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Trump's China Policy and Its Implications for the "Cold Peace" across the Taiwan Strait

Weixing Hu

Abstract

Donald Trump's election was a surprise to almost everyone all over the world. His presidency so far has been full of surprises and uncertainties as well. Although he has developed a good personal relationship with Chinese President Xi Jinping, Trump is still in search of a viable and coherent China policy. The U.S.-China policy and interactions between the U.S. and China are closely connected to the prospects of cross-Strait relations. The United States and China have different views on the current "cold peace" or stalemate across the Taiwan Strait, but they have shared an interest in avoiding conflict and maintaining peace and stability in cross-Strait relations. Neither President Trump nor President Xi wants to push the Taiwan issue to the top priority in U.S.-China bilateral relations. The Trump administration, unlike the Obama administration, has yet to articulate a clear regional strategy of hedging and balancing against China. It has no interest in pushing Taipei and Beijing to the negotiation table either. It is also unlikely that the two sides of the Taiwan Strait will come up with a new defining formula for the relationship, which is close to the "1992 Consensus," during the Tsai Ing-wen administration. If U.S.-China relations do not sour drastically under Donald Trump, cross-Strait relations will continue as a "cold peace" for the coming years.

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Donald Trump's election was a surprise to almost everyone all over the world. His presidency so far has also been full of surprises and uncertainties. During the presidential campaign in 2016, candidate Trump took a tough stance on China and threatened to designate China a currency manipulator and to put a 45 percent tariff on Chinese exports to the United States. Later, President-Elect Trump challenged the long-established "one-China" policy and had a telephone conversation with the Taiwanese leader Tsai Ing-wen on 2 December 2016, the first such contact with Taiwan since 1979. A few days later, Trump told Fox News, "I don't know why we have to be bound by a 'one-China' policy unless we make a deal with China having to do with other things, including trade."¹ President-Elect Trump's hostile rhetoric gave the impression that he might upset the U.S.-China relationship by changing the U.S. anchoring the one-China policy practiced over the last few decades. Yet, this worst-case scenario did not happen. The United States and China have yet entered into a dire confrontation under the Trump presidency.

Trump's China policy is still uncertain, sporadic, and sometimes confusing. The U.S.-China relationship is indeed the most consequential bilateral relationship in the world. Yet what is not so obvious is the nature of the relationship: whether it is a relationship between friends or foes, or the two countries are neither friends nor foes. By the realist logic, the U.S. and China are bound to have hegemonic power rivalry and may even fall into the Thucydides Trap, a term coined by Graham Allison.² Washington and Beijing are at odds over a range of international issues such as trade and investment, regional security, global governance, and the vision of world order, and, among them, the Taiwan issue is long-term source of conflict. During the Obama administration, Washington began to take a hard stance toward China through a "pivot to Asia" policy. Citing Beijing's growing assertive actions in the East China Sea, the South China Sea, trade, and cyber-security policy, the Obama administration became more vocal on a rebalancing strategy against China's rising in the Asia Pacific region.

President Trump, however, seems to not be following the footprint of Obama's rebalancing to Asia strategy in dealing with China. His "America first" thinking redefines the purpose and rationale of America's China policy as well as the overall strategy toward the region and world affairs. As an overriding theme, Trump's America first foreign policy emphasizes the focus and priority of "American interests and American national security."³ In some way this policy has completely

transformed the purpose, rationale, internal cohesion, operation, and chance of success of American foreign policy that has been carried out by previous administrations.

The Trump administration has taken a narrow transactional approach to foreign policy and U.S. relations with China. President Trump had a telephone call with Chinese President Xi Jinping in February 2017 in which Trump agreed to “honor the one China policy.” Following that, the two presidents had an early summit at Mar-a-Lago, Florida, in April 2017. They seemed to have developed a good personal relationship with each other at the summit. Trump has shown high respect to Xi and, according to Trump’s former chief strategist Stephen Bannon, there isn’t a world leader Trump respects more than Xi.⁴ The unexpectedly smooth beginning of U.S.-China relations under Trump was realized on Trump’s issue-focused dealing with China. The two focal issues in U.S.-China relations for the first year of the Trump presidency were trade and North Korea. Trump sought China’s cooperation in imposing the most severe ever sanctions on North Korea while he held back a tough policy on China in trade. In so doing the Trump administration linked the trade issue with the North Korean issue with the expectation that Beijing would cooperate with Washington to the maximum in stopping Pyongyang’s relentless behavior in developing its nuclear and missile capabilities. Yet, this fragile linkage policy did not last very long. On 22 March 2018, President Trump signed a Presidential Memorandum targeting “China’s economic aggression.” The memorandum directed the U.S. trade representative to level tariffs on about \$50 billion worth of Chinese imports, following a seven-month investigation into China’s intellectual property theft.⁵ In response to the Trump administration’s tariff threat, Beijing quickly announced a series of retaliatory measures against U.S. exports to China.⁶ The storm of a trade war between the United States and China is gathering, which could have profound impacts on international trade and global economy.

On the geopolitical front, there are also signs that the United States is increasingly moving toward more competition and a greater power rivalry with China. In December 2017, the White House released the new *U.S. National Security Strategy*. In this important strategy document, China is named as one of the “strategic rivals” that “challenge American power, influence, and interests.”⁷ Different quarters of the Trump administration have also sent out tough messages about China. The U.S. Department of Defense issued its 2018 U.S. Defense Strategy report on

19 January 2018. The report describes China as “a strategic competitor using predatory economics to intimidate its neighbors while militarizing features in the South China Sea” and calls for a long-term strategic competition with China and Russia as the Pentagon’s principal priorities.⁸ Another Department of Defense report, *Nuclear Posture Review*, states that “while the United States has continued to reduce the number and salience of nuclear weapons, others, including Russia and China, have moved in the opposite direction.”⁹

For the Trump administration, although a clear and overall competitive strategy against China like Obama’s “pivot to Asia” has yet to be formulated, the future direction of a policy treating China as a strategic rival is becoming clear. For the next few years, the question is when the Trump administration can put together a clear and coordinated policy to contain China’s rising power and to allocate resources to implement an overall competitive strategy against China. There are still gaps and confusions in the Trump administration’s policy. On one hand, Trump himself wants to treat President Xi as a friend, and needs China’s cooperation on North Korea and other international issues. On the other hand, his administration began to increasingly define China as a strategic power rival. With continuing personnel reshuffling, it is difficult for the Trump administration to develop a coherent and long-term strategy toward China. President Trump and his key policy advisers have yet to articulate a clear view on what is America’s long-term interest in China, how America sees the rise of China, and what kind of relationship the United States seeks to build with China beyond a mere policy stance on specific issues.

