

# THE CENTER FOR NATIONAL POLICY

## “ARMING TAIWAN: IMPACT ON ASIAN SECURITY”

### FEATURED SPEAKER:

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AND INTERNATIONAL STUDIES**

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**12:00 PM – 1:30 PM  
WEDNESDAY, JUNE 22, 2011**

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MR. SCOTT BATES: (In progress) – of the Center for National Policy. And thank you for coming here for another in our Asian security program series. There's no more fitting place than the halls of the United States Senate to discuss an issue that goes to the core issues of peace and prosperity in the Asia-Pacific region and the U.S. relationship with our partners in the Pacific.

Commenting on an American offer for defensive weapons for Taiwan, an official spokesman for the People's Republic of China responded with, quote, "indignation" and said that such a sale would, quote, "endanger China's national security."

And my question to that is really would the upgrade of some old F-16s and the acquisition of some Patriot missiles and anti-mining ships actually tip the strategic balance in the Taiwan Straits. What does this issue say about China's perception of its own role in the Asia-Pacific region and its relationship with the United States? How is this issue seen in Taiwan? And is Taiwan doing enough for its own security? What is the role for the United States Congress in all of this?

To explore these and other questions, we have with us today three experts who are well placed to spur a lively discussion and answer questions you might have on these issues.

Joe Bosco, to my right, is one of the most thoughtful and provocative writers on Asian security today. Joe retired from the defense department last year where he served as China country director in the Office of the Secretary of Defense. And he managed Asia-Pacific disaster relief for the DOD. He previously taught graduate seminars on China-U.S.-Taiwan relations in the Asian Studies Program at Georgetown University's School of Foreign Service. Joe received his undergraduate and L.L.B. at Harvard University, but we won't hold that against you, Joe. It's all right. And he has an L.L.M. from Georgetown where he did his honors paper which examined the '95, '96 Taiwan Straits crisis. Most impressive to me was that Joe wrote what was essentially a rebuttal to Henry Kissinger on the future of U.S.-PRC relations. Joe Bosco is currently a national security consultant and senior associate in the Southeast Asia Programs division at CSIS.

Justin Logan, to my immediate right, is associate director of foreign policy studies at the Cato Institute. He's an expert on U.S. grand strategy, international relations theory and American foreign policy. Justin has authored numerous policy studies on East Asian security issues and he's been featured in Foreign Policy, National Review, the American Prospect, and on many, many cable TV shows and on the radios across the country. Mr. Logan holds a master's degree in international relations from the University of Chicago and went to undergraduate just down the road at AU.

And Rupert Hammond-Chambers, over at the end of the table here, comes to us from the heartland, the heartland of Scotland that is. Actually he also graduated from

Dennison University in Ohio, so he knows a little something about the American heartland. Rupert has worked in the telecommunications industry and was part of a defense and foreign policy think tank, the Center for Security Policy. Since 1994, Rupert Hammond-Chambers has been with the U.S.-Taiwan Business Council and has served in that capacity for the past 12 years. In addition to this, he's a broad member of several organizations focused on U.S. relationships with Asia and is a member of the National Committee on U.S.-China relations.

So a couple of logistical matters before we get right into it. The speakers will take their turn speaking. Then we're very much looking forward to taking your questions and hearing your thoughts after they go through. And there will be a lunch provided at the Southside Café. Is that right, Sheri (sp)?

MS. : Southside Buffet.

MR. BATES: Southside Buffet. That will be after the talk because otherwise we think you might go to the Southside Buffet now. We don't want that. But we do invite you there and see Sheri as you head out to get your ticket for that. So without further ado, I'd like to call on Joe Bosco.

Thank you, Joe.

MR. JOSEPH BOSCO: Thank you, Scott. I need to first make the customary disclaimer. The views I'm presenting here today are strictly my own, not those of CSIS where I'm presently affiliated as a senior associate, nor those of my former employer at the defense department.

The timing of this event is highly fortuitous since this week marks the anniversary of the outbreak of the Korean War. That war was triggered by major strategic miscalculations by all the main players, particularly those in Washington. It offers lessons for today's policymakers on East Asia security matters.

As Henry Kissinger put it in his new book on China, quote, "We didn't expect the invasion. China didn't expect our reaction." He might have added, we also didn't expect China's reaction to our reaction.

The misperceptions and miscalculations are almost always – are almost entirely attributable to miscommunications at the highest levels of government. Sorry. Thanks. In January 1950, Secretary of State Dean Acheson delivered a speech at the National Press Club delineating America's strategic interests in the Far East. And he neglected to include either South Korea or Taiwan within the U.S. defense perimeter. Kissinger branded the speech a diplomatic failure. He said, quote, "To the extent deterrence requires clarity about a country's intentions, Acheson's speech missed the mark."

But in fairness to the secretary, he wasn't the only one sending dangerous signals to the ambitious communists of Eurasia. A month earlier, General Douglas MacArthur,

commander of the U.S. occupation forces in Japan, had outlined a similar line of Pacific defense and also failed to include South Korea and Taiwan as U.S. protectorates. And only two weeks before Acheson's speech, President Truman himself stated that the U.S. would not send forces to defend Taiwan against the Chinese attack.

The dictators in Pyongyang, Moscow and Beijing saw a U.S. green light for communist unification of one or both countries. The only question was: who would move first? And Joseph Stalin helped Kim il-Sung preempt Mao Zedong in attacking his target.

North Korea's aggression demolished State Department's passive approach and alerted President Truman to the danger of communist expansion in Asia. He mobilized a hasty United Nation defense of South Korea and deployed the 7th fleet to the Taiwan Strait to prevent the outbreak of conflict there.

