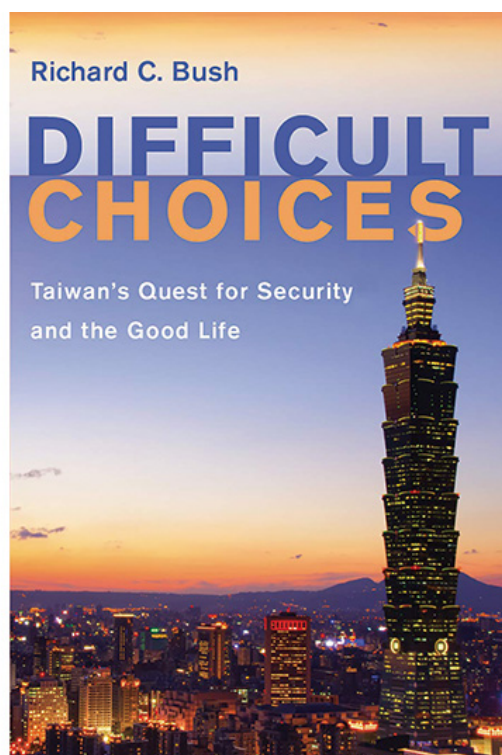


## Faced with Myriad Challenges, Taiwan Must Choose Wisely - Taiwan Business TOPICS



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***Brookings Institution senior fellow Richard C. Bush's comprehensive new book on Taiwan describes in great detail the delicate balancing act Taiwan must play regarding not only its international status and the tenuous cross-Strait relationship, but also a host of thorny domestic issues impacting the island's future.***

When it comes to explaining Taiwan, Richard C. Bush is a one-stop shop. Diplomat, congressional staffer, intelligence officer, think tanker, and prolific scholar, he knows Taiwan inside and out, top to bottom, from every angle, and has written a series of books and articles over the years exploring different aspects of its domestic and external challenges. The titles of previous books – *At Cross Purposes*, *Untying the Knot*, *A War Like No Other*, *Uncharted Strait* – make clear that he

sees these challenges as exceptionally difficult, which brings us to his latest work with the unvarnished title, *Difficult Choices: Taiwan's Quest for Security and the Good Life*. Right off the bat, the first sentence, "Taiwan has never had it easy," sets the stage for the rest of the volume.

Of course, it's not all negative, and Bush reviews the large number of impressive successes to Taiwan's credit: economic, social, and political. The kicker, of course, is that to some degree, Taiwan is a victim of its own success, as each achievement paves the way for new challenges and – in too many cases – also creates obstacles to solving them. And the major issue he devotes a lot of attention to is one of Taiwan's most outstanding successes, its transition from authoritarianism to democracy.

Democracy has made it possible to expose and debate many issues that had been effectively suppressed under the four-decade-long one-party authoritarian rule of the Chinese Nationalist Party (KMT). High on the list is cross-Strait relations, and the very identity of Taiwan. Is it a province of the Republic of China? The rump Republic of China? Province of the People's Republic of China? An independent nation-state that is neither China? And now that this topic is out in the open, it has repercussions not only for Taiwan domestically, but also for the PRC and the U.S., the main security guarantor for the island.

Although cross-Strait relations are possibly the toughest nut to crack, Bush's focus is much broader, as he situates that problem in the larger context of a laundry list of dilemmas facing Taiwan, highlighting the difficulties that the still-evolving political institutions pose for solving them. It is here that he demonstrates his mastery of basically every nook and cranny of Taiwan.

Interestingly, Bush doesn't really begin delving into politics per se until 100 pages in. Quite significantly, before that he devotes a chapter each to Taiwan's government budget and energy policy – possibly not the most engaging subjects, but illustrative of his theme of difficult

choices Taiwan faces and how the political institutions and practices make it very hard to resolve them satisfactorily. His overall grade for the performance of the political system is “suboptimal.” On energy in particular, he notes that the government wants to reduce dependence on highly polluting coal and oil and increase use of renewable solar and wind. Yet another possible source, nuclear, is anathema to the (currently) ruling Democratic Progressive Party, thus reducing the flexibility of the government to come up with what he calls “a sustainable, mixed strategy.”

The book’s chapter on the economy draws our attention to issues central to readers of *TOPICS* – in particular, Taiwan’s place in global supply chains, especially the IT sector. Here, Bush emphasizes two points: one, that Taiwan has something of a dual economy, with the IT sector accounting for half of the island’s economic growth and activity, while the rest still comprises mainly small and medium enterprises that tend to be inefficient, paying low wages and not employing enough workers. In fact, young people appear to be pretty glum about their prospects as regards jobs and their future standard of living. Bush notes that if there is a major cleavage in Taiwan society, it is based on age.

The second point Bush makes about Taiwan’s IT sector is that it is overconcentrated on producing hardware when it should expend more efforts on developing software. This could also go a long way in offering better employment opportunities to job seekers who feel that their talents are being underutilized (and certainly underpaid), and thus continue to look for better positions outside Taiwan, including China.

Not surprisingly, Bush devotes a lot of attention to cross-Strait issues and what he refers to as “Beijing’s Taiwan ambition.” He helpfully deconstructs Xi Jinping’s Taiwan speech from January 2019, the 40th anniversary of another Taiwan speech that significantly shifted Beijing’s policy from “liberation” to “peaceful unification.” Unhelpfully, Xi continued to promote the “one country, two

systems” formula, which has proven to have no market on the island. Later that year, Hong Kong, where the policy has allegedly been implemented, exploded in violent protests culminating in a National Security Law which effectively terminates anything resembling “two systems.”

Bush coins the phrase “coercion without violence” to capture what he sees as Beijing’s strategy, particularly as long as Taiwan has a DPP-led government. Since the book came out, evidence has only accumulated of the ways in which Beijing takes “action to punish, pressure, or marginalize the Tsai administration,” both by interfering in Taiwan’s internal affairs and shaping the external environment to isolate and threaten the island. This is supposed to win hearts and minds? And based on the book’s theme, Taiwan is divided over the best approach to coping with the security challenge that Beijing poses – accommodation and reassurance associated with former KMT president Ma Ying-jeou or avoiding provocation a la Tsai Ing-wen. Bush reviews shortcomings in Taiwan’s defense capabilities and ambiguities within the populace about what Taiwan should do with its military.

The book lays out an almost overwhelming number of “difficult choices” facing not only Taiwan, but also Beijing and Washington. The author helpfully provides historical background for each of the knotty problems, as it is critical to understand that they haven’t just dropped from the sky, and that they continue to evolve, both from structural causes as well as the actions of specific figures such as Tsai Ing-wen, Xi Jinping, and Donald Trump.

Bush keeps returning to critical divisions within Taiwan’s political system and society over pretty much every issue. One danger that he cites is majoritarianism, namely the fact that, due to the nature of the electoral system, Taiwan is likely to have one-party dominance for a long time. This is not the same as KMT authoritarianism, of course, but it does make it possible to drown out reasoned debate. Given the

shocking disarray of the KMT at present, its ability to mount an effective opposition is dim.

What does Bush suggest that the U.S. can and should do? Certainly, it has to make clear to Taiwan that it needs to get its act together economically, militarily, and with regard to cross-Strait relations. The book was published early in the Biden administration, so it was too early to address his team specifically. Still, Bush forcefully states that “the United States badly needs to correct the damage that the Trump administration did to the way that foreign policy and national security policy is made and implemented,” mainly by “a return to the institutionalized, inclusive, bottom-up, and expert-based process of past administrations.” Specific policies involve mitigating the island’s marginalization, a key pillar of Beijing’s strategy. A free trade agreement is a good place to start.

Furthermore, the U.S. should help Taiwan improve its military capabilities and find ways to boost its self-confidence. On the “strategic ambiguity” issue, Bush advocates “dual deterrence” to discourage both sides from changing the status quo, and for the U.S. to ensure that, should it intervene, it would do so effectively.

As one would expect from someone of Richard Bush’s expertise and experience, this book is a comprehensive and invaluable presentation of the situation as of early 2021. If Xi Jinping were to read one book to understand Taiwan inside and out, this should be on his nightstand.

*Taiwan Business TOPICS* prides itself on being one of the premier English-language sources of in-depth, original coverage of business and economic trends in Taiwan. It was thus a true honor for the magazine’s editorial staff and writers that *TOPICS* articles and the AmCham *Taiwan White Paper* were cited over 60 times in *Difficult Choices: Taiwan’s Quest for Security and the Good Life*. In fact, certain sections of the book, such as the chapter on Taiwan’s energy policy, relied heavily on thoroughly reported articles written by former *TOPICS*

Associate Editor Timothy Ferry.

Other feature stories, including several written by frequent contributing writers Matthew Fulco, Jane Rickards, and Philip Liu helped inform the book's chapters on the Taiwan government's official budget, its economic challenges, U.S. policy toward Taiwan, and others. In addition, an article on Taiwan's IT industry written by 2015 Summer Publications Intern Molly Reiner and another penned by longtime member, management consultant, and Managing Director of Z&A Knowledge Solutions William Zyzo were referenced in sections of the book regarding talent issues in Taiwan.