The U.S.-China policy and interactions between the United States and China are closely connected to the prospects of relations across the Taiwan Strait. The Taiwan-driven crisis could bring the two powers into confrontation and conflict, while a generally positive and stable U.S.-China relationship could be conducive to lasting peace and stability in the Taiwan Strait. When Tsai Ing-wen, the Democratic Progressive Party (DPP) candidate, was elected as Taiwan’s president in 2016, the state of cross-Strait relations suffered a major setback from the Ma Ying-jeou era. The rapprochement during the Ma administration disappeared, and instead a situation of “cold peace”—a severe confrontation but short of war—has emerged across the Taiwan Strait. As the Trump administration is in the process of formulating a clear China policy, people continue to anticipate what Trump’s China policy will look like, and whether the U.S.

policy under Trump will lead to any major changes in cross-Strait relations. In relation to this, will the “cold peace” or the gridlock in cross-Strait relations last during the Trump administration? If not, how will Trump’s China strategy or his dealing with China affect the status quo and the prospect of relations across the Taiwan Strait? This article addresses these questions in the following sections. It begins with a discussion of how Trump’s China policy will look in the next few years. It is then followed by an assessment of current cross-Strait relations and a discussion of how the Trump administration’s China policy would affect future cross-Strait relations.

1. The Trump Administration: Still in Search of China Policy

Entering 2018, the Trump administration’s China policy seems to be making a new turn. U.S.-China relations were relatively smooth during the first year of the Trump’s presidency. Following the Mar-a-Lago summit, President Trump had a successful state visit to China in November 2017, and the two countries signed trade deals worth of US\$253 billion during the visit. Yet, one month after the state visit, the White House issued the U.S. national security strategy. Besides openly naming China and Russia as strategic rivals, the strategy called for rethinking the American policies of the past two decades that engaged with rivals, included them into international institutions and global commerce, and tried to turn rivals into benign actors and trustworthy partners. This new strategy calls for a competitive stance toward China and Russia. Meanwhile, the U.S. Department of Commerce and the U.S. Trade Representative Office threatened to raise tariff and sanctions on Chinese exports to the United States following Trump’s presidential memorandum.

Yet, all these changes need to be examined in a broader context of America’s China policy debate and Trump’s foreign policy thinking. There is no doubt that the American foreign policy community had already started a heated debate on the China policy a few years ago. Most mainstream foreign policy intellectuals are increasingly dissatisfied with China’s domestic and international evolution and some of them call for an overhaul of U.S.-China policy.¹⁰ Trump’s initial dealing with Beijing has further intensified the debate, especially on what should be a better strategy of competing with China if Obama’s “pivot to Asia” is scrapped.

President Trump seems to have not yet made up his mind on how to deal with China, despite the release of the national security strategy document produced by the bureaucracy. One year into his presidency, President Trump is still in search of a viable and coherent foreign policy despite some major shifts in his conduct of American foreign relations. Until the Trump administration has arrived at a more coherent and clear foreign policy, Trump's China policy will continue to be evolving and unsettled. To understand the change and continuity in U.S.-China policy, we should first compare the stark differences between him and his predecessor Obama in terms of foreign policy ideas and goals.

First of all, while Obama's policy emphasized America's leadership in world affairs, Trump's policy stresses America first. This America first sentiment signals a narrower U.S. foreign policy that may jeopardize the foundation of the postwar international order the United States has built.¹¹ Trump does not have a clear vision and commitment to the postwar international order. Instead, his rhetoric threatens to undo it. His policy gives the impression that the United States puts its own interests and preferences first and above all while caring less about others' interests. The America first slogan also suggests a notion that there is a sharp trade-off between international commitments and domestic concerns. Based on that, Trump has basically overturned the goals and rationale of American postwar foreign policy.

Trump labeled his foreign policy as "principled realism." He elaborated this idea in his UN speech in September 2017: "I will always put American first. Just like you, the leaders of your countries, should always put your countries first," said Trump. "The U.S. will forever be a great friend to the world and especially to its allies, but we can no longer be taken advantage of or enter into a one-sided deal in which the United States gets nothing in return. As long as I hold this office, I will defend America's interests above all else." He continued, "For the diverse nations of the world, this is our hope. We want harmony and friendship, not conflict and strife. We are guided by outcomes, not ideology." It is unlikely that the United States will "promote democracies and nation-building overseas through the use of the U.S. military."¹²

The second big difference concerns Trump's instinctively deep-rooted worldview of antiestablishment and antiglobalization. He strongly rejects the liberal belief that globalization benefits America. He believes the postwar world order the United States has built does not serve American interest well. Trump's economic nationalist thinking believes that the

“system is rigged” against middle-class Americans, and globalism puts the economic interests of multinational corporations and international elites above those of the ordinary American working class. He charges that “China is stealing American jobs, sending a wrecking ball through American manufacturing industry, and ripping off American technology and military capabilities at Mach speed.”¹³ His policy calls for trade protectionism, hostility to immigration (especially Muslim immigration), political pressure on bringing jobs back, and belligerent unilateralism. He has withdrawn from the Trans-Pacific Partnership (TPP) agreement and the Paris Climate Change Accord, renegotiated the North American Free Trade Agreement (NAFTA), banned entry to the United States for those from several Muslim-majority nations, and sought to erect walls along the border with Mexico.

In terms of his conduct of foreign policy, Trump is different from his predecessor with an unconventional “transactional” approach to international relations. He is a businessman-turned-president and not an ideologue. Without big vision and ideas about the future world order, he approaches foreign policy issues on the basis of case-by-case business transactions. He believes he can win by playing diplomatic games with a strong hand and pressure other countries to change by threatening sanctions in exchange for their concessions. This is how he approaches the North Korean crisis and China.

