition with access to the American market. With US support Taipei held one of the five permanent seats on the UN Security Council and played roles in the other international and regional organizations, while Beijing scorned participation in such "bourgeois imperialist" forums focusing on its ideologically pure but increasingly controversial role within the international communist movement. In security terms Taiwan was generally assessed as in a relatively strong position throughout the first three decades, compensating inferior numbers with qualitatively superior weaponry and a more vibrant and stable economy; though the balance shifted somewhat with Chinese acquisition of nuclear weapons in the 1960s, Taiwan's naval and air capabilities remained adequate to deter a People's Liberation Army (PLA) invasion.

There have been at least four critical junctures in the relationship. The first was the shift in the balance of diplomatic power from 1971 to 1979, beginning with the Nixon visit and concluding with US recognition of China (and abandonment of Taiwan). This shift was precipitated not so much by the political actions of Taiwan or even those of the Mainland, but by shifts in the balance of international power in which the relationship was embedded. Part of this shift was the rise of the Third World of developing nations resulting from the post-WWII decolonization of European imperialism; by the end of the 1960s the developing countries had a clear majority in the UN General Assembly, and their vote enabled China to overcome Western resistance and push Taiwan aside to claim its seat on the UN Security Council. The second part of the shift was the perceived qualitative increase in the power of the Soviet bloc (in retrospect clearly exaggerated) and corresponding decline in the relative power of the US, which motivated the latter to form a coalition against the former. Even though China was the weakest and most vulnerable of the three, as an indispensable part of the coalition threatening the superiority of the US, Beijing was able to impose conditions for this realignment, chief of which was US abandonment of Taiwan. China-US rapprochement, formalized on 1 January 1979, fatally undercut Taipei's (already sagging) diplomatic leverage and greatly enhanced that of Beijing. Yet there were two offsetting advantages for Taiwan. The first was that in conjunction with the normalization of Sino-American relations Beijing proffered a far more attractive reunification package to Taipei, the "three links" and "one country, two systems" deal promising Taiwan considerable autonomy. The second is that by undermining the international status of the KMT (Kuomintang or the Nationalist Party) regime (by persuading more and more countries to recognize the PRC rather than the ROC as "China") its leadership was obliged to search for a new basis of legitimacy, making a series of concessions that culminated in domestic democratization by the end of the 1980s.

The second critical juncture, the end of the Cold War from 1989 to 1991, which coincided with the cautious opening of Taiwan to the PRC's offer, soon evolved into an unprecedented but informal socio-economic diplomatic thaw. The Tiananmen crackdown that initiated the unraveling of the communist bloc both blackened the image of the PRC in the eyes of the West and convinced many of its immanent doom, while democratization in Taiwan opened promising new diplomatic avenues. Yet this proved only a brief and misleading respite, as the mainland reform boom revived following Deng Xiaoping's 1992 "southern voyage" (nanxun). The new KMT

leadership in Taipei launched a two-pronged foreign policy of accommodation with Beijing toward eventual reunification (on Taipei's terms) and a simultaneous line of "dollar diplomacy" or "flexible diplomacy" toward the rest of the world designed to win diplomatic recognition from as many countries as possible. Based on the "1992 consensus" that there is only one China but each side had discretion to define it, Beijing and Taipei held carefully circumscribed talks in Hong Kong and Singapore to resolve a number of technical issues while competing for diplomatic gains internationally. The cross-Strait diplomatic opening, coinciding as it did with flourishing cross-Strait tourism, trade and investment, occasioned an unprecedented "mainland fever" on the island.

