Executive Summary

1. During most of Donald Trump’s presidency US relations with Taiwan were arguably better than they ever had been. President Trump favoured Taiwan and played the “Taiwan card” against China.

2. During the 2020 presidential election campaign, candidate Biden hardly mentioned Taiwan. He said nothing that hinted what his Taiwan policy might be.

3. Given the importance of China to the United States it appeared that President Biden’s Taiwan policy would hinge on his China policy.

4. While many of President Biden’s statements were to trash former President Trump’s policies, this did not seem to apply to foreign policymaking, especially Taiwan policy. Anti-China sentiments among the US public and in the Democratic Party were strong as were statements made by the Biden foreign policy team; that suggested a continued favourable stance towards Taiwan.

5. President Biden’s appointments in the foreign policy/security policy realms indicated to many observers he was returning to the Obama era of US China policy. None was particularly anti-Taiwan.

6. President Biden’s supporters portrayed President Trump’s Asia policy as poorly managed, turning the Taiwan Strait into a flashpoint. President Biden, they said, would fix this. However, this did not happen and US-China relations deteriorated.
THE BIDEN ADMINISTRATION AND TAIWAN: POLICIES OF CONTINUITY AND CHANGE

John F COPPER*

President Biden’s China Policy

1.1 When Joe Biden ran for president, he enunciated specific principles as the keys to his China policy: work with US allies to formulate China policy; abandon nationalism in favour of globalism; persuade China to accept the US-built liberal world order; leverage China on human right; cooperate with China to solve global warming; advance free trade; and reject tariffs as a tool of foreign policy.¹

1.2 Work with allies meant mainly the EU, India, Britain, Canada, Australia, New Zealand, South Korea and Japan. However, there were roadblocks. In 2020, US-EU trade declined while China-EU trade increased; in fact, China became the EU’s largest trading partner.² Subsequently, in early January 2021 (just before Joe Biden became president) China and the EU inked an investment pact that would reportedly “dent Europe’s relationship with the United States”.³ Nevertheless, due to retaliatory sanctions imposed by China on EU officials, diplomats and researchers in March 2021, the European Parliament has voted to freeze discussions on the ratification of the investment deal with China. This may draw Europe closer to the United States in the face of China’s challenge.

* John F Copper is the Stanley J Buckman Distinguished Professor (emeritus) of International Studies at Rhodes College.

¹ See Joseph R Biden, Jr, “Why America Must Lead Again”, Foreign Affairs, March/April 2020, pp. 64-76.

² “China overtakes US as EU’s biggest trading partner—BBC”, bbc.com, 16 February 2021 (online at bbc.com).

³ Silvia Amaro, “China’s investment deal with the EU has raised 3 big concerns in Europe”, CNBC News, 6 January 2021 (online at cnbc.com).
Germany, which is said to determine much of EU policy, presented a special set of challenges to US policymakers. Germany’s relations with Russia were in play. It did not blackball Huawei. It opposed bloc politics.4

Simply put, both apprehension in Europe of getting too close to America and the attraction of advancing economic relations with China seemed likely to weaken if not undermine Biden’s plan to work with allies against China.

Japan is a US ally that Washington can generally rely on. In fact, it may improve its relationship with the United States owing to its strained relations with China. Yet there are problems. One is the sentiment in Japan that it is a “vassal” of the United States and should move to become a more genuinely “independent” or, to some, sovereign state.

Another is Japan’s strained relations with South Korea; this is a distraction to the Biden administration’s efforts at building unity among its allies to push back China.5

In addition, both Europe and Japan face unfavourable demographic trends (low birth rates) and slow economic growth that indicate their inability to expand their national power rankings in the world especially vis-à-vis China.

Russia can be considered a world power that the Biden administration might attempt to draw into an anti-China alliance. However, the possibility of that succeeding is dim. Russia regards its ties with China valuable and that will likely continue to be the case. Biden’s tough policy towards both is likely to bring them closer together.6

There are also “fundamentals” that indicate President Biden’s inability to engineer better relations with Moscow. One is the fact that Biden and the Democratic Party demonised Russia for cooperating with President Trump, messing in the US election

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4 Hal Brands, “Germany is a flashpoint in the US-China cold war”, American Enterprise Institute, 23 February 2021 (online at aei.org).


and continuing to do that. Moscow sees Biden’s efforts to align more closely with Europe as taking aim at Russia. Put another way, Russia worries about Biden’s “hegemonic democratic empire”.

