

Quarry Lane PS Negates,

Resolved: the United States should substantially reduce its military support for Taiwan.

Contention 1 is AUKUS

Unilateral Taiwan policy is a red line to newfound Australian-US commitment

Evelyn **Kao 24** [8-07-2024], "**U.S., Australia reaffirm opposition to changing cross-strait status quo,**" <https://focustaiwan.tw/politics/202408070017> [accessed 10-14-2024] //vsing.

Washington, Aug. 6 (CNA) **The United States and Australian governments issued a joint statement on Tuesday reaffirming the importance of maintaining peace and stability in the Taiwan Strait and their opposition to unilateral changes to the region's status quo. They also expressed concern over China's military** and Coast Guard activity near Taiwan, according to the statement. U.S. Secretary of State Antony Blinken and Secretary of Defense Lloyd J. Austin hosted the 34th Australia-U.S. Ministerial Consultations (AUSMIN) on Tuesday in Annapolis, Maryland. Australian Minister for Foreign Affairs Penny Wong and Deputy Prime Minister and Minister for Defense Richard Marles were also in attendance. **The meeting aimed to strengthen the U.S.-Australia alliance and the cooperation between the two countries on matters regarding the Indo-Pacific region and globally.** After the consultations, the four U.S. and Australian officials issued a joint statement in which the word "concern" appeared 14 times. They called for the peaceful resolution of cross-strait issues through dialogue, without the threat or use of force or coercion. In the statement, **they highlighted Taiwan's important role as a critical partner to both countries and as a leading economy and democracy in the Indo-Pacific.** They also reiterated their commitment to support Taiwan's meaningful participation in international organizations. The secretaries and ministers committed to boosting economic, trade, and people-to-people ties with Taiwan and enhancing development coordination in the Pacific. **The four officials also stressed the need for all countries to manage strategic competition responsibly and to work to reduce the risk of conflict.**

It is Decreasing commitment and would result in fiery Australian backlash

Charles **Edel 19** [6-19-2019], "Avoiding The China Trap: How Australia And The US Can Remain Close Despite The Threat," The Conversation,

<https://theconversation.com/avoiding-the-china-trap-how-australia-and-the-us-can-remain-close-despite-the-threat-118991> [accessed 10-15-2024] //vsing.

But while the two nations have been close for so many decades, **there exists a growing set of frustrations between Canberra and Washington. The source of these frustrations? China. For it to continue to succeed and remain relevant, the US-Australia alliance needs a plan to navigate the challenges ahead. Such a plan requires analysing Chinese objectives and the emerging American and Australian responses.** The China challenge Hopes that China will emerge as a "responsible stakeholder" in the regional and global order are fading. China's main strategy to gain regional power is to undermine the United States' alliances in the region. This might be achieved through economic incentives to draw a country away from the US and closer to China (as is occurring with Thailand), or punishing countries economically to compel them to slow down military cooperation with the US (as has occurred against South Korea). The United States and Australia should not fall into that trap. This is leading to a growing appetite in Washington to challenge China's "unfair" trading policies, military growth, worsening human rights record, coercive economic practices, and drive to dominate the key technologies and industries of the future.

But **in Australia, opinions on what the appropriate response to the increasing power of China are more diverse. Within government circles, the challenges Beijing presents are being addressed by the introduction of anti-foreign interference legislation, banning Huawei from building Australia's 5G infrastructure and tightening foreign investment screening. But in business and tertiary education circles, there is less desire to consider the more negative outcomes of Chinese policies and behaviour, and instead a sole focus on taking advantage of economic opportunities that Xi Jinping's China presents.** Australian and American policymakers need to realise that these differences in attitude, left unattended, could weaken the alliance significantly. What do Washington and Canberra want from each other? As two sovereign states, Australian and US interests will never perfectly align. But, looking only for areas of overlap inevitably leads to a "bare minimum" approach to the alliance. However, **there are many ways the US and Australia can be better allies to each other, given their shifting perspectives. Washington wants Canberra to be more vocal and proactive when it comes to common alliance objectives, and more explicit about countering Chinese policies we disagree with. This includes being more willing to call out China's destabilising activities – such as conflict in the South China Sea and South Pacific – and even lessening Australia's commercial dependence on China. The differences in tone between the two countries' official documents, such as the 2017 National Security Strategy and Australia's 2017 Foreign Policy White Paper, demonstrates Washington's more assertive mindset. Canberra, on the other hand, would like Washington to clarify its objectives, strategy and resources in greater detail, and be clearer about what it would like Australia to do. It would also like the United States to refrain from counterproductive actions, such as picking fights with allies over issues that could be resolved quietly and behind closed doors. Coordinate better with allies When the United States fails to communicate with allies on decisions, it can blindsides those allies, because it affects their ability to determine what consequences these decisions will have.** Such **coordination with allies could mitigate the challenges** of China's well-known tactic of economic coercion. For example, if Beijing were deliberately to reduce the number of Chinese students or tourists it sends to Australia as a way of putting pressure on Canberra, the United States should consider cutting the number of tourist and student visas it gives to Chinese visitors.

Maintaining relations within the alliance is key to the long-term rollout of AUKUS

Justin Bassi, 3/10/2023, AUKUS submarines will strengthen Australia's sovereignty, The Strategist, <https://www.aspistrategist.org.au/aukus-submarines-will-strengthen-australias-sovereignty//vsing>.

The formal unveiling of the **AUKUS** plan is still a few days away, but we are already seeing strong signs that it **will constitute a genuine trilateral partnership.** If the blizzard of news reports detailing the plan is accurate, the Australian government and its US and British counterparts should be credited with a momentous defence, security and strategic outcome. Of course, **implementing AUKUS will be a mammoth task, requiring long-term investment and resourcing,** but, in a world full of partisan politics and protectionist and nationalist tendencies, **these three countries have come together, maintaining bipartisanship, and demonstrated an understanding that the collective capability of the three is greater than the individual talent of any country alone.** If AUKUS works—and given the strategic imperative, it has to work—it will strengthen and safeguard Australian sovereignty, not diminish it as some commentators have claimed. A British-designed nuclear-propelled submarine fitted out with US technology, the acquisition of US Virginia-class submarines as a stopgap, and a strengthened defence industrial base across all three countries will give Australia the best chance not only to defend our national interests but also to play a meaningful role in regional stability. Along with investment in the advanced capabilities pillar of AUKUS (including cyber, artificial intelligence, quantum and undersea technology) and the requirements set out in the upcoming defence strategic review, these measures will help to strengthen our ability to deter aggression and thereby avoid war, while preparing us to fight if necessary. Some observers, including former prime ministers Paul Keating and Malcolm Turnbull—both of whom have served the nation admirably—have suggested that the AUKUS submarine pact reduces Australian sovereignty because we will become too reliant on the US. That is the wrong way to understand sovereignty. It is not about having to design, develop and sustain every capability in and from Australia. Rather, sovereignty is about capitalising on Australia's strengths in combination with those of trusted and reliable allies and partners. The Australian government has shown it understands this. As Deputy Prime Minister Richard Marles told parliament yesterday, sovereignty is 'the capacity of a people, through their government, to determine their own circumstances and to act of their own accord, free from any coercive influence'. A more secure Australia is a more sovereign Australia. Conventional submarines would have been inadequate to our needs, given Beijing's sharp military and technological rise, including its anti-submarine warfare capabilities. Nuclear-propelled submarines, however, will increase Australia's freedom to operate around our region, putting doubt in our enemies' minds about where their assets are at risk. This is the essence of deterrence, and the bedrock of our security and sovereignty. In a world becoming ever more interconnected, **national security rests on an interpretation of sovereignty that embraces international partnerships, with trusted and reliable partners, especially the US alliance. The alternative is the seductive myth that Australia can manage its foreign and defence policies in isolation.** This does not mean working with America

alone. Australia and our AUKUS partners must embrace the widest range of countries relevant to each defence, security and strategic challenge—from deterrence to human rights. This means, beyond the exclusive submarine initiative, working on critical national security technologies with the full breadth of partners, from the Quad to the G7 and our friends in Europe and the Indo-Pacific. The alternative is a parochial understanding of sovereignty based on the myth of perfect freedom, falling for the appealing fallacy that we can control our national affairs without regard to those beyond our borders. Its siren call is familiar, and it underpins the rise of populism and Donald Trump's calls to take back control. Whether we like it or not, national security is now international security. **Bipartisanship in each of the three AUKUS countries will remain vital to ensure there's a long-term social licence for the necessary defence investment.** The **messaging that follows** the AUKUS announcement and the release of Australia's defence strategic review **needs to be clear** about why so much public money, time and investment is being put into defence. There's no need for language instilling fear that war is likely within three years. But **the three governments need to bring their publics along with them by explaining that AUKUS and the consequent defence investment are necessary because of Beijing's aggression, its high-quality advancements in military capability,** including the rapid expansion of its nuclear forces, **and its strategic objectives,** which include the imposition of communist rule on Taiwan, by force if necessary. **The narrative** for the Indo-Pacific **must also be one of grounded reassurance,** particularly towards the ASEAN countries, which are often uncomfortable publicly discussing defence matters. This means ensuring a clear understanding that the AUKUS partnership is designed to add to effective deterrence, with the aim being to avoid war. There is no perfect strategy that provides capability without tension, but transparency through information and engagement is the best approach to counter the risk of disinformation and disharmony that would fill the void of silence. What's becoming clear is that **AUKUS** isn't just about providing Australia with the crown jewels of nuclear-propulsion technology. It **is a recognition from all three countries that technology is at the heart of strategic competition and that future challenges can be overcome only through technological collaboration** at unprecedented levels. As ASPI's Critical Technology Tracker recently showed, China is ahead in key fields of research. AUKUS is vital to bridging the gap and regaining the advantage.

AUKUS failure jeopardizes Indo-Pacific stability

Charles **Edel 23** [8-04-2023], "The AUKUS Wager," Foreign Affairs, 08-04-2023,

<https://www.foreignaffairs.com/united-states/aukus-wager> [accessed 10-07-2024] //vsing.

At the end of July, U.S. Secretary of State Antony Blinken and U.S. Defense Secretary Lloyd Austin traveled to Brisbane, Australia, for a series of high-level meetings with top Australian officials. It was the latest indication of the stepped-up security cooperation that has emerged since the 2021 signing of AUKUS, the tripartite defense collaboration among Australia, the United Kingdom, and the United States.