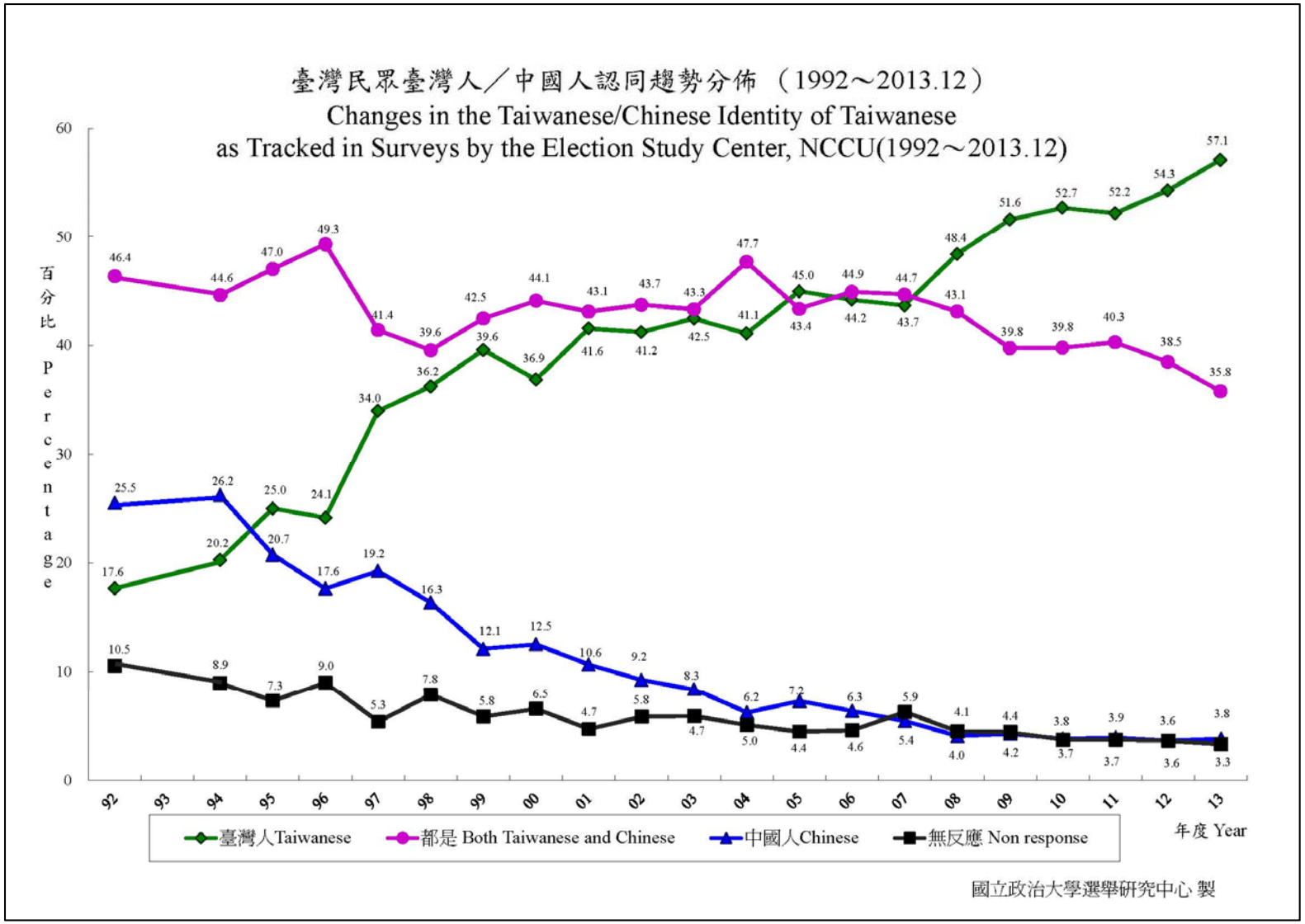
The third critical juncture was the Strait crisis of 1995-1996, which initiated a decade-long diplomatic and security "freeze" accompanied by unsuccessful attempts by Taipei to staunch economic integration across the Strait, which continued willy-nilly. Taipei's two-tiered diplomatic strategy during the thaw (détente cross-Strait, a quest for "space" internationally) was vigorously countered by Beijing's diplomatic campaign but nevertheless aroused suspicion, particularly when one side was perceived to be changing the rules of the game to make diplomatic gains (e.g., Lee Teng-hui's "diploma diplomacy" at Cornell) at Beijing's expense. In the wake of Beijing's consequent resort to missile shots near the island's major ports and amphibious landing exercises in Fujian the competitive dimension prevailed. Attempts to resume détente foundered on Lee's "two states theory" (liang guo lun) at the end of the decade. Throughout the Chen Shui-bian era, despite continued growth of trade and investment, the strategic "hawks" on each side reinforced their opposing counterparts, resulting in a mini-arms race and the rising salience of "red lines" defining the brink of war. One unforeseen side-effect of this media-enhanced competition was the cultivation of militant domestic nationalism. On the Mainland this meshed well with the post-Tiananmen attempt to underwrite "patriotic education" to shore up regime legitimacy in the wake of the collapse of world communism; in Taiwan it dovetailed with nascent democratization, reviving the sub-ethnic cleavage between Mainlanders and Taiwanese (to be analyzed further below). But the rise of "national identity" polarized cross-Strait relations, making compromise politically difficult.

