



# Despite the Hype, China Can't Afford to Risk a Military Conflict with Taiwan – For Now

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## Executive Summary

Will China use military tactics to force Taiwan to submit to its control? It's a decades old question, and one that requires a nuanced approach to ascertain a simple hypothesis at any particular moment in time. Here we look at the facts and provide a calculated analysis based on China's current domestic policies, economic factors, and geopolitical circumstances.

On August 2, in retaliation for U.S. House of Representatives Speaker Nancy Pelosi's visit to Taiwan, China conducted four days of military drills that simulated a blockade of Taiwan and launched 11 ballistic missiles around the island. The missiles splashed down into waters north-east, east, and southeast of Taiwan, with some landing in Japan's exclusive economic zone, and one flying directly over Taiwan, an unprecedented action.

China has fired missiles at Taiwan before. During the Third Taiwan Strait Crisis, China repeatedly shelled waters around Taiwan from 1995 to 1996. That crisis was sparked by the visit of Taiwan's then-President Lee Teng-hui to the U.S. to speak at Cornell University.

Since the August 2 U.S. visit, China has conducted war games near the island and repeatedly sent ships and jets into areas around Taiwan on a near-daily basis. Though Chinese fighter jets routinely cross into Taiwan's air defense identification zone, they have as of late, been more regularly crossing the median line that divides the Taiwan Strait, a more provocative maneuver.

# Overthinking China's Actions

While some experts have been quick to declare this the “Fourth Taiwan Strait Crisis,” this designation is premature and irresponsible as it could cause harm by elevating the incident to a crisis prematurely. In reality, there are several factors that should provide reassurance of continued peace considering China's military drills.

The first is China's actions have been predictable. Most experts predicted that China would retaliate to Pelosi's visit using increased military threat. The second, China has announced the military maneuvers ahead of time, signaling that China is not trying to ambush Taiwan but intimidate it.

Furthermore, Taiwan's government and its people have stayed remarkably calm. The public has faced China's escalation with patience and normalcy. There is no panic, no run on food or supplies. Restaurants in Taipei remain busy and the streets are filled with people going about their ordinary lives. Compare this to the Taiwan Strait crisis in 1995-1996 when the country's stock and currency markets sank and there were long lines of people applying for American visas. Additionally, the drills are not being met with escalation from either Taipei or Washington, and President Tsai Ing-wen has stated that Taiwan will act in self-defense but will not escalate or retaliate.

Supplemental considerations, relating to China's economic issues and the current geopolitical climate with Russia's invasion of Ukraine, suggest a forced takeover of Taiwan is undesirable at the current time and for the foreseeable future. That being said, the “status quo” surrounding China and Taiwan is ever-changing and those involved must avoid military engagement at all costs – as the costs would be immense and reverberate globally.

## Background for the Conflict

Taiwan has been self-ruled for decades and is one of the world's most progressive democracies. However, Beijing claims the island as part of its territory and becomes outraged whenever foreign officials or companies appear to treat Taiwan as a country. The United States and most other governments do not diplomatically recognize Taiwan in order to maintain official relations with China and avoid confrontation.

However, a shift in global political views has started to occur. China's constant diplomatic, economic, and military pressure surrounding Taiwan has contributed to rising international awareness of the Taiwan-China “situation” – the opposite effect China has traditionally had on Taiwan's efforts to engage with the world as an independent, self-governed nation. Combined with a near total global reliance on its booming microchip industry, there is increasingly a greater show of support for Taiwan – despite China's constant whining and bullying.

# Overview of U.S. – China and U.S. – Taiwan guiding policy principles from the last 50 years:

1

## One China Policy vs. One China Principle

The U.S.'s "One-China Policy" is very different than China's "One China Principle." Beijing follows the one-China principle, which states Taiwan is an inalienable part of China, and that the People's Republic of China (PRC) is the sole legitimate government. The United States' one-China policy acknowledges Beijing's one-China principle but does not explicitly agree with it. Officially, the United State does not take a position on the status of Taiwan's sovereignty.

2

## Three U.S. China Communiques

The first of the three communiques with China regarding Taiwan was signed in 1972. In it, the U.S. acknowledged "that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China" and that it "does not challenge that position."

