In October 1995, U.S. relations with China had become tense, over the issue of Taiwan. A group of senior Chinese officers were debating with an American named Charles “Chas” Freeman about whether the United States would respond to aggressive exercises that China was planning. The exercises carried a clear signal of China’s displeasure toward Taiwan’s leaders.

Freeman, a retired foreign service officer, and an interpreter during Richard Nixon’s 1972 trip to China, had become a favored unofficial interlocutor for senior Chinese officials thereafter. Freeman said there would be an American response.

Citing America’s casualty-averse posture in Somalia, Bosnia, and Haiti, the Chinese were dismissive. One senior Chinese general escalated the rhetoric: “You do not have the strategic leverage that you had in the 1950s, when you threatened nuclear strikes on us. You were able to do that because we could not hit back. But if you hit us now, we can hit back. So you will not make those threats.

“In the end,” he said, “you care more about Los Angeles than you do about Taipei.”

The remark created a firestorm as China watchers parsed his statement. The only way China can truly harm Los Angeles is with intercontinental ballistic missiles tipped with nuclear weapons.
Freeman insisted later that the Chinese statement was made “in a deterrent context”—that is, it was about whether Washington could make nuclear threats of its own with impunity anymore—and so really did not constitute a warning to the City of Angels. One may also interpret the sentence as saying that China’s interest in Taiwan was fundamental, whereas America’s was peripheral (what might be called an “imbalance of fervor”). One may further surmise that the Chinese invective was fueled by a bit too much mao-tai. And on its own, neither the “no longer threaten with impunity” thought nor the “imbalance of fervor” thought was remarkable or necessarily false. But if words have meaning, linking the two ideas together could represent a threat to carry out a nuclear strike on California if America were to defend Taiwan.

Although the statement was uttered in the heat of the moment and probably did not reflect Chinese policy at the time, it does reveal something important about how Chinese generals thought about Taiwan, about the United States, and about the use of Chinese military power.

Rather astounding, moreover, was how little time it had taken for the United States and China to begin to think the unthinkable. A few months before, Beijing and Washington had been caught up in diplomatic disputes over human rights, intellectual property, and nonproliferation. Now, at best, they were discussing whether the United States could still engage in nuclear blackmail against China. When in January 1996 American officials learned of the Chinese general’s remarks to Chas Freeman, they interpreted them as either bluster or a calculated bluff that should not go unchallenged.

Then, in March 1996, there occurred the most significant military standoff between the United States and China in almost forty years. The root cause of this standoff, strangely, was a simple visit to Ithaca, New York. The person making the visit to Ithaca and to Cornell University there was Lee Teng-hui, the president of Taiwan, which, to the confusion of most Americans, is officially known as the Republic of China. (What we typically refer to as China is the People’s Republic of China, or PRC.) The leaders of the People’s
Republic of China took that visit as a serious challenge to their definition of what Taiwan was and its place in the world (or lack of one). Specifically, they regard Taiwan as legally part of the People’s Republic. Only through accidents of history has it not come under their sovereign control. They expect that someday it will be reunified as a subordinate unit, as Hong Kong was in 1997.

Until that day arrives, they think it perfectly logical that Taiwan leaders limit their international activities. So, in 1995, they had expected the administration of President Bill Clinton to follow their wishes and block Lee’s trip. When it did not, China initiated a sharp deterioration of relations with both Taiwan and the United States and engaged in aggressive military exercises involving the firing of ballistic missiles that landed near Taiwan’s coasts. While China never had any intention of going to war, American officials understood then that accidents could happen. They also knew that they could no longer take peace in the Taiwan Strait for granted. The combination of Taiwan’s democratic politics, the vision of its president, China’s orthodox policy toward the island, and Washington’s complex stance toward the two sides of the Taiwan Strait had triggered an emotional reaction. The region would never be the same.