The fourth critical juncture was a reprise of cross-Strait thaw of the early 1990s, which began at the height of the "freeze" from which neither side could see any profitable way forward. On the Mainland, the construction of more than a thousand missiles and repeated threats to use them seemed an increasingly doubtful asset in the light of the anti-mainland electoral backlash it provoked, facilitating a de-Sinification of Taiwanese identity. On Taiwan, Chen Shui-bian found that despite promises to his deep green supporters he could not generate a domestic consensus for a new constitution consolidating formal independence in view of the continuing mainland threat (formalized in the March 2005 anti-secession law, or ASA), particularly when the US threatened in that case to withdraw its extended deterrence. Reviving its united front strategy, Beijing initiated an inter-party thaw immediately after passage of the anti-secession law, encouraging opposition politicians Lien Chan and James Soong to make ballyhooed pilgrimages to the Mainland, followed by various gifts and trade concessions. This put the DPP in a difficult position, splitting the party into accommodationist and hard-line contingents, and the blue camp won landslide majorities in the 2008 legislative and presidential elections. The incoming Ma Ying-jeou administration moved swiftly to expand upon the inter-party opening, reconvening

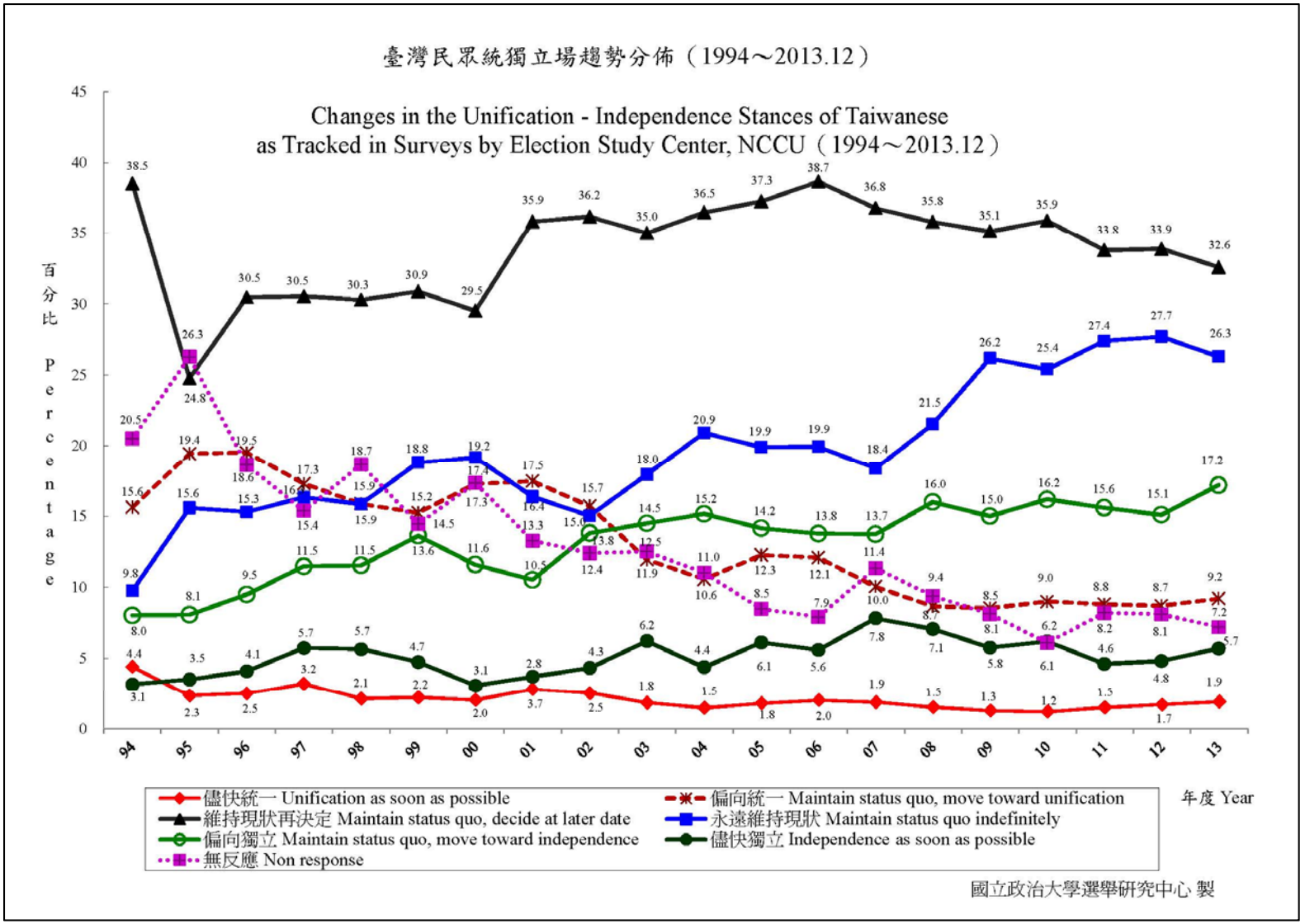
regular meetings between the Straits Exchange Foundation (SEF) and the Association for Relations across the Taiwan Straits (ARATS) leading to agreements permitting direct air and ship traffic, a diplomatic "truce," expanding tourism, removing governmental restrictions on cross-Strait trade and investment, opening Taiwan to mainland investment, culminating by the end of Ma's first year in "three direct links" (mail, transport and trade) across the Strait. The high point of the relationship thus far has been the economic cooperation framework agreement (ECFA) signed in June 2010, a preliminary free trade agreement that Taiwan hopes will facilitate trade not only with China but with China's CAFTA trade partners. In contradistinction to the 1991-1994 thaw, which both sides implicitly predicated upon movement toward eventual reunification (contingent upon certain preconditions), the National Unification Guidelines and National Unification Council both remain "frozen" and Ma has precluded any discussion of reunification during his term. Even Beijing's ASA is not predicated upon reunification but merely against secession. Though these remarkably swift advances seem to have generated majority support in Taiwan, the opposition has objected to the nontransparent process, the inequitable distribution of economic benefits, the continuing nonrecognition of Taiwan's sovereignty and still growing security threat. That the Mainland was willing to disavow further threats of force and make such unilateral concessions at a time of economic recession when the PRC's asymmetric economic and growing military superiority to the ROC had become quite clear is however somewhat surprising, a mystery to be considered later.