This spring, U.S. President Joe Biden met with his Australian and British counterparts, Anthony Albanese and Rishi Sunak to announce the way forward for AUKUS. At a U.S. naval base at the edge of the Pacific Ocean with the USS Missouri, an attack-class submarine, looming behind them, the three leaders detailed how they would work together to help Australia acquire, build, and maintain conventionally armed nuclear-powered submarines—a centerpiece of the AUKUS deal. In addition, the three leaders announced a series of other steps related to the deal: **U.S. and British submarines are to begin showing up in Australian waters later this year and will establish a rotational presence** there, **the United States will sell three to five Virginia class submarines** to Australia, marking the first time that Washington will transfer these boats to a foreign nation, **and all three countries will invest in their own and one another's submarine industrial capacities**—an approach that has never been undertaken before. Canberra, London, and Washington all have their own specific reasons for signing onto AUKUS, but concerns about Beijing are the common denominator. The **accelerating and often nontransparent growth of China's military, combined with Beijing's increasingly assertive posture, has shifted the dynamics of regional security, diplomacy, and politics.** **Any effort** by the United States and its partners to effectively compete with China **must address the profound degradation in the Indo-Pacific security environment.** Perhaps most important, however, **they must address the unspoken but growing assumption in the region that China's advantages are insurmountable and that smaller countries have no agency** in their—or the region's—fortunes. Although **AUKUS** has not been the only move to restore strategic equilibrium in the region, it is the most dramatic. It also **represents a significant change** in the strategic calculation of each of its three member states. **For the United Kingdom, it speaks to its ambitions to once again play a global security role; for Australia, it constitutes a decision to play a larger part in shaping its own region; and for the United States, it demonstrates a commitment to strengthen its most trusted allies in the service of**

collective, rather than unilateral, efforts to maintain a favorable balance of power. Indeed, as important as the initiative itself may be the larger strategic transformation that it ushers in. **AUKUS should be understood** simultaneously **as part of broader strategic shifts in the Indo-Pacific** region, as **an effort to spur other countries into action**, as **an indicator of evolving U.S. defense policy and architecture**, and perhaps most important **as a bet that shoring up deterrence will** ultimately help **stabilize the region**. Few of these objectives are explicit, but that does not make them any less real. Bringing these ambitions into play will necessitate new efforts from the governments, legislatures, and industries of all three nations and will require confronting a range of challenging questions—several of which cannot currently be answered with any level of assurance.

Goes nuclear

Graeme **Dobell 20** [3-09-2020], “Coexistence or war in the Indo-Pacific,” Australia Strategic Policy Institute, 03-09-2020, <https://www.aspistrategist.org.au/coexistence-or-war-in-the-indo-pacific> [accessed 10-17-2024] // vsing.

The Australian National University's Rory Medcalf ends his impressive book on the Indo-Pacific with an upbeat flourish, yet he paints with dark colours. **Pride, blowback and rebalancing' seem to accompany every empire that tries to rule the Indo-Pacific**, he writes, because **the super-region is too vast and complex for any country to succeed alone. An Indo-Pacific that avoids the cataclysm of war**. Medcalf argues, **will be constructed on 'multipolarity, solidarity and a confident kind of strategic patience'**. The future need not be defined by the hubris of China's leader Xi Jinping or the arrogance of US President Donald Trump. As the previous column noted, the Indo-Pacific is pushback aimed at achieving balance. The joining of two oceans is loaded with ambition and driven by power. Australia doesn't get too many masterworks on foreign policy, but we're in a fertile period, as tough times bring forth books to define the era. Medcalf's opus sits beside Allan Gyngell's Fear of abandonment: Australia in the world since 1942 on the fearfully pragmatic heart of Oz diplomacy, both offering magisterial views that highlight and explain. Also on this literary peak is Hugh White's How to defend Australia, calling for a massive remaking of the Australian Defence Force and an equally dramatic rethink of Oz strategy. White presents Australia with a binary choice, while Medcalf sees a multipolar solution. White thinks without the US we're on our own. Medcalf says there's a whole region to partner with. Three such important books in three years—each distinctly different—respond to an age that ponders US resolve, China's purpose and the possible paths of the Indo-Pacific. Medcalf sets out what the newly imagined region must achieve by describing the dangers it faces. **China is joining a race to establish military bases to do dual-use duty with its networks of trade, investment and infrastructure**. The bases are 'less mighty bastions of territorial dominance and more lightly fortified lily pads', yet **the race feeds the fears of a region 'under the nuclear shadow of mutually assured destruction, and the cyber cloud of mutually assured disruption'**. Medcalf judges that this is not yet a region gripped by the prospect of total war, but neither is it business as usual in the military balance. **The Indo-Pacific**, he writes, **has become 'the vast ground zero for nuclear deterrence and risk: it is the epicentre of a "second nuclear age"'. A plausible security future for the region is 'a state of permanent coercion', where the shadow of nuclear war doesn't discourage conflict but exacerbates it at a lower but still dangerous level**. As Medcalf pronounces: 'If nuclear weapons become the lone pillar for deterring China in the ocean of ambiguity between peace and Armageddon, then the contest is lost.' **Nukes won't deliver peace in a shifting system**, prey to leadership ego and frightened nations, 'especially when the new geopolitical motorway is being built faster than drivers can learn the rules of the road'. **The potential crash points proliferate**. What's crucial, and far more contestable, is Medcalf's contention that in this giant contest, time isn't automatically on Beijing's side. Widen the equation beyond the relative decline of the US and China's rise. Judged against the dynamic Indo-Pacific, Medcalf says, there's good reason to think **Chinese power 'has already peaked'**. He offers four factors limiting China's ability to dominate or map the future. First, China's Indo-Pacific and Eurasian ambitions as expressed through the Belt and Road Initiative have a perilous momentum for Beijing. 'Pushback is happening and more is inevitable', Medcalf says. Second, the rest of the Indo-Pacific is becoming wealthier and stronger too: 'China's power relative to its region may never be so great again.' Third, America may be down, but it's far from out. Rather than having to dominate, the US can work with others to balance China's power. And finally, China's internal problems of debt, demographics, environmental stress, discontent and now the coronavirus crisis could well Indo-Pacific worsen, compounding the external challenges to China's 'imperial over-stretch'. If fully fledged cooperation with China is unrealistic for the foreseeable future, Medcalf writes, **we need to try to discourage confrontation and move the dial towards 'competitive coexistence'**. Medcalf's tools for constructing an to balance China will be development, deterrence and diplomacy. The qualities underpinning the instruments will be solidarity and resilience. **A US role in the region is vital—for investment, trade, alliances, technology and security—even if the US can't or won't lead**. As important will be the ambition and action of 'the middle'. Medcalf prescribes a greater role for Japan, India, Indonesia, Vietnam, South Korea and Australia: [B]y the 2040s, the combination of Japan,

India and Indonesia is projected to outweigh China in GDP, military spending and population. Add just one or two more nations and this would be a hefty coalition, especially given the natural advantages of geography, namely its combined oversight of much of the strategic waterways of the Indo-Pacific. China will require a fresh, if fraught, regional order. The task will be to stop China ruling or writing all the rules. The new Indo-Pacific Medcalf describes will be built by pushback against China, the rise and strength of the rest, and American endurance. The recipe is for what he calls 'a kind of full-spectrum staring contest'. The vision is of a multipolar Indo-Pacific where lots of the poles line up together. The great staring contest will have myriad players. Protect the wealth, avoid the war. Lots of staring mediated by lots of sharing.

Contention 2 is the AI Bubble

CURRENTLY, the AI bubble is bigger than the dot-com 90s. Tully '24 reports

Tully '24 (Shawn Tully, Shawn Tully is a senior editor-at-large at Fortune, 2-28-2024, "As Apollo's chief economist declares the Nvidia-inflated AI bubble 'bigger than the 1990s tech bubble,' here's what happened to the 10 priciest stocks from that era," Fortune, <https://fortune.com/2024/02/28/is-there-ai-stock-bubble-lessons-from-dot-com-crash-stock-valuations/>)

Torsten Slok, partner and chief economist for the mega-alternative asset manager Apollo Global Management, issued a brief on Sunday that in a single graphic, provided more useful information than any of the Wall Street analysts' writings predicting that the AI "revolution" would keep pushing stocks to fresh heights. Slok's report featured a bar chart showing the median P/E multiple for the 10 most valuable U.S. companies at five-year intervals from 1990 to 2020, and as of late February 2024, as well as displaying the overall numbers for the S&P 500, and the index excluding the top ten. His telling headline: "The current AI bubble is bigger than the 1990s tech bubble." The source of that assessment? Slok's graph shows that the top 10 P/E multiple is now hovering at around 40, far above the readings in the 23 to 26 range between 1995 as the dotcom frenzy gathered momentum and the craze's near-apex in 2000. His conclusion: "The top 10 companies in the S&P 500 today are more overvalued than during the tech bubble." Slok's analysis pointed me to examine the list of stocks that commanded those huge valuations in 2000, those still in the top 10 club over two decades later, and how the individual names, and the batch as a portfolio, have fared through today. I also decided to use a different metric from Slok's by replacing the median multiples with one based on the combined P/E for the whole group, in other words, their total market cap divided by all-in profits—as if they were one giant enterprise. That way, I could determine how investors would have fared holding a cap-weighted assemblage for the entire big 10, and what that might tell us about the odds that today's buyers will greatly profit from holding Nvidia and the other trillion-plus tech glamour names, and hence going all in on the AI theme Wall Street's selling and that so far, Main Street and fund managers are buying in droves.

Taiwanese chip manufacturer TSMC is key to the AI boom. Barron's in October finds

Barrons 10-17 (Barrons, Barron's is an American weekly magazine/newspaper published by Dow Jones & Company, a division of News Corp, since 1921, 10-17-2024, "TSMC Is the Chip Sector's Hero. Why That's a Risk for U.S. Tech and 5 Other Things to Know Today," <https://www.barrons.com/articles/tsmc-stock-market-what-to-know-today-35b5d658>, accessed 10-20-2024 //GFS AL)

Taiwan Semiconductor Manufacturing has ridden to the rescue. The chip manufacturer's earnings, often seen as a bellwether for semiconductor demand, should reassure investors about the Artificial-Intelligence trade but it's a reminder of the U.S. technology sector's heavy reliance on the Taiwanese company. TSMC's 2330 +4.83% third-quarter profit crushed expectations while the company raised its revenue guidance for the year. That should be enough to reassure stockholders in Nvidia and other AI plays that there's no sign of a popping bubble yet. Newsletter Sign-up The Barron's Daily A morning briefing on what you need to know in the day ahead, including exclusive commentary from Barron's and MarketWatch writers. Preview Subscribe How to square TSMC's results with disappointing guidance from chip-making equipment provider ASML is now the question. The answer seems to be that TSMC is increasing its dominance over rivals Samsung Electronics and Intel as it takes the majority of the market share in AI chips. From a purely free-market perspective, that's not an issue. But from a geopolitical perspective, having a company headquartered roughly 100 miles off the shore of China as the single crucial supplier to the U.S. tech industry, given the tensions between the two countries, is an uncomfortable situation. TSMC is building factories in Arizona, with initial production expected next year. However, it won't be producing its current most advanced chips on American soil until 2028, at the earliest, by which time they could be outdated. Even with tens of billions of dollars' worth of subsidies, the U.S. only aims to have a 20% share of global leading-edge chip production by the end of the decade compared with a 37% share of semiconductor manufacturing in 1990. In the short term, TSMC's results are a boost for the market. In the long term, they expose the soft underbelly of the AI-chip

boom.