In the second communique, dated January 1979, the U.S. explicitly accepted Beijing as the "sole legal government of China." It detailed the establishment of full diplomatic relations between U.S. and China, after which the U.S. cut its long-standing mutual defense treaty and official diplomatic ties with Taiwan.

The third communique, in August 1982, consisted of a repeated acknowledgement of Beijing as the sole legal government of China, and that Taiwan was a part of China. At the time, the two sides agreed to disagree regarding ongoing U.S. arms sales to Taiwan, however the U.S. said it would gradually "reduce its sale of arms to Taiwan."

3

## Taiwan Relations Act

Signed by President Carter in April 1979 after the U.S. announced it would formalize diplomatic relations with Beijing (second China communique). The purpose was to reassure Taiwan and deter China from an invasion of the island nation, while also maintaining economic and quasi-diplomatic relations between the U.S. and Taiwan.

The act created the American Institute in Taiwan, a non-profit that functions as Washington's de facto embassy. Additionally, the act states Washington will view all aggression and economic sanctions against Taiwan as a "threat to peace" in the Pacific and a "grave concern to the United States," but doesn't go as far as guaranteeing U.S. military intervention should China invade Taiwan. It does, however, promise to "make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability."

# 4

## The Six Assurances state:

As relations between the U.S. and China improved, Taiwan grew anxious about continued support from Washington. In 1982, President Reagan instructed U.S. officials to reassure Taiwan (and the U.S. Congress) with six pledges intended as clarifications to the third communique between the U.S. and China. In 2016, their formal content was adopted by the US House of Representatives and the Senate in non-binding resolutions, upgrading their status to formal but not directly enforceable. Today, the Six Assurances are part of semiformal guidelines used in conducting relations between the US and Taiwan.

- 1 The United States has not agreed to set a date for ending arms sales to Taiwan.
- 2 The United States has not agreed to consult with the PRC on arms sales to Taiwan.
- 3 The United States will not play a mediation role between Taipei and Beijing.
- 4 The United States has not agreed to revise the Taiwan Relations Act.
- 5 The United States has not altered its position regarding sovereignty over Taiwan.
- 6 The United States will not exert pressure on Taiwan to enter into negotiations with the PRC.

## China's Economic Considerations

The outlook for China's economy has darkened this year, as Beijing-led policies—including its zero tolerance for Covid-19 and efforts to rein in real-estate speculation—have significantly slowed economic growth. The downward spiral of the country's ponzi-like real-estate sector is showing no signs of letting up, leading to rare domestic blowback in the form of mortgage boycotts by hundreds of thousands of middle-class Chinese. Adding gas to the fire, in July, violent protests were reported outside multiple Chinese banks after accounts were frozen without explanation.

China's zero-Covid policy has forced dozens of cities to lock residents in their homes for weeks or months on end when new Covid cases are discovered. Today, more than 65 million people are under lockdown, with more than 20 million in Chengdu alone. The shutdowns have stopped people from viewing homes and making purchases, as well as having a crippling impact on normal consumer behavior. The China's failure to produce an effective vaccine or antiviral, along with its refusal to buy non-Chinese vaccines and therapeutics, leaves the public with no end in sight to the forced lockdowns.

As a result of the Covid lockdowns and a government campaign to rein in private tutoring and tech companies, unemployment rates have skyrocketed. Millions have lost jobs at internet companies, edtech firms, and property businesses and 20 percent of those between the ages of 16 and 24 are now unemployed, with millions more underemployed. Add with 10.76 million university students graduating in 2022, urban young professional unemployment is at a record high. One survey found that of the 11 million Chinese students who graduated from college this summer, fewer than 15 percent had secured job offers by mid-April.

As economists pare back their forecasts for 2022, they have become more worried about China's longer-term prospects, with unfavorable demographics and high debt levels potentially weighing on any rebound. With Russia facing compounding sanctions and global isolationism for the war in Ukraine, China's attitude toward military action against Taiwan becomes increasingly risk averse as it weighs the potential global blowback and economic impact that such a move would incur.