National Identity

This relevance of national identity to the cross-Strait issue first emerged when the PRC offered Taiwan a plausible nonviolent route to reunification in 1979-1981 (i.e., a choice) and divisions emerged within the body politic about how to decide the issue of "future nation preference." Upon the simultaneous advent of multiparty democracy at the end of the 1980s, national identity emerged as a concept to differentiate sectors of the electorate on this pivotal issue. There are two dimensions of national identity: ethnic identity, which is primordial, and political identity, which is constructed (though both are in fact mixed). According to ethnic identity, which is essentially inherited through the kinship network, the island consists of around 98% Han Chinese and 2% aboriginal people. Among Han Chinese there is a further "subethnic" distinction between descendants of those who migrated from Fujian during the Ming or early Qing period and those who speak the Taiwanese *(minnan yu)* dialect on the one hand, and those who migrated upon the Nationalist defeat in the civil war and who speak Mandarin (or some other mainland dialect) on the other. The subethnic breakdown is 70% minnan, 14% Mainlander, 2% aboriginal, and 14% Hakka (who tend to vote for the KMT). The answers to pollsters' perennial questions, "Are you Chinese, Taiwanese, or both?" and "Would you prefer independence, reunification, or the status quo?" are typically used to measure ethnic and national identity respectively. In terms of sub-ethnic identity, there has been a shift from a plurality identifying themselves as "Chinese" in 1992 to a growing majority identifying themselves as either "Taiwanese" or "both," culminating by December 2008 in slightly more identifying themselves as "Taiwanese" than those who identified themselves as "both" (and far more than those identifying themselves as "Chinese). In terms of political identity, a stable majority continues to support the status quo (neither unification nor independence), but the proportion supporting "independence" exceeds those supporting "reunification." These trends have not perceptibly shifted since the KMT victory in 2008.