Military defense of Taiwan is key to assuring tech investors. Collins '23 states

Gabriel Collins, Andrew Erickson (Baker Botts Fellow in Energy and Environmental Regulatory Affairs), Silicon Hegemon: Could China Take Over Taiwan's Semiconductor Industry Without Invading?, Baker Institute, 9-27-2023, <https://www.bakerinstitute.org/research/silicon-hegemon-could-china-take-over-taiwans-semiconductor-industry-without-invading> doa-11-8-2024 (DNM) s

Beijing with a favorable risk/reward balance. For the U.S., it would be one thing to respond militarily to fight off an attempted invasion of Taiwan by the PRC, but quite another to throw the first kinetic punch[11] against a blockade or related contingency imposed by Beijing. The PRC's proximity to Taiwan would also allow it to dial the intensity of a quarantine up and down and use various kinds of interference, ranging from maritime militia[12] vessels up to PLA Navy warships. Commercial shippers (and especially, their insurers) hate uncertainty and generally avoid an area as soon as the first missile is fired — which is what happened during Beijing's surrounding of Taiwan with military exercises in August 2022, after then-U.S. House Speaker Nancy Pelosi visited Taipei.[13] and which has been shown throughout Russia's war on Ukraine.[14] Finally, the ambiguous character of intermittent or informal interruptions would complicate U.S. risk assessment, could impose difficulties on decision-making, and thereby make direct intervention more challenging. Multiple additional questions arise: What happens if Beijing's conquest were catalyzed by an offshore military presence that never touches the fabrication plants physically? And most importantly, what if the PRC's actions did not trigger a U.S. military response? Taiwan chip manufacturer TSMC and its key suppliers — including Arm (British), ASML (Dutch), and Shin-Etsu (Japanese) — are currently responsive to significant U.S. economic restrictions aimed at Chinese technology, presumably

because they would rather lose access to the PRC market than attract Washington's ire. But **if a U.S. administration were ever to lack the resolve to ensure air and maritime passage to Taiwan** (using force, if necessary), their **attitude might well change**. The bottom line is that seizing Taiwan's semiconductor infrastructure without firing a shot to become the world's "silicon hegemon"[15] would be an audacious and brazen move. It could very possibly fail; which in turn, might discourage Xi from ever making such a move in the first place. But what if he were to take such a risk, and succeeded? Our essay examines this low-probability, high-impact contingency seriously because it would bring about extremely dangerous strategic downsides for the U.S. and its allies and partners. Consequences for American, Allied, and Partner Interests **if China succeeded in becoming the silicon hegemon by coercing Taiwan economically, Beijing would have considerable leverage over the chip industry.** given TSMC's heft. As a result, it would have significant power over the U.S. tech industry (Apple, Nvidia, etc.) and its consumers. Washington could try to ban new chipmaking tools from being sent to Taiwan, but Beijing would have major retaliatory options. It is very plausible that American allies and partners, as well as powerful constituencies within the U.S., would be unwilling to cut off supplies and services to a TSMC now majority-owned by the PRC — because the consequences to their economies would be dire. The PRC would likely employ chip supplies as a carrot and stick to actively promote division between the remaining silicon allies — the U.S., Japan, South Korea, and the Netherlands. For over a year, U.S. policymakers have avoided meaningfully sanctioning the oil flows that fund Russia's war in Ukraine because they fear the economic impacts at home.[16] **In doing so, they risk influencing the PRC's perceptions about American resolve and willingness to bear financial costs in pursuit of geostrategic objectives.** TSMC's global economic importance — and its ability to affect business and consumer interests in the U.S. — is several times greater than that of Russia's oil sector. China could also try to manipulate the environment by continuing chip sales even to American companies; this would likely empower accommodationist voices among key chip consumers and, over time, erode American policymakers' willingness to confront Beijing. Washington's carefully crafted export controls would be overwhelmed, and the PRC would not only be back in the technological car with the U.S. — it would arguably be in the driver's seat.[17] Even if the U.S. and allies such as the Netherlands and Japan still maintained jurisdiction over the firms that provide chip designs, lithography equipment, and the chemicals and components necessary for chipmaking, PRC control of production would be a strategic trump card. If the PRC's counterparties accepted the arrangement and locked in dependency on it (a pattern seen in other markets with near-monopoly suppliers, inelastic demand, and few or no substitutes), the technological competitive order would shift to the detriment of U.S. and allied prosperity and security.

TSMC could be prohibited from investing in advanced overseas facilities such as the plants it is currently building in Arizona. As a result, new facilities (even those serving export markets) would increasingly be located in China. **Beijing would have a definite incentive** to repeat its previous pattern of action: strong-arming foreign suppliers to set up shop in the PRC and then either share their core intellectual property, or else have it be pilfered. The PRC already hosts the world's premier electronics hardware manufacturing cluster. Using its dominance in chip production to force design intellectual property and supplier migration into an ecosystem controlled by (and likely physically domiciled in) the PRC would align with Beijing's previous geo-economic policy actions. Just as PRC industrial policy has warped value chains in metals, materials, and many manufactured goods over the past three decades, a similar process could unfold with semiconductors. The end result would likely be an enhanced version of "dual circulation" policies and amplified coercive power in the PRC's hands. [18] How to Keep Taiwan's Semiconductor Industry Out of Beijing's Hands For all these reasons, **it is far better to deter the PRC from ever seizing control** of Taiwanese semiconductor capabilities **to become a silicon hegemon.** in the first place. Preventing a potential hostile takeover of TSMC (and other Taiwan-based chipmakers) will require a holistic set of military, regulatory, and policy responses to help shore up and safeguard Taiwan comprehensively. Military Responses On the military front, six concrete areas for investment stand out: Air defense. Anti-ship missiles and loitering munitions. Coastal "kill zone" artillery. Mines. Information warfare (particularly electronic warfare: including jammers and decoys). Resilience of critical infrastructure.[19] Crucially, each of these areas requires affordability, large numbers, mobility, and lethality against the types of air and maritime assets the PRC would need to employ near the island to impose a blockade. Taiwanese leaders would still face tough decisions about whether or not to fire on PRC quarantine or blockade forces. However, **having the credible capacity to engage those forces on a large and sustained scale would complicate Beijing's decision-making.** reinforce Taiwanese deterrence, and increase the probability of Xi avoiding such a move to begin with. Regulatory and Policy Responses On the regulatory and policy fronts, Taiwan also has many options for hardening its chipmakers against coerced takeover. These explicitly confront the reality that to protect against a capable government requires a capable government. A Golden Share for Taiwan's Government. Perhaps the most direct way to preempt any attempts by the PRC to acquire TSMC would be to grant Taiwan's government a "golden share" in the company, giving it veto power over others attempting to acquire a controlling stake. The United Kingdom has done this with Rolls-Royce, ensuring that 10 Downing Street can block takeovers by foreign bidders and restrict foreign investors from holding more than 15% of the enterprise's shares.[20] Golden shares would formalize the ad hoc process Taiwan has used to ward off past takeover attempts by PRC entities. For instance, when the PRC state-backed chip firm Tsinghua Unigroup made an offer for stakes in three Taiwanese chip testing and packaging firms in late 2015, Taipei launched an intensive review process premised on national security grounds and ultimately terminated all three proposed deals.[21] Formalizing the system by issuing golden shares would shrink Beijing's space to create and/or exploit divisions between commerce-focused and national security-focused domestic constituencies in Taiwan. Taiwan's National Development Fund, established by the Executive Yuan in 1973, is already TSMC's largest shareholder[22] and would be a logical entity in which to vest golden share authority. The semantics of Taiwanese legislators codifying PRC entities as "foreign" would raise hackles in Beijing, but there are many possible workarounds — including, in particular, a focus on physical domicile in Taiwan. After all, China's recent geoblock on websites in Fujian and other provinces, which prevented access by overseas IP addresses, also excluded IP addresses from Taiwan.[23] Emphasize TSMC as a Top-level Security Asset. Taiwan's Investment Commission, which among its core responsibilities screens and approves inbound investments,[24] could also publicly emphasize TSMC's importance as an apex economic security asset. Such statements would strongly suggest to Beijing and its proxies that it would be difficult to leverage Taiwanese regulators. PRC interests would be sensitive to the political warnings embedded in such a message, given that national security concerns helped scuttle PRC firms' attempted purchases of Unocal (2005)[25] and Rio Tinto (2008-09), among others. TSMC would, however, be uncharted territory because 1) it is far more important to Taiwan's economy than either of those firms was to their respective countries, 2) Beijing does not recognize Taiwan as a sovereign entity, 3) Taiwan's semiconductor industry is arguably the most critical and geographically-concentrated global economic input source, and 4) the PLA could not deploy forces to the Gulf of Mexico or off Western Australia to coerce a transaction as it potentially could vis-à-vis Taiwan. Employee Stock Ownership Plan. Finally, TSMC could grant substantial blocks of shares as part of an employee stock ownership plan. Company employees already participate in a profit-sharing arrangement,[26] so there is precedent for granting stock options or outright ownership. The company could further include change of control[27] clauses, which would void the grants if TSMC came under constructive control of any entity for which the PRC is the ultimate beneficiary. TSMC could amplify the change of control clause's effect by pricing the granted options so they are "in the money" at the time of granting (i.e., allowing employees to buy