After the Korean War ended in stalemate, President Eisenhower signed mutual defense treaties with both South Korea and Taiwan in 1954. For the next two decades, the U.S. military presence kept the peace in both trouble spots, but strategic clarity and deterrence on the Taiwan front began to erode in 1972 with President Nixon's historic opening to China. In the Shanghai communiqué, Kissinger believed he successfully finessed the Taiwan status question saying the U.S. did not challenge the view that all Chinese on either side of the Taiwan Strait maintained there is but one China and that Taiwan is part of China. Kissinger called this his ambiguous formula and Nixon called it brilliant. Chou En-lai, Kissinger's negotiating partner, liked it too. The people of Taiwan were not consulted.

Washington also stated its interest in a peaceful settlement, but did not say it would oppose the use of force by either side and Beijing gave no such assurance. China said all U.S. forces and military installations must be withdrawn from Taiwan and the U.S. complied starting with the immediate withdrawal of the 7th fleet, the primary obstacle to a Chinese attack on Taiwan. Kissinger's writing suggests a tacit understanding that Washington would acquiesce in an eventual takeover of Taiwan after a decent interval.

According to Kissinger's book, Mao assured Nixon that China was willing to wait to conquer Taiwan: "We can do it without them for the time being, and let it come after 100 years," he said. But on another occasion Mao said China could wait 100 years, or maybe 10, or perhaps five. It is hard to say.

In 1979, President Carter completed Nixon's historic diplomatic mission and switched recognition from the nationalist dictatorship on Taiwan to the communist dictatorship in China while maintaining the agnostic one China policy on who should rule Taiwan. He also terminated the 25-year-old defense treaty with Taiwan.

A furious Congress passed the Taiwan Relations Act, committing the U.S. to provide Taiwan with self-defense articles and declared that peace and stability in this area

is in the U.S. national security interest, but it did not explicitly commit Washington to defend Taiwan as the defense treaty had.

In July 1995, Beijing fired missiles across the strait to protest a U.S. visit by Taiwan's appointed president and announced that it would conduct further exercises in October – further exercises in March. In October, a Chinese general told American interlocutors, quote, “You care more about Los Angeles than you do Taiwan.”

Just to be sure of U.S. intentions and to avoid North Korea's disastrous mistake in 1950, PLA officials in December directly asked high State Department officials how the U.S. would respond if China attacked Taiwan. Assistant Secretary Joseph Nye was equally anxious not to repeat Washington's 1950 mistake by sending the wrong signal. So he answered, quote, “We don't know and you don't know. It would depend on the circumstances.” This avoided giving Beijing a green light but it also failed to give a red light with an unequivocal commitment to Taiwan's defense. Instead it gave an amber light, proceed with caution. But it opened the door to some unidentified, undefined circumstances under which a Chinese attack on Taiwan would not trigger U.S. intervention.

Defense Secretary Perry adopted Nye's strategic ambiguity formulation and it has been Washington's official mantra ever since.

A week after Nye's statement, President Clinton sent the Nimitz carrier battle group through the strait for the first time in 23 years. But when China protested, Washington said, it was only a weather diversion, not a warning to China or a demonstration of U.S. commitment to Taiwan, nor did we say what Admiral Keating said in 2007, that we don't need China's permission to pass through the international waters of the Taiwan Strait, quote, “whenever we choose to.”

So in March 1996, China tested the U.S. again by resuming its missile firings across the strait to protest Taiwan's first presidential election. This time Clinton dispatched not one but two carriers to the region. But Beijing threatened a sea of fire if the ships entered the strait. They stayed out and the crisis dissipated.

A senior U.S. official later described the tense episode as, quote, “Our own Cuban missile crisis” and said, “we have looked into the abyss.”

We don't know whether the U.S. ships deterred further Chinese aggression against Taiwan on that occasion. But China knew now what it had to do to succeed in a future attack; that is, create the circumstances that would deter or delay U.S. intervention. Since then it has built a formidable arsenal of anti-access weapons to do just that, including advanced submarines and the world's first ship-killing ballistic missiles.

In 2001, President George W. Bush seemed to restore the clear U.S. commitment to Taiwan's security that had prevailed from 1950 to 1979 when he said we would do whatever it took to defend now-democratic Taiwan, but shocked China experts within

and outside the administration soon walked that back and restored the much-admired ambiguity policy.

After September 11, the Bush administration and now the Obama administration convinced themselves that China is a reliable partner on anti-terrorism, counter-proliferation and North Korea. Taiwan is seen by many as increasingly an irritant to good Sino-U.S. relations. Meanwhile, China has deployed 1,600 missiles targeting Taiwan and yet another Chinese general has issued a nuclear threat to Washington. In 2005, ahead of China's National Defense University, warned of the destruction of hundreds of U.S. cities in a conflict over Taiwan.

At the same time, Mao's successors have significantly shortened the fuse on Taiwan's unification deadline. The 2006 Anti-Secession Law said China could attack if Taipei simply took too long to give in to unification. And in a 2007 Asia Society interview, Kissinger warned that, quote, "China would not wait forever."

But as recent polls indicate, the overwhelming majority of the Taiwanese people have no intention of subjecting themselves to China's communist rule. So at some point, when Beijing considers the circumstances are right and believes Washington is too war weary or distracted or financially distressed to intervene, it will be sorely tempted to make a military move against Taiwan. If and when that happens, all the diplomatic obfuscation and clever semantics by successive administrations will become irrelevant and inoperative as Congress and the American people will demand that the U.S. come to Taiwan's defense. In that scenario, China and the U.S. will once again find themselves in a military conflict.