Source: Election Study Center, National Chengchi University, Taipei, available at http://esc.nccu.edu.tw/course/news.php?Sn=167, accessed 21 May 2014.



Source: Election Study Center, National Chengchi University, Taipei, available at http://esc.nccu.edu.tw/course/news.php?Sn=167, accessed 21 May 2014.

These trends and shifts in Taiwan's national identity beg at least two questions. First, why the shift from "Chinese" to "Taiwanese" ethnic identity and the corresponding shift in political identity from a preference for "unification" to "independence" (with a majority still supporting the status quo)? I think there are two reasons. First, the revived threat to use force against Taiwan in 1995-1996 may or may not have deterred some DPP voters and it almost certainly underscored Beijing's opposition to any declaration of formal independence, but it also seems to have persuaded the general electorate being threatened with collective violence by "China" for not being part of "China" as a clear indication that they were not yet in fact part of China. And in light of China's warning of a willingness to punish them if they did not vote "right," it could have given rise to the option that maybe they did not want to become part of China—in other words, voter backlash. The second reason has to do with an unanticipated functional consequence of China's premature nominalization of the issue: Taiwan was defined by China as part of China de jure before it was part of China de facto. It followed from the "one China principle" that the Republic of China could not legally exist because there was only one China and that was the People's Republic of China. So what was Taiwan? It was part of China, yet it was not in fact incorporated into the PRC and its inhabitants did not pay taxes or vote or serve in the armed forces. So as they were not yet legally Chinese they were willy-nilly referred to internationally and increasingly by themselves as Taiwanese, regardless of their preference for their future nation.

Second, even after the massive electoral shift from DPP to KMT in the 2008 legislative and presidential elections, why has there been no shift back to "Chinese" ethnic identity and "reunification" as future nation preference? The reason is that whereas Chen Shui-bian made Taiwanese ethnicity and future independence an explicit ballyhooed issue in his campaigns and subsequently implemented a "Taiwanization" campaign to reorient the island to its own history and culture, Ma Ying-jeou campaigned as a "New Taiwanese," not as a mainland Chinese committed to a reversal of this process. Instead he availed himself of the Chen family's corruption scandal to shift the terms of the election from national identity to economic competence and sound governance. The cross-Strait normalization that dominated Ma's first term was also justified not in terms of eventual reunification (indeed the slogan was "no independence, no reunification, no use of force") but in terms of improving the island's economic prospects. The new KMT regime reversed the DPP drive for Taiwanization and there has been more emphasis on the Republic of China, ironically defined in accord with the 1992 consensus to include the Mainland and Taiwan as a part of China under the ROC Constitution; relations across the Strait are no longer "special" state-to-state relations but "special relations between [Chinese] regions on an equal footing." But "Taiwanese" identification has continued, though polls do indicate declining popular hostility to the Mainland. As for the DPP, while it has repudiated the 1992 Consensus and attempted to revive Taiwanese nationalism and fan anti-Communism in its electoral campaigns, it has avoided repudiating ECFA outright or clearly defining its own policy toward the Mainland. Thus the issue has not been squarely joined by either camp, leaving the electorate to choose between broad stances.

Political Economy

Coinciding with Taiwan's democratization (because democratization unleashed capital mobility) has been a rapid and continuous increase in indirect economic

exchange across the Strait, beginning with trade in the 1980s and with direct investment in the 1990s and beyond (trade is now increasingly driven by investment). Based on neofunctionalist logic that economic exchanges will create political spillover effects, Beijing invited the island to integrate itself into the mainland economy in order to facilitate eventual political unification, and at least in its first step it has been largely successful: in 2008 cross-Strait trade was ca US$130 billion, making China Taiwan's No. 1 trading partner (China now accounts for some 38% of Taiwan's exports and 16% of its imports), and cumulative investment at the end of 2008 amounted to ca. $75.6 billion, more than half the island's total FDI; some 70% of China's IT exports are now produced by Taiwan-invested firms, enabling the Mainland to surpass Taiwan as a source of IT exports.[1] The balance of payments has consistently been in Taiwan's favor, helping offset its imbalance with Japan. Because so much of Taiwan-invested output is exported from China to US markets, in effect Taiwan has shifted its previous trade imbalance with the US to the PRC. There has also been some institutional spillover in the form of quasi-formal agencies constructed on both sides to regulate the exchanges and negotiate with each other. But while political motives were foremost in Beijing's considerations they seem to have been secondary in Taiwan, whose businessmen were attracted by short-term economic opportunity. The potency of this incentive is indicated by the growth rate of trade and investment across the Strait, which has consistently outpaced GDP growth. Politics (in Taiwan) played a generally inhibitive role—though not a very effective one, as the relationship grew regardless of the political climate. The Mainland's hoped-for positive linkage between economics and politics (i.e., the business people who participate become pro-Chinese) seems to have had only limited impact, much weaker than in the foregoing Hong Kong case. The Taiwanese who work and live on the Mainland (now nearly two million full time) are perhaps enthusiastic about economic opportunities but their political preferences remain unclear; indeed their voting record has not been high, perhaps due to logistic difficulties of voting (Taiwan has no absentee ballot).