stock below its current trading price and thus making the grants rapidly monetizable). The resulting vested economic stakes would help disincentivize management and employees from being receptive to overtures from PRC-associated buyers. Potential Assistance from the US and Allies Taiwan could likely also count on help from the U.S., and perhaps key American allies such as Japan and Australia. Invalidation of Coerced Share Sales. One measure would involve U.S. authorities invalidating coerced purchases of TSMC shares. U.S.-domiciled entities hold 41% of the TSMC shares traded on the Taiwan Stock Exchange and 68% of the company's sponsored American depository receipts (ADRs)[28] trading on the New York Stock Exchange. PRC institutional investors appear to directly hold few, if any, shares and would thus attract substantial attention if they began building material positions. TSMC representatives could seek a court order to freeze shares if transactions were predicated upon, or in collusion with, PRC military coercion against Taiwan. The U.S. Securities and Exchange Commission could also potentially bring urgent enforcement actions based on fraud or market manipulation causes of action. Military Intervention to Break Blockade. The U.S. could also lead a military intervention to break a PRC quarantine or blockade. Consider the global reaction 33 years ago to the invasion of Kuwait by former Iraqi leader Saddam Hussein and the positioning of his armored divisions beside the world's most important oil production zone. The United States found Iraq's action intolerable and after a roughly six-month buildup and intensive diplomacy to build a supporting coalition, forcibly ejected Saddam's forces from Kuwait. International reactions to a military-backed hostile takeover of TSMC by the PRC would almost certainly be extremely negative. But would they translate into the same degree of military action against China? Unlike Iraq at the time of the Gulf War, the PRC is a nuclear-armed power with a massive, highly capable military, and the country's industrial base is extremely important to the global supply chain. Furthermore, PRC leaders have closely studied the Gulf War and presumably would not repeat Iraq's mistake in allowing a foreign military force to build for months along its borders without striking pre-emptively. Beijing has also almost certainly absorbed a key lesson from Russia's war against Ukraine: Potential third-country intervenors are exceedingly cautious in the face of nuclear coercion, especially when their own territory has not been directly attacked. There are many reasons why Washington might well intervene militarily, and forms in which it might do so; but for many allies and partners the strongest contributions might come instead in the form of economic statecraft. Global Sanctions. The U.S. could lead a global sanctions effort against the PRC, including embargoes on the provision of critical software and raw material inputs to TSMC. In August 2022 TSMC Chair Mark Liu told CNN that "Nobody can control TSMC by force. If you take a military force or invasion, you will render [the] TSMC factory not operable." [29] TSMC is not a standalone magical chip factory that conjures world-leading semiconductors from thin air. Rather, it is a key culmination point in which exquisite chip designs made with British or American software are etched onto high-purity silicon wafers by extreme ultraviolet lithography machines from a single company in the Netherlands via photoresists and specialty chemicals coming from a handful of largely Japanese suppliers. TSMC's singular importance as a manufacturer of bleeding-edge[30] semiconductors is matched by a supplier ecosystem that is equally singularly located in the United States or countries allied with it. All of these countries presumably wish to avoid economic, political, and military coercion by a PRC silicon hegemon. Possible Limits on Actual Control. Finally, despite having acquired financial control over Taiwanese semiconductor assets, Beijing could face limits on its practical control over them. Even if a PRC air and sea cordon made it difficult for the U.S. and its allies to exfiltrate key Taiwanese semiconductor personnel from the island, Beijing could discover that compelling people to do things and do them well is much harder than using coercion to dissuade them from acting. For instance, TSMC's local workers might refuse to work for a Beijing-controlled entity and perhaps even engage in quiet sabotage of key fab equipment. Even a small amount of "quiet quitting" or simple refusal to execute tasks with the precision clockwork and extra-mile mindset[31] that have made TSMC a world leader could devastate the firm's productive capacity. Taiwanese executives, many of whom are also U.S. citizens and/or have children who are U.S. citizens, would likely have great pause working for a PRC-controlled entity. High-profile businesspeople have already disappeared repeatedly in the PRC, apparently at Beijing's whim: it seems that the success and profiles of Alibaba founder Jack Ma and prominent investment banker Bao Fan, for example, became intolerable for the CCP. Global Impact and International Repercussions. More broadly, it is important to emphasize the international outrage and concrete penalties that would result from any PRC action that threatened chip supply. An endangered chip supply would endanger trillions of dollars globally, and the actions that put it in peril would invite an international backlash. The United Nations or other international bodies could be used to address the criticality of Taiwanese chips well before any sort of threat against them, since access to these chips impacts all nations. International support or clear statements of support for chip access might help set conditions for possible U.S.-led intervention to break a blockade or other interference, should it ever prove necessary. Clear statements from the United States and its allies and partners could dissuade the PRC from ever engaging in export-affecting activities around Taiwan. The Bottom Line: Prevent China from Ever Becoming the Silicon Hegemon Over the past eight decades Asian growth has been a prime mover of the global economy — first in the "Asian Tigers" (Hong Kong, Singapore, South Korea, and Taiwan) and more recently in the PRC. It is crucial to protect the progress made over those 80 years of great power peace from eroding, or outright rupturing, as a result of the CCP's revisionist impulses. American policy increasingly emphasizes containing those impulses, including in the tech space. But Washington does not seek regional domination in the way that the PRC under Xi likely would. While Beijing likely disagrees, eight decades of lived experience strongly suggest there is a place for both global titans to grow and prosper in an order that rejects conquest by force. History shows that China grew into a quasi-superpower without annexing Taiwan or its superlative semiconductor industrial base. Yet the emotive commitment of the PRC under Xi to "reunify" Taiwan with the PRC means that the existing peaceful and prosperous order so painstakingly built from the ashes of World War II will not survive spontaneously. Given the risks involved, it is best to hold the line through this decade of maximum danger through deterrence and thereby prevent Xi from ever reopening such a disastrous Pandora's Box. Ultimately, however, that increasingly precarious peace may need to be defended with

military strength. Washington's approach must therefore anchor to the time-tested maxim of "si vis pacem, para bellum": if you want peace, prepare for war. **A lack of capacity or will to defend free maritime and air passage to and from Taiwan would open the doors to strategic catastrophe for the United States** and its allies and partners. We need to think through the previously unthinkable and be ready to deter aggression — **aiming to stop disaster before it can happen — and prevent China from ever becoming the silicon hegemon in the first place.**

Uncertainty around Taiwan would burst the AI bubble. Wang '24 finds

Calvin Wang (), "Nvidia's AI Bubble," The Panther Press, 3-24-2024, <https://www.metropantherpress.com/issues/nvidias-ai-bubble doa-11-8-2024> (DNM)

Like the dotcom bubble the current "AI gold rush" is based on technological advancement. Both **are causing the market to reach record highs**, and both are quite emotion fueled. Though unlike the dotcom companies, Nvidia is actually making a profit. When there's a gold rush, the smartest thing to do is to sell shovels, and that's exactly what Nvidia is doing. The way I see it, the problem is with non-tech based companies that are benefiting from the AI gold rush. Do fast food companies like Wendy's and Wingstop really become much more valuable after adding AI to their products, or is that just goofy investing from people that get a little too excited from a mere mention of AI? How much more valuable are car companies after they add an AI chatbot? In my opinion, not at all. In fact, Nvidia and other big high tech companies like Microsoft, Apple, AMD, etc. aren't safe either. To me, it feels as if all companies need to do is say "AI" and they receive a sudden bump in value. **Nvidia is incredibly profitable** right now because they are one of the only companies that are able to make the best GPUs for AI. This is **because they have deals with** the Taiwanese microchip factories, namely **TSMC**, the top microchip manufacturing company in the world. TSMC makes the chips for Apple, Nvidia, AMD, Qualcomm, Sony, and more. They aren't the only one as Samsung and Intel also make chips of the same caliber, but TSMC still outshines them due to their superior process and large numbers of highly skilled workers. Companies haven't been building factories like TSMC's due to the sheer amount of money that would have to be invested, but now, the potential profits could outweigh the potential risks. So, there was nothing **stopping another group** from making a factory on the same level as TSMC except for money, and it looks like there's quite a bit of money to go around for AI now. Nonetheless, **around 90 percent of** the world's advanced micro**chips are produced in Taiwan**. This is important to factor in, given the tense China-Taiwan relations right now. It's dangerous for US-based companies to rely so heavily on Taiwan, since **if** Taiwan were to be invaded by China or **imports were disrupted in any way** due to political relations, **that would be disastrous for the tech companies** that rely so heavily on the production of chips in Taiwan. TSMC has acknowledged this, and is currently making a factory in Arizona. This simply highlights how vulnerable the West is to losing such an important manufacturer. **If the West were to lose Taiwan, and the current AI** craze is a **bubble, it would be one terrible pop**. If there were to be a new company invented that can create GPUs/microchips of the same caliber at the same rate, it would decrease the value of Nvidia as well. Banking so much on Nvidia being the only successful company in terms of AI training is, in my opinion, a terrible idea. There will always be competitors rising, and **a reason for many crashes in the past were due to people thinking that one industry or one company would hold all the profits forever and keep rising in value, when in reality it doesn't play out like that.** If Nvidia announces any kind of decrease in profits next quarter, no matter how small, I would bet money that it would lead to some kind of crash in the tech sector.

A popped bubble destroys the market. The dotcom crisis proves. McCullough '18 calculates

Brian McCullough (), A revealing look at the dot-com bubble of 2000 — and how it shapes our lives today, ideas.ted, 12-4-2018, <https://ideas.ted.com/an-eye-opening-look-at-the-dot-com-bubble-of-2000-and-how-it-shapes-our-lives-today/ doa-11-8-2024> (DNM)

So, who ended up holding the bag? Average investors. Over the course of the year 2000, as the stock market began its meltdown, individual investors continued to pour \$260 billion into US

equity funds. This was up from the \$150 billion invested in the market in 1998 and \$176 billion invested in 1999. Everyday people were the most aggressive investors **in the dot-com bubble** at the very moment the bubble was at its height — and at the moment the smart money was getting out. **By 2002, 100 million individual investors had lost \$5 trillion in the stock market.** A Vanguard study showed that by the end of 2002, 70 percent of 401(k)s had lost at least one-fifth of their value; 45 percent had lost more than one-fifth.

That causes recession. Liberto '22 confirms

Daniel Liberto (), How Do Asset Bubbles Cause Recessions?, Investopedia, 12-1-2022, <https://www.investopedia.com/articles/investing/082515/how-do-asset-bubbles-cause-recessions.asp> doa-11-8-2024 (DNM)

In an asset price bubble, new money entering the market keeps prices rising well beyond the fundamental value of the underlying assets implied by simple supply and demand. When a central bank or other monetary authority expands the supply of money and credit in an economy, the new units of money always enter the economy at a specific point in time and into the hands of specific market participants, and then spread out gradually as the new money changes hands in successive transactions. Over time, this causes most or all prices to adjust upward, in the familiar process of price inflation, but this does not happen instantaneously to all prices. Early recipients of the new money are thus able to bid up prices for the assets and goods that they purchase before prices in the rest of the economy rise. This is part of the economic phenomenon known as the Cantillon Effect. When buying activity in the market is focused on a specific asset class of assets or economic goods by the circumstances of the time, then the relative prices of those assets rise compared to other goods in the economy. This is what produces an asset price bubble. The prices of these assets no longer reflect just the real conditions of supply and demand relative to all other goods in the economy, but are driven higher by the Cantillon Effect of the new money entering the economy. Like a snowball, an asset bubble feeds on itself. When an asset price begins rising at a rate appreciably higher than the broader market, opportunistic investors and speculators jump in and bid the price up even more. This leads to further speculation and further price increases not supported by market fundamentals. The mere expectation of future price appreciation in the bubble assets drives buyers to bid prices higher. The resulting flood of investment dollars into the asset pushes the price to even more inflated levels. The real trouble starts when the asset bubble picks up so much speed that everyday people, effectively the last recipients of the newly created money as it trickles down to their wages and business income—and many of whom have little to no investing experience—take notice and decide that they, too, can profit from rising prices. At this point, prices throughout the economy already have begun to rise, as the new money has spread through the economy to reach the pockets of these everyday people. Because it is now circulating throughout the economy, the new money no longer has the power to continue pushing the relative prices of the bubble assets up compared with other goods and assets. Early recipients of the new money sell to the latecomers, realizing outsized profits. These late buyers, however, realize little or no gains as the price bubble stalls for want of new money. The price bubble is no longer sustainable without additional injections of new money (or credit) by the central bank or monetary authority. The bubble then begins to deflate. Other prices in the economy are rising to normalize the relative prices of the bubble assets, and no new money is entering the economy to fuel more bubble price rises, which also damp expectations of future bubble price appreciation. Late buyers are disappointed by lackluster gains, and the speculative optimism that magnified the bubble's rise now reverses. Bubble prices begin to fall back toward those implied by market fundamentals. The central bank or other monetary authority may at this point try to continue inflating the bubble by injecting more new money and repeating the process described above. Alternatively, after a sustained period of monetary injections and bubble inflation, it may cut back on injecting new money to tamp down consumer price and wage inflation. Sometimes a real economic shock, such as a spike in oil prices, helps trigger a cutback in monetary injections. When the flow of new money stops, or even slows substantially, this can cause the asset bubble to burst. This sends prices falling precipitously and wreaks havoc for latecomers to the game, most of whom lose a large percentage of their investments. The bursting of the bubble is also the final realization of the Cantillon Effect. What unfolds is not just a change in relative prices on paper during the rise of the bubble, but a large-scale transfer of real wealth and income from the latecomers to the early recipients of the newly created money who started the bubble. When this process is driven by money in its modern form of a fiat currency mostly made of fractional reserve credit created by the central bank

and the banking system, then **the bursting of the bubble** not only induces losses to the then-current holders of the bubble assets, but **can** also lead to a process of debt deflation that **spreads beyond those exposed directly to the bubble assets to all other debtors** as well. This means **that** any sufficiently large bubble **can crash the entire economy into recession** under the right monetary conditions.