So far, Trump's foreign policy has demonstrated inconsistency and sometimes disarray. As Michael Auslin observes, on foreign issues that directly affect domestic concerns, Trump pursues radical change, while on matters that are truly foreign, he is willing to adopt a traditional stance and live up to some commitments and responsibilities that do not impose costs at home.¹⁴ For that reason, Trump had a rocky start in his presidency. His office and policy initiatives have also been considerably constrained by the establishment forces within the system.

Turning to his China policy, Trump has changed the mainstream strategy of “engagement plus hedging” toward China. Instead of shaping China's international behavior and encouraging its peaceful evolution, the Trump administration has no interest in organizing a regional coalition surrounding China to contain its expanding influence. Instead, it has taken a result-oriented approach toward China by narrowly focusing on some key issues, such as trade and North Korea. Despite the new *U.S. National Security Strategy* argues for an integrated strategy to compete with rivaling powers, a well-coordinated overall plan has yet to appear.

The Trump administration is dealing with China on a case-by-case basis and has avoided taking an overall military balancing approach against China in Asia.

There are several reasons why the Trump administration has yet to form a clear and coherent China strategy. First, Trump's China policy is more interest-oriented and result-focused without a grand vision of maintaining the U.S. leadership in the world. Instead of shaping and changing the Chinese regime, Trump is more interested in economic benefits and concrete economic concessions from China. He is pragmatic, focusing on jobs and bringing them back to the United States. This was very clear in his campaign slogans and policy statements: "Since the recession of 2008, American workers and businesses have suffered through the slowest economic recovery since World War II. The United States lost nearly 300,000 manufacturing jobs during this period, while the share of Americans in the work force plummeted to lows not seen since the 1970s, the national debt doubled, and middle class got smaller."¹⁵ Given his prior business deal-making experience, President Trump believes that his job is to negotiate the best possible deals for American interests. He wants to renegotiate existing trade deals, take a tough stance on future ones, reject failed trade deals, and crack down on those nations that violate trade agreements and harm American workers. Trump has assembled a tough team to carry out his "economic nationalist" agenda in the Commerce Department, the Trade Representative Office, and the White House. This team shares the belief that trade deals were previously negotiated by and for the interest of the "Washington establishment," not for American workers. The Trump administration should fight for "fair" trade deals and bring jobs back to American workers and to support U.S. manufacturing renewal.

There is no doubt that Trump's economic nationalist agenda has had and will continue to have a substantial impact on future U.S.-China relations during the Trump administration. Washington tries to frame its policies toward China and regional and global issues from this economic nationalist logic. This agenda will dominate Trump's foreign policy approach to all international relations issues as well. From the Chinese perspective, this policy is both "good news" and "bad news." Yet it could be more positive than negative for China as it elevates the importance of economic issues in the bilateral agenda but reduces the overall pressure from the United States in terms of U.S.-China strategic competition in the Asia Pacific region and beyond.¹⁶

Another reason is Trump's transactional approach in dealing with China. As a businessman-turned-politician, Trump prefers a transactional approach to deal with other major powers. Before taking office, Trump had no foreign policy experience or vision. Moreover, he is not a man of grand ideas, not an idealist. His pragmatic approach treats foreign policy issues as a series of business deals and transactions.

This could be good news for U.S.-China relations as well. Trump focuses on outcomes, not ideologies. Trump's pragmatic approach to China breaks with his predecessor Obama's agenda, which dealt with China on human rights, civil society, and the rule of law on top of the "pivot to Asia" strategic competition with China. Based on his business experience, Trump considers himself a great deal maker. He thinks that all the problems facing the United States, ranging from trade to national security, terrorism, and immigration, are consequences of bad deals made by incompetent leaders. He is interested to see more short-term results from deal making, rather than achieving long-term world impacts or missionary goals. In his September 2017 UN speech, Trump said, "In America, we do not seek to impose our way of life on anyone, but rather to let it shine as an example for everyone to watch."¹⁷ That means that the United States will not dictate how others live and what kind of system of government they should have. This policy has virtually taken off the human rights issue from the bilateral agenda.

From his very beginnings in office, Trump started this "deal-making" approach with Chinese leaders. At the Mar-a-Lago summit, he reached an agreement with President Xi on a new dialogue framework and a 100-day early harvest trade deal. He seemed to have secured Chinese help on the North Korean issue in exchange for a more conciliatory overall policy toward China. The Trump administration did not try to settle on an overarching China strategy like the Obama administration. His issue-oriented logic comes from his business experience, not the logic of major power relations in the international system. If it is from the perspective of major power competition, U.S.-China relations should be defined by the realist logic of competition, that is, the structural power rivalry between a status quo power (the United States) and a rising power (China). Since the U.S.-China power rivalry is deeply embedded in the structure of the international system, strategic completion is not something superficial or cosmetic, rather, it is something structural. The two countries are bound to have divergent interests on many world affairs issues.

The transactional approach has its merits and downsides. Trump prefers to deal with foreign leaders directly. In 2017 he had seven telephone calls with President Xi Jinping in addition to three summit meetings in April, July, and November 2017. Among the more frequent telephone talks, it is good for them to deal with issues more directly, especially on the North Korean issue, and to nurture personal trust with each other. However, major power relations anchored on leaders' personal relationship could be fragile and not enduring. Beside informal diplomacy, Trump also prefers an informal decision-making process at home. He sometimes makes decisions spontaneously, without consulting his cabinet members. Trump's transactional approach reduces the authority of formal institution such as the State Department in the process of foreign policymaking and decision making, while allowing informal deliberations to ultimately affect the president's decision. Related to this, Trump's preference for being unpredictable is also problematic. It can make sense as a tactic, but not as a strategy. While major powers tend to assure allies and friends of strategic intentions and make themselves more predictable, keeping others, especially friends and allies, off balance is counterproductive. Frequent policy reversals and unpredictability could come at a big cost to the U.S. international credibility and reputation. In some sense, Trump's policy is creating more room of maneuvering for China in regional international relations.