Robert Zoellick said in 2007, war between China and Taiwan means American soldiers, sailors, airmen and Marines. To change the present trajectory toward conflict, Beijing or Washington, or both, need to change their current policy. China must renounce the use of force against Taiwan or the U.S. must threaten it against China. That is, Washington must declare clearly, unequivocally and publicly that it will defend Taiwan against a Chinese attack, just as we would come to the aid of Japan or South Korea.

As Kissinger says in his book in another context, quote, "Ambiguity is sometimes the lifeblood of diplomacy and a situation can be sustained for 40 years by a series of ambiguities but it cannot do so indefinitely." Taiwan, the United States and China need a declaration of strategic clarity.

At the same time, the U.S. needs to honor its commitment under the Taiwan Relations Act by selling Taiwan whatever it needs to defend itself and to correct some of the growing cross-strait military imbalance, a subject that Rupert, my colleague, will discuss in detail.

I will simply say that the U.S. government's delay in getting the F-16s to Taiwan as quickly as possible is sending exactly the wrong signal to Beijing and others in the

region. China's behavior in recent years has demonstrated that Taiwan's security is important not only to the 23 million democratic Taiwanese but to the peace and stability of the entire region.

CSIS just completed a remarkable two-day conference on maritime security in the South China Sea. Speaker after speaker described the mounting concerns among Southeast Asian countries that Chinese actions that were once called assertive and are now seen as aggressive.

Beijing, which two years ago was succeeding with its soft power campaign to convince its neighbors of its peaceful rise, apparently has now decided it no longer needs to follow Deng Xiaoping's strategy, hide your capacities, bide your time. Instead, it openly threatens smaller countries in the region by reminding them how weak they are compared to China's economic and military might. It claims the entire South China Sea as its own territory and territorial waters using so-called historical reasoning that is entirely without merit and the customary international law and the United Nation's Convention on the Law of the Sea, which China signed.

The PLA navy has taken highly aggressive and damaging actions against U.S. Navy ships and the commercial vessels of Vietnam and the Philippines and it warns Washington to keep its nose out of China's affairs in the South China Sea, which it has described as a core interest in the same category as Tibet and Taiwan. It has taken the same aggressive approach in the Yellow Sea and the East China Sea and precipitated a major dangerous international incident by intruding into Japan's territorial waters.

Southeast Asian countries have urgently appealed to Washington to become more deeply involved in the region to counterbalance the reemergence of the China threat. Repeatedly the countries' representatives at the CSIS conference implored the U.S. to abandon what they called ambiguity regarding its commitment to the region and its opposition to China's ominous approach.

By clarifying and affirming America's commitment to Taiwan, Washington will send a clear signal to China and to the countries of the region that the U.S. will neither abandon or be driven from East Asia and that the prudent course for China is to learn to get along with its neighbors and to respect the international norms that have well served the post-World War II world and especially China over the past three decades.

China presents a threat to regional and global security, not only in its own right but as the protector and sponsor of some of the world's most dangerous and oppressive regimes from North Korea to Burma, Zimbabwe to Sudan, and many others. It has played a very devious and damaging role in not only proliferating weapons of mass destruction and missile technology but in enabling other outlaw states to further proliferate. China has become a proliferator of proliferators.

For a host of reasons, the U.S. must lead the international community in encouraging and sometimes demanding that China comply with international norms and

play the constructive role its new power and wealth afford it. The premise of opening to China and the decades of engagement since then was that integrating it into the international community would moderate its behavior toward its own people and to the outside world. China's economic success is undeniable and it has helped lift millions out of poverty. But it has long been clear that the Chinese Communist Party has no intention of relinquishing political control over the Chinese people. Kissinger's statement in his book that Leninism is dead is wildly off the mark.

As for China's relations with the outside world, Beijing has also made clear that it is less interested in joining the existing international order than in creating and leading an entirely new order imposed by its own economic and military power. That is why Joint Chiefs Chairman Mullen says that he has gone from curiosity for China's military rise to concern. It is why Secretaries Clinton and Gates have begun to send firmer messages regarding China's behavior. It is why James Clapper, the director of National Intelligence, has called China, quote, "The greatest mortal threat to America."

It is very late for this new sense of realism regarding China's intentions and much critical time has been lost. But U.S. policy and that of other nations will have to come to grips with the challenge China presents. Beijing's combination of communist ideology and sense of historical grievance may very well create the containment approach it has long accused the West of practicing even as Western countries saw themselves as engaging China and helping its peaceful rise. Thank you.

MR. BATES: Thank you very much, Joe for presenting that strategic framework that really helps frame our discussion here and sets up our next speaker, Justin Logan. And for those of you in the back there are a few seats here so please have a seat if you can.

And Justin, thank you very much.

MR. JUSTIN LONG: Thanks very much, Scott. Thanks for inviting me. Thanks to the Center for National Policy and thanks to all of you for being here. I wanted to focus my remarks today a little bit on Taiwan's role in Taiwan's defense. I think we've heard a very stark assessment of the growing role that China seeks to play in the Asia-Pacific region and by extension I think not an ambitious logical extension that implicates a rapidly deteriorating security environment facing in particular Taiwan as being on the frontlines of this rapidly rising China.

I think there was a reasonably stark indication of the changing threat environment for Taiwan in the RAND Corporation's study that was published I believe in 2009 looking at the PLA's capability potentially of knocking out Taiwan's and by extension the U.S.'s ability to field air power in a potential conflict across the strait. They had done a similar study 10 years before and had had very sanguine conclusions in that previous study and in the 2009 study had concluded that hardly breaking a sweat really the PLA and the PLAF could knock Taiwan out of the air war across the strait.