Recession leads to war. Maavak '21 predicts

Mathew Maavak (), Horizon 2030: Will Emerging Risks Unravel Our Global Systems?, Salus Journal, 1-1-2021, <https://search.informit.org/doi/abs/10.3316/informit.673954589035546> doa-11-8-2024 (DNM)

Various scholars and institutions regard global social instability as the greatest threat facing this decade. The catalyst has been postulated to be a Second Great Depression which, in turn, will have profound implications for global security and national integrity. This paper, written from a broad systems perspective, illustrates how emerging risks are getting more complex and intertwined; blurring boundaries between the economic, environmental, geopolitical, societal and technological taxonomy used by the World Economic Forum for its annual global risk forecasts.

Tight couplings in our global systems have also enabled risks accrued in one area to snowball into a full-blown crisis elsewhere. The COVID-19 pandemic and its socioeconomic fallout exemplify this systemic chain-reaction. Once-inexorable forces of globalization are rupturing as the current global system can no longer be

sustained due to poor governance and runaway wealth fractionation. The coronavirus pandemic is also enabling Big Tech to expropriate the levers of governments and mass communications worldwide. This paper concludes by highlighting how this development poses a dilemma for security professionals. The new decade is witnessing rising volatility across global systems. Pick any random "system" today and chart out its trajectory: Are our education systems becoming more robust and affordable? What about food security? Are our healthcare systems improving? Are our pension systems sound? Wherever one looks, there are dark clouds gathering on a global horizon marked by volatility, uncertainty, complexity and ambiguity (VUCA). But what exactly is a global system? Our planet itself is an autonomous and self-sustaining mega-system, marked by periodic cycles and elemental vagaries. Human activities within however are not system isolates as our banking, utility, farming, healthcare and retail sectors etc. are increasingly entwined. Risks accrued in one system may cascade into an unforeseen crisis within and/or without (Choo, Smith & McCusker, 2007). Scholars call this phenomenon "emergence", one where the behaviour of intersecting systems is determined by complex and largely invisible interactions at the substratum (Goldstein, 1999; Holland, 1998). The ongoing COVID-19 pandemic is a case in point. While experts remain divided over the source and morphology of the virus, the contagion has ramified into a global health crisis and supply chain nightmare. It is also tilting the geopolitical balance. China is the largest exporter of intermediate products, and had generated nearly 20% of global imports in 2015alone (Cousin, 2020). The pharmaceutical sector is particularly vulnerable. Nearly "85% of medicines in the U.S. strategic national stockpile" sources components from China (Owens, 2020). An initial run on respiratory masks has now been eclipsed by rowdy queues at supermarkets and the bankruptcy of small businesses. The entire global population – save for major pockets such as Sweden, Belarus, Taiwan and Japan – have been subjected to cyclical lockdowns and quarantines. Never before in history have humans faced such a systemic, borderless calamity. COVID-19 represents a classic emergent crisis that necessitates real-time response and adaptivity in a real-time world, particularly since the global Just-in-Time (JIT) production and delivery system serves as both an enabler and vector for transboundary risks. From a systems thinking perspective, emerging risk management should therefore address a whole spectrum of activity across the economic, environmental, geopolitical, societal and technological (EEGST) taxonomy. Every emerging threat can be slotted into this taxonomy – a reason why it is used by the World Economic Forum (WEF) for its annual global risk exercises (Maavak, 2019a). As traditional forces of globalization unravel, security professionals should take cognizance of emerging threats through a systems thinking approach. METHODOLOGYAN EEGST strategic breakdown was adopted to illustrate a sampling of extreme risks facing the world for the 2020-2030 decade. The transcendental quality of emerging risks, as outlined on Figure 1, below, was primarily informed by the following pillars of systems thinking (Richards, 2020): • Diminishing diversity (or increasing homogeneity) of actors in the global system (Bolin & Thomas, 1997; Meyer, 2000; Young et al., 2006); • Interconnections in the global system (Homer-Dixon et al., 2015; Lee & Preston, 2012); • Interactions of actors, events and components in the global system (Budyrev et al., 2010; Bathan et al., 2013; Homer-Dixon et al., 2015); and • Adaptive qualities in planetary systems (Bodin & Norberg, 2005; Scheffer et al., 2012). Since scholarly material on this topic remains somewhat inchoate, this paper but tresses many of its contentions through secondary (i.e. news/institutional) sources. ECONOMY According to Professor Stanislaw Drozd (2018) of the Polish Academy of Sciences, "a global financial crash of a previously unprecedented scale is highly probable" by the mid-2020s. This will lead to a trickle-down meltdown, impacting all areas of human activity. The economist John Maudlin (2018) similarly warns that the "2020s might be the worst decade in US history" and may lead to a Second Great Depression. Other forecasts are equally alarming. According to the International Institute of Finance, global debt may have surpassed \$255 trillion by 2020 (IIF, 2019). Yet another study revealed that global debts and liabilities amounted to a staggering \$2.5 quadrillion (Ausman, 2018). The reader should note that these figures were tabulated before the COVID-19 outbreak. The IMF singles out widening income inequality as the trigger for the next Great Depression (Gorjeva, 2020). The wealthiest 1% now own more than twice as much wealth as 6.9 billion people (Coffey et al., 2020) and this chasm is widening with each passing month. COVID-19 had, in fact, boosted global billionaire wealth to an unprecedented \$10.2 trillion by July 2020 (UBS-PWC, 2020). Global GDP worth \$88 trillion in 2019, may have contracted by 5.2% in 2020 (World Bank, 2020). As the Greek historian Plutarch warned in the 1st century AD: "An imbalance between rich and poor is the oldest and most fatal ailment of all republics" (Maudlin, 2014). The stability of a society, as Aristotle argued even earlier, depends on a robust middle element or middle class. At the rate the global middle class is facing catastrophic debt

and unemployment levels, widespread social disaffection may morph into outright anarchy (Maavak, 2012; DCDC, 2007). **Economic stressors** in transcendent VUCA fashion, may also **induce radical geopolitical realignments**

Bullions now carry more weight than NATO's security guarantees in Eastern Europe. After Poland repatriated 100 tons of gold from the Bank of England in 2019, Slovakia, Serbia and Hungary quickly followed suit.

According to former Slovak Premier Robert Fico, this erosion in regional trust was based on historical precedents – in particular the 1938 Munich Agreement which ceded Czechoslovakia's Sudetenland to Nazi Germany. As Fico reiterated (Dutlik & Tomek, 2019): "You can hardly trust even the closest allies after the Munich Agreement... I guarantee that if something happens, we won't see a single gram of this [refshore-held] gold. Let's do it [repatriation] as quickly as possible." (Parenthesis added by author). President Aleksandar Vucic of Serbia (a non-NATO nation) justified his central bank's gold-repatriation program by hinting at economic headwinds ahead: "We see in which direction the crisis in the world is moving" (Dutlik & Tomek, 2019). Indeed, with two global Titans – the United States and China – set on a collision course with a quadrillions-denominated iceberg in the middle, and a viral outbreak on its tip, the seismic ripples will be felt far, wide and for a considerable period. Can additional bullions realistically circumsulate the economies of 80 million plus peoples in these Eastern European nations, worth a collective \$1.8 trillion by purchasing power parity? Gold however is a potent psychological symbol as it represents national sovereignty and economic reassurance in a potentially hyperinflationary world. The portents are clear: The current global economic system will be weakened by rising nationalism and autarkic demands. Much uncertainty remains ahead. Maudlin (2018) proposes the introduction of Old Testament-style debt jubilees to facilitate gradual national recoveries. The World Economic Forum, on the other hand, has long proposed a "Great Reset" by 2030; a socialist utopia where "you'll own nothing and you'll be happy" (WEF, 2016). In the final analysis, COVID-19 is not the root cause of the current global economic turmoil; it is merely an accelerator to a burning house of cards that was left smouldering since the 2008 Great Recession (Maavak, 2020a). We also see how the four main pillars of systems thinking (diversity, interconnectivity, interactivity and "adaptivity") form the mise en scene in a VUCA decade. ENVIRONMENTAL What happens to the environment when our economies implode? Think of a debt-laden workforce fat at sensitive nuclear and chemical plants, along with a concomitant surge in industrial accidents? Economic stressors, workforce demoralization and rampant profiteering – rather than manmade climate change – arguably pose the biggest threats to the environment. In a WEF report, Buehler et al (2017) made the following pre-COVID-19 observation: The ILO estimates that the annual cost to the global economy from accidents and work-related diseases alone is a staggering \$3 trillion. Moreover, a recent report suggests the world's 3.2 billion workers are increasingly unwell, with the vast majority facing significant economic insecurity: 77% work in part-time, temporary, "vulnerable" or unpaid jobs. Shouldn't this phenomenon be better categorized as a societal or economic risk rather than an environmental one? In line with the systems thinking approach, however, global risks can no longer be boxed into a taxonomical silo. Frazzled workforces may precipitate another Bhopal (1984), Chernobyl (1986), Deepwater Horizon (2010) or Flint water crisis (2014). These disasters were notably not the result of manmade climate change. Neither was the Fukushima nuclear disaster (2011) nor the Indian Ocean tsunami (2004). Indeed, the combustion of a long-overlooked cargo of 2,750 tonnes of ammonium nitrate had nearly levelled the city of Beirut, Lebanon, on Aug 4 2020. The explosion left 204 dead; 7,500 injured; US\$15 billion in property damages; and an estimated 300,000 people homeless (Urbina, 2020). The environmental costs have yet to be adequately tabulated. Environmental disasters are more attributable to Black Swan events, systems breakdowns and corporate greed rather than to mundane human activity. Our JIT world aggravates the cascading potential of risks (Korowicz, 2012). Production and delivery delays, caused by the COVID-19 outbreak, will eventually require industrial overcompensation. This will further stress senior executives, workers, machines and a variety of computerized systems. The trickle-down effects will likely include substandard products, contaminated food and a general lowering in health and safety standards (Maavak, 2019a). Unpaid or demoralized sanitation workers may also resort to indiscriminate waste dumping. Many cities across the United States (and elsewhere in the world) are no longer recycling wastes due to prohibitive costs in the global corona-economy (Liacko, 2021). Even in good times, strict protocols on waste disposals were routinely ignored. While Sweden championed the global climate change narrative, its clothing flagship H&M was busy covering up toxic effluences disgorged by vendors along the Citarum River in Java, Indonesia. As a result, countless children among 14 million Indonesians straddling the "world's most polluted river" began to suffer from dermatitis, intestinal problems, developmental disorders, renal failure, chronic bronchitis and cancer (DW, 2020). It is also in cauldrons like the Citarum River where pathogens may mutate with emergent ramifications. On an equally alarming note, depressed economic conditions have traditionally provided a waste disposal boner for organized crime elements. Throughout 1980s, the Calabria-based 'Ndrangheta mafia – in collusion with governments in Europe and North America – began to dump radioactive wastes along the coast of Somalia. Reeling from pollution and revenue loss, Somali fishermen eventually resorted to mass piracy (Knap, 2008). The coast of Somalia is now a maritime hotspot, and exemplifies an entwined form of economic-environmental-geopolitical-societal emergence. In a VUCA world, indiscriminate waste dumping can unexpectedly morph into a Black Hawk Down incident. The laws of unintended consequences are governed by actors, interconnections, interactions and adaptations in a system under study – as outlined in the methodology section. Environmentally-devastating industrial sabotages – whether by disgruntled workers, industrial competitors, ideological maniacs or terrorist groups – cannot be discounted in a VUCA world. Immiserated societies, in stark defiance of climate change diktats, may resort to dirty coal plants and wood stoves for survival. Interlinked ecosystems, particularly water resources, may be hijacked by nationalist sentiments. The environmental fallout of critical infrastructure (CI) breakdowns loom like a Sword of Damocles over this decade. GEOPOLITICAL The primary catalyst behind WWII was the Great Depression. Since history often repeats itself, expect familiar bogeymen to reappear in societies rolling with impoverishment and ideological diets. Anti-Semitism – a societal risk on its own – may reach alarming proportions in the West (Reuters, 2019), possibly forcing Israel to undertake reprisal operations inside allied nations. If that happens, how will affected nations react? Will security resources be reallocated to protect certain minorities (or the Top 1%) while larger