The U.S.-China relationship is embedded in a larger set of Asian Pacific international relations. Trump's China policy is both the cause and effect of American Asia strategy. Countries in the region have close bilateral and multilateral ties with both the United States and China. The rise of China poses the biggest challenge for the America-led postwar order in the region. Obama's "pivot to Asia" promoted the theme of both liberal internationalism and security realism in dealing with China in the Asia Pacific. By signing the TPP, deepening alliance relations, and military redeployment, the Obama administration was successful in enhancing a U.S.-led regional order. Obama's rebalancing to Asia also empowered regional countries to take initiatives to counter China's assertive regional policy. To many American strategists, the unfinished business in Obama's "pivot to Asia" actually gave Trump the chance and setup to craft his new Asia policy if he could follow suit. However, Trump didn't want to follow suit. According to Susan Thornton, then Acting Assistant Secretary for East Asia and Pacific Affairs, "pivot" or "rebalance" was a word that was used to describe Obama's Asia policy.¹⁸

After declaring the death of Obama's "pivot to Asia," the Trump administration began to use the concept of a "Free and Open Indo-Pacific" region to describe its new Asia strategy, though it pursues similar goals of the Obama administration: containing China's ability to dominate Asia and bolstering partnerships with major partners in Asia like Australia, India, and Japan.¹⁹ Since Trump came to office in January 2017, Washington has been losing influence in Asia, especially its ability to leverage power in its relationship with China. The decision to withdraw from the TPP and other international treaty commitments has further reduced U.S. credibility in playing a leadership role in the region. In contrast, Chinese influence is on the rise through its economic statecraft and the international financial institutions such as Asian Infrastructure Investment Bank (AIIB) and the Silk Fund and its policy initiative of "One Belt One Road."

In examining Trump's China policy making, we have to consider the inside policy-making process as well. President Trump had a rocky start in staffing his foreign and security policy team. Many senior executive posts have been vacant since the inauguration. Without key personnel in place, there has been no comprehensive and sound review of future policy directions. For the first year the Trump administration had a very high turnover rate. The White House is mismanaged, with leaks and internal fighting. The foreign policy bureaucracy such as the State Department, Defense Department, and Department of Treasury is understaffed. Many of the day-to-day operations in these agencies are carried out by administrative staff in the acting capacity. More than a dozen of high-ranking officials in the Trump administration have been fired or resigned over the last 14 months, including National Security Adviser Mike Flynn, FBI Director James Comey, Chief Strategist Steve Bannon, National Economic Council Director Gary Cohn, and Secretary of State Rex Tillerson. Trump is sculpting U.S. foreign policy in his own image.

In contrast to previous administrations, the Trump administration lacks intellectual power and strategic thinking on China policy. There is no point person in charge of China policy in the administration. Trump's close aids include family members, extreme America first advocates, retired generals, and mainstream policy practitioners. These people often disagree on what to do with China. Trump's leadership style and campaign mode of policy promotion add to the problem of lacking internal consensus on major foreign policy issues. As Bader, Dollar, and Hass observe,²⁰ Trump's senior advisors have quite divergent views on

China. There are three groups of people in policymaking. The first group, including Secretary of Defense James Mattis, former Secretary of States Rex Tillerson, former National Security Adviser H. R. McMaster, and White House Chief of Staff John Kelly, has taken a relatively pragmatic approach, seeming to place value in stable relations and dialogue to solve problems with Beijing. Treasury Secretary Steven Mnuchin and former Economic Council Director Gary Cohn also belong to the first group and have shown awareness of the risks of a trade war with China. The second group, on the other hand, is the president's influential advisors in his inner circle, including Commerce Secretary Wilbur Ross, White House National Trade Council Director Peter Navarro, U.S. Trade Representative Robert Lighthizer, and former Chief Strategist Stephen Bannon. This group advocates a harder-edged response to Chinese challenges to U.S. primacy. Between the two groups are Trump's family members, especially his son-in-law Jared Kushner, the most trusted aid for Trump who has helped the president in some important foreign policy initiatives.

President Trump himself is deeply committed to his campaign promises and eager to push them forward one by one. But this agenda puts him in a difficult position with his cabinet members about policy priorities. His messages on Twitter often leave his cabinet members at a loss. To some extent we have to distinguish President Trump from the Trump administration. Trump's China policy is influenced by his personal relationship with President Xi Jinping, but his administration's policy is not quite the same. During the Mar-a-Lago summit he developed a good personal relationship with Xi. Based on this personal bond, Trump has developed a somewhat high regard and respect for Xi, which helps the two leaders value their personal relationship and keep the communication channel open.

President Trump has surmounted a steep learning curve on dealing with China and the sensitivity of the Taiwan issue. During the presidential election, Trump had harsh words on China. Before taking office, he challenged the U.S. bond to a one-China policy. His attempt to get rid of the U.S. one-China commitment and to use Taiwan as a bargaining chip to seek concessions from China on other major policy issues was widely perceived as a dangerous move. Upon realizing how infeasible this approach was to either China or Taiwan, Trump had to turn himself around and move toward a more traditional U.S. approach to cross-strait relations and American relations with the two sides of the Taiwan Strait.

2. Changing Cross-Strait Relations: From Rapprochement to “Cold Peace”

If Donald Trump's victory in November 2016 was a total surprise to everyone, Taiwan's Tsai Ing-wen's victory in January 2016 was not and even was widely predicted. After eight years under the leadership of the Kuomintang's (KMT) President Ma Ying-jeou, Taiwan's public opinions began to swing and the political power scene experienced another reshuffle. In the combined presidential and legislative election held on 16 January 2016, the DPP's candidate Tsai Ing-wen easily won the three-candidate presidential race with 56.1 percent of the popular vote, more than the votes of the other two candidates combined. The DPP legislative candidates also won a solid majority in Taiwan's Legislative Yuan. The KMT suffered a stunning defeat in both presidential and legislative elections. As the results of this election and the previous nine-in-one elections (九合一選舉) in 2014, the KMT has lost most of its power in Taiwan politics at both the central and local levels. People began to question whether the KMT could continue to serve as a counterweight and effective check on the DPP's dominance in future Taiwanese politics.

Taiwan's political changes have had tremendous impacts on cross-strait relations. The Taiwanese society has long divided on how to deal with the mainland. While the KMT favors a more ambiguous position that treats the two sides of the Taiwan Strait as one country, Tsai Ing-wen's DPP considers Taiwan is already an independent country and refuses to sign on to the “1992 Consensus,” a tacit agreement defining the political status of the two sides of the Taiwan Strait. For this reason, cross-strait relations under Tsai Ing-wen once again returned to a confrontational situation. During Ma Ying-jeou's eight years in power, Taipei and Beijing developed a state of “rapprochement” and “peaceful development” across the Taiwan Strait. After the DPP returned to power, cross-relations had another cyclic change.²¹ The “peaceful development” situation quickly disappeared in 2016 and shifted to a situation that is best characterized as a state of “cold peace” or “hardening stalemate.”