So I want to open with sort of a question based both on theory and history: how do nations facing grave and deteriorating threat environments behave? My answer is that they tend to balance. They forego other priorities to ensure their survival because without national survival after all, it's impossible to achieve those other priorities.

So with that sort of more general assertion on the table, let's take a look briefly at Taiwan's military expenditures as a share of Taiwan's national income.

In 2009, the most recent year for which – (inaudible) – military balance compiled data, Taiwan was spending roughly 2.6 percent of its economic output on its military. Four years previous, in 2005, it was spending 2.2 percent of economic output. Five years previous to that, in 2000, it was spending roughly 4 percent of economic output on military power. As a point of comparison, the United States, which I think it's obviously true to say, faces a far more benign threat environment, spends between 4.5 and 5 percent of economic output on its military. For a closer comparison, the state of Israel, which faces a similarly dire threat environment, spends roughly 10 percent of economic output on its military.

Of course, military expenditures are not the only measure of military capability. National will to fight is also an important factor, both in military conflict directly and factoring into deterrence. The RAND report, for example, was focused narrowly on the military capabilities and took the question of political will out of the equation. But we do have to factor in the national will to fight alongside quantitative and qualitative measures of military capabilities. And I would make the humble suggestion that the national will to fight, the national will to resist potentially mainland aggression against Taiwan is not a factor that mitigates in Taiwan's favor.

So the question remains then, why is Taiwan spending so little and cultivating very little anxiety among the population about the growing threat from PRC? Well, in a 2008 I think it was paper co-authored with my colleague, Ted Galen Carpenter, we suggested and answer and supported it with the judgments of a number of renowned experts, both in China and in Taiwan. Professor Bud Cole, for example, of the National War College, described, quote, “A widespread lack of concern about Taiwan's defense requirements in comparison to domestic, economic, social and environmental policies.” James Mulvenon, a renowned Taiwan expert as well, admitted in 2005 that he had concluded that the leadership in Taipei believed that it possessed, quote, “a blank check of military support from the United States.” Retired rear admiral in U.S. Navy Michael McDevitt remarked also that the Taiwanese seem to have convinced themselves that they can count on U.S. intervention should China attack, regardless of the circumstances.

You can find any number of other justifications for Taiwan's choice of expenditures in terms of its military spending and posture from Taiwanese officials, for example. You hear that the politics of special budgeting are too difficult. The public simply doesn't support an Israel style military posture. But if the threat to Taiwan is so severe, as so many in the U.S. and so many in Taiwan seem to believe, the shortfalls in its defense expenditures cannot be explained by difficult domestic politics. Under

environments that are extremely threatening, countries forego domestic priorities in order to ensure their own survival. In fact, there is a very old theory advanced in the 1960s that I think adequately explains Taiwan's defense posture.

The economic theory of alliances, as advanced by Mancur Olson and Richard Zeckhauser, explain things very simply. When countries or indeed individuals ally to provide a collective good, when one actor is vastly wealthier than the other actors involved, there is every incentive for the poorer, weaker actors to shirk. If all of us had the great fortune of living on the same block say, as George Soros or the Koch brothers, and everyone banded together to decide to provide security, to hire a security service to secure the block. And everyone stated that we had the same interest in ensuring that our block was secure, it would be, I humbly suggest, in all of our interest to shirk our fair share of the responsibility and to allow the wealthier member of that collective to bear a disproportionate share of the burden.

And I think we've seen a similar phenomenon in recent days as Secretary Gates has been turning up the volume a little bit in his remarks in the direction of NATO. I think his speeches indicate that the approach that he's taken to NATO, that is to say turning up the volume, saying more provocative things in his speeches about the nature of the alliance is not the way to resolve this collective action problem. I humbly suggest that NATO is not likely to make dramatic changes in its defense posture as a result of Gates' speeches. The United States commitment to NATO has not changed and indeed the United States has recently gone to war in Libya in part on the rationale that it needs to maintain the NATO alliance. So without substantive changes in policy, simply hectoring your allies is not enough to overcome these collective action problems.

To my mind, two things need to be done: one in Washington and one in Taipei to deal with the shifting balance of power in Asia. In Washington, for those who think that Asia and in particular East Asia will be the most important region in the world in the coming decades and political economic and indeed in military terms – I count myself among their number – analysts mean to push to shift American attention away from the Army and Marine Corps intensive nation building operations across the Islamic world and our obsession with the Middle East more generally.

The previous speaker mentioned the Chinese waiting for the United States to be, quote, "War weary, distracted and financially distressed." I'd suggest that the Chinese are approaching that point currently. There's simply only so much oxygen in Washington for foreign affairs, particularly in times of economic distress, such as we face today, and currently almost all of that oxygen is being consumed by our wars in Afghanistan, Libya, and Iraq.

It is notable that debates are raging outside of the public view or the majority of policymakers' attention spans in journals, both academic and policy journals about simply giving up Taiwan or, quote, "Finlandizing" Taiwan. These options are becoming more and more common in the face of China's growing military power and Taiwan's atrophying capabilities.

In Taipei, in my view, what is needed is not just F-16 upgrades or even better ASW capabilities or runway hardening. What is needed is a wholesale change in national attitude on the island about the threat posed by the PRC and the policies that should be embraced in order to influence that outcome. In my view, that change is unlikely to be forthcoming without significant change in Washington's policy toward the island.

Thank you very much. (Applause.)

MR. BATES: Thank you very much, Justin, for that.

And now to Rupert.

MR. RUPERT HAMMOND-CHAMBERS: I'm going to stay right here if you don't mind, to my mad scientist thing here on the table.

I was asked to talk a little bit about the economic impact – economics as a national security issue for the United States, the role of business and then really to talk about Congress a little bit, an issue that I got to touch on last week.