India is a potential US ally. However, it is a regional power in South Asia and is small in terms both of economic size and military power compared to China. There are also obstacles to closer US-India ties. President Biden’s vice president, being half Indian, did not help. Vice President Harris is not popular in India for her criticism of the government’s human rights practices and her stance on Kashmir. She is also viewed as having a preference for Islam over Hinduism and has not had a good relationship with Prime Minister Modi.

India is increasingly under fire for human rights abuses under the Modi government. Rights standards have deteriorated; Muslims are increasingly persecuted and overall democracy has suffered. The Economist Intelligence Unit’s Democracy Index has cut India’s ranking to 53 (from 27 in 2014) while the Swedish V-Dem Institute lists India as one of the top 10 countries that is “becoming an autocracy”. This brings into question President Biden’s call for a “summit for democracy” when he was a presidential candidate and his pitch for relying on the “Quad” (the United States, India, Japan and Australia) as a balance against China.

There are also contradictions between nationalism and President Biden’s globalism; most Asian and Third World countries favour nationalism and have promoted it to facilitate their economic and political development. Biden administration’s attraction to identity politics that advances race, gender and other forms of identification is also not attractive to many developing countries.

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7 Dimitri Simes, “Getting Serious About Russia”, The National Interest, 25 February 2021 (online at thenationalinterest.com).

8 Debashsh Roy Chowdhury, “How Long Will Joe Biden Pretend Narendra Modi’s India Is a Democratic Ally?” Time, 15 February 2021 (online at time.com).

9 Ibid.

1.13 On human rights in China, one of the main issues is the alleged genocide of Uighurs in Xinjiang province. While President Biden had been urged by many groups in the United States to act, he avoided using the word “genocide” in his two-hour long talk with President Xi on 10 February 2021. Notably, China’s top diplomat Yang Jiechi said at the time that Xinjiang and Hong Kong were “red lines which must not be crossed”.11

1.14 Another stickler was with the definition of genocide in the UN convention on the subject. In any case, the situation in Myanmar presents a better case of a genocide with the clear evidence of “mass slaughter” there.12

1.15 Another “China objectives” on Joe Biden’s list was working with China to resolve global warming. The difficulty here is showing progress in a way that China has not. In September 2020, China committed to carbon neutrality in a speech by President Xi before the UN General Assembly. China is ahead of the United States in wind and solar energy that are the keys to reduce global warming. China’s leaders affirm that China cannot be the “number one” country in the world without being a climate leader. The idea of China being number one is a sore spot to the United States.13

1.16 Another fly in the ointment is the fact John Kerry, Biden’s special presidential envoy for climate, has expressed fear that the United States might bargain away its concerns over trade and human rights for climate agreements.14

1.17 President Biden proffered cooperating with China on global health matters, nuclear proliferation and international trade and finance issues. However, in none of these realms is the United States in an unquestioned position to lead. China has handled the coronavirus, currently considered the most serious world health problem, much better than the United States. In the realm of nuclear proliferation, the problem is more one of American’s relations with Russia. On global financial issues China has

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12 Ibid.
13 “Working together, but in parallel”, The Economist, 13 February 2021, p. 44.
14 Ibid.
been leading the way on foreign aid and investments while America is suffering from deep debt with conditions portending to worsen under President Biden.15

1.18 At the recent mid-March 2021 meeting in Anchorage, US Secretary of State Antony Blinken and National Secretary Adviser Jake Sullivan attacked China for its human rights abuses, aggressive military actions in the South China Sea, trade, the Taiwan issue and more. Yang Jiechi responded with a 17-minute blistering diatribe against the United States for its human rights abuses, pushing its version of democracy while noting its internal problems. This was unexpected and the audience was astonished. It was generally an embarrassing meeting for the Biden administration.16