The reason for this cooling down was the vanishing of political trust between Taipei and Beijing. The political trust, developed when Ma Ying-jeou was in office, was based on Taipei's acceptance to the 1992 Consensus and the “one China framework.” For Beijing, the 1992 Consensus, though not an ideal formula, at least creates an implicit commitment on part of Taipei that both sides of the Taiwan Strait belong

to the same country and are opposed to Taiwan independence. This mutual understanding lays down the political foundation on which the two sides could continue to have exchanges and dialogues. During the KMT's rule from 2008 to 2016, Taipei and Beijing started a "rapprochement" across the Taiwan Strait. Peace and stability was brought back to the Taiwan Strait after years of tension and confrontation during the Chen Shui-bian period from 2000 to 2008. Cross-Strait substantive dialogues were resumed after the KMT returned to power in May 2008. From 2008 to 2016, institutionalized mechanisms of dialogues were developed, with direct participation by government officials from both sides in dialogues. Representing the two sides of the Strait, the Association for Relations across the Taiwan Strait (ARATS) and Straits Exchange Foundation (SEF), have signed 23 agreements during the eight years, ranging from direct three links, public health, food safety, tourism to a comprehensive trade liberalization agreement—Economic Cooperation Framework Agreement (ECFA). The series of economic accords, together with the rapid expansion of personnel exchanges and social contacts, helped to create a new level of comfort and mutual confidence across the Taiwan Strait. All these achievements, however, have been realized on the basis of accepting the ambivalent 1992 Consensus.

The 1992 Consensus, first coined by Su Chi, is an ambivalent mutual understanding about the one-China principle and the political status of the two sides in the cross-Strait relationship. It is ambivalent but constructive. The "constructive ambiguity" of the formula has created room of maneuver for the two sides to engage with each other and develop some sort of "peaceful development" in cross-Strait relations. Yet the "peaceful development" built on the 1992 Consensus is not an enduring one. The alternation of political parties in office could easily turn it over as it does not solve the structural problems in their political relations. Even during the KMT in power, the Ma Ying-jeuo government did not want to tackle the hard political issue such as the "peace accord." It took an incremental approach to solve the hard political problem about the sovereignty issue. By "shelving disputes and building mutual trust," the two sides of the Strait could harvest only low-hanging fruits and leave hardcore political issues untouched. The "structural" problem in cross-Strait relations—the sovereignty issue concerning future political relations—was left intact and remains a hindrance for future developments. That was why the two sides were making progress in economic relations but not in political relations.

Tsai Ing-wen refuses to sign on the 1992 Consensus but her government does not want to rock the boat. Actually, she inherited a strong cross-Straits relationship from the KMT government when she took office in May 2016. There was no reason for her to turn the table over. In order to continue benefiting from strong cross-Straits exchanges, Tsai Ing-wen did not repeat Chen Shui-bian's confrontational policy toward Beijing. Instead, she took an approach to the cross-Straits relationship that is focused on "maintaining the status quo" and not provoking the other side of the Strait. In her inaugural speech, she called for a continuation of the status quo and peace and stability in cross-Straits relations. She promised that her government would approach cross-Straits relations within the framework of two long-standing legal documents, the ROC Constitution and the Articles on Relations between the People of the Taiwan and the Mainland Area. She does not accept the 1992 Consensus, but she is close in acknowledging the "historical fact" of the 1992 meeting between the SEF and the ARATS.²² In her view, the "status quo" is supported by the mainstream Taiwan public opinion, and the majority of the Taiwanese populace favors the preservation of the "status quo" over taking a choice between independence or reunification at the present.

To Beijing, although Tsai does not want to openly challenge Beijing by declaring Taiwan independence, the central issue is that she has evaded answering the core political question on the one-China principle. If the Tsai government does not give an affirmative answer to this core question, the cross-Straits relationship cannot be continued as "business as usual." After Tsai took office in May 2016, all official dialogues and communication across the Strait were cut off, and the relationship began dipping to a new low. Beijing insists that formal cross-Straits dialogues must remain suspended until Tsai Ing-wen accepts the 1992 Consensus or some form of one-China policy.

Despite putting all official dialogues on hold, Beijing has thus far not shown a strong sense of urgency in pushing the Taiwan issue to be a top issue on the agenda, as long as Taipei does not provoke in pushing the envelope on independence. Xi Jinping does not give a clear answer about the timetable for reunification in his report to the CCP 19th National Congress in October 2017. Although Xi's desire to realize the great rejuvenation of the Chinese nation by the middle of the 21st century could be interpreted as the deadline for solving the Taiwan issue, it is just the long-term goal, not a concrete objective in the short term.²³ Xi Jinping states in the report to the CCP 19th National Congress, "We will expand

cross-Strait economic and cultural exchanges and cooperation for mutual benefits ... we will ensure that over time people from Taiwan will enjoy the same treatment as local people.” He also states, “We have the resolve, the confidence, and the ability to defeat separatist attempts for Taiwan independence in any form. We will never allow anyone, any organization, or any political party, at any time or in any form, to separate any part of Chinese territory from China.”²⁴ The essence of Beijing’s present Taiwan policy remains “making the stick harder, and carrot sweeter.”

Therefore, neither Beijing nor Taipei wants to escalate direct confrontation at the moment. Twenty-three agreements on trade, transportation, law enforcement, and other practical matters continue to be implemented despite ARATS-SEF communication being suspended. Tourism from the mainland sharply declined in 2017. After a few months’ observation and waiting, the mainland officials have come to conclusions that Tsai is taking an incremental approach toward Taiwan’s *de jure* independence.²⁵ In order to coerce the Tsai government to accept the 1992 Consensus, Beijing began to put increasing pressure on Taipei by conducting PLA Air Forces patrol flights around Taiwan and further squeezing Taiwan’s international space, most notably in preventing Taiwan from being present as an observer at the World Health Organization meeting in Geneva in May 2017. Panama broke relations with Taipei and established diplomatic relations with the PRC in June 2017. This was a clear signal to Tsai to end the “diplomatic truce” during the Ma Ying-jiou era. Beijing’s message is clear to Tsai Ing-wen: Taipei must clarify the nature of the relationship between Taiwan and the mainland, making clear that the two sides of the Strait belong to one country and are not two countries. While there is no compromise on this demand for a one-China position, Beijing has published a policy of continued and even enhanced efforts to improve conditions for the Taiwanese to study and find jobs on the Mainland.²⁶ Beijing is making “carrot” sweeter and the “stick” harder.