segments of society are exposed to restive forces? **Balloon effects** like these present a classic VUCA problematic. Contemporary geopolitical risks **include** a possible **Iran-Israel war**; US-China military confrontation over Taiwan or the South China Sea; North Korean proliferation of nuclear and missile technologies; **an India-Pakistan nuclear war**; an Iranian closure of the Straits of Hormuz; fundamentalist-driven implosion in the Islamic world; **or a nuclear confrontation between NATO and Russia**.

Fears that the Jan 3 2020 assassination of Iranian Maj. Gen. Qasem Soleimani might lead to WWII were grossly overblown. From a systems perspective, the killing of Soleimani did not fundamentally

Extinction.

Starr 15 [Steven Starr, 2/28/2015, Steven is an Associate member of the Nuclear Age Peace Foundation and has been published by the Bulletin of the Atomic Scientists. Starr is also an expert on the environmental consequences of nuclear war, Nuclear War: An Unrecognized Mass Extinction Event Waiting to Happen, Symposium: The Dynamics of Possible Nuclear Extinction, <https://ratical.org/radiation/NuclearExtinction/StevenStarr022815.html>]/JZ

A war fought with 21st century strategic **nuclear weapons would be more than just a great catastrophe in human history. If we allow it to happen, such a war would be a mass extinction event that ends human history.** There is a profound difference between extinction and “an unprecedented disaster,” or even “the end of civilization,” because even after such an immense catastrophe, human life would go on.

But extinction, by definition, is an event of utter finality, and a nuclear war that could cause human extinction should really be considered as the ultimate criminal act. It certainly would be the crime to end all crimes.

The world’s leading climatologists now tell us that nuclear war threatens our continued existence as a species. Their studies predict that **a large nuclear war, especially one fought with strategic nuclear weapons, would create a post-war environment** in which for many years **it would be too cold and dark to even grow food.** Their **findings make it clear that not only humans, but** most large **animals and many other forms of complex life would likely vanish forever** in a nuclear darkness of our own making.

The environmental consequences of nuclear war would attack the ecological support systems of life at every level. **Radioactive fallout**, produced not only by nuclear bombs, but also by the destruction of nuclear power plants and their spent fuel pools, **would poison the biosphere. Millions of tons of smoke would act to destroy Earth’s protective ozone layer and block most sunlight from reaching Earth’s surface, creating Ice Age weather conditions** that would last for decades.

Yet the political and military leaders who control nuclear weapons strictly avoid any direct public discussion of the consequences of nuclear war. They do so by arguing that nuclear weapons are not intended to be used, but only to deter.

Remarkably, the leaders of the Nuclear Weapon States have chosen to ignore the authoritative, long-standing scientific research done by the climatologists, research that predicts virtually any nuclear war, fought with even a fraction of the operational and deployed nuclear arsenals, will leave the Earth essentially uninhabitable.

CT3 China

Contention Three is China

First, China won't invade Taiwan now

*McKinney, professor at Air War College, wrote in 24 [McKinney, Jared M., and Peter Harris. *Deterrence Gap: Avoiding War in the Taiwan Strait*. USAWC Press, 2024] [thiele] [/https://media.defense.gov/2024/Jan/05/2003369263/-1/-1/0/20240105_MCKINNEY-HARRIS_DETERRENCEGAP_FINAL.PDF] [McKinney = McKinney is an assistant professor of international security at the Air War College at Air University, Maxwell Air Force Base, Alabama. He directs the Taiwan Deterrence Research Task Force at the university and holds a PhD from the S. Rajaratnam School of International Studies at Nanyang Technological University, Singapore, and master's degrees from Missouri State University, Peking University, and the London School of Economics.]*

At a minimum, neither of the arguments described above—Xi's impatience and China's growing strength—are enough to justify the seemingly high degree of confidence that now exists in the United States about Chinese intentions to invade Taiwan. Consider, first, the common tendency to focus on President Xi's idiosyncrasies. Of course, an unchecked authoritarian ruler ordering a self-serving war of choice is always possible. Putin's reckless war in Ukraine is an obvious case in point and has spawned a cottage industry of commentary and analysis to suggest that Xi might similarly use his unfettered authority over Chinese military policy to order the conquest of Taiwan. Such analyses are purely speculative. Although Xi (or any subsequent leader) may grow impatient and initiate a war over Taiwan because of personal ambitions, it is equally possible that Xi's remaining time in office will be defined by an acute anxiety to avoid war over Taiwan so that his domestic priorities (such as economic development and common prosperity), supposed achievements (making China a "moderately prosperous society" and projecting China's "voice" globally), and legacy (joining the pantheon of Chinese Communist Party greats, alongside Mao Zedong and Deng Xiaoping) do not become unnecessarily imperiled. Those who insist that "unifying" China is a necessary move for an aging People's Republic of China leader should recall that similar things were said about Jiang Zemin in the last few years of his leadership (1995–2004).¹¹ Overall, we agree with Christopher Johnson, a former senior China analyst at the CIA, who has stated he is "confident" there is "no smoking gun" piece of intelligence to justify certitude an invasion will take place by 2024, or even 2027.¹² Bonnie Glaser, another well-known China expert, has gone so far as to call references to an alleged 2027 timeline "just sloppy."¹³ Johnson and Glaser are correct; no hard evidence indicates Xi has staked his legitimacy on the Taiwan question or set a hard invasion deadline. If anything, Xi has emphasized a 2049 timeline for national rejuvenation, not a 2027 timeline, which implies little about what the Chinese government intends to do vis-à-vis Taiwan in the near term and allows plenty of room for Xi (who will turn 96 in 2049) or a successor to implement alternative courses of action.¹⁴ Nor does any concrete evidence suggest China's growing military might will lead inexorably toward invasion in the near term. The military capabilities of any country must always be understood in the context of risk. Undoubtedly, China's material wealth has grown considerably in recent decades, and the burgeoning resources at Beijing's disposal have been used to purchase a formidable array of weapons, including missile technologies and amphibious assault ships. These military investments mean People's Liberation Army leaders are likely more confident of being able to seize Taiwan by force than they were in the past. Just because a car might go 160 miles per hour, however, does not mean the driver will judge going this speed to be prudent. Likewise, a person owning a gun says little about whether the person will use it recklessly. In other words, the People's Liberation Army has surely become more powerful—and its leadership more confident—but this observation alone is not enough to conclude that Beijing is bound to order an invasion of Taiwan in the very near future at the cost of other national objectives, as General Mark Milley has said.¹⁵ After all, powerful states always have the latent potential to invade and conquer neighboring territories (this is true almost by definition). For the most part, they do not. As M. Taylor Fravel has shown, even the People's Republic of China has shown a preference for settling territorial and sovereignty disputes via compromise rather than brute force.¹⁶ Why, then, should it be taken for granted that China will invade Taiwan once leaders in Beijing are in possession of the bare means of doing so? Given the high stakes involved, this question deserves a thorough investigation. Speculation, conjecture, and subjective psychological analysis are essential tools in the arsenal of China watchers, who often lack reliable data on Chinese intentions.

intraregime politics, and strategic planning. Unfortunately, these tools are inadequate foundations for devising successful policies to deter a Chinese invasion of Taiwan. This inadequacy, in short, is the motivation for the present monograph: an uncompromising belief that Taiwanese, American, and allied foreign and defense policies should be built upon falsifiable arguments about what, if anything, might be causing the risk of invasion to tick upward. Otherwise, deterrence will be based on little more than guesswork. In the following chapters, we provide exactly such an argument about what is causing the odds of an invasion to increase and what might be done to contain and roll back the growing risk of war. The overarching goal is to marry international relations theory with policy analysis to produce a set of rigorous recommendations for how actors in Washington, Taipei, and other Indo-Pacific capitals can best contribute to the maintenance of peace across the Strait.