President Biden’s Taiwan Policy

2.1 It is almost axiomatic that US China policy drives or even determines America’s Taiwan policy and there has been, and is, a balance between the two. On the one hand, the United States opposes Taiwan’s legal or formal independence and takes positive actions to oppose it. On the other hand, Washington espouses a policy stating that the “Taiwan issue” must be resolved peacefully. Similarly, often when there was a close and/or cordial China policy, relations with Taiwan were not as good, and vice versa.17

2.2 In the past, Washington’s foreign policy themes in its Taiwan policy were intended to balance relations with Beijing and Taipei and keep the peace between the two. These included strategic ambiguity (not letting both know what it might do to keep them guessing) and dual deterrence (to pressure both from taking military actions against the other).18

15 “What does the National debt mean to America’s Future?” The Peter Peterson Foundation (viewed March 2021), (online at pgpf.org).


2.3 When Joe Biden won the US presidential election in early November 2020, many in Taiwan, including top government officials, feared President Biden would take revenge for Taiwan’s strong support and admiration of President Trump. President Biden had reversed many of Trump’s presidential orders upon taking office while his criticism of Trump reinforced this thinking about Taiwan suffering under Biden.19

2.4 The history of President Biden’s dealings with Taiwan may be instructive of what he thinks of Taiwan. Senator Biden was on the Senate Foreign Relations Committee when the Taiwan Relations Act (TRA), the most important piece of legislation dealing with Taiwan, was passed into law in 1979. In fact, he was one of the senators that co-sponsored the bill that became the TRA.20

2.5 His comments or statements during the course of the debate on the Act suggested that he did not want to strengthen US commitments to Taiwan. For example, Professor Richard Walker, director of the Institute of International Studies at the University of South Carolina, called for an American Commission in place of the “institute” solution for carrying on relations with Taiwan as it would better stress the importance of the relationship. Senator Biden opposed the proposal and an amendment to strengthen US commitment to defend Taiwan militarily, saying “I think we have gone too far already”. Thereafter, when a conference committee was chosen to distil House and Senate versions of the TRA, Senator Biden was chosen a member. However, he did not show up at meetings. In short, Biden generally accepted as a fait accompli President Carter’s normalisation of relations with China.21

2.6 Nevertheless, on 20 January 2021, US Department of State issued an invitation from the Biden administration to Taiwan’s representative to the United States, Bi-khim

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19 “Taiwan fears loss in U.S. support as Trump booted from office”, Aljazeera, 9 November 2020 (online at aljazeera.com). See also John F Copper, “Just How Worrisome is President Biden’s Taiwan Policy?” Taiwan Insight, 24 February 2021 (online at taiwaninsight.com).

20 “Legislation Sponsored or Cosponsored by Joseph R. Biden, Jr.”, United States Congress (viewed March 2021), (online at congress.gov).

21 David Tawei Lee, The Making of the Taiwan Relations Act: Twenty Years in Retrospect (Hong Kong: Oxford University Press 2000), pp. 72, 94-95 and 178.
Hsiao, to attend the inauguration. This was a first since the United States broke relations with Taiwan in 1979. This was seen by some to be sending yet another signal as Hsiao is a long-time supporter of Taiwan independence.22

2.7 Another piece of evidence the Biden administration was not abandoning Taiwan was an early pledge to Taipei to continue US arms sales.23

2.8 Soon after this the State Department issued a press release titled “PRC Military Pressure Against Taiwan Threatens Regional Peace and Stability”, stating that the United States stands with its friends in the Indo-China region “consistent with the longstanding commitments to Taiwan”. It also described US commitments to Taiwan as “rock solid”.24

2.9 Hence, Biden did not appear to make decisions on Taiwan based on his past unsympathetic views towards Taiwan. His administration seems to have adopted pro-Taiwan policies while sending confusing messages at times.