## The Role of Chinese Nationalism

The Chinese Communist Party (CCP) has used nationalism as a governing tool since the Mao era. However, nationalist views have expanded and hardened under China's current leader, Xi Jinping, who has made nationalism a key pillar of both the party's and Xi's personal political legitimacy. Significantly, he has made re-unification with Taiwan a centerpiece of this nationalism. While China's display of military might was certainly impressive, the lack of any direct military action left many of China's nationalists feeling shortchanged, underscoring the complexities of public opinion that Beijing will have to manage as the scenario with Taiwan continues to evolve.

It isn't often that the Chinese publicly say they're disappointed with their government. Most Chinese didn't pay very much attention to U.S. Speaker Pelosi's visit until the day before when official and semiofficial statements led many to believe China would take forceful and direct military action. Zhao Lijiang, a foreign ministry spokesperson, publicly warned the U.S. that the PLA would "never sit idly by" and that "China will definitely take resolute and strong countermeasures to defend its own sovereignty and territorial integrity."

The PLA's Eastern Theatre Command posted on China's main social media site Weibo that it was waiting for the order to fight and would "bury all invading enemies." The post was liked more than a million times and the embedded video, which showed footage of bombings and explosions, had more than 47 million views. It is clear Chinese nationalist sentiment is overwhelmingly in favor of re-unification with Taiwan, and much of China's population now embrace a forced military takeover. Whether or not the recent aggressive public statements by "influencers" are part of an orchestrated public manipulation strategy by the Chinese government is unknown. However, this tactic of stoking "extreme nationalism" has been successfully executed many times before to shore-up controversial government policies.

## Conclusion

China's recent military actions are still a dangerous escalation, even if they don't reach the "crisis" level. While war does not look likely anytime soon, the peace that has held for more than six decades is strained and care should be taken if peace is to be maintained. While China's continued military drills and ballistic missile launches are irresponsible, they have been publicly announced and predictable. In combination with Taiwan's stance of non-escalation and non-retaliation to China's military provocations, the chances of a military conflict are minimal at this time.

It is important to remember that Xi Jinping and the CCP see Taiwan primarily as a threat to China's legitimacy, not an opportunity to be seized. This means that China's Taiwan policies and decision-making are typically about what it wants to avoid, not what it wants to achieve. China's ultimate objective isn't an invasion of Taiwan, but a process by which the two countries negotiate a formal long-term political relationship. It has a diplomatic ring to it (and sounds innocuous enough), but China's strategy will eventually include more aggressive tactics, like moving the red line for military force from preventing permanent separation, to a refusal by Taiwan to begin the political process for unification.

Xi Jinping's nationalist policy toward Taiwan has had a powerful effect on the Chinese people. The result has been a rare public rebuke of the CCP and the PLA on social media platform Weibo with many demanding Beijing make good on their recent promises of military force to bring Taiwan back under China's control. While this will most likely have little effect on Beijing's policy decisions, it does create a small public distraction from China's looming unemployment and mortgage crisis.

Currently, the dangers of China's economic decline are being discussed at length by experts, with some believing such a decline could lead to the country taking more risks. But China's leadership take calculated risks...the kind that nearly always pay off. Since assuming power in 2012, Xi Jinping has quashed dissent in the once-peaceful regions of Tibet, imprisoned and abused more than a million ethnic Muslims in Xinjiang "re-education" camps, and orchestrated the systematic erosion of liberty and democracy in Hong Kong with a sweeping national security law. All highly calculated and precisely executed campaigns.

But forcibly taking Taiwan in what would inevitably have devastating effects on China doesn't fit the definition of "calculated risk," or Xi's typical modus operandi. He is a skilled operator and will find a way to satiate both Chinese nationalistic sentiment and protect his legacy regarding Taiwan, there is no doubt. If Beijing were to escalate military operations against Taiwan, it would indicate Xi's position has changed drastically, and that he is willing to put at risk China's economy, trade relations with most of its major partners, and his own legacy. So don't expect China to make a military move on Taiwan anytime soon.

## Author Bio



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Weston Sedgwick is an International legal scholar and president of the East Asia Policy Institute. He holds a J.D. from Northern Illinois University with a certification in International Law and a BA from Butler University in Journalism and International Studies. He has previously held senior positions in economic development and international trade assisting companies and state governments in the U.S. with international business strategy in East Asia.