

**Comprehending Strategic Ambiguity:
US Security Commitment to Taiwan**

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ABSTRACT

In the contemporary policy debate regarding the efficacy of strategic ambiguity as an appropriate policy for today's Taiwan Straits conflict, there are presently on the table three main proposed policy solutions for the US role in the Taiwan Straits security situation: 1) abandon strategic ambiguity and specify in advance US defense commitment to defend Taiwan; 2) abandon strategic ambiguity and declare that the US will punish whichever player first moves to upset the status quo; or 3) continue to be ambiguous about US commitment to defend Taiwan. In this paper, we develop a game-theoretic model to study the conditions under which an ambiguous security commitment can actually work to preserve the status quo by preventing both China and Taiwan from provoking each other. The game model helps clarify why in dual deterrence cases like the Taiwan Straits conflict, the first two strategy alternatives are less effective than the strategic ambiguity policy option.

Comprehending Strategic Ambiguity: US Security Commitment to Taiwan

One of the most puzzling aspects of US foreign policy toward the security issue in the Taiwan Straits is the notion that peace and stability can somehow be brokered by deliberately increasing the level of uncertainty in a stressful crisis situation. On first glance, such a policy strikes one as being, at best, unlikely to succeed and, at worse, dangerously risky and irresponsible. Yet, this is precisely the nature of the policy that dictates the content of US commitments in the dispute over the official status of Taiwan. The policy at issue – the policy often referred to as “strategic ambiguity” – has for decades sought to balance competing US interests in both China and Taiwan, and, at the same time, maintain credibility, peace and stability in the region.

The Taiwan Straits conflict stems from a long-standing disagreement between the PRC (China) and the ROC (Taiwan) over the official status of China’s governing power. While both officially agree to a “one China” policy, the PRC considers itself the legitimate governing seat for all of China and the ROC refuses to acknowledge the PRC as China’s legitimate ruling power. On the island of Taiwan, “one China” interpretations range from abstract geographical or cultural designations to an undefined political objective to be achieved at some unspecified time in the future once the political ideologies of those on the mainland and Taiwan converge. For those on Taiwan who agree upon the latter, more politically literal one-China interpretation, the question at issue is the specification of the conditions under which Taiwan and China will eventually be united. In the meantime, Taiwan continues to strive to increase its international identity as a sovereign democratic government. Beijing views Taipei’s maneuverings in the international arena and its equivocation on its definition of and commitment to a

unified one-China as a deliberate attempt to gradually creep toward independence.

Hence, in its resolve to maintain China's territorial integrity, China, which views Taiwan as a renegade province, refuses to renounce the use of force in order to frustrate any attempt on Taiwan's part to move toward independence.

For the US, its interests are best served if the status quo in the Taiwan Strait is not disturbed. China is a vast potential market for US businesses, and Taiwan, long a faithful ally to the US, continues to be one of the US's top trading partners. US economic interests on the Chinese mainland would be harmed if the US became involved in a military confrontation with China over Taiwan's official status. On the other hand, to abandon Taiwan in a cross-strait conflict would damage US international credibility and interrupt US economic interests on Taiwan. Not only does the status quo in the Taiwan Straits favor US economic interests, but, because of China's increasing ability to impact global affairs, it is in the US most vital strategic interests to urge China to pursue international and domestic political goals that are more closely aligned with top US priorities. Correspondingly, the US believes that a democratic, market-friendly China would be the most likely to contribute to an international environment most favorable to US economic and security interests. Thus, from a US perspective, the maintenance of the status quo will contribute to a peaceful transformation on the mainland that will benefit the US.

China's and Taiwan's conflicting demands in regards to the cross-strait dispute, however, threaten to upset the status quo and thus harm US interests. In order to balance its strategic interests in the Taiwan Strait, the US has pursued a policy of strategic ambiguity, a policy that intentionally introduces uncertainty into the decision-making

processes of both China and Taiwan. Under this policy, the US resists specifying the conditions under which it will become involved in the Taiwan Strait issue, and, instead, hopes that the disputants' lack of certainty about US intentions will discourage them from provoking one another.