2.10 Yet, many observers interpreted the press release just cited as less than robust given that China had sent 13 military planes, including six bombers, through the Taiwan Strait at the time while crossing into Taiwan’s air defence identification zone to rile Taiwan. This was seen as a warning to Joe Biden at the time of his assumption of office. This occurred almost simultaneously with US statements to China that the United States did not intend to support Taiwan’s independence or alter America’s fundamental and long-standing Taiwan policy.25

2.11 On 10 February 2021, President Biden spoke extensively about US China relations with President Xi on the telephone. The White House reported that Biden raised

22 Chao Deng and Chun Han Wong, “Biden Sends Important Foreign-Policy Signal With Taiwan Inauguration Invite”, Wall Street Journal, 21 January 2021 (online at wsj.com).
24 “PRC Military Pressure Against Taiwan Threatens Regional Peace and Stability”, US Department of State, 23 January 2021 (online at dos.gov).
25 Isabell Reynolds ad Dominic Lau, “U.S. urges China to talk With Taiwan in Early Nod From Biden”, Bloomberg, 24 January 2021 (online at bloomberg.com).
“fundamental issues” with Xi, including China’s “coercive and unfair economic practices, the crackdowns on Hong Kong, human rights abuses in Xinjiang, and assertive actions in the region, including Taiwan”. The Western media put a positive spin on President Biden’s views.26

2.12 Less mentioned were President Xi’s firm statements on Taiwan, Hong Kong and Xinjiang to the effect they were “China’s internal affairs”. So were Biden’s non-mention of China’s alleged genocide in Xinjiang or opposition to China sponsoring of the upcoming Olympic Games as many of his China-unfriendly supporters would have wanted.27

2.13 Officials in Taiwan reported on the call, saying that Taiwan appreciated America’s support, especially on China’s assertive behaviour towards Taiwan. They also applauded Biden’s concern over peace and stability in the Taiwan Strait.28

2.14 In February, the US Department of State reaffirmed America’s one-China policy as Taipei sought to establish an office in Guyana. Washington apparently wanted to maintain a balance between Beijing and Taipei.29

2.15 In March 2021, President Biden labelled Taiwan a “leading democracy” in the world and vowed to honour “longstanding American commitments” to Taiwan. He also stated that Taiwan is a “critical economic and security partner”. The statements were made in conjunction with the release of a document by the White House called the “Interim National Security Guidance”, accompanied by a statement President Biden

26 Carol E Lee, “Biden raises concerns with Chinese president in first official phone call”, NBC News, 10 February 2021 (online at nbcnews.com).

27 Rayhan Asat, “Biden calls Chinese President Xi and criticizes abuse of Uighurs. But we need more than words”, NBC News, 13 February 2021 (online at nbcnews.com).

28 Lu Yi-hsuan and Jake Chung, “Taiwan thanks Biden for words to Xi”, Taipei Times, 12 February 2021 (online at taipeitimes.com).

29 Lawrence Chung, “DOS reaffirmed one-China policy”, South China Morning Post, 7 February 2021 (online at scmp.com).
made to the effect that “democracy can still deliver for our people and people around the world”.30

2.16 A few days thereafter, Secretary of State Blinken invited Taiwan to a “democracy summit” to be hosted by President Biden.31

2.17 In mid-March Secretary of State Blinken referred to Taiwan as a “country”. Whether deliberate or inadvertent, it grabbed the attention of the media in Taiwan and elsewhere, with some speculating it marked a shift in US Taiwan policy.”32

2.18 In April President Biden met Japanese Prime Minister Suga, the first foreign guest to meet the president in the White House. The meeting was reported to underscore the two countries’ “alliance as a counter to an autocratic and increasingly assertive China”.33

2.19 In May Secretary of State Blinken urged the World Health Organisation to grant Taiwan observer status, adding that China was “to blame” for Taiwan’s exclusion.34

2.20 At almost the same time, Kurt Campbell, National Security Council Coordinator for the Asia-Pacific, stated that he advised against a policy of “strategic clarity” regarding Taiwan, meaning the United States would declare it would use its military to aid Taiwan in the event of a war, and called for the United States and China to improve communications and maintain the status quo.35

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31 Kelvin Chen, “US secretary of state to invite Taiwan to democracy summit”, Taiwan News, 11 March 2021 (online at taiwanews.com.tw).

32 Keoni Everingham, “US Secretary calls Taiwan a ‘country’”, Taiwan News, 13 March 2021 (online at taiwanews.com.tw).

33 “WATCH: Biden meets with Japanese prime minister; first guest to White House”, PBS News Hour, 10 April 2021 (online at pbs.org).

34 “Blinken Urges WHO to invite Taiwan”, Taipei Times, 10 May 2010 (online at taipeitimes.com).