3. The U.S. Factor in Cross-Strait Relations

The United States is a key factor shaping the pattern and dynamics of cross-strait relations. The role of Washington could be crucial in tipping the balance of power across the Strait, especially during times of tension and crisis. Taiwan is important for the United States because of its geostrategic location, economic relations, being a vibrant democracy, and security value in the regional balance of power. Since the normalization

of diplomatic relations between Washington and Beijing in 1979, the United States has maintained a delicate balance in dealing with the two sides of the Taiwan Strait. On one hand, Washington has committed itself to a peaceful and non-coercive resolution of the cross-Strait impasse, that is, deterring Beijing from using coercive force to compel Taiwan for reunification. On the other hand, Washington opposes either side's unilateral move in changing the status quo in cross-Strait relations, including Taipei's unprovoked declaration of independence.

The U.S. policy of maintaining cross-Strait peace is based on its national interest in war avoidance and regional stability. According to Susan Thornton, Deputy Assistant Secretary of State for East Asia and Pacific Affairs, the United States has "an abiding interest in the preservation of cross-Strait stability, and this interest informs our overall approach to cross-Strait issues. The United States remains committed to our one-China policy, based on the Three Joint Communiques and the Taiwan Relations Act (TRA). Washington opposes the use of intimidation, coercion and the threat or use of force. ... It opposes either side's unilaterally changing the *status quo*, and urges the two sides to maintain dialogue."²⁷ Concerning the resolution of the cross-Strait political impasses, Washington takes a hands-off approach that it is a matter for the two sides to solve themselves and the United States would neither seek to mediate the dispute or pressure Taipei to negotiate with Beijing.

Following this policy, Washington often finds itself in a position that it has to make a judgement on which side is at fault in the cross-Strait conflict and who should be blamed for disturbing the cross-Strait stability. During the 1995-96 Taiwan Strait crisis, Beijing was regarded as at fault to intimidate Taiwan's election. To send a strong message to Beijing, the Clinton administration even sent two aircraft carriers to the Taiwan Strait when Beijing was conducting military exercises close to Taiwan's waters. In 2003 when Chen Shuibian was engaged in a desperate campaign for his reelection, he pushed the envelope hard by promoting a referendum on constitutional amendment and the UN application. Chen's maneuver was considered to put U.S. interests at risk and was openly criticized by the Bush administration as "making unilateral attempt to change the status quo" in a way that threatens American interests in the region.

The Beijing-Washington-Taipei triangle is dynamic and intricate. When political changes occur in Taiwan or nationalism flares up in the mainland, cross-Strait tension could arise. Between the two sides,

Washington could play an important role as a balancer, facilitator, or blocker at different levels. Yet, Washington's role in promoting and maintaining peace and stability across the Strait has become more complicated and difficult since Taiwan became a democracy. As Richard Bush observes, Taiwan's democratic transformation complicates Beijing's desire and calculus in its reunification strategy toward Taiwan. Domestic politics in Taiwan has made it more complicated for Beijing to solve the political divide between the two sides and profoundly affects Taipei's relations with both the mainland and the United States.²⁸ During the Ma Ying-jeou period, the Beijing-Taipei-Washington triangle displayed some signs of stabilization and a "virtuous cycle." For the first time in many years, the triangular relationship seemed not to fall into a zero-sum game, that is, a gain in one bilateral relationship does not necessarily mean a loss to the other bilateral ties in the triangle. The rapprochement between Beijing and Taipei since 2008 improved cross-Strait relations and reduced the weight of the U.S. factor in cross-Strait relations. The Obama administration was thus taking a more hands-off stance on cross-Strait relations, and welcomed the two sides to normalize relations across the Strait.

During the Obama period, however, a strategic debate about the U.S.-Taiwan policy emerged in Washington. The debate started with an article by Bruce Gilley in *Foreign Affairs* in 2010. Gilley argues that Taiwan's drift toward closer relations with the China mainland is clear. If this trend continues, Taiwan's relationship with China will increasingly come to resemble the phenomenon of "Finlandization," the relationship between Finland and the Soviet Union during the Cold War.²⁹ The potential challenge for Washington is that "[it] now faces a stark choice: continue pursuing a militarized realist approach—using Taiwan to balance the power of a rising China—or follow an alternative liberal logic that seeks to promote long-term peace through closer economic, social, and political ties between Taiwan and China."³⁰ To Gilley, as Taipei drifts further into Beijing's sphere of influence, the United States must decide whether to continue arming Taiwan as a bulwark against a rising China or step back to allow the Taiwanese people to determine their own future." Along a similar line of argument, some scholars call for the U.S. reconsideration of its arms sales to Taiwan and even going further by abandoning Taiwan as a strategic chip. Charles Glaser is one of the leading advocates for the "abandon Taiwan" argument. To him, "eliminating Taiwan as an 'issue' in the bilateral U.S.-China relationship will go far to ensuring that the relationship not turn antagonistic in the years

ahead.”³¹ On the other side of the debate, Nancy Tucker and Bonnie Glaser have argued strongly against such a policy change.³² To them, even Taiwan has become a “strategic liability” and an obstacle to more important U.S.-China relations; there is no guarantee that relations between the rival superpowers would get any smoother after the US abandons Taiwan. Quite on the contrary, scrapping ties with Taiwan would eventually hurt U.S. interests and credibility in international politics.