Taking office in 1988, Lee had completed the hard work of transforming the Taiwanese political system into a democracy, and the culmination of that effort would be a direct presidential election in 1996. Lee was proud of those achievements, and he believed they gave him a moral authority that his authoritarian counterparts in the Chinese capital of Beijing lacked. Armed with that legitimacy, he wanted to break the diplomatic quarantine to which China had long subjected Taiwan because it believed the island was a wayward province of China that had yet to “return to the embrace of the motherland.” Lee had started his campaign to break the blockade by making trips to neighboring Asian countries. But the big prize was the United States. He had other reasons as well. Political dialogue with Beijing was at a stalemate, and Lee needed to make a point to gain negotiating leverage. An American trip would help him do that, he thought (incorrectly, as it turned out). It also would help him boost his electoral chances at home (on this point, Lee was proven right).
Lee had another, final reason to go to Ithaca: he was angry at the Clinton administration. In April 1994, he had planned to go through Hawaii on the way to South America. The United States had allowed other senior Taiwan leaders to make similar transit stops as long as they kept a low profile. But Lee wanted to raise the profile and stay long enough to indulge his passion for golf. The Clinton administration refused and allowed only a brief refueling stop. Some of Taiwan’s friends in Congress heard about Lee’s treatment and began working on legislation to restrict the executive branch’s flexibility concerning his travel. Lee went further. Through a private organization he controlled, he hired an American lobbying firm, which soon mounted a highly sophisticated effort to pressure the administration to permit him to visit Cornell, contrary to past policy. If persuasion worked, fine. If not, Congress would pass binding legislation. What harm would it do for the leader of a friendly democracy to visit his alma mater and give a speech?

China was taken aback by this turn of events. Under the rules of the game adopted after Washington established diplomatic relations with Beijing in 1979 (and simultaneously ended them with Taipei), senior Taiwan leaders could only transit through an American city on the way to visit one of the island’s diplomatic partners. And they could do so only stealthily. There could be no public events. This system provided convenience to Taiwan but preserved the Chinese claim that Taiwan was not its own country.

Lee Teng-hui’s proposal would destroy that previous facade, but the Clinton administration never gave Congress and the media a persuasive answer to the question of what harm it would do. China’s diplomats démarched the State Department to convey China’s strong opposition. Secretary of State Warren Christopher assured China’s foreign minister, Qian Qichen, that such a visit was inconsistent with U.S. policy, but he also sought to warn Beijing that Congress was about to take away the president’s flexibility. China heard the assurance but ignored the warning.

In the end, Clinton bowed to Capitol Hill and permitted Lee to come. The administration then sought to place limits on the political character of the visit, with little success. In response, and under pressure from some generals and civilian politicians, the Chinese
leadership decided that a stiff response was required to demonstrate the seriousness with which it viewed this action and to deter future transgressions. It branded the visit evidence of a secessionist plot by Lee. It suspended cross-strait dialogue between the organizations designated to forge cooperative arrangements between the two sides, on the grounds that Lee had poisoned the political atmosphere. It canceled normal exchanges of officials between the United States and China, recalled the Chinese ambassador to Washington, and delayed its concurrence with Clinton’s selection of the new American ambassador to Beijing.

And the Chinese leadership engaged in military intimidation. Routine exercises were given publicity. Of even greater concern, ballistic missiles were fired into the sea in an area eighty-five miles north of Taiwan in mid-July. That had an immediate psychological effect on the island, where the stock market fell. Air and naval maneuvers by China, complete with the firing of antiship missiles, followed in August.

Amid this and a host of other problems, there were efforts to get the U.S.-China relationship back on track. Chinese president Jiang Zemin met with Clinton in New York in late October. But Beijing’s campaign of intimidation was resuming as well. It was at this time that the senior Chinese general made his “you care more about Los Angeles” remark to Chas Freeman. In late November, a week before legislative elections on Taiwan, China’s People’s Liberation Army (PLA) conducted a relatively large-scale amphibious exercise on a coastal island to simulate an invasion of Taiwan. Lee’s Kuomintang Party did badly in the elections. Thus perhaps encouraged, the PLA prepared for the presidential election in March 1996. This time it chose to compress in time the various exercises that it had conducted over several months in 1995 (missile firings, air and naval maneuvers, amphibious landings) and move the missile firings closer to the island.