35 “Official appears to reject calls for US to declare stance”, Taiwan News, 6 May 2021 (online at taiwanews.com.tw).
President Biden’s Foreign Policy Background and His Political Appointees

3.1 Joe Biden was, and is, known for his 47 years of experience in government and his long time serving on the Senate Foreign Relations Committee, including two stints as chair of that committee (two years each from 2001 to 2003 and 2007 to 2009). President Obama picked Biden to be his vice president in large measure for his foreign policy experience, which Obama lacked.36

3.2 However, Biden was known more for his ability to get along with and work with other members of the Senate than for his talent as a policymaker or strategist. He helped pass legislation, but he initiated few bills or policies. He was affable. Others sought his cooperation. He helped build consensus.37

3.3 Joe Biden personally knew many people with talent and expertise that could fill important positions, especially in the foreign policy realm, after he was elected president. President Biden brought a host of Obama’s advisers back and that included foreign policy personnel as well as Asia policy specialists. Some said the appointees made the Biden administration look like Obama’s “third term”.38

3.4 The most important among Biden’s appointments for making China and Taiwan policy was Kurt Campbell. He became the “tsar” for Indo-Pacific strategy (a newly coined position) the day Joe Biden became president. Campbell had held several positions in government dealing with foreign policy and security issues. He was assistant secretary of state for East Asian and Pacific Affairs under Obama from 2009 to 2013.39

36 “Vice President Joe Biden”, The White House (online at Obamawhitehouse.archives.gov), viewed February 2021.


39 Francesca Regalado, “Biden point man Kurt Campbell returns to an Asia that has pivoted”, Nikkei Asia, 18 January 2021 (online at asia.nikkei.com).
3.5 Campbell also served on the boards of a number of companies and think tanks. He was a senior vice president and director of the International Security Programme. In 2007 he became the chief executive officer and co-founder of the Centre for American Security.

3.6 He also served as director of the Aspen Security Group and a founder of StratAsia, an advisory group that focused on Asia. Observers described Campbell as a “revolving door”.40

3.7 Campbell is the author of 10 books and a number of articles, papers, among others, mostly concerning US foreign policy. His most widely known book concerns US China policy during the later part of the Obama administration. It earned him the reputation as being a “China hawk” since the pivot policy was an effort to contain or slow the growth of Chinese power and influence.41 The pivot policy was renamed (pivot became rebalance) and virtually abandoned after a number of US Asian allies said it was too anti-China.

3.8 Antony Blinken became the 71st secretary of state on 26 January 2021 by a vote of 78 to 22. He boasted of many years of experience in foreign policymaking behind him.

3.9 During the Clinton presidency he served in the Department of State and on the National Security Council. From 2009 to 2013 he was national security adviser to the vice president. In 2014 he was appointed deputy secretary of state by President Obama. In between government jobs, Blinken held jobs in think tanks and did consulting work.42

3.10 Based on his experience in Europe (including speaking French) he was labelled a Europeanist. He had an interest in the Middle East, especially Israel. He was a

40 “Kurt Campbell, Employment History”, Open Secrets (viewed March 2021) (online at opensecrets.org).
strong supporter of Israel and advocated ending conditions on US aid to Israel. Blinken supported military intervention in Libya, supplying weapons to Syrian rebels and condemning the coup in Turkey in 2016. He was involved deeply in the Afghanistan issue and other Middle East problems. He was said to be a multilateralist and internationalist.43

3.11 In 2016, Blinken founded the political consulting firm WestExec Advisers. He and some of his colleagues also became partners in the private equity firm Pine Island Capital Partners chaired by John Thain, the last chairman of Merrill Lynch before it was sold to the Bank of America.

3.12 Blinken graduated from Harvard University where he co-edited the magazine The Harvard Crimson. He went from there to Columbia University Law School where he earned a JD degree during which time, he wrote a monograph titled Ally versus Ally: America, Europe and the Siberia Pipeline Crisis. He subsequently practised law in New York and in Paris.44

3.13 There was speculation at this time about which of the two, Campbell or Blinken, will dominate the making of China/Taiwan policy, or indeed if either would.