In recent years, especially in the years since the 1996 missile crisis, there has been a great deal of discussion regarding the ability of the US strategic ambiguity policy to manage effectively the increasing tensions between China and Taiwan. Opposing positions generally agree that the changing dynamic in the Taiwan Straits has and continues to give rise to new factors that prefigure an inevitable collision between China and Taiwan. Strategic ambiguity opponents thus contend that this new strategic environment warrants the replacement of US's ambiguity policy with a clearer US policy directive that will, at the very least, not cause a confrontation due to Chinese or Taiwanese misinterpretation of US intent and, ideally, that will also provide a clear solution to the growing conflict between the two sides.

The following paper evaluates the notion that strategic ambiguity is no longer necessary to deal with the increasingly complex nature of the cross-strait dispute. We first set forth the main anti-ambiguity arguments and the solutions proposed by each. Then, in order to understand the background of the formulation of strategic ambiguity in US foreign policy, we look at two historical examples – the 1954 Quemoy crisis and the 1996 missile crisis – where the US ambiguously negotiated its way through each crisis and still managed to preserve its own interests. We are interested in these two examples because we can evaluate the current applicability of strategic ambiguity by comparing the circumstances under which President Dwight D. Eisenhower used strategic ambiguity to

manage the Quemoy crisis with the crises that have and potentially might arise out of current cross-strait tensions. Each of these crisis examples are especially interesting because they involve the similar type of stressful environment that today's ambiguity opponents believe warrants replacing strategic ambiguity with a more transparent policy. We then set forth a game that captures the strategic interaction of the three players involved in the conflict. Our game theoretic analysis will reveal the conditions under which the policy of strategic ambiguity can secure peace and stability in the Taiwan Strait. In the final section, we draw some specific conclusions about the relevance of a strategic ambiguity policy to today's cross-strait dispute.

Objections to Strategic Ambiguity

Opponents of strategic ambiguity typically point, either explicitly or implicitly, to three growing trends in the changing nature of PRC-ROC relations to justify their claim that the US should clarify its policy on Taiwan.¹

1. *Taiwanese Nationalism.* Taiwan's democracy and thriving economy have given rise to growing Taiwanese nationalism and a desire for increased international recognition. Taiwanese people, who have enjoyed a great deal

¹ There is widespread agreement that these changing elements in China's relationship with Taiwan are producing a new dynamic that affects the balance of power in the straits and threatens the possibility of a peaceful resolution to the cross-strait conflict. See, for example, *Managing the Taiwan Issue: Key is Better U.S. Relations with China*, Report of an Independent Task Force, Sponsored by the Council on Foreign Relations, 1995; Testimony of Carl W. Ford, Jr. given before the Senate Committee on Foreign Relations, March 25, 1999; T. Y. Wang, "Strategic Ambiguity: An Outmoded Relic of US Foreign Policy," working paper, 1997.

of economic success through foreign trade, are beginning to demand, through democratic means, that their government find ways to increase the international identity of Taiwan.

2. *Chinese Nationalism.* With the erosion of communism as an ideology on the mainland, Beijing is scrambling to establish a justification for the legitimization of China regime. China, therefore, is aggressively pushing for the preservation of its territorial integrity as a top political and military priority.
3. *Military Imbalance.* The growing imbalance of military power in the Taiwan Strait reduces the cost to China of using its military might either to force directly or to pressure Taiwan through coercive means to agree to PRC terms for unification. Due to US arms sales constraints, Taiwan's military is unable to access easily the most advanced weapons systems. As China grows militarily, Taiwan, which is increasingly unable to defend itself, must rely more and more on the US for its defense. However, as China's military begins to emerge as a force that can directly threaten US territory, US commitment to defend Taiwan becomes less and less credible.

Given that China and Taiwan are both pursuing interests that situate them on a collision course with one another, the US must, in the eyes of strategic ambiguity opponents, clarify its policy lest all involved become entangled in a disastrous outcome. Since the 1995-96 Taiwan Straits missile crisis, many US policy-makers and policy-hands have begun to propose alternatives to existing US policy, suggesting that the imprecision of strategic ambiguity could bring about unintended hostilities, especially if

Beijing mistakes Washington's lack of specificity for unwillingness to commit US military forces to Taiwan's defense. Policy alternatives generally agree that the US should make its intentions clear by announcing the level of its commitment to Taiwan in order to avoid the possibility of PRC or ROC miscalculation (Wang 1997). We set forth two popular policy alternatives to strategic ambiguity. The first is the proposal that calls for an increase in US defense commitment to Taiwan, and the other is the approach that believes the US ought to prevent Taiwan from declaring independence and China from using force against Taiwan.