Second, Current increase in arms sales underlies this trend

O'Brien, former UN Ambassador, wrote in 23 [Ambassador Robert C. O'Brien (ret.) (Task Force Chair) "A Report of the Global Taiwan Institute's Task Force on U.S.-Taiwan Relations" Global Taiwan Institute. Dec 20, 2023] [thiele]

[<https://globaltaiwan.org/wp-content/uploads/2023/12/GTI-Task-Force-Report-Final-Version-compressed.pdf>] [Ambassador Robert C. O'Brien (ret.) 27th United States National Security Advisor Allison Hooker Senior Vice President American Global Strategies Jennifer Hu Co-Founder & Chair, Board of Directors Global Taiwan Institute Keith Krach Krach Institute for Tech Diplomacy at Purdue Former Under Secretary of State Lieutenant General Wallace "Chip" Gregson (USMC, Ret.) Former Assistant Secretary of Defense for Asian and Pacific Security Affairs Derek Mitchell Senior Advisor Center for Strategic and International Studies (CSIS) Kurt Tong Managing Partner The Asia Group Stephen Young Former Director American Institute in Taiwan Lanhee Chen David and Diane Steffy Fellow in American Public Policy Studies Hoover Institution Ivan Kanapathy Adjunct Professor Georgetown University Carolyn Bartholomew Commissioner US-China Economic and Security Review Commission Jerrold Green President and Chief Executive Officer Pacific Council on International Policy Jamieson Greer Partner King & Spalding Shihoko Goto Director for Geoeconomics and Indo-Pacific Enterprise The Wilson Center]

Recent Developments Since 1950, when the Truman Administration sent the Seventh Fleet toward the Taiwan Strait to deter a Chinese attack, the US military has been involved in maintaining stability in the cross-Strait relationship.³² While direct, public displays of military-military (mil-mil) cooperation largely halted following the 1979 switch in diplomatic recognition and withdrawal of US forces, the United States has continued to support Taiwan's military through other means. Predominantly, this support has come in the form of arms sales and associated training, which have remained is a central feature of the relationship. While such sales are—and will continue to be—absolutely crucial to efforts to deter the PRC from launching an invasion, recent events suggest that arms sales alone may no longer be sufficient. In 2022, two events—the Russian invasion of Ukraine and the PLA's drills following then-US Speaker of the House Nancy Pelosi's visit to Taiwan—effectively upended many years of geopolitical norms, highlighting the inherent instability of the cross-Strait relationship. Russia's unilateral attack on Ukraine has been a stark reminder to the West that the days of conventional warfare are not behind us. Moscow's boldness and willingness to accept international ostracism has proven the limits of non-military deterrence—such as sanctions—and placed strain on international institutions. And even as the war has ground to a bloody stalemate fears of Russian escalation have persisted. While parallels between the war in Ukraine and a potential Taiwan Strait contingency are of limited utility, it is likely that the People's Republic of China has taken notice, both of Russia's and Ukraine's successes and failures. These lessons could potentially inform China's decision-making in the event of a future invasion of Taiwan. However, Russia's invasion has also provided valuable lessons for military planners in Washington and Taipei. Rather than relying purely on high-value, high-profile platforms, Ukraine's forces have deployed a wide array of smaller, cheaper, and mobile systems, such as man-portable air-defense systems (MANPADS) and drones. Through strategic, asymmetric use of these armaments, Kyiv has been able to wear down a quantitatively—and ostensibly, qualitatively—superior Russian force, inflicting devastating casualties and forcing Moscow to resort to a partial mobilization. In the wake of China's response to both the Pelosi visit and President Tsai's subsequent meeting with then-Speaker Kevin McCarthy, these lessons have only gained increased

salience. While the exercises were just that, they nevertheless demonstrated the PLA's vastly improved capabilities in the air and sea domains. Through coordinated missile launches, naval maneuvers, and air incursions, the PRC displayed its power for all to see. As numerous commentators have noted, the drills have fundamentally altered the status quo in the Taiwan Strait. Through its repeated incursions across the long-observed median line in the Taiwan Strait—which have increased substantially in recent years—the PLA is demonstrating is attempting to coerce the Taiwanese into submission. Taken together, these events have altered the state of play in the Taiwan Strait and challenge the United States as it seeks to maintain regional peace and security. Given these concerns, **it is imperative** that the **United States** and **Taiwan strengthen** their military and security partnership, both by **enhancing existing programs** and seeking out novel approaches to cooperation. Arms Sales and Asymmetric Defense Currently, the majority of US support for Taiwan comes in the form of arms sales, including training programs. These transactions generally occur under the auspices of the Taiwan Relations Act, which states that it is US policy to provide Taiwan with “arms of a defensive character.”³³ The ambiguity of this term—the TRA does not specify what exactly “defensive” entails—has provided successive US administrations with significant leeway in arming Taiwan. And while the 1982 Joint Communiqué included language relating to gradual decreases in arms sales to Taiwan, the US negotiators refused to accede to Chinese attempts to establish a “‘date certain’ for the termination of all arms sales.”³⁴ This repudiation was further established in the Six Assurances, which included a statement that “the United States has not agreed to set a date for ending arms sales to Taiwan.”³⁵ However, a memorandum drafted at the time by President Ronald Reagan clarified that “it is essential that the quantity and quality of the arms provided [to] Taiwan be conditioned entirely on the threat posed by the PRC.”³⁶ Together, these documents and communications have provided the structure for US arms sales to Taiwan for decades. While the value of US arms sales to Taiwan has fluctuated over time, Taiwan has consistently remained one of the top destinations for US-manufactured armaments and US training.³⁷ The content of these sales has likewise varied over time, as the United States has provided Taiwan with a vast array of weapons, ammunition, platforms, and components. Despite the benefits these transactions provide for both the United States and Taiwan, divergences in priorities have placed strain on the relationship in recent years. Historically, Taiwan's military establishment has sought to maintain some degree of qualitative parity with the PLA. In pursuit of this, Taiwan has often lobbied the United States for larger, more traditional weapons systems and platforms, ranging from M1A2 Abrams main battle tanks to F16 multirole fighters.³⁸ While undoubtedly formidable platforms, these purchases have increasingly come under scrutiny by US strategists, who view them as costly, unwieldy, and likely to be ineffective in the event of a Chinese attack.³⁹ Instead, the United States has pressed Taiwan to embrace a more realistic, asymmetric approach to arms acquisitions. However, these efforts have had limited success, partially as a result of Washington's own difficulties in communicating a clear definition of “asymmetric.” By its very nature, asymmetric defense is difficult to define. Broadly speaking, however, the term often refers to the use of large numbers of small, mobile, and affordable weapons and vehicles, deployed strategically and proactively. In the context of Taiwan, this approach is often referred to as **a “porcupine defense,”**⁴⁰ in which the island arms itself with a vast array of sea mines, mobile anti-ship missile systems, surface-to-air missile launchers (SAMs), anti-tank munitions, and small, highly maneuverable vehicles, including mobile launch platforms and fast-attack naval vessels.⁴¹ The ultimate goal of such a strategy would be to slow or even halt a Chinese amphibious assault during its crossing of the Taiwan Strait, wearing down the invading force and denying any attempts at establishing a beachhead. While some analysts have questioned the effectiveness of such an approach in the face of a full-scale Chinese attack, the vast majority—including the US government—maintain that it is currently Taiwan's most viable path toward self-defense.⁴² In an effort to convince Taiwan to abandon its previous policies in favor of a more asymmetric approach, successive US administrations have pushed Taipei to purchase larger numbers of smaller armaments, with a particular focus on anti-ship missiles and SAMs.⁴³ Concerned that more traditional platforms like tanks and fighters would likely be destroyed or rendered inoperable in the early days of an invasion, the United States has increasingly pressured Taiwanese defense planners to reevaluate their strategy, even refusing to sell certain large armaments.⁴⁴ This effort has grown even more persistent in the wake of the Russian invasion of Ukraine, in which the strategic use of small, mobile weapons by the Ukrainian military halted—and even reversed—the Russian advance both on the ground and in the Black Sea.⁴⁵ Despite divergences in priorities, **US arms sales to Taiwan will undoubtedly continue apace, particularly as bipartisan Congressional support** for the island **reaches unprecedented levels.** However, the Biden Administration—and future administrations—will likely need to develop creative solutions in order to encourage Taiwan to substantively embrace a more asymmetric approach. For Taiwan, this will

necessitate difficult conversations between civilian and military leadership, as lack of communication and cooperation between the two has often stymied attempts at reform in the past.

Third, Reduced defense support appeases China, causes invasion

*Chen, professor at National Chengchi University, wrote in 17 [Chen, Ping-Kuei, Scott L. Kastner, and William L. Reed. "A farewell to arms? US security relations with Taiwan and the prospects for stability in the Taiwan Strait." *Taiwan and China: Fitful Embrace* (2017): 221-238] [thiele] [https://www.luminosoa.org/site/chapters/10.1525/luminos.38.1/download/946/] [Chen = National Chengchi University, Taiwan; Kastner = Professor of Government and Politics, University of Maryland; Reed = Professor of Political Science, University of Maryland]*

How would a reduced US security commitment to Taiwan affect the likelihood of cross-Strait conflict? More concretely, what would happen if the United States were to terminate arms sales to the island? Remember that in our simple model conflict occurs if Taiwan claims a level of sovereign status to the left of point R on the I-U continuum. How, then, might an end to arms sales affect the probability that Taiwan's claimed status would lie to the left of point R? Here, we begin by considering the most intuitive, direct ways that changing levels of arms sales to Taiwan could affect the parameters of the model and the associated implications. In the following subsection, we consider more indirect and nonintuitive effects of ending arms sales, which in turn serve to qualify points made in this subsection. Intuitively, it would seem that US arms sales to Taiwan directly affect both the costs (cc) that China would expect to pay in a cross-Strait military conflict and the probability (p) that China would win such a conflict. On the margins at least, arms sales should improve Taiwan's military capabilities relative to those of the PRC, thereby reducing p and increasing cc. Of course, p and cc are determined not simply by the balance of power between China and Taiwan but also by likely US behavior in the event of a cross-Strait war: US intervention would at a minimum greatly complicate the PRC's ability to prevail in a cross-Strait war and would certainly increase China's expected costs of such a conflict. Thus a higher likelihood of US intervention implies a smaller p and a larger cc. Arms sales to Taiwan, in turn, may signal some level of US commitment to the island. To the extent that arms sales to Taiwan do in fact increase confidence in Beijing and Taipei that the United States is likely to intervene in a cross-Strait conflict, continued US arms sales to Taiwan imply a smaller p and larger cc than would be the case in the counterfactual world where the United States did not sell weapons to Taiwan. These direct effects suggest, then, that ending arms sales should reduce China's expected costs of war and increase the probability of PRC victory; R, in turn, should shift to the right. This makes intuitive sense: to the extent that the balance of power in the Taiwan Strait favors the PRC, we might expect Beijing to be more demand-ing on sovereignty issues (and less tolerant of outcomes that diverge sharply from its ideal point of unification). Were R to shift to the right of Taiwan's actual status, the model suggests that the PRC would prefer to fight a war rather than to accept a continuation of that status quo: military conflict would ensue if Taiwan failed to accommodate this new reality by redefining its sovereign status (i.e., to push the status quo back to the right of R). Given the obviously high costs of war for Taiwan—costs that would presumably be especially high in the absence of any US security commitment to the island—leaders in Taipei would have strong incentives to avoid this outcome by bowing to new power realities and accommodating the PRC on sovereignty issues to some degree. Yet there are some reasons to think that accommodation in this regard would be difficult. Recall that in recent decades the primary strategic challenge in cross-Strait relations can be characterized as a problem of deterrence, with the PRC trying to deter Taiwan efforts to redefine its sovereign status in a way that conflicts with PRC hopes for unification. But if R were to shift right of the status quo, the model suggests that the cross-Strait relationship would instead be characterized by a problem of compellence. Here, a war could occur, not because the PRC fails to deter unilateral Taiwan changes to the status quo, but rather because the PRC fails to compel Taiwan to alter the status quo in a way that is more to Beijing's liking (remember that once R shifts right of the status quo, Beijing's expected war payoff exceeds its utility for a continuation of the status quo). Nevertheless, commitment problems could complicate the search for a peaceful accommodation even if Taiwan recognized that R had moved to the right of the status quo and even if Taiwan was in principle willing to bargain away some of its sovereignty.¹⁷ The reason is that the issue being bargained over, Taiwan's sovereign status, could affect future bargaining power between the two sides: that is, bargaining some of its sovereign status to avoid war in the short term could further diminish Taiwan's future bargaining power vis-à-vis Beijing. Even if the United States were to stop selling arms to Taiwan and renounce any security commitment to the