3.14 Other relevant appointments include Jake Sullivan (national security adviser to the President), Lloyd Austin (secretary of defence), William Burns (head of CIA) and Avril Haines (National Intelligence director).

3.15 While Sullivan is expected to have frequent meetings with President Biden, he has less experience in foreign policymaking, especially relating to China/Taiwan affairs. This will likely mean he will have less say than Campbell or Blinken in making China/Taiwan policy. Secretary of Defence Austin has almost zero experience with China and his appointment has been criticised for this as China is regarded

43 “9 things to know about Antony Blinken, the next US secretary of state”, Politico, 23 November 2020 (online at politico.eu).

as America’s main adversary.\textsuperscript{45} CIA director Burns has no prior experience working for the CIA, though this is not so unusual. He spent 33 years in the foreign service and will be the first head of CIA to be a career foreign service person. He served as assistant secretary of state for Near Eastern Affairs and ambassador to Russia during the George W Bush presidency.

Countering China’s Challenges

4.1 So far, President Biden has not shown enmity towards Taiwan for its strong support of President Trump. In fact, it appears that he will not as he has a score of other important issues to attend to. The so-called “vanguard” (its left flank) of the Democratic Party applauds Taiwan for its progressive left agenda promoted by President Tsai and the Democratic Progressive Party (DPP). Taiwan is also fancied by most people in the United States for its democratic system of government, human rights record and more.

4.2 Most Americans regard China unfavourably—as an enemy or at least a serious challenger. In fact, a record number of US residents currently espouse a negative view of China (67\% compared to 46\% in 2018 during the middle of the Trump presidency) according to a Pew Foundation poll.\textsuperscript{46} Since many Americans are aware of the hostility between China and Taiwan this means they are prone to have an even higher opinion of Taiwan.

4.3 On the other hand, a majority of Americans oppose the employment of US military forces to defend Taiwan.\textsuperscript{47}

4.4 Most policy wonks that support President Biden depict the Taiwan situation as in a state of crisis and the Taiwan Strait the world’s number one flashpoint (place where

\textsuperscript{45} “The real reason Gen. Llyod Austin is the wrong pick for the Pentagon Chief”, \textit{Washington Post}, 8 December 2020 (online at washingonpost.com).

\textsuperscript{46} Mark Magnier, “Americans’ unfavorable views of China hit record high, says Pew Survey”, Inkstone, 5 March 2021 (online at inkstonenews.com).

a conflict is likely that might involve the big powers—meaning China and the United States—and the use of weapons of mass destruction). However, their main purpose seems to be to cast President Trump’s Asia policy unfavourably. They contend, optimistically, that President Biden can fix the situation by working with allies and negotiating with China.48

4.5 One difficulty with this narrative is the fact that Taiwan has remained in an election campaign mode since the January 2020 election that kept President Tsai and the DPP in power by vilifying (and provoking) China. In response, President Xi chided the Tsai administration and employed robust actions including frequently displaying China’s growing military might near Taiwan. Arguably he needs to preserve the support of his military, which espouses a much more assertive stance towards Taiwan.49 Tsai and her party choose to ignore this.

4.6 In any case, Xi and moderates in the Chinese Communist Party advance a policy of reunification before 2049—which leaves a lot of time and many opportunities to come to terms with Taiwan, assuming time is on their side, which most observers (even in Taiwan) think to be true.50 The Tsai administration’s often biting and provocative criticism of China is an unwanted distraction and plays into the hands of China’s military.

4.7 President Tsai and the DPP are apprehensive of the coming 2022 election inasmuch as the scope of their wins in 2020 were in many ways fortuitous. Many factors coalesced and favoured their victories, unlike their wins in 2016 after which the subsequent local elections in 2018 handed them a big setback. They have to worry about 2022, especially about the economy and Taiwan’s economic dependency on China that constitute a contradiction to the Tsai administration.51

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49 John F Copper, “In the Wake of Taiwan’s January 2020 Election How are Cross-Strait Relations?”, Taiwan Insight, 14 October 2020 (online at taiwaninsight.com).