It happened that a senior Chinese foreign policy official, Liu Huaqiu, arrived in Washington the very day the first missiles were fired outside Taiwan’s two major ports, March 7, 1996. When Liu dined with senior administration officials that evening, Secretary of Defense William J. Perry was particularly harsh in his criticism of
the exercises. He called them “dangerous, coercive, absolutely unnecessary, and risky.” He compared the two closure zones to the brackets that artillerymen use to range a target (Perry had been in the artillery corps himself in the U.S. military).

Perry and his colleagues understood that China was not about to attack Taiwan, but he in particular felt strongly that the United States had to demonstrate that it could not be ignored or intimidated. So they quickly decided that action was needed to deter China from doing “something stupid” (and to impress Congress and other domestic audiences that the administration was not weak). On their recommendation, Clinton sent two aircraft carrier battle groups toward the waters east of Taiwan, much to China’s surprise and Taiwan’s gratitude.

Tensions persisted and the rhetoric flew for a couple more weeks, and then gradually tensions declined and strategists in all three capitals assessed what they had learned.6

If the goal of China’s leaders was to convince all concerned that China was dead serious about Taiwan, they succeeded with the missile tests and other exercises in the second half of 1995 and early 1996. They also had demonstrated the vulnerability of Taiwan’s economy to coercion. But they paid a high price, as well. They caused great doubt in Asia about their commitment to peace and gave Americans one more reason to wonder whether China was a friendly country. By triggering the deployment of American carrier battle groups, they sharply reduced past ambiguity about whether Washington would defend Taiwan against Chinese attack. On Taiwan in particular, there was a growing feeling that the United States would defend the island under any circumstances. And for anyone who noticed, the 1995–1996 episode revealed that while the PLA could undertake displays of force, its ability to wreak significant damage on Taiwan was quite limited. It began a program to close that gap.

For the United States, the episode also had exposed a not-so-latent tension between Taiwan’s democratic politics and China’s desire to complete its mission of national unification. Leaders in
Taipei and Beijing had previously shared a general belief that Taiwan was part of China and that unification should occur. They just disagreed on which government should rule the reunified state. Now a democratic Taiwan was asserting a right to participate in the international system, and China did not like what it was seeing. Worse, China would respond aggressively—even forcefully—to challenges to its unification goal. Washington, which had assumed before that this dispute would solve itself, now concluded that Beijing and Taipei might not act as rationally as it had expected and that the only way to protect the American interest in peace and security was to become more deeply involved.

Though it hasn’t always been at the top of the American public’s mind, this dangerous dynamic of Taiwan action, Chinese reaction, and American intervention, often accelerated by politics in each capital, would recur with alarming regularity over the next few years.

- In 1999, Lee Teng-hui made a statement about Taiwan’s political status—declaring that Taiwan and the PRC should interact on the basis of “state-to-state relations”—that China regarded as akin to a declaration of independence. The PLAs air force jets patrolled aggressively in the strait. The United States sought to dampen the dispute diplomatically.
- In early 2000, in the run-up to the next Taiwan presidential election, China announced that “Taiwan independence means war.” Beijing also believed that the goal of the opposition Democratic Progressive Party (DPP) was in fact Taiwan independence. So did a victory by the DPP candidate, Chen Shui-bian, mean war? The Clinton administration worried that it could and worked with both sides to calm the situation.
- In the 2003–2004 Taiwan presidential campaign, Chen sought reelection by playing to his political base and stoking China’s fears. Washington worried that Chen was taking its support for granted and that Beijing might overreact. It worked to restrain Taiwan and calm China.
Managing these minicrises—and preventing them in the first place—are difficult because the two sides really do now disagree on the core issue: the fundamental desirability of unification. A large part of Taiwan’s reluctance is that China’s model for unification—the one used for Hong Kong and referred to as “one country, two systems”—would put Taiwan in a subordinate position. Taiwan’s leaders believe strongly that they are a sovereign entity, equal to the mainland government, and that if unification is going to take place, it has to occur on that basis, and it could theoretically. (There are people on Taiwan who want to have nothing to do with China and who want a totally separate country, but that is another story, and those people are in the clear minority.)