The Taiwan debate has raised some significant questions about future U.S.-Taiwan policy and especially Washington’s “strategic ambiguity” in conducting its policy toward cross-Strait issues. One of fundamental questions for the U.S. policy makers is how to preserve Washington’s influence in future cross-Strait relations while not being “entrapped” in its relations with Taiwan.³³ Over the last decade or two, economic integration across the Strait has continued to increase, and Beijing’s relative military capabilities vis-à-vis Taipei has continued to rise, while the people in Taiwan have increasingly identified themselves as Taiwanese rather than Chinese. The net effect of these trends is a reduced risk of conflict in the Taiwan Strait. During the Ma Ying-jeou period, the war risk was further reduced when the two sides signed 23 agreements, including the Economic Cooperation Framework Agreement (ECFA). The Obama administration welcomed and encouraged the rapprochement and economic cooperation across the Strait. However, there are always different views on whether a closer or weaker relationship across the Taiwan Strait would serve U.S. interests better. Robert Sutter has voiced the view that it may not be in the best interest for the United States to let economic liberalization and cross-Strait integration prevail and eventually transform future cross-Strait relations.³⁴ In that way, Washington would lose its importance and U.S. arms sales to Taiwan would eventually become unnecessary. But in an opposite scenario, it is also not in the U.S. interest to see tension and crisis across the Strait. On balance, Washington should not relinquish its leverage and control in cross-Strait relations. It should continue to approach the Taiwan issue with considerable caution given its sensitivity in Beijing and Taipei. The mainstream thinking on the Taiwan issue in Washington remains that a reduced U.S. commitment to Taiwan’s security would potentially increase the risk of armed conflict in the Taiwan Strait.³⁵

Cross-Strait relations and China-U.S. relations are contingent on one another. It is in everybody’s interests, including Taiwan’s, that China and the United States, to have a stable and cooperative relationship. When

Washington needs Beijing's support on a host of pressing world issues—from climate change to financial stability and nuclear nonproliferation—the two big powers can manage their relations better than when they are strategic competitors. Between Beijing and Washington, Taipei is the weakest party. It could spoil China-U.S. relations but could also be crushed by the two bigger players. When Ma Ying-jeou was in office, Taipei sought to have a triple win, more than a win-win, situation in the triangular relationship, that is, reducing cross-Straits tensions while, simultaneously, having stable Washington-Taipei and Beijing-Washington relations. This requires Taipei to walk on a very tight rope, making both Beijing and Washington happy at the same time. Otherwise, if none of them are happy or Beijing and Washington are in bad terms, cross-Straits relations could run into trouble again.

The current “cold peace” across the Taiwan Strait poses new challenges to Washington as well as to Beijing. When uncertainty arises in cross-Straits relations, Washington always faces a new opportunity to influence the future direction of cross-Straits relations. The Tsai government is unlikely to satisfy Beijing's demand of embracing the one-China principle. The KMT remains a weak opposition. Down the road Tsai Ing-wen is confident that her policy of “maintaining the cross-Straits status quo” and not explicitly endorsing the 1992 Consensus will prevail. Does that mean the “cold peace” will stay and Washington will support her policy?

4. Trump Administration and Future cross-Straits relations

Donald Trump is an unorthodox politician. His worldviews, unique personality, and leadership style have brought uncertainty to U.S. foreign policy as well as future policy toward cross-Straits issues. He has taken an ultranationalist stance on the issues that directly affect domestic concerns and adopted a more traditional realist approach toward pure foreign issues that do not impose costs at home. After months in office, he has been climbing up on the learning curve about foreign and international affairs. Despite a rocky start, he began to staff his foreign and security policy team with more “mainstream” practitioners. How Trump's future policy, especially China policy, will affect future cross-Straits relations depends on these factors: (1) How important is the Taiwan issue in the U.S.-China relations and in U.S. foreign policy in general? (2) Will the Trump administration play the Taiwan card to gain leverage over China? (3)

If Trump does not play the Taiwan card, are there any other issues in the U.S.-China or U.S.-Taiwan relations that could affect cross-strait relations? I will discuss these issues one by one.

First, it is widely agreed that the Taiwan's value and the importance of the Taiwan issue in U.S. foreign policy has declined and will continue to be a low priority issue compared with other burning ones for Washington. It is not likely that Taiwan's importance will take a dramatic turn to rise during the Trump administration. Although the Trump administration is still in search of a clear global and regional strategy, President Trump is very clear about his America first, not "American leadership," vision for world affairs. His foreign policy focuses on economic issues and trade, with a particular stress on promoting American jobs and trade balance. Trump is an antiglobalist. The United States under him will no longer shoulder the tremendous cost of being the world leader and taking on more international commitments. Trump is skeptical toward multilateral regimes and regional institutions like the TPP. He also has a skeptical attitude toward U.S. traditional geopolitics, alliance, and regional collective security arrangements. He keeps arguing that allies should not take advantage of U.S. security commitments and should pay the fair share of the national defense burden. During the presidential campaign, candidate Trump even argued for withdrawing American troops from Asia and letting allies like Japan and South Korea defend themselves, including acquiring nuclear weapons if possible, and this policy tone is also applicable to Taiwan. During the Obama administration, Taiwan's place and value was slightly elevated from the perspective of America's rebalancing strategy to Asia, but unlike Obama's "pivot to Asia" strategy that recalibrated U.S. Asia policy to contain the rising China, the Trump administration has no intention to design an overall containment or hedging strategy vis-à-vis China. Instead, his regional policy is narrowly focused on trade and the North Korean threat. The Trump administration also emphasizes dealing with regional countries on a bilateral basis, not through regional institutions. The TPP regional platform, which Taiwan was thinking of getting involved with, has already been scrapped by Trump.

In Trump's China policy, Taiwan is unlikely to receive a great deal of attention compared with North Korea and the Middle East. As a top priority issue, the North Korean threat has so far received most of the Trump administration's foreign policy attention. After taking office, Trump came to realize the severity of the North Korean threat. The

United States is increasingly concerned with their nuclear and missile development, which will soon enable Pyongyang to strike continental America with nuclear-tipped intercontinental ballistic missiles (ICBMs). To deal with the North Korean threat, the Trump administration considers Chinese help indispensable. To win over Beijing's full support, Trump may have to soften his stance on the South China Sea and the Taiwan issue with China.

Looking from the perspective of American foreign policy, the Taiwan issue will remain on the backburner on the regional agenda until new cross-strait tensions arise. The United States has an enduring interest in maintaining peace and stability across the Taiwan Strait. Since Tsai Ing-wen took office, Washington has acknowledged that the Tsai government does not seek to provoke Beijing and seeks to resume dialogues with the mainland. The Tsai government has made several new proposals that call for the two sides to shoulder mutual responsibility for developing a new framework for relations. To Washington, it is good and reassuring. Despite Beijing's criticism of Tsai's quiet (seemingly unprovocative) approach toward independence, Washington prefers to side with Taipei in preserving the status quo across the Taiwan Strait. It considers that Tsai's policy is sound and consistent with U.S. interests in cross-strait relations. For the United States, its role is to encourage the two sides of the Strait to keep their dialogue channels open.