50 See Copper, Taiwan: Nation-State or Province? pp. 312-21 for details on this argument.

51 Ibid, chapter 2.
In spite of tension and continuing harsh words across the Taiwan Strait, Taiwan’s exports to China increased by 2.5% in 2020.\textsuperscript{52}

President Biden’s advisers have spoken almost in one voice about the gravity of the “China challenge” America faces. However, there is no unity in terms of how to proceed.

President Biden’s plan to organise an “alliance of allies” does not show the promise he had hoped for. In fact, whether Biden’s partners in the alliance to deal with China are supportive of a conflict over Taiwan given China’s economic and military prowess is questionable.\textsuperscript{53}

There is some indication that the Biden administration instead plans to go alone or at least take the initiative in protecting Taiwan. In March, the US Indo-Pacific Command requested doubling its budget to build a “missile network” along the East Asia first island chain (from Japan, to Taiwan and on to the Philippines) to “contain China’s expansionism”. This is part of a US “Pacific Defence Initiative” expected to cost more than $27 billion.\textsuperscript{54}

President Biden has spoken of putting more funds into countering China’s economic and technological rise. However, he faces the reality that China did not suffer negative GDP growth in 2020 as did every other major country in the world, including the United States. Further, China’s economy is predicted to attain higher than 8% growth in 2021, compared to US economic expansion of around 5%. US GDP increases will be in the 1%-plus range after 2022 while China’s will be in the 5% range and by 2050 China’s economy will be close to double the size of America’s.\textsuperscript{55}

\textsuperscript{52} “Taiwan records historical high in exports in 2020”, Focus Taiwan, 8 January 2021 (online at focustaiwan.tw). China accounted for approximately 25% of Taiwan’s exports, almost double that of the United States.

\textsuperscript{53} “How to kill a democracy”, The Economist, 20 February 2021, p. 36.

\textsuperscript{54} Matthew Strong, “US plans missile network along first island chain targeting China”, Taiwan News, 5 March 2021 (online at tawianews.com.tw).

\textsuperscript{55} For data on China and America’s future GDP growth see IMF figures at imf.com. See also Statistica online at statistica.com.
4.13 This explains China’s annual increases in spending on R&D that far exceeds that of the United States, Europe and Japan: growth in double digits for China compared to growth of 3% or so annually for the others. This makes it possible for China to grow from 5% of the world’s R&D spending to 23% in 2020. China’s current R&D spending is also more focused on cutting edge technology than that of the United States.56

4.14 In addition to the difficulties the United States will face under the Biden administration due to a very high and increasing government debt, the interest on which will crowd out spending on the military and R&D, the cost for Americans doing business has increased by high (and inefficient) defence spending, lawyers’ fees (that are a drag on business profits to American companies more than others), the large and increasing number of regulations, an expensive penal system, the widespread use of illegal drugs (that cost the United States billions yearly), undocumented aliens (illegal immigrants) and poor quality education—all costs that are much less in China.

4.15 Experts say China’s goal to outpace the United States in national power is to become the world’s number one superpower via financial and technology power.57 That being so, defeating Taiwan militarily is unnecessary. This idea is given further credibility by the fact that Taiwan has no meaningful allies in attaining independence. Japan’s intentions, that concern Chinese leaders, mean little since it is not in a position to do anything without US directives and Washington is not about to change its one-China policy.

4.16 In short, President Biden is trammelled in operationalising a robust China policy for the lack of money, reaping meagre success so far, and a dim outlook for competing with China in the realms of commerce and technology in the future.


57 Ibid.
Uncertainties Ahead

5.1 The Biden administration has revealed a quite pro-Taiwan policy in its first 100 days, contrary to expectations in Taiwan. Given the administration’s rather broad-based hostile stance towards China it appears reasonable to think that President Biden’s friendly US Taiwan policy will remain. Although it is not quite as supportive of Taiwan as was Trump’s policy, there is a number of similarities.\(^8\) It shows some cautiousness insofar as there has been mention of “strategic ambiguity” and no hints of dropping America’s one-China policy (though members of Congress have broached the idea).

5.2 The Biden administration’s Taiwan policy has often been regarded as a restatement of the policy of the Obama administration. Obama’s Taiwan policy shifted significantly during his term of office so this idea is ambiguous at best. For a while during the Obama presidency there was serious talk of abandoning Taiwan before the idea vanished altogether.\(^9\)

5.3 Biden’s China/Taiwan policy resembles Obama’s policies as many of President Biden’s appointees are former Obama advisers. However, it remains uncertain who among them will emerge as the main source of Taiwan policy. Biden has some advisers that operate behind the scenes. Members of the Democratic Party also influence Biden.