The existing US policy as framed by the Taiwan Relations Act (TRA) asserts that the US deems "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." Those who call for higher defense commitment levels for Taiwan, however, go beyond the existing ambiguity of US defense assurances in current US policy. Rather than merely insisting on a peaceful resolution to the Taiwan issue and leaving ambiguous the specific conditions under which the US would back this demand, these proposals call for a shift in US policy to an automatic commitment of US military forces to the defense of Taiwan.

Amongst those who have called for higher levels of commitment, California Rep. Christopher Cox has said, referring to China's 1996 military exercises, that "All of these things are changed circumstances, and they require a response"² In March 1996, House Republicans introduced a non-binding resolution that called for guarantees that "the U.S. military forces should defend Taiwan in the event of invasion, missile attack or

² Jim Mann, "House GOP Wants U.S. Pro-Taiwan," *Los Angeles Times*, 6 March 1996, sec. A.

blockade by the People's Republic of China.”³ During a 1997 trip to China, House Speaker Gingrich told a group of PRC officials, “We want you to understand that we will defend Taiwan. Period.”⁴

Unlike the proposal that calls for transparent US commitment, the other policy alternative to strategic ambiguity addresses the real possibility that Taiwan, sufficiently defended and itself undeterred, may provoke China by moving toward independence. This policy alternative proposes to achieve peace and stability by insisting that China renounce any prospect that it might use force against Taiwan if Taiwan will forswear taking any steps toward independence. The US would then punish whichever side instigates a conflict. Since Taiwan's tendency to creep toward independence poses the most immediate threat to the cross-strait balance, the most urgent task is to prohibit Taiwan from doing anything that would provoke a response from Beijing.

Joseph Nye, former assistant secretary of defense for international security affairs in the Clinton administration, has previously set forth one such proposal. Calling for an abandonment of the “calculatingly ambiguous” language of the Shanghai Communiqué and the TRA, Nye's plan proposes that the US should do three things: 1) declare that the US will neither defend Taiwan in the event that Taiwan declares independence nor will it accept China's use of force to keep Taiwan from becoming independent; 2) negotiate more international living space for Taiwan contingent upon their willingness to reject independence as a possibility; and 3) insist that Taiwan express its willingness to avoid

³ Ibid.

⁴ Steve Mufson, “Gingrich Tells China U.S. to Defend Taiwan,” *Washington Post*, March 31, 1997, sec. A.

any movements toward independence.⁵ This approach, if pursued, would abandon current US strategic ambiguity policy by proposing that the US interfere with China's internal affairs, take a position on the future status of Taiwan, and stipulate in advance the conditions under which the US would defend or abandon Taiwan.

Both categories of anti-ambiguity positions perceive a need to adjust US foreign policy away from ambiguity on the basis that strategic ambiguity is ill-equipped to handle the current trends in the cross-strait conflict. Our objective is to evaluate both policy solutions to discover which, if either, proposal produces an outcome most favorable to the security situation in the Taiwan Straits. This, of course, means that we need to come to a greater understanding of the way that the US policy of strategic ambiguity works in the cross-strait conflict. We thus evaluate strategic ambiguity in the context of two historical examples -- the 1954 Quemoy crisis and the 1996 missile crisis. The 1954 Quemoy crisis illustrates how President Dwight D. Eisenhower deliberately used ambiguity to negotiate one of the most stressful crises in the history of the Taiwan Strait conflict. We then compare the Quemoy crisis with the circumstances involved in the post-containment era to learn whether or not strategic ambiguity should still apply. In particular, we look at the 1996 missile crisis, comparing the dynamics of that crisis to the crisis that Eisenhower faced.