That disagreement is bad enough. On top of it, however, leaders also misperceive each others’ motives, have to worry about political rivals and public opinion, and lack adequate communications channels to keep molehills from becoming mountains. So when Taipei leaders assert the island’s sovereignty, Beijing leaders tend to see a separatist plot. China has refused to have an authoritative channel with Taiwan’s president since 1999 unless the latter provides a major political reassurance—in effect, that he guarantee that he will not pursue independence. Taipei worries about the negotiating purposes to which such a concession will be put and so refuses to give it. Unlike buildings in an earthquake zone that are built flexibly to withstand most tremors, there is a rigidity in the China-Taiwan relationship that makes it vulnerable to even minor incidents.

This rigidity is not just a problem between China and Taiwan. Recall two cases between the United States and China. In May 1999, during the Kosovo War, NATO planes accidentally bombed the Chinese embassy in Belgrade. The episode created a firestorm of protest in China, with demonstrators attacking the American embassy. It is clear from official Chinese media sources, however, that within twelve hours of the attack the leadership had decided on the key factual issue: determining incorrectly that the bombing was intentional—that is, that the Chinese embassy was bombed because it was the Chinese embassy. This was after the U.S. government had declared that a mistake had been made, just as President Clinton was issuing an apology, and long before it was possible to determine
what had really happened. (That investigation would reveal that inexperienced U.S. government analysts gave the physical coordinates of the embassy to NATO targeters, mistakenly thinking it was the location of a Serbian government building.) China, based on its initial and wrong assessment of American intentions concerning the attack, then made a series of demands on the U.S. government, including punishment of those responsible for the attack.

The other episode was the clash in April 2001 over international waters between a U.S. EP-3 naval reconnaissance plane and a Chinese naval air force fighter. The Chinese pilot flew so close to the American plane that he caused a collision and crashed into the sea. Miraculously, the American EP-3 landed at a Chinese military base without being shot down, despite not being able to raise the tower. The information reaching Beijing was that the slow-moving American plane somehow turned and rammed the higher-speed Chinese jet, and the Foreign Ministry too quickly and on faith made that the basis of its demands on the United States.

Compounding these rushes to judgment—drawing invalid conclusions from available data or failing to question subordinates’ information—was an absence of communication. In both cases, American leaders and diplomats sought to use available channels to contact their Chinese counterparts and got little or no response. If the key to effective crisis management is communication, then managing crises with China can be surprisingly difficult.

To be sure, there is much that brings China and Taiwan and China and the United States together. Mutual economic advantage binds all three, as a Dell laptop computer so vividly demonstrates. The microprocessor is made in the United States; advanced components are made in Taiwan’s Hsinchu Science Park; Taiwan’s Quanta Company does the production management on behalf of Dell; and the assembly is done in China. Washington and Beijing cooperate to at least some extent on a number of foreign policy issues, the most prominent being the nuclear programs in North Korea and Iran. All three countries have much to lose from any conflict and powerful objective reasons to avoid one.
But these crisis episodes show that standing between the objective reasons to avoid war and its outbreak through some stupid accident or miscalculation are precious few fail-safes and institutional buffers.

Among all the complicated issues that China and the United States must balance in their relationship—economic, geographic, ideological, ecological—the fulcrum has become Taiwan. If we go to war against the world’s number-one rising power in the twenty-first century, the main cause and spark will most likely result from a dispute over that small island of about twenty-three million people, or one-sixtieth of the PRC’s population. And as counterintuitive as it may seem, the risks of such a war are real.

Just because there are good reasons why war should not break out does not mean that it won’t (just as the fact that there are reasons why war could occur does not mean that it will).

Here’s how war could happen. A crisis similar to the 1995–1996 problem, sparked by Taiwan’s growing sense of separate identity and China’s continued unwillingness to tolerate any such thing, recurs. Taiwan could take a major political step toward strengthening its sovereignty that its leaders might believe is reasonable and moderate but that China views as a separatist declaration of independence. Alternatively, even if Taiwan remains comfortable with the status quo, China could grow impatient about Taiwan’s refusal to agree to prompt unification on its terms. In a fog of miscommunication and politics, an enraged China prepares to attack the island while Taiwan’s leaders assume American support. The United States, bound by decades of promises and a strong sense of moral obligation to Taiwan, warns that China should not use military force and strongly suggests that the United States will defend the island. No one backs down—each has too much at stake.