5.4 Like in the past, the US-China relationship drives America’s Taiwan policy, but with even greater conspicuousness now. China has made astounding progress in improving its national power capabilities. In several categories, they have surpassed America’s. This is especially true in financial and trade influence. China is also leading in many areas of science and technology that define national power.\(^6\)


\(^6\) See John F Copper, *China’s Foreign Aid and Investment Diplomacy, Volume I* (New York: Palgrave-Macmillan, 2016) for details.
5.5 A number of pundits and the Western media generally perceive US China relations as very strained and therefore suggest that a conflict, or even a full-scale war is imminent. They think Taiwan will be the fuse that ignites a war. The Taiwan Strait indeed is a flashpoint.

5.6 Some think that China will win such a conflict. The fact that its navy is larger than the US navy has been cited as evidence. So is China’s application of new technology to its military advances. Various computer simulations that reveal US weaknesses and show China winning in a clash over Taiwan seem to prove this. Budget wise, US military budget is to increase by only 1.6% in the next fiscal year (less than the rate of inflation, an indication that the US military will decline), while China’s is growing by 6.6%.61

5.7 On the other hand, this is balanced by the fact that in value terms, the US military budget is much larger than China’s (though the difference is not as large as it appears due to counting differences). The United States is advantaged by the numerous bases or base access it has abroad, said by some to be 800, compared to only one for China. Furthermore, the United States has much more experience in war. China has none since 1979 (when it went to war with Vietnam) and it did not perform well.

5.8 One can only guess (when rather than if) China will surpass the United States in military strength. The likelihood is high given that US economic growth will fall dramatically in about three years when its GDP growth will be in the 1-plus per cent range while China’s will be much larger.

5.9 In assessing US Taiwan policy, the situation and the mood in Taiwan is and will be relevant. President Tsai is very pro-United States (as was President Ma though in some different ways). She is acutely aware that Taiwan will not exist if it loses US support. Her base, which strongly supports independence, supports her normally hostile stance towards China. Yet she does not advocate independence as she publicly states her support for the status quo and bases her cross-Strait policy on the

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61 See “Something wicked this way comes”, *Economist*, 1 May 2021, pp. 13-16.
Constitution (which prohibits independence). President Tsai advances a policy of promoting trade with other countries; yet cross-Strait commerce is increasing.62

5.10 Some facts also indicate a confusing if not contradictory stance vis-à-vis China. National identity in Taiwan has and still is moving in the direction of a Taiwanese identity and seeing Taiwan as a part of China is declining. Yet this does not correlate directly with one’s view on whether there will be unification. Most, according to the recent polls, believe Taiwan will eventually unify with China. Taiwan’s residents, according to polling, will try to leave if there is a conflict. The one or two million Taiwanese in China now are unlikely to return.63

5.11 In the United States, polls mirror public opposition to getting involved in a war with China over Taiwan. Yet a US China conflict over Taiwan might happen suddenly and public opinion in America would have little or no influence. America’s decision to defend Taiwan hinges on other things: the geopolitical importance of Taiwan and the damage to its reputation if it “loses” Taiwan.64

5.12 President Xi has stated that Taiwan must be reunified by 2049. This is some time away and much can happen during the interim period when the problem could be resolved more easily. Clearly China can wait as Taiwan will not disappear. The present tension with Taiwan and the likelihood of a war with the United States breaking out soon are no doubt exaggerated. China is clearly not preparing for a war at the present time.65

5.13 The US-China relationship as it evolves may be described more as an “accommodative” bipolar one rather than interactions in a multipolar world. The United States and China are the two superpowers who will be both enemies and friends. That is the nature of bipolarity.

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63 Dennis V Hickey, “What the Latest Opinion Polls Say About Taiwan”, PACNET, 8 March 2019 (online at pacforum.org).

64 Copper, *Taiwan: Nation-State or Province?*, chapter 7.

65 “Something wicked comes this way”. 

19