island, Taiwan would remain qualitatively different from areas under direct PRC control. It would continue to be self-governing and democratic, it would continue to maintain armed forces, and it would—for all intents and purposes—continue to resemble an independent country on all dimensions except international legal recognition. But Taiwan's continued otherness in this regard opens the door to possible US intervention in a cross-Strait conflict even after a US decision to end its security commitment to Taiwan. Leaders in Washington, for instance, might revise their view of the PRC, especially in the aftermath of an attack on Taiwan, and particularly if renouncing the security commitment entailed a quid pro quo PRC pledge. Thus, even after the United States ended arms sales to Taiwan and renounced a security commitment to the island, the probability of US intervention in a cross-Strait conflict would not drop to zero—in contrast to the likelihood of US intervention in other areas of China such as Tibet (or, for that matter, Hong Kong). But the more Taiwan accommodated PRC demands by allowing itself to become something more resembling Hong Kong or Tibet than an independent country, then the more the probability of US intervention would begin to approach zero as it does for other areas under direct PRC control. Such intervention would increasingly, and unambiguously, represent intervention in a civil, rather than an international, conflict.¹⁸ Thus any bargain involving a reduction in Taiwan's sovereignty should independently reduce Beijing's expected costs of war, thus pushing R even further to the right. The credibility of Beijing's commitment to such a bargain would therefore be suspect, as once it was implemented Beijing would have incentives to demand an even more favorable bargain (and Taiwan would not be in a position where it could refuse). Fearon develops a similar model where states bargain over strategic territory and the outcome of the negotiations explicitly shifts the balance of power.¹⁹ This change in the balance of power happens because the outcome of the negotiation transfers territory to a rival state and thereby improves that rival's fighting capacity. When this type of dynamic is at work, reaching a settlement becomes difficult because the consequence of the shift in power caused by a settlement may be less desirable than fighting and forgoing any negotiations. Although a hypothetical bargain between the PRC and Taiwan is not over strategic territory, it is certainly possible that a similar dynamic is at work as the PRC and Taiwan negotiate over Taiwan's sovereignty. Inasmuch as giving up sovereignty to the PRC strengthens the PRC's bargaining leverage, Taiwan may come to the conclusion that risking war is preferable to any negotiated settlement with the PRC over unification. In other words, Taiwan may conclude that it would be better to roll the dice in a war with China today than to accept the terms of an obsolescing bargain likely to result in a progressively more subordinate status within a unified China. Therefore, in the same way that bargaining over strategic territory is complicated by the strategic consequences of any deal that might be struck, bargaining over unification can be dangerous because it has implications for the future bargaining power of the PRC and Taiwan. In summary, ending arms sales to Taiwan would have the potential to increase instability in the Taiwan Strait. Such a shift in US policy could alter the balance of power in the Taiwan Strait, which in turn could shift the strategic dynamic from deterrence to compellence. In turn, there are reasons to believe that a China-Taiwan relationship in which China tried to compel steps toward unification would be more conflict prone than one where the PRC tried to deter Taiwan steps toward independence, as credible commitment problems could make it difficult for Taiwan to accommodate new power realities.

Fourth, decreased arms sale promote Taiwan independence

Bonnie **Glaser 11**, xx/xx/2011, American foreign policy analyst currently serving as managing director of the Indo-Pacific Program at the German Marshall Fund, Should the United States Abandon Taiwan, https://csis-website-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/twq11autumntuckerglaser.pdf// JZ

The Obama administration should stop equivocating and move forward with arms sales. There will never be a good time to sell weapons to Taiwan. Diplomacy with China as well as congressional routines and requirements invariably intervenewhat former deputy assistant secretary of state for East Asian and Pacific affairs Randall Schriver has called “the tyranny of the calendar.” Upgrading existing aircraft would be welcome, but Taiwan's aging and shrinking air force also needs new planes. Were the United States to wait and the F-16 C/D production line to close, Taiwan would have no other source. Washington might well be faced with the complicated dilemma of whether to sell even more advanced F-35s. Washington ought to reassert its longstanding position to Beijing that sales do not promote Taiwan's separation from the mainland but, in the current phase of cross-Strait relations,

create an environment for improved China—Taiwan relations. Indeed, in the past two years, the United States has sold almost \$13 billion in weapons to Taiwan, and cross-Strait relations are in the best shape in decades. In the absence of U.S. backing, Taipei would likely be too insecure and Taiwan's leaders too vulnerable politically to negotiate with China. Arms sales, therefore, facilitate cross-Strait compromise and should not be anathema to Beijing. The United States should also accelerate dialogue with Taipei to promote increased U.S.—Taiwan trade, reduce Taiwan's growing isolation from regional and global trading blocks, and prevent yet more dependence on China. Refusing to talk about a broad range of economic issues through the only available dispute settlement mechanism, the Trade and Investment Framework Agreement (TIFA), because of minor, if politically thorny, problems like U.S. beef exports to Taiwan is a mistake. And progress should be made on commonplace but important requests from Taipei to join the U.S. visa waiver program and conclude a bilateral extradition agreement. Higher-level contact between U.S. and Taiwan officials ought to occur routinely. Even if presidential meetings are not possible, dialogue between leaders should be facilitated by video conferences and regular correspondence. Cabinet-level visits to Taiwan, five of which occurred during the Clinton administration alone, could quickly be resumed. The prolonged and ill-considered hiatus in those visits during the George W. Bush and early Obama years is self-defeating. Such trips are important symbolically, but they also improve communication and raise awareness of common interests. Taiwan's representatives also should be granted better access to U.S. officials in Washington and not be barred from buildings such as the Department of State. There is no formal agreement that requires such restrictions; they are entirely self-imposed. Washington cannot sustain the U.S.—Taiwan relationship unilaterally. Taipei has to assign priority to strengthening ties with Washington, even as it improves relations with Beijing. This will require tackling difficult domestic political obstacles in Taiwan and should be a bipartisan endeavor. It will be increasingly important to conduct relations in an environment of trust and candor. There are risks to a strategy which strengthens rather than abandons U.S. ties to Taiwan. If Washington continues to support Taiwan, it must simultaneously find ways to convince Beijing that the United States does not seek to prevent an accommodation between Taiwan and China. The United States does not secretly promote independence or block progress in cross-Strait relations. Rather, U.S. policy aims at sustaining peaceful conditions in which Taiwan and China can reach a long-term modus vivendi by themselves. Although the Six Assurances and the Taiwan Relations Act attempted to keep the focus of U.S.—Taiwan relations on the United States and Taiwan, China has always been a critical variable and its importance is growing. But those who worry that Taiwan policy will set back U.S.—China relations ought instead to persuade China that, in the absence of U.S. support, Taipei would likely lose confidence and put negotiations with the mainland on hold. An abandoned and isolated Taiwan might, in desperation, declare independence or even revive efforts to produce nuclear weapons, not pursue unification as Beijing assumes. So, in fact, U.S. support is not harmful, but helpful to China's interests.

Fifth, Taiwan independence triggers Chinese invasion

Gompert 23 [David C., et al. "Coping with the Dragon: Essays on PLA Transformation and the US Military." CENTER FOR TECHNOLOGY AND NATIONAL SECURITY POLICY AT THE NATIONAL DEFENSE UNIVERSITY (December 2007)] [thiele]
[<https://ndupress.ndu.edu/Portals/68/Documents/Books/CTBSP-Exports/Coping-with-the-Dragon.pdf?ver=2017-06-16-122336-243>] [Gompert = Senior Fellow at the RAND Corporation. Prior to this, he was Distinguished Research Professor at CTNSP. Mr. Gompert's career in government includes serving as Senior Advisor for National Security and Defense, Coalition Provisional Authority, Iraq (2003-2004), and as Special Assistant to President George H. W. Bush and Senior Director for Europe and Eurasia on the National Security Council staff (1990-1993). He holds a bachelor of science degree in engineering from the United States Naval Academy and a master of public affairs degree from the Woodrow Wilson School, Princeton University]

The probability of conflict between the United States and China over Taiwan has diminished in recent years. The chief potential flashpoint for war, a Taiwanese declaration of independence, has become less likely as Taiwan's independence movement has waned and economic ties with the mainland have strengthened. Should the independence movement in Taiwan regain political momentum, however, the potential for U.S. military intervention

in the Taiwan Strait would increase.¹ Further, the **perception of U.S. vulnerability** in the region could **invite assertiveness**. So, despite the fact that armed conflict between the United States and China is in no one's interest, China's burgeoning power requires that critical factors in U.S. plans for the defense of Taiwan be examined. This collection of essays offers just such an examination. It looks at China's growing strength, the strategies underlying U.S. plans for military intervention in the Strait, U.S. vulnerabilities, and options for how these vulnerabilities might be overcome through the development of new technologies and strategies.

Finally, 500,000 would die even without US escalation

Spinck, managing partner of WCS, wrote 24 [Darren G. Spinck "A Vital Partnership: How Strengthened UK-Taiwan Ties Can Help Maintain Stable Cross-Strait Relations" Henry Jackson Society 10th January 2024] [thiele]

[<https://henryjacksonsociety.org/publications/a-vital-partnership-how-strengthened-uk-taiwan-ties-can-help-maintain-stable-cross-strait-relations/>] [managing partner of Washington Consulting Solutions, a full-service public affairs agency; BA in journalism with a concentration in public relations from the University of Maryland and an MA in international commerce and public policy from George Mason University's Graduate School of Public Policy]

The success of the United Kingdom's post-Brexit Indo-Pacific tilt and its security and economic interests throughout the entirety of the region are increasingly dependent on maintaining stable cross-Strait relations between Taiwan and the People's Republic of China (PRC). Any change in the fragile status quo that endures in the Taiwan Strait would have a ruinous impact on the region and, resultantly, on the national interests of the United Kingdom. Taiwan is a key focal point of the region, both economically and strategically, and any conflict resulting from Beijing attempting to forcibly reunify China and Taiwan would lead to upended sea and air trade routes, disrupted global supply chains and, potentially, the destruction of Taiwan's semiconductor foundries which produce 90% of the world's advanced chips, the brains of all modern electronic equipment. A semiconductor shortage alone would be "catastrophic" to the world economy, according to a Rhodium Group analysis on the economic disruptions of a Taiwan conflict. A **PRC invasion of Taiwan**, a thriving democracy, would allow the People's Liberation Army Navy (PLAN) to project power past Taiwan in the First Island Chain and north toward Japan, a key UK security partner, and the Second Island Chain, which includes US territory. Forced reunification of Taiwan **would have a catastrophic human toll** as well, **with the Pentagon estimating a death toll of** approximately **500,000** should a Taiwan conflict occur. China's People's Liberation Army (PLA) conducted its largest military training exercise east of Taiwan in September 2023, with the Shandong and 20 other PLAN vessels in Indo-Pacific waters surrounding Japan, the Philippines and Taiwan. Regional experts believe the training simulated a blockade of Taiwan. During a single day of the training exercise, a reported 103 PLA aircraft flew over or near Taiwan, with Taiwan's Ministry of National Defense indicating that 40 PRC planes crossed the air defence identification zone (ADIZ).