Strategic Ambiguity in the 1954 Quemoy Crisis

Some regard strategic ambiguity as a Clinton administration creation. Others view strategic ambiguity as a 20 year-old policy guideline that emerged from the

⁵ Joseph S. Nye, Jr., "A Taiwan Deal," *Washington Post*, March 8, 1998, sec. C.

institutional matrix defined by the 1972 Shanghai Communiqué, the 1978 Joint Communiqué on the Establishment of Diplomatic Relations Between the United States of America and the People's Republic of China, the 1979 Taiwan Relations Act (TRA), and the 1982 United States-China Joint Communiqué on United States Arms Sales to Taiwan. While some may argue that the Clinton administration's policy toward the Taiwan Strait issue largely followed a strategic ambiguity approach, the policy of strategic ambiguity itself "is certainly not," in the words of Georgetown University historian Nancy Bernkopf, "a Clinton policy, and it is not a Democratic policy."⁶ Indeed, strategic ambiguity is not even a policy that is unique to the policy framework of the TRA and the three communiqués. According to Bernkopf, "[The concept of] strategic ambiguity goes back to the Eisenhower administration. It began with President Dwight D. Eisenhower and [Secretary of State John Foster] Dulles not wanting the Chinese to know what we were going to do in the Taiwan Strait."⁷

During the 1950s the United States became involved in a dispute between China and Taiwan over the official status of some of Taiwan's offshore islands. The new PRC government wanted to liberate all of China, which meant that the Communists hoped to wrest Taiwan and its offshore islands from Nationalist occupation. Chiang Kai-shek's Nationalist government, which had recently retreated from China's mainland to Taiwan, viewed its stay on Taiwan as only temporary and hoped to create an opportunity to launch an attack on the Communists in an attempt to reclaim rule over all China. Throughout President Eisenhower's administration, US commitment to defend Taiwan

⁶ Mann, sec. A.

⁷ Ibid.

was never in question. The US, which was determined to contain the expansion of communism, considered it in its own security interests to keep Taiwan in the friendly hands of the ROC government. The sensitive issue for the US, the predicament that Eisenhower later referred to as a “horrible dilemma” (Eisenhower 1963, 463), was whether or not the US would commit itself to the defense of Taiwan’s offshore islands. The Nationalists claimed that the loss of the offshore islands to China would result in widespread defections of frustrated Taiwanese to the Communist government on the mainland. Facing what he considered to be the real possibility that PRC occupation of the offshore islands might threaten a Communist takeover of Taiwan, Eisenhower did not believe that a foreign policy, which would essentially cede the offshore islands to China, would be in the US’s best strategic interests in that part of the globe. On the other hand, however, the US was feeling fatigued from World War II and the Korean War, and so Eisenhower was careful not to risk becoming involved in an unpopular military conflict with China by over-committing the US to the defense of the offshore islands.

Given Nationalist motivations, even limited US involvement brought about an especially high danger of the US becoming embroiled in an undesirable conflict. From a Nationalist perspective, two critical factors were necessary for a successful mainland recovery attempt: 1) ROC occupation of military outposts on the strategically located offshore islands, and 2) US assistance. Thus, in addition to the direct threat posed by the expansionist-minded Chinese Communists, Chiang Kai-shek and his Nationalist military also threatened to upset the delicate security balance by taking advantage of the US presence to provoke China. Eisenhower had to find a policy that would deter the PRC from launching a full-scale attack on the offshore islands while simultaneously

restraining Chiang from taking any actions that would embroil the US in a confrontation with China.

The resultant solution was a policy that Secretary of State Dulles later described as “deterrence by uncertainty” (Change and Di 1993, 1511). During the months that spanned the height of the 1954-55 Quemoy crisis, the US strove to send signals that instilled conflicting beliefs about US intentions. US actions gave China the impression that the US was committed to the defense of Quemoy and Matsu while, at the same time, convincing Chiang that the US had no intention of coming to the aid of the offshore islands, especially if a PRC attack on the islands was a response to some kind of Nationalist provocation.

On September 3, 1954, China began a limited shelling campaign on the Quemoy islands that lasted intermittently for the next several months. In the wake of the initial Communist shelling campaign of the Quemoy islands, Eisenhower signed a mutual defense treaty with the ROC and sought a joint resolution from Congress. The mutual defense treaty, together with its accompanying treaty notes, extended US commitment to Taiwan and “such other territories as may be determined by mutual agreement.” The joint-resolution, the language of which Eisenhower wanted to be deliberately ambiguous (Divine 1981), authorized the president to use force to protect Formosa, the nearby Pescadores, and “closely linked localities.” Both China and Taiwan must have felt baffled. On the one hand, China had to assume that for the US to go to the effort of securing a joint resolution and also including vicinities beyond Taiwan in a mutual defense treaty with Taiwan, it meant that the US was serious about the defense of the offshore islands. On the other hand, Taiwan could not take the US for granted, for the

US did not explicitly state that it would defend the offshore islands and failed to include any specifics about the conditions under which it would even be willing to defend those ambiguously defined territories.