In my view right now, the arms sales process to Taiwan is completely broken. As a function of abuse, a lack of ambition on the part of those who are responsible, not just in the executive branch but in the Congress as well, and that in light of China's increasing investments in its military modernization, Taiwan falls ever yet further behind and we seem to be unable to ever find the right moment to do the right thing to ensure that Taiwan can adequately mount a self-defense and deter Chinese adventurism. It's obviously very nice to see the short-term détente taking place between the Ma government and the government of Hu Jintao.

But I would suggest to all of you that it is short term that the in the broader scope of things the low-hanging fruit has been plucked from the tree on economic matters and that should Mr. Ma be reelected in January of next year, he's going to have a much more difficult time rallying his country to support the sort of political and military engagement that the Chinese want. And if Ma should lose, the democratic – the progressive party's candidate, Tsai Ing-wen and her party will have a challenging time engaging China, even if they are sincere. And as a consequence, the United States will have to take stock of the degree to which we have remained engaged over the past few years, over the last three to four years on Taiwan-China matters or whether we've been drawing a peace dividend during that period when in actuality peace has not broken out in the Taiwan Strait.

Just quickly I would like to give you all just a look into what a program can do from a U.S. economic national security perspective. The Paramount Group is an economic consultancy and they've just released a study on the economic impact of the F-16 of a new buy of F-16 C/D sale. For those of you in the media and who get our defense and aerospace bulletin, you'll get a copy of the report this afternoon as well as a sort of explanation from me.

But very quickly, the new independent report, the F-16 program will generate here in the United States \$8.7 billion in gross economic output for the U.S. economy over the life of the program which is expected to be approximately five years. And that supports approximately 16,000 jobs in the supply chain, either directly in the construction of the equipment or in the supplier area, supplying parts and components, subsystems to the construction of the aero plane down in Texas.

The Paramount Group estimates that over the five years that will generate \$768 million in federal tax income and \$593 million in state and local income. That is a significant amount of money and economic activity and if you consider for a moment that the jobs inherent in the construction of defense equipment are high-end jobs, well paid and that the communities that are built around those institutions tend to be – enjoy a degree of affluence that supports the interests of the people. It matters on an economic national security standpoint and the F-16 line, which I might add is in jeopardy as a consequence of the fact that there are no follow-on orders taking deliveries beyond 2013.

So while I want to be clear here for a second – the F-16s lines, the nature of the F-16 line and the ability of it to continue to go is not a consideration for the administration, the Obama administration, on whether to sell. If they choose not to sale by the end of this year, that decision will be made for the administration because Lockheed Martin, the prime, will no longer be able to engage the subcontractors as well as the workers who put the equipment together, given the fact that it takes two to three years to build a fighter of the sophistication of an F-16.

So for battleground states like Ohio, Florida who have high economic interests on the F-16 line, obviously it will be important to point out to those states that they have equities in this particular transaction.

To move over to the arms sales process, I made the point that the process is broken. But don't take my word for it. Let's look at two congressional leaders who are responsible for oversight bearing in mind that the Taiwan Relations Act and actions of previous administrations lay out quite clearly that Taiwan policy is the responsibility not just of the executive branch but of Congress as well.

So here we have Chairwoman Ileana Ros-Lehtinen of the House Foreign Relations Committee on May the 12th at a hearing of the full committee in which she has several senior State Department officials. And turning to Taiwan, it's been nearly 14 months since the last major arms sale was notified for Taiwan. Over a year ago, assistant secretary of state for political military affairs, Andrew Shapiro, assured the Committee on Foreign Relations that the State Department would undertake an extensive and honest discussion with our committee regarding Taiwan. No such discussions have been held for nearly nine months. This is the last month.

And you have also violated requirements related to the Javits report. Just quickly, the Javits report is a classified report prepared by the administration each year, submitted

to Congress which outlines the defense programs that the Congress can expect to have delivered for their consideration through the year.

Let's go to Mr. Lugar on the Senate Foreign Relations Committee side, the ranking member. He has been getting into a letter writing exchange with the Department of State. In his first letter, dated April 1st, 2011, Senator Lugar notes, over a year ago Assistant Secretary of State for Political Military Affairs Andrew Shapiro – I think we've just heard his name – assured the Committee on Foreign Relations that your department – the Department of State – would undertake an extensive and honest discussion with the Foreign Relations Committee regarding Taiwan. Such consultations have yet to occur. So here we have the Senate side also complaining. In this instance, this letter is dated to Secretary Clinton about the absence of consultation or any mechanism for informing the Congress on what is taking place in Taiwan policy.

The subject matter of Senator Lugar's first letter is why the F-16 letter of request has not been accepted by the administration. Mr. Lugar gets a response from a gentleman by the name of Joseph Macmanus who is or was acting assistant secretary of legislative affairs. He still is actually. That post remains vacant. And in his letter he writes – this is great – contrary to recent media speculation, Taiwan has not to date submitted a letter of request for additional F-16 C/Ds. Well, I'm looking around this room and I see many friends and colleagues. That could be one of the more disingenuous things I think I've seen in a long time. The reason, of course, as many of us know, that Taiwan has not to date submitted a letter of request is that they've been told not to by the administration and by the administration that preceded Mr. Obama's.

Mr. Lugar in a follow-up letter, a response letter on May the 5th notes, Mr. Macmanus noted that our normal policy is not to discuss FMS programs publicly unless they are congressionally notified. With regard to Taiwan, the practice has been not to discuss sales to Taiwan with this committee, the Senate Foreign Relations Committee, until days or hours before the executive branch has decided to notify them to Congress, regardless of whether or not they are discussed publicly.