Thus the first direct major military clash between two nuclear powers begins. Perhaps Chinese submarines sink a couple of ships headed toward Taiwan, leading the United States and Taiwan to undertake antisubmarine warfare operations, or perhaps Chinese missile strikes lead to reprisal attacks by the United States and Tai-
wan against the missile launchers on PRC soil. Resisting escalation in such a conflict will be very difficult. So it’s war, with the prospect that atomic weapons will be used and that the judgment/threat with which we began—“you care more about Los Angeles than you do about Taipei”—might actually be tested. Even if we’re lucky and the nuclear threshold is not crossed, tens of thousands of people could die from the direct effects of conventional war in the waters and airways near Taiwan.

There would also be further, earth-shattering repercussions. American-Chinese relations would change radically, probably plunging the region, if not the world, into another cold war that could last for decades. The U.S. economy would sink—not irreparably, but in a way that could take a decade or more to recover from. The Asia-Pacific region would begin to split into two opposing and even hostile camps, with the possibility of more wars—say, between China and Japan over oil buried in the seabeds between them—much greater than it is today.

A terrifying scenario, to say the least. Can it happen? Yes. Is there anything we can do to stop it? Absolutely. In fact, some of the right measures have been adopted, and as a result the chances of war may have been at least temporarily lowered. Ambassador Freeman estimated that the odds might have been as high as 25 percent in the 1990s; right now, the figure is substantially lower. But given the stakes, it is still way too high for comfort, and it could increase if the wrong steps are taken by one or more parties. Also, with China growing into its role as the dominant regional power, even if tensions don’t get higher, the stakes will.

More needs to be done, and the sooner the better.

First, the public needs to understand the possible dangers of conflict over Taiwan so that we have a strong base of support for the only policy that makes sense—a clear commitment to ensuring Taiwan’s security, combined with a strong resolve to dissuade Taiwan leaders from actions that would upset the status quo and undermine peace and stability. Policy elites in the United States understand the need for this balancing act, but their thinking may not always carry
the day without understanding and support from the American people.

Second, our friends in China need to understand how strongly Americans feel about Taiwan, and not underestimate this country’s commitment to its well-being. Third, our friends on Taiwan need to be responsible. They already have *de facto* independence, replete with economic prosperity, a vibrant democracy, and a reasonably secure territory. While we understand the desire of some for outright independence, totally separate from China, that would risk war, even nuclear war, involving more than 1.5 billion people and a fundamental change in the international order. It is a luxury that cannot be afforded, not now or in the foreseeable future.

Finally, military planners in both China and the United States must avoid the temptation to develop war plans that would lead to rapid escalation in any future crisis pitting their two countries against each other. There are natural military pressures and desires for such escalation, but strategically it would be hugely counterproductive. We must, of course, do everything possible to prevent conflict. But if, heaven forbid, it occurs, we must do everything possible to minimize the risks of all-out war.

If we fail to take these steps out of complacency or mistaken views about the nature of the Taiwan Strait challenge, our country may be faced with a crisis more critical than terrorism. Indeed, it could result in our greatest military threat since the Cuban missile crisis, and perhaps not one resolved peacefully this time around. It also will present us with our gravest economic challenge at least since the oil shocks and stagflation of the 1970s.

Let us be clear: we do not worry that the United States may fight China over Taiwan because we have an ideologically negative view of China. Far from it. That country has made incredible, and positive, strides over the past thirty years. China is not an evil empire, as Ronald Reagan termed the Soviet Union, nor is it ruled by menacing tyrants. The men and women who run China (mostly men) have been more successful than the leaders of any other Communist system in reforming an inefficient and outmoded Stalinist system. They still have many challenges and have not yet addressed the issue of political reform, but they have engineered sustained
economic growth, have reduced poverty significantly, and are beginning to create a middle class. They have done so by relying, among other things, on American markets, investment, and technology, and a benign U.S. foreign policy. (America has become dependent on China as well, for low-priced consumer goods and its purchase of our debt.) Moreover, there is some hope that perhaps Washington and Beijing might work together diplomatically, along with other great powers, to manage the international system for the good of all.