In terms of political economy, the prime issue is of course the political implication of this thriving economic relationship. So far the relationship provides mutual benefits that help to empower both sides, but does that mean one side can gain power over the other by manipulating the relationship? On the one hand, about 70% of Taiwan's GDP is generated from foreign trade, about half of which is with the Chinese mainland, so Taiwan's trade dependency ratio is high (about double that of the Mainland); if Taiwan-invested industries were forced into bankruptcy or flight, that would no doubt be economically painful. The relationship involves a larger proportion of Taiwan's total GDP than that of the PRC, so the dependency is asymmetrical. As the high-tech sector followed the labor-intensive sunset industries the "hollowing out" argument has acquired greater cogency. Yet for the Mainland to expropriate these industries would also incur at least short-term losses, particularly in terms of employment and technology transfer, though less than that in Taiwan. What is noteworthy so far is not so much the "hostage effect" of the relationship on politics as its painstaking isolation from politics: attempts to exert political pressure on "Taishang" (Taiwanese business people), though not unheard of (e.g., the Xu Wenlong case), have been quite limited. If the political authorities have so far not succeeded in exercising

[1] Ma Ying-jeou, "An Economic Power's Blueprint for Future Success," *Taiwan Journal*, April 3, 2009, p. 7; see the Mainland Affairs Council's website for investment statistics.

leverage over the relationship, participating business elites have also been ineffectual at exerting much influence over the domestic political climate, which has see-sawed between freeze and thaw. (There is on the other hand some indication of at least local Taishang influence in the mainland communities in which they live and work via Taiwan Business Councils, schools, and other institutions.) The mainland authorities have repeatedly asserted their willingness to resort to force should Taiwan declare formal independence despite damage to their own interests; but so far they have not risked such damage even when pushed to the brink by the rhetorical redline-dancing of Taiwan politicians.

The Strategic Triangle

A "strategic triangle" may be said to exist in any relationship involving three rational, autonomous actors in a relationship in which each bilateral relationship is dependent upon relations with a third. There are different roles to play in such a triangle, the most enviable of which is the pivot, where a player enjoys good relations with both "wings" while those two wings compete with each other. The worst role is outcast that is shunned by the other two players, who form a partnership. If there is a power disparity among players, then the cost of playing the outcast becomes prohibitive for the weakest player. From 2003 to 2008, Chen's brinkmanship on Taiwan independence severely strained cross-Strait relations, implicitly challenging the US to rescue Taiwan from Beijing's threats. As the over-stretched US feared open conflict with China over the Taiwan issue, Chen's policy significantly dampened US-Taiwan ties. As the US found more and more strategic and economic value in cooperating with Beijing, US-PRC relations steadily improved. Meanwhile, the asymmetry between Taiwan and mainland China has been widening. Whereas at the beginning of the 1990s, mainland China's national capabilities were 1.91 times that of Taiwan, in 2008 the ratio has risen to 8.96:1. The increasing power gap between Taiwan and the other two players suggests any negative relationship with either of them, let alone both, would be amplified tremendously. In short, Taiwan simply cannot afford to continue to play the role of the triangular outcast. Ma and his strategists aim for a return to the early 1990's when Taiwan maintained good relations with both the US and the PRC at the "apex" of Taiwan's development.[2] In short, the rise of mainland China makes it very costly in both economic and strategic terms for Taiwan to take a confrontational attitude toward Beijing. Yet while Beijing insists on reading Taipei's forthcoming movement as growing political accommodation to the "one China principle," the Ma administration maintains a calculated silence about its ultimate destination in order not to jeopardize its domestic electoral chances in the context of ongoing "Taiwanization," creating the possibility of serious misunderstanding at some future point between Beijing and Taipei.