So I'm going to touch on the process issue for a second here. The administration is required first and foremost to alert Congress in the Javits report that a particular program will be coming to the Hill in that year. And then when that program is ready to be sent to Congress in a congressional notification, there is a 20-day pre-consultation where the administration is expected to start discussions with the respective committees on the programs in question. In 2008, under Mr. Bush's administration, and in 2010, under Mr. Obama's administration, the process undertaken was to freeze congressional notifications for an unspecified period of time and then to send them to Congress literally as Mr. Lugar notes, within hours, without any pre-consultation and simply to hand them over to the Congress with an expectation that Congress will rubber stamp them.

So we have issues with Javits and alerting. We have issues with lack of pre-consultation consultation and we have issues with congressional notifications that are ready to be sent to Congress that are being held in undetermined periods of time at the

Department of State and then sent arbitrarily to Capitol Hill at what is considered the least worst time.

Mr. Lugar goes on to note that the Foreign Relations Authorization Act for fiscal year 2003, Taiwan is treated as a major non-NATO ally for purposes of the transfer or possible transfer of defense articles or defense services under the Arms Export Control Act. A major reason for this provision was the need to ensure that Taiwan be permitted to have its LOR submitted and reviewed. Taiwan should be able to submit and LOR for F-16 C/D aircraft and have it assessed by the administration as has been done for other FMS cases for Taiwan.

So as a major non-NATO ally, too, Taiwan should be afforded an opportunity to submit an LOR for consideration. Please bear in mind that while the decision by the Bush administration to reject the LOR initially in 2007 obviously was a significant mistake, agreeing to accept and LOR is not an agreement to sell something to a respective customer. It is simply an agreement to consider the request. So we are in essence saying to Taiwan we're not even prepared to accept the request.

We have had three freezes, arms freezes over the last three years. The first was February to October 2008. That was eight-months long. The second was November '08 to January 2010. That was 15 months long. And from February '10 to now we are in our 17th month of this freeze. The freeze to date has three specific programs. It has the F-16 A/Bs. Interestingly, that is held at the Department of State and has been there since September of last year.

We're not even at a point where that is a congressional notification. That program has been frozen as what they call pricing and availability data. It is simply putting together what the program will cost to send to Taiwan. It's not a public moment. It's not like a congressional notification whether Defense Department presents a press release that all my journalist friends here can report about. This is simply part of the bureaucratic process. But so low is the threshold for risk now on arms sales to Taiwan that the administration isn't even prepared to take a bureaucratic step within the process to send Taiwan the pricing and availability data it requires to put together a program which would then be ready for completion and congressional notification. So we have the F-16 A/Bs stuck at state ready for – since September of last year. I'll leave you do the math.

The next program, of course, is the F-16 C/Ds – well, it's not a program yet because we haven't accepted the LOR and started that process. But the C/Ds – the C/D LOR was originally designed to be submitted in 2007 on three occasions. It was rejected. And Taiwan remains willing today, as I understand it from my TECRO friends and friends at the Ministry of National Defense and all the way up to President Ma himself who recently noted this at the CSIS function in May, that they are ready to move forward with the C/D program. My colleagues have very ably framed for you the threat and why the C/Ds represent a part of the solution. They are not a golden bullet. However, they

are an important part of moving forward, not just a program moving forward, but getting the process moving forward again.

And then the submarines – a program that we have not talked nearly enough about in the recent past but that certainly represent the sort of asymmetric capability that Taiwan needs to combat the myriad scenarios that they confront in respect to the threat from China, not the one scenario that so often gets put forward that China will launch all of its ballistic missiles at Taiwan all in one go in a surprise attack without any political ramp up intentions. Taiwan will be caught on its back foot unaware. I mean, really, when you walk it through, it becomes increasingly ludicrous that position. But submarines are an important asymmetric solution that Taiwan needs and the United States made a commitment in 2001 to work with Taiwan to provide.

So, in summary, I just want to note for you all that there are economic national security reasons why these programs are important to our industrial base, to our communities, to the strategic flexibility that the United States has always enjoyed in respect to the quality of its arms and its ability to produce weapons for its allies.

And then the fact that Congress is increasingly noting a breakdown in the process for selling weapons to Taiwan, which is undermining Taiwan's ability to provide for its self-defense, it's undermining U.S. national security interests in East Asia because it's weakening Taiwan and emboldening China. And it's sending the sort of message to our regional allies that actually there is some give in our previous positions on Asia and that while that might be Taiwan now, it may be Korea, Japan, Singapore and others later. Thank you very much.

MR. BATES: Well, thank you, Rupert. (Applause.) Personally I can say I've been working on these issues in this program for about six years. This is the most sobering assessment of the security situation in the Taiwan Straits that I've heard to date because from our first speaker, from Joe, we heard how a distracted United States might invite a PRC strategic challenge which I think makes eminent sense. From Justin we heard questions about the national will of Taiwan to provide for its own defense. And from Rupert we've heard that the process for arms sales that actually make for a defensible Taiwan, the process is fundamentally broken.

So this is I would say the overused term now but it's the inflection point on this matter that you're looking at a situation where the strategic balance may be tipped irrevocably unless steps are taken.

So I have a series of questions but I will spare you because I want to hear from all of you. I want to hear your comments for any of our experts or your questions. So please. Yes, sir. And please identify yourself and then – yes.

Q: (Off mike.)

MR. BATES: So, Julian (sp), go with your best question and then we'll get back to you.

Q: (Off mike.)

MR. HAMMOND-CHAMBERS: Just to clarify for a minute. Are you suggesting that given that things are going well in the strait in the short term that this – an agreement between the Ma government and the Obama government, that they won't do anything significant to rock the boat? I don't believe that. No. I don't want to be curt but I don't think there's really much more to add beyond that. I think that the Ma government has been very clear in the national security requirements of the Ma government.