In addition to the ambiguous mutual defense treaty and joint resolution, Eisenhower also advanced ambiguous statements throughout the crisis situation. Sometimes he would downplay the willingness of the US to become involved, and, at other times, he or the Secretary of State would make statements about the possibility of using nuclear weapons in the Taiwan Straits. By late May, China formally ceased firing on the Nationalists in the Taiwan Strait. After months of tension, the Quemoy crisis finally came to an end.

While never specifying the conditions under which the US would interpose its military into the conflict, the Eisenhower administration consistently expressed its grave concern regarding the crisis in the Taiwan Straits and then affirmed its commitment to protect US interests with whatever means necessary. Remarkably, to this day “no one can be sure whether or not the US would have responded militarily to an invasion of the offshore islands, and whether or not the US would have used nuclear weapons” (Divine 1981, 65).

Strategic Ambiguity in the Post-Containment Era

Many aspects of the US-PRC-ROC relationship have changed since the Eisenhower administration. In the two decades that followed the 1950s Quemoy crises, both the US and China placed the Taiwan issue lower on their priority list in order to promote Sino-US relations in other, more urgent areas. Although the 1972 Shanghai

Communiqué did bring about the immediate abrogation of Eisenhower's 1954 Mutual Defense Treaty with the ROC, and although the Taiwan issue was still a source of tension between the two countries, President Richard Nixon's visit to Beijing symbolized the beginning of a new, more productive US-PRC relationship. The US-PRC-ROC relationship underwent its most dramatic transition in 1978 when President Jimmy Carter decided to normalize relations with China. This meant, among other things, that the US would recognize "the People's Republic of China as the sole legal government of China" and acknowledge that both China and the ROC affirm that Taiwan is part of China. In normalizing diplomatic relations with China, the US reduced its relationship with Taiwan to an informal cultural and trade relationship and eventually abrogated the 1954 Mutual Defense Treaty.

In addition to suffering the severance of official diplomatic relations with the US, Taiwan has also undergone significant transformations in other areas. In the 1950s, Taiwan was a dictatorship firmly committed to the recovery of the mainland. In recent years, however, Taiwan's political landscape has transformed. Instead of plotting a way to reestablish ROC rule over all of China, politicians and citizens of a democratic Taiwan, who now feel more at liberty to discuss politically sensitive issues, hotly debate the desirability of Taiwan's official "one China" policy. Beijing now feels threatened by the possibility that a democratic Taiwan might choose to declare independence or make moves toward independence that the PRC finds unacceptable to its conception of "one China."

Although some of the specific preferences of those involved in the Taiwan Strait dispute may have changed, it is our position that the critical factors that give rise to the

hostile cross-straits environment remain essentially the same today as they were during the Eisenhower administration. Although China no longer professes to seek the communist liberation of Taiwan, it still regards unification as one of its highest priorities and continues to believe that it, as the legitimate government of all China, may use whatever means necessary to preserve its territorial sovereignty. Now democratic, Taiwan no longer wants to attack and recover China. Nevertheless, Taiwan's intense interest in the independence issue poses a similar threat to China today as did Taiwan's mainland recovery objective in the 1950s. And, for its part, the US continues to believe that it has an interest in the maintenance of peace and stability in the Taiwan Straits.

If the US used Eisenhower's ambiguous posturing along with the vague language of the 1954 Mutual Defense Treaty and joint Congressional Resolution to reduce tensions in the Taiwan Strait during the 1954-55 Quemoy crisis, then how has US foreign policy, which no longer recognizes the mechanisms used in the 1950s, evolved over the years to accommodate both the changes and the persistent similarities of the US-PRC-ROC relationship? In the decades since the Eisenhower administration, several important events have occurred that, when taken together, enable the US to maintain flexibility through ambiguity. The key pieces of this policy framework are the 1979 Taiwan Relations Act, the 1972 Shanghai Communiqué, the 1978 Normalization Communiqué, and the 1982 Joint Communiqué.