To improve relations with Beijing it is also considered important for Taipei to mend fences with Washington. It was when Chen pursued a radical line in defiance of the Mainland designed to mobilize domestic political support that Taipei's role in the strategic triangle began to deteriorate. In December 2003 Bush even criticized Chen in front of the visiting Chinese Premier Wen Jiabao (having already fruitlessly exhausted

[2] Su Chi, "Guoji, liang'an zongti qingshi yu guojia anquan" (The overall international and corss-Strait situation and national security), in Tsai Chao-ming, ed., *Ma zongtong zhizheng hou de liang'an xinju: lun liang'an guanxi xin luxiang* (The new cross-Strait situation after the inauguration of President Ma Ying-jeou: on the new orientation of cross-Strait relations) (Taipei: Prospect Foundation, 2009), p. 4.

diplomatic channels). Except for their different perspectives toward Beijing, however, there was little disagreement between Taipei and Washington, which has coordinated military cooperation smoothly since the Taiwan Strait crisis in the event of another such contingency. "Dual amity" was the essence of Taiwan's position in the triangle in the early 1990s, a period deemed Taiwan's golden age by Ma, which he strives to restore. Obviously there was one major difference: the relationship between the US and the PRC has varied considerably since the Tiananmen Incident. After an American resurgence in the 1990's followed by crusading "global war on terror" during the Bush era, US financial edifice collapsed in 2008, bringing much of the developed world down with it. As China surpassed Japan in aggregate GDP and continued to grow apace while much of the industrialized world remained stalled, the prospect of a more general "power transition" loomed. Whereas previously Taiwan risked its triangular leverage by unnecessarily provoking Beijing, now it risked losing leverage because of the sagging status of its patron. Although the American economy was still larger than that of the PRC as of 2011, the American political system seemed unable to recover from recession; the "Washington consensus" forfeited international prestige in the wake of the downturn and remained heavily in debt to Chinese purchase of over US$1.3 trillion in treasury bills. China took advantage of the situation and takes an unusually assertive position with regard to its "core national interests," including a claim to Taiwan sovereignty, to which President Obama concurred in his December 2009 trip to Beijing. When he nonetheless sold weapons to Taiwan (and met with the Dalai Lama) upon his return to the US the Chinese reaction was unusually sharp. For the first time there were serious proposals in American policy circles for discontinuation of weapons sales, based on the rationale that Taiwan was no longer a vital American interest, that the cross-Strait situation is no longer so threatening, that this would remove the largest obstacle to amicable relations with Beijing, and that Taiwan was moving into Beijing's embrace anyhow. Although this proposal is not politically viable at present, it may become more so as the power transition continues; meanwhile Taiwan's reduced leverage was demonstrated in its failure to get F-16 C-Ds in its 2010 weapons purchase package. Reduced leverage with Washington is likely to reduce its leverage commensurately in future dealings with a Beijing that will sense its weakness.

Beijing's view of the relationship is an ambivalent one. On the one hand Beijing would in principle not view the relationship in triangular terms, execrating the very notion as a treacherous and cynical American "card" game to block China's rise and prevent "one China" from realizing its full geopolitical and economic potential. On the other hand, in its very efforts to checkmate it, Beijing implicitly recognizes Taipei's de facto ability to seek diplomatic recognition from other states and even to purchase weapons with which to resist coercive reunification. Thus Beijing implicitly acknowledges the triangular power realities and attempts to play that game without forfeiting the diplomatic advantages of taking the high road. From a triangular perspective Beijing has moved through four stages. From 1949 to 1978, Beijing viewed the Washington-Taipei axis as an unholy marriage, an ethno-national betrayal consolidated by the manipulations of capitalist imperialism. From 1979 to 2000, following abrogation of the Sino-American alliance and Washington's switch of diplomatic recognition from Taipei to Beijing under its "one-China policy," Beijing viewed the relationship as one of fraternal intimacy with Taiwanese *tongbao*, according them special investment privileges on the Mainland and tolerating a huge negative trade balance (while at the same time refusing to disavow its sovereign right to use force should it deem necessary): from a legal perspective the relationship was a strictly