And I think the case that he builds out makes a great deal of sense and it supports ongoing détente in the Taiwan Strait which, of course, when you look at the history of it and you look at '92, '93 and the F-16, the first F-16 sale, what happened afterwards, you had a significant opening in Taiwan-China relations and a period of détente through the '90s. And then in the latter part of the last decade, in '08, you had a large package and in turn again – and those have underpinned détente across the strait. So I think there's a correlation to be made between active and ongoing U.S. military support and the ability of Taiwan and China to make progress politically.

MR. BATES: Yes, sir. Right here.

Q: (Off mike.) But I think going back to – (off mike) – it is true that the defense budgets have done down. President Ma did – (off mike) – though – (off mike) – the wrong way. I think – (inaudible) – is prepared – (off mike) – political will that – (off mike). But, you know, it's a big question at this point and again you – (off mike) – really true or not – (off mike). Not really a question – (off mike).

MR. BATES: Thank you. It's an important view. We appreciate that. In the back. Yes.

Q: (Off mike.)

MR. LONG: It's a very broad, big question. But I'll try to take a brief crack at it. I think as a first cut answer to your question, it certainly makes the Taiwanese predicament much more – it makes the American public much more sort of empathetic with the Taiwanese predicament the fact that they are a quite robust democracy and the PRC is not.

Just as sort of a jumping off point, maybe a provocation beyond the question, I wonder whether if the PRC underwent significant dramatic transformation in the direction of democracy, whether it's position on Taiwan would change all that much. So that's sort of maybe a little bit more sub-rosa aspect to the question. But I certainly think

in the short term the politics of the question, Taiwan's democratic status no doubt makes it more an object of empathy on the part of the American public.

MR. HAMMOND-CHAMBERS: I would just add one part response to one – I think democracy in Taiwan is important in the dynamics that you're reporting. And that plays out I believe after next year. Whatever happens in January it's going to be a tight race. It's going to right down to the wire. If Mr. Ma does in fact win reelection, he is not going to win with the sort of margin that he got last time. And what that will say is that he will not have the same mandate that he has had to engage the Chinese quite as liberally coupled with the fact that the Chinese are going to press the Ma government should it be a second Ma term to talk about political military matters. And the democracy on Taiwan will curb his ability to do that. That will create domestic tensions within Taiwan and it will create cross-strait tensions too.

MR. BATES: Well, I'll throw in on the American domestic political scene. I don't know if that was in the question but it's always very important. And I think you can tell from what you're hearing in the halls of the U.S. Congress now, the appetite for any kind of extension of treasure in the interest of anyone outside of the direct American security interest right now it's not there. We're going to see some of that on display tonight when the president announces his ramp down in Afghanistan.

And as far as the Chinese-U.S. relations, it's – all the focus is on the economic challenge out of China, not so much the security challenge but I think it's all about the economics of things. And I would not expect there to be great will in the American electorate to support an ally who isn't seen as supporting itself.

Yes, sir.

Q: (Off mike.)

MR. BATES: Rupert.

MR. HAMMOND-CHAMBERS: Yes. Thanks, Chris (sp). Well, first and foremost, Chris, you know, candidly I think you've just framed the very sober characterization of the challenge that we face for those of us who believe the C/Ds are necessary, not just for Taiwan's national security but our own. Certainly the A/Bs seem to have some – the path of least resistance and at some point our expectation in our organization is anyway that they will be notified, not in 2011 I might add but at some point.

For the C/Ds, our view is that the administration is going to have to be persuaded that it's important to move forward and how that leverage comes about I think will manifest itself in the coming months. But certainly we're encouraged by the fact that Ileana Ros-Lehtinen and Lugar and others, Mr. Lugar and others are taking a more – an increasingly active interest in this subject and in the broken process that accompanies it.

As to what it means if the C/Ds aren't sold, well, I think an important question to ask is should Taiwan have an air force? Because if you don't provide Taiwan modern replacement equipment – their F-5s are Vietnam era and need to be retired. The Mirages that they have are expensive to operate and the French are crushing them on replacement part prices as they do to all of their customers around the world. Buy American. So the French are killing them on that. And their IDFs, their indigenous fighters, need to be upgraded but really they are better in a trainer role. That leaves their A/Bs. So you've got 145 of those left.

If you go into an upgrade program in 2013, let's say for argument's sake, if it's notified next year, you're pulling up to a squadron act so that's say 26 airframes, 24, 26 airframes. And then you've got an operational rate of 70 percent to 80 percent. You're probably not talking about having more than 60 F-16s available to deal with all of the contingencies that Taiwan has to deal with both in peace time or in any of the possible wartime contingencies that are far more likely than the all-out missile strike with no warning.

So, Chris, I think the big question really is, should Taiwan have an air force, I mean if that's the direction that we're going, that's basically the question that we're asking.

MR. BATES: Well, and I'd throw in too on this, Chris, which is that if you look at a big picture here – I hope it's not a trend, but I was in Japan a couple of years ago. Officials at a lot of levels were – especially the air force officials – begging for F-22s. And we refused. And now are we also going to refuse modernizing the F-16s? If that's so, one wonders what we're getting for that consideration I would suggest, if that is in fact what's going on. And maybe that's not what's going on but it seems it might be.

Q: (Off mike.)

MR. BATES: So a broader question based on that is, is the United States Congress about to become actively engaged on these issues? Prospects for that?