Yet there are reasons to think the dynamic will worsen for reasons beyond what reasonable politicians can accomplish. A special interaction occurs in the international system when a formerly weak country quickly accumulates money and military muscle and thereby reorders the previous power hierarchy. And it is usually the strongest and most established state, the one that has the greatest stake in the existing order, that watches the upstart most carefully.

Some scholars claim that world politics are actually the most unstable when a rising power confronts the leading status quo power. Whether it was Britain challenging France in the eighteenth century, or Germany testing Britain in the late nineteenth and first half of the twentieth, or the Soviet Union probing American positions in the mid-twentieth, there is a “not enough room in this town for the both of us” dynamic that makes rivalry difficult to manage. Much of the dynamic is psychological, born of the uncertainty that each party feels about the intentions of the other. Each hopes for the best but prepares for the worst, and in doing so confirms the other’s worst fears. Finally, this rivalry, fueled by uncertainty, is often accelerated by specific issues that neither can completely control. Thus World War I was triggered, literally, by an assassination in Sarajevo.

Still, skeptics might wonder why the world’s two most important states of the twenty-first century would really fight each other over a small island, however impressive as small islands go. But there are major reasons why China and the United States care so much about Taiwan.

For the Chinese leadership, Taiwan is a touchstone of the Communist Party’s legitimacy. It represents the last vestige of the
imperialist division of China during the “century of humiliation” (from the mid-nineteenth through the mid-twentieth century). Even if that did not happen, there is the anxiety that China’s long-delayed quest to reenter the ranks of the world’s great powers, something denied them for the past half century, would be incomplete until the Chinese flag flies over Taiwan. In this mind-set, a divided nation is still a weak nation. Then there is the anxiety that if Taiwan were allowed to secede, Tibet in the southwest and Xinjiang Autonomous Region in the northwest could be next—with a potential domino effect that could splinter the middle kingdom. So handling the Taiwan issue well is a key test of any Chinese leader’s ability.

For leaders in Washington, America’s ties to Taiwan have been strong for more than half a century, and the United States has threatened force against China before (in the 1950s) over the issue. In the past decade or so, as Taiwan has become both democratic and rich, America’s moral and political commitments to Taiwan have only strengthened. In the 1995–1996 crisis, as we described above, the Clinton administration sent aircraft carriers near China as a show of force. In 2001, George W. Bush promised that the United States would do “whatever it takes” to help Taiwan defend itself. So American values, history, and concerns about credibility are all at issue over Taiwan.

Abandoning Taiwan in its moment of acute need would surely make many around the world question the continued trustworthiness of the United States. Traditional allies such as South Korea and Japan would likely reassess the security calculus. Would they accommodate fully to China as the new hegemon in East Asia? Would they develop nuclear weapons to ensure their own security as a result? It’s hard to predict what they would do, but it is certain that there would be a fundamental tilt away from the United States. Countries such as Saudi Arabia might do the same, or feel the need to curry favor with powerful but aggressive neighbors such as Iran to ensure that they would not wind up at war with them.

None of these reasons is powerful enough to justify war. But all are convincing enough to many leaders in Beijing and Washington to justify taking some risk of war to protect their key interests. That
means a process can begin that, if mismanaged, can escalate out of control. It should not. But it could.

China, we believe, will be the world’s next great power—most likely all alone in the number-two spot within a few decades and perhaps even laying claim to the title of the world’s other superpower sometime in this century. This poses a fundamental challenge to the United States and to the leaders of both countries.

There is no guarantee that a rising China will challenge the United States for dominance in East Asia, much less in the world. China’s leaders have not, as far as anyone knows, decided what kind of great power they want their country to be. A relationship of cooperation and coexistence is certainly conceivable. Yet it is not assured, and as a result, both Beijing and Washington have begun to hedge in case things do not turn out for the best. Far and away the most likely trigger of a U.S.-China war and of long-term enmity, in spite of our shared interests, is Taiwan. Get that issue right and the U.S.-China relationship—as well as the overall power structure of the international system—are likely to prosper. Mismanage it and the result could be catastrophic.