The three propositions that can be derived from this policy framework are 1) the US acknowledges, or is merely cognizant of, the Chinese position that there is only one China and Taiwan is a part of China, 2) the US agrees that the differences between China and Taiwan are China's internal affairs and should be resolved by Chinese themselves,

and 3) the US insists that however China and Taiwan define their relationship, it must be done so peacefully (Harding 1992, Hickey 1997). US policy does not stipulate what types of arrangements between China and Taiwan might be acceptable to the government of the US, nor does US policy declare what Taiwan's global position, form of government, or socio-economic system should be. Rather, US policy toward the Taiwan issue, at its most basic level, reiterates the US's long-standing interest that the issue be resolved peacefully and that the US be able to continue to carry out its own interests in both regions.

The three communiqués and the TRA cumulatively provide a strategically ambiguous framework in which the US can adapt to a range of eventualities that might surface in the sensitive Taiwan issue. The policy's ambiguity derives from its contradictory appearance. On the one hand it maintains that China is the sole legal government of China and acknowledges that both China and Taiwan agree that China includes Taiwan. Moreover, the US also agrees with China that the Taiwan issue and its resolution is a domestic issue that should be resolved between Chinese on both sides of the Strait. Yet, on the other hand, US foreign policy seems to contradict itself by insisting that the US may choose to interfere in what it has already determined to be a domestic Chinese issue. That is, the US insists that any solution must be achieved peacefully and reserves for itself the right to defend Taiwan if it so chooses.

The policy is puzzling. Assuming that it considers the US a formidable military opponent, China must think twice before using military might to enforce its view that Taiwan is part of China. And, for its part, Taiwan should not take for granted that the US

will defend it, especially if a conflict occurs and the US believes that Taiwan was responsible for initiating it.

Strategic Ambiguity in the 1996 Missile Crisis

In early March of 1996, China launched the first of a series of three consecutive missile and amphibious exercises in areas near Taiwan on the eve of Taiwan's first presidential elections. Although China had conducted missile tests in the preceding year, the March 1996 round of missile exercises marked the most serious conflict in the Taiwan Straits since the second Quemoy crisis of 1958. The 1996 exercises, which came dangerously close to Taiwan's shore (one missile landed 19 nautical miles from Keelung, Taiwan's major port city in the north), directly threatened the security of Taiwan and its offshore vicinities and reflected China's intention to send the message and warning that the missile exercises could escalate into missile attacks.

The US responded in an ambiguous tone, never revealing what it would do in the event of escalation. US Defense Secretary William Cohen condemned China's exercises as "an attempt to intimidate Taiwan, an act of coercion," but did not state the conditions under which the US would respond, if it would even respond at all, in Taiwan's defense. On March 11, the US announced that it would send two aircraft carrier battle groups to the region merely "as a prudence, precautionary measure"⁸ to "monitor" the military exercises.⁹ In blatant disregard for warnings issued only weeks earlier by China, the US, in December 1995, sent the USS Nimitz sailing through the Taiwan Straits. Meanwhile,

⁸ "U.S. sends second carrier group to Taiwan region," Associated Press, 11 March 1996.

⁹ "USS Nimitz heads off to monitor Taiwan crisis," Reuters, 21 March 1996.

the US continued its verbal attack against China. Secretary Cohen charged China with being “reckless,” claiming that their military provocations “smack of intimidation and coercion.”¹⁰

China responded to the US presence in the region with a string of rhetorical assaults. “Taiwan is a part of China and not a protectorate of the United States,” PRC Foreign Minister Qian Qichen told reporters.¹¹ China further threatened that “If foreign forces invade Taiwan ... we will not sit idly by,”¹² and announced that international intervention would be buried in a “sea of fire.”¹³

On March 23, the presidential elections took place as scheduled and President Lee Teng-hui became the first democratically elected president of a Chinese-held region in history. The missile crisis came to an end when China ended its third round of military exercises on March 25.

When asked under what conditions the US aircraft battle carriers would become involved in the dispute, Secretary Cohen refused to answer.¹⁴ It is not clear whether or not the US military presence in the region pressured China to cease its provocation of

¹⁰ James Risen, “US warns China on Taiwan, sends warships to area,” *Los Angeles Times*, 11 March 1996, sec. A; “China warns Washington not to get involved in dispute,” Associated Press, 11 March 1996.

¹¹ Art Pine, “U.S., China show colors in waters near Taiwan,” *Los Angeles Times*, 12 March 1996, sec. A.