MR. BOSCO: Just a comment, Nadia (sp), on the "China Military Power Report" on which I worked in 2005 and 2006, I worked on this CMPR report in 2005 and '06 at DOD. And I can tell you that Congress had a very strong interest in having those reports submitted on a timely basis. And we were late almost every time. But part of the reason was the incredibly intense consultation within the interagency process. We had to have every government agency that one could think of get involved in the process of reviewing and making comments and offering contributions and so forth. And so the process itself simply was a very long one inherently, internally, within the federal government. But there was no lack of interest by the Congress on why we were not getting it to them as quickly as we should. In that particular case at least the two years that I worked on it I don't think there was any slow walking or deliberate attempt to delay by the administration. The decision on these recent arm sales, however, may well be a different story.

MR. LONG: I would just concur with that. I think it's maybe not an every year occurrence but a regular occurrence that there's some – is the report too late, is it – where is it? It's supposed to be spring time? But sometimes spring time is May. Sometimes spring time becomes June. So I think that's a regular occurrence is disarray.

And I think the remarks about the interagency process are provocative and interesting in the sense that if you're looking at this from the DOD lens, that gives you a particular clearer point of view. Depending on how many agencies you want to bring in, the stew gets even spicier I guess it's fair to say. And you have certain agencies that are looking at the U.S.-China relationship in fairly stark, zero-sum security competition terms. And you have other agencies that completely reject that lens and view it as positive-sum trade, economic engagement. And this is – you know, I can't imagine what it's like to – feel the push and pull in an interagency process.

MR. BATES: Well, I guess to work on this Hill on the other side, two verities. One is that there's a limited bandwidth here. And number two is the issue of focus, sustained focus. I will plead guilty. I worked on the war resolution on Iraq. The Bush team sent it over. We kicked it around. I was on the Democratic team I'm disclosing to everyone here. And one of the things we put on there, you need to report to Congress on your post-war plans. It felt good. My job is done. Not a lot of follow-up on what those plans were. So this is a constant challenge. And I think that events like this hopefully will help raise the awareness of the gravity of the issues before us today.

I saw a couple of other hands. Yes, ma'am. Back here. And – yes, please. Go ahead.

Q: (Off mike.)

MR. BATES: So this – (off mike) – that you're talking about, what is the will of the Chinese populous on this issue, the sentiment to engage militarily. Right. So a question about the role of nationalism I would think on the PRC regarding the Taiwan issue.

MR. LONG: When you say engage militarily, you mean security competition?

Q: (Off mike.)

MR. BATES: To attack.

MR. LONG: Okay. Even more than security competition.

MR. BATES: Let's begin that discussion by saying this is all speculation but informed speculation if anyone will hazard to guess.

MR. BOSCO: I'll take a whack at it because it relates to the point that Justin made about whether – and the question you pose is to whether a democratic, a more democratic China would be more or less likely to be hostile to Taiwan. I would argue that it would be. And I've heard the argument that it would be just as nationalistic and perhaps more so because the people would be feeling their owed, so to speak.

I would tend to argue in the opposite way. I think that to the extent that there is nationalist sentiment in Taiwan – in China to acquire Taiwan, to control Taiwan, it's essentially stimulated by the government. And the reason the government does that is it's a regime that lacks political legitimacy. So what it uses for a substitute for political legitimacy is economic progress, in which it succeeded to a large extent in the urban areas, but it fans the flames of nationalism as a way of diverting the people's attention and posing the external enemy.

In my own trips to China, I've always made it a point to engage as much as possible with the young people, the ordinary citizens – I would ride the subway, for example, in Beijing and go to the various places on my own by subway and chat with people. I was usually the only Caucasian on the train so there was no lack of interest in talking with me. Usually they started off wanting to talk about Michael Jordan but after that I would ask them things like their views on Taiwan. Really I found little or no strong sentiment among the average Chinese to deal with the Taiwan issue. There was no pressure, no urgency that this is something we must do. But that's not the message you get from the leadership, of course. They keep telling us that they're being pressured by the people to solve this problem and they have an obligation to the fatherland.

So I think a democratic China or a democratizing China would have less need to stimulate that kind of hostility because it would have a political legitimacy.

MR. BATES: I'd just mention on a hopeful note the democratic peace theory, which is that no democracies have fought a war against one another except maybe 1812. They shelled my home town in Connecticut. But aside from that, we've forgiven you, Rupert, for that. We have time for two more questions. Yes, sir.

Q: (Off mike.)

MR. HAMMOND-CHAMBERS: It's a hypothetical question. Taiwan is asking for F-16 C/Ds, not F-35. I mean, I do think it's noteworthy that if the production line starts to close at the beginning of next year, that's what we will be talking about because the F-16s will be off the table. So then we'll start talking about F-35 even if it's 15 or 20 years down the line.

MR. LONG: One of the great things about not having been in government is you can entertain hypotheticals without getting in trouble. I think the point is well taken, right? I wouldn't even say that there's really a fine line between offensive and defensive weapons. You know, in speaking as somebody who has a good University of Chicago upbringing, you know, the better you can secure your defense, the better you can engage

in offense. So I think the logic of your question is correct, although, again, it calls into question the broader framework in which we're working with U.S.-Taiwan relations.

MR. BOSCO: Of course, we wouldn't be having these discussions or these concerns if China did not present the constant threat that it presents to Taiwan. There's an easy way to resolve all these issues: China merely needs to renounce the use of force and make itself an attractive partner so that Taiwan may want to seriously consider associating with China in some form. As someone used to say, China's position is, marry me or I'll kill you.

MR. BATES: Well, on that note, I think that's a good one to end on. (Laughter.) There is an old saying also that is that there is no such thing as a free lunch. Not true. We are providing it at the Southside Café. You can see one of our staff at the door for that.

Please join me in thanking all of our panelists here today. (Applause.)

(END)