Turning to the question of playing the Taiwan card by the Trump administration: First, playing the Taiwan card has its specific meaning. It means that the United States might make deals with China over the Taiwan issue. It is in line with Trump's transactional foreign policy approach. Trump's rhetoric gives the impression that he does not care much about Taiwan and can use the Taiwan issue as a bargaining chip for transaction. He may sell Taiwan for China's assistance on the North Korea issue or get Chinese concessions on other issues, but the question is whether playing the Taiwan card will serve American interest better or make the United States worse off in Asia. The answer is not so clear. It is clear that the stakes of playing the Taiwan card could be tremendous and uncertain. As was shown in President-Elect Trump's phone call with Tsai Ing-wen in December 2016, the consequences and reaction were so overwhelming that Trump had to reverse his initial position on the one-China policy. Xi Jinping has drawn a red line on the Taiwan issue in dealing with the Trump administration. The Chinese have made it clear that they will not tolerate any change to the U.S.

one-China policy. It is also clear that Beijing has no interest in making any grand bargain with the Trump administration over the future of Taiwan, which it sees as a core national interest. Making deals between big powers is a double-edged sword. Trump's policy could be a nightmare for Taipei as well because the two big guys could easily sacrifice the smaller player's interest.

Playing the Taiwan card could be dangerous for future U.S.-China relations. The Trump administration is caught up in a position between the mainstream approach and the ultra-right nationalist approach in dealing with China. The mainstream approach supports a cooperative and stable bilateral relationship with China, a position close in what Xi Jinping proposed a few years ago "a new model of major power relations." In opposite, the ultra-right nationalists in the Trump administration want to have a harder-edged policy toward China. They want Trump to adopt a tough stance on all bilateral, global, and regional issues concerning China. In their views, China is an aggressive strategic competitor that needs to be deterred with U.S. strength. The United States needs to deploy missile defense close to Chinese borders and consolidate the American alliance surrounding China. If this policy is adopted, Trump could play the Taiwan card in a fashion like what the United States did in the early Cold War years, treating Taiwan as an "unsinkable aircraft carrier." In order to deter Beijing from taking any actions that are harmful to Taiwan's interest, Washington might help Taiwan build up military strength against Beijing and expand its international space in the world. In so doing, Washington will "rediscover" the strategic value of Taiwan as a card of balancing against China. If this happens, the Taiwan Strait would be back to the center of a regional power struggle and flash point of regional conflict. That would certainly drive the U.S.-China relationship into new confrontation.

It seems not quite likely that Trump will play the Taiwan card in a way as a "strategic card" to balance against China in the Asia Pacific region. But it is not unlikely that the Trump administration will have a tacit play of the Taiwan card against Beijing. The latest example is the Taiwan Travel Act, a bill passed by both houses of Congress and signed into law by President Trump on 16 March 2018. Although the act, which allows for high-level visits between the United States and Taiwan, is not binding, it is a clear signal of diplomatic support for Taiwan over Beijing's protest. It remains to be seen whether the Trump administration will fully implement the Taiwan Travel Act in the years to come.

U.S. arms sales to Taiwan are an important issue that may affect future cross-Straits relations during the Trump administration. Through the 1979 Taiwan Relations Act, Washington considers itself obliged to continue providing arms to Taiwan to defend itself. For a long time, U.S. arms sales have also been considered an important source of leverage for Washington to interfere in cross-Straits relations. For decades after the establishment of formal diplomatic relations between the United States and PRC, Washington has maintained its influence in cross-Straits relations by its arms sales to Taiwan. Beijing has tried very hard to deprive Washington of this leverage but not successfully. Beijing's strong reactions to the U.S. arms sales did not stop Washington's arms sales. For Washington, Beijing's strong reaction indicates that with growing economic and military strength, China has become less tolerant of swallowing "the bitter fruit" of arms sales to Taiwan and has attempted to change the rules of game on that issue. For Beijing, Washington's consistent policy in arms sales to Taiwan also tells the Chinese that it is still unrealistic to ask Washington to completely stop selling arms to Taiwan, and it has to live with it for the foreseeable future.

Under Trump, U.S. arms sales are very likely to continue because the administration's policy in probusiness and in favor of creating jobs for American workers. Actually, after just a few months in office, the Trump administration announced a new arms sales package to Taiwan. The issue could lead to a new round of competition between Washington and Beijing. Despite the lack of a clear Taiwan policy in the Trump administration, conservative members of the U.S. Congress could take the initiative to drive the relationship and become a source of conflict. These members have already introduced new bills similar to the Taiwan Security Enhancement Act introduced a few years ago in Congress to force the administration to upgrade U.S.-Taiwan relations.³⁶ Although the prospects of these bills becoming law are weak, it could affect Trump's conduct in his China policy and policy toward cross-Straits relations.

5. Conclusion

The United States and China have different views on the current "cold peace" or hardening stalemate across the Taiwan Strait. But they have overlapped interests in avoiding conflict and maintaining peace and stability across the Taiwan Strait. Neither President Trump nor President Xi wants the Taiwan issue to become the top priority in their bilateral

agenda. The Trump administration, unlike the Obama administration, does not have a clear regional strategy of hedging and balancing against China in the Asia Pacific. It has no interest in pushing Taipei and Beijing to the negotiation table either.

It is unlikely that the two sides of the Taiwan Strait will come up with a new formulation that is equivalent to the 1992 Consensus or any other form of reassurance toward each other. It is also unlikely the Tsai Ing-wen government will rock the boat and move toward *de jure* Taiwan independence. Therefore, if there are no new provocative actions from the Tsai government, Beijing will withhold significant punitive actions that may hurt the people in Taiwan. Beijing is preoccupied with its domestic agenda. As long as the Tsai government is not pushing the envelope, Beijing will remain patient and let the status quo continue. So cross-strait and trilateral relations will remain in a situation of muddling through and the "cold peace" will continue for the foreseeable future.

Notes

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