¹² “China warns US not to get involved in dispute,” Associated Press, 11 March 1996.

¹³ “China can bury invaders in ‘sea of fire’ newspaper claims,” Reuters, 21 March 1996.

¹⁴ “China warns Washington not to get involved in dispute,” Associated Press, 11 March 1996.

Taiwan, but the US's strategically ambiguous posturing did, however, enable the US to maintain a presence in the region without sacrificing its maneuverability.

Dual Deterrence in the Taiwan Strait

We maintain that the ambiguous strategy used by the US has helped to preserve peace and stability in the Taiwan Strait since the early 1950s. The policy of strategic ambiguity was twice put to the test,¹⁵ and, during each crisis the US managed, at least, to avoid exacerbating cross-strait tensions. In the study of extended deterrence, for the defender successfully to deter a potential aggressor, the defender's commitment to protect the ally from the adversary must be well-defined and credible. However, in the example of the cross-strait dispute, the US has, for decades, resorted to ambiguity to prevent a hostile confrontation from occurring between two disputants. Why does the deterrence situation in the Taiwan Straits warrant a different response? Why must the US pursue a strategy almost completely inconsistent with the strategy used by the defender in extended deterrence situations? To rationalize the strategy of ambiguity we first show that traditional extended deterrence models are not applicable to the strategic situations in the Taiwan Strait, and then we develop a game-theoretic model to show that ambiguity is

¹⁵ We are here referring, of course, to the 1954 Quemoy and 1996 missile crises. In this study we have not included the 1958 Quemoy crisis. In the 1958 Quemoy crisis, Eisenhower again used ambiguity to deter both Taiwan and China from provoking one another. We focus on the 1954 crisis because it is during this time that Eisenhower established the framework for his dual deterrence policy by entering into a mutual defense treaty with Generalissimo Chiang Kai-shek and by getting the resolution passed in Congress that enabled Eisenhower to use whatever action he deemed necessary to resolve the cross-strait tensions.

actually a weakly dominant strategy for the US to achieve the dual deterrence objective.

In a typical extended deterrence model, a defender sets forth a clearly specified commitment to protect its ally, and the adversary assesses whether or not it believes the defender's commitment to be credible and chooses whether or not to attack the defender's ally. If the adversary chooses to attack, the defender then decides whether or not to honor its commitment. In deterrence situations such as these, the defender's primary objective is to find ways to increase the credibility of its defense commitment. If the defender can achieve this objective, then it is likely to be able to achieve deterrence.¹⁶ What if, however, the adversary is not the only potential threat to the maintenance of the status quo? As we saw in the 1954 and 1995 crises, both China and Taiwan could be the first mover. What does the deterrence model look like if the ally can also make a move to provoke the adversary?

In the case of the Taiwan issue, successful deterrence requires that the US achieve a dual deterrence objective. That is, the US must not only prevent China from attacking Taiwan, but it must also discourage Taiwan from provoking China. Can the US deter both China and Taiwan from making a move that will upset the peaceful status quo by simply choosing to make a weak or strong commitment? Intuitively, if the US's commitment is too low, then China will, like the extended deterrence situation, still choose to attack Taiwan. If the US's commitment level is too high, however, then Taiwan will, under the blanket coverage of the US, choose to provoke China. To model

¹⁶ There is an extensive literature on extended deterrence. For reviews and references, please refer to Bueno de Mesquita and Lalman, 1992; George and Smoke, 1974; O'Neill, 1994; Zagare and Kilgour, 2000.

this strategic situation formally, in Figure 1, we present a dual deterrence model in which the US chooses between making a strong or weak commitment to defend Taiwan. If the US makes a weak commitment, then China chooses whether or not it will attack Taiwan. If it attacks, then the US must decide whether or not it will defend Taiwan. If, on the other hand, the US makes a strong commitment to defend Taiwan, then Taiwan must decide between provoking or not provoking the mainland. Following Taiwan's choice to provoke or not provoke, the US then decides whether or not it will defend Taiwan.

Figure 1 about here

Furthermore, we assume that the US is the only country in the game that has private information of its types: strong or weak. The US prefers the maintenance of status quo (successful deterrence) to any other outcome. As long, then, as the status quo is maintained, the US, it is assumed, is indifferent between making a strong or weak commitment. If, however, the status quo cannot be