domestic matter in which US involvement was interference in Chinese sovereignty. From 2000 to 2008, Beijing tacitly shifted to quasi-ostracism of all relations with a DPP-led Taiwan and shifted to quasi-alliance with the US, whose pressure on Taipei was deemed more likely to be persuasive and did not entail an anti-mainland electoral backlash. From 2008 to the present, Beijing seems to have shifted back to the 1978-2000 pattern of quasi-marriage with Taipei and intense resentment of US interference (hence the 2010 cancellation of military-to-military relations following US arms sales to Taiwan). This pattern of course foreshadows the likely configuration of the triangular relationship should economic integration eventuate in formal reunification, as Beijing becomes preoccupied with absorbing Taiwan and adopts a strictly "hands-off" posture to avoid foreign interference.

Conclusions

Taiwan's relations with China have run the gamut, from missile tests to cross-Strait tourism. The fact that they have been most tense when simplest (as in the long Cold War deadlock) does not necessarily imply that since they have become more complicated and more interesting that they are no longer risky. The new course in cross-Strait relations seems likely to offer unprecedented opportunity for mutually profitable socio-economic cooperation, but progress is likely to be cautious and not without setbacks. Technically the two sides are still at war, and two impressive military machines eye each other with watchful suspicion.

In the second cross-Strait thaw there was a hiatus as both sides were preoccupied with leadership transitions: Taiwan faced its first combined legislative and presidential election in January 2012 and Beijing was preparing for the 18th Party Congress at which some two-thirds of its top leadership was scheduled to retire. Considerable progress has been made toward cross-Strait rapprochement: regular semi-annual meetings of the SEF and ARATS groups, implementation of the ECFA complete with "early harvest" arrangements to broaden the appeal beyond transnational corporations to farmers and SMEs. In part because of growing economic integration Taiwan's economy enjoyed a banner year in 2010 with GDP growth exceeding 10%. There were over 600,000 Chinese tourists to Taiwan in 2009 and over a million in 2010, filling some 370 direct commercial flights per week. Conclusion of ECFA indeed seems to have opened the way for the negotiation of FTAs with China's CAFTA partners, beginning with Singapore and looking forward to the Philippines. Taiwan's drive for diplomatic space succeeded in winning a truce in the battle for diplomatic recognitions (at 23) and gaining attendance at the WHA (the assembly of the UN's World Health Organization). The prospect of war or threat of war has faded from the political horizon.

Yet the Taiwan question is by no means resolved. The diplomatic "truce" is unstable, as three former allies of Taipei already sought to shift recognition to Beijing; meanwhile, Taipei seeks to expand its bridgehead from the WHA to other UN technical agencies (e.g., the UN Civil Aviation Organization, the UN Framework Convention on Climate Change), which Beijing has refused to allow. While the Taiwan government has suspended redline-dancing provocations as a cost of negotiating ECFA it has also forfeited some of its freedom of maneuver and even formal sovereignty—Taiwan is now but a "region" in "China," defined in Taipei as an ROC that the PRC (along with most other countries in the world) does not recognize (a deal called "mutual nonrecognition"). Though integration has stimulated the island's economy short-term,

distribution of the gains has been limited to a small minority, and the "hollowing out" argument gains cogency amid continuing migration of industry to the Mainland. While cross-Strait polemical atmospherics have calmed, Taiwan's security situation is direr than ever, as China continues its quantitative and qualitative missile buildup opposite the strait while also acquiring "anti-access area-denial" weaponry to deter American naval support in case of violence. In the face of this mounting threat Ma's cross-Strait rapprochement has appeased American liberals while undermining the credibility of the threat argument most persuasive in justifying continued weapons sales.

In sum, the immediate future, though clouded by such worries and misgivings, is likely to be very much like the past, as cross-Strait economic integration continues to form a foundation for a more ambivalent and tenuous but gradually improving political relationship. The US will continue to function as pivot in the triangle, but a weakening pivot whose involvement Taipei desperately seeks to prolong while a rising PRC tries to muscle out. Yet Beijing cannot play pivot in a triangle it refuses to recognize. Thus despite Beijing's protests American involvement will continue to be needed for the foreseeable future, even by Beijing, to maintain the triangle's delicate equilibrium.