The Balance of Threat across the Taiwan Strait: A Game Theoretical Analysis

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Based on Stephen Walt’s balance-of-threat theory, this article models the interactions among the United States, Taiwan, and mainland China in a three-stage sequential game of complete information, and the interactions between Taiwan and mainland China without the U.S. commitment to defend Taiwan in a two-stage sequential game of complete information, respectively. By comparing the equilibria of these two games, this article explores theoretically the U.S. role in constructing the balance of threat across the Taiwan Strait. Furthermore, based on the scenarios yielded by the three-stage sequential game, this article narrates the evolution of security situation across the Taiwan Strait and how the United States has been maintaining the balance of threat in that area. In conclusion, this article speculates on the future of cross-Strait relations.

Key words: China, Taiwan, United States, Balance of threat, Game theory

I. INTRODUCTION

The tense relationship between mainland China and Taiwan has been a potential source of conflict in the Western Pacific region for decades. The tensions used to arise from the belligerency between the Kuomintang (KMT) and the Chinese Communist Party (CCP), resulting from the Chinese civil war in the second half of 1940s. Since the early 1990s, along with its nativization (bentuhua) and democratization (minzhuhua), Taiwan increasingly sought to define its own national identity and international status. However, it has faced tremendous diplomatic and military pressures from mainland China, which insisted that Taiwan is part of China. These pressures peaked in 1995-1996 when mainland China test-fired missiles in the Taiwan Strait. Since Taiwanese President Lee Teng-hui stated in 1999 that the relationship between mainland China and Taiwan was a “special state-to-state relationship” (teshu de guo yu guo guanxi), nearly all official channels of cross-Strait political dialogue have been frozen. The cross-Strait political relations further deteriorated after the pro-independence Democratic Progressive Party (DPP) became

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Taiwan’s ruling party in 2000. Recently, the visits of Taiwan’s opposition leaders to mainland China have somewhat alleviated the cross-Strait tensions.

This article argues that underlying the cross-Strait tensions is the balance of threat among mainland China, Taiwan, and the United States. Before the late 1970s, mainland China had been threatening to take over Taiwan by force. And for decades, mainland China has been threatening that it would attack Taiwan should Taiwan declare independence. However, since the outbreak of the Korean War in 1950, the United States has, through military actions, treaties, and official speeches, made a commitment to defend Taiwan against mainland China. Since the late 1970s, the United States has been maintaining a “strategic ambiguity” policy established by the three U.S.-China communiqués and the 1979 Taiwan Relations Act (TRA). On the one hand, the United States has acknowledged that “there is but one China and Taiwan is part of China.” On the other hand, it has been helping preserve Taiwan’s de facto independence through arms sales and military cooperation. Facing mainland China’s threat, Taiwan’s security hinges on whether the United States will join the war to defend Taiwan should a war break out. Section 3301(b)(4)-(6) of the TRA states, “It is the policy of the United States...(4) to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States; (5) to provide Taiwan with arms of a defensive character; and (6) to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.” While legalizing the U.S. security commitment to Taiwan by means of domestic law, the TRA does not stipulate a clear-cut binding duty for the United States to join the war to defend Taiwan should a war break out in the Taiwan Strait. Actually, the essence of the “strategic ambiguity” policy is that the United States is ambiguous about whether to join the war to defend Taiwan or not. Moreover, the degree to which the United States professes its commitment to defend Taiwan has become an important policy variable. The United States can vary its commitment level in order to control the perceived probability that it will intervene to defend Taiwan should a war break out, and in turn to determine the probability that mainland China will win the war. In this way, the United States can deter both mainland China’s pursuit of unification and Taiwan’s pursuit of independence.

The research question of this article is: “What role has the United States been playing in constructing and maintaining the balance of threat across the Taiwan Strait?” Taiwan has, either formally or informally, allied itself with the United States to balance against the threat from mainland China. Nonetheless, when Taiwan increasingly prefers de jure independence to the status quo, Taiwan itself poses a threat to the established balance of threat: Taiwan’s move to declaration of independence could provoke military actions by mainland China, and in turn would involve the United States into a war with mainland China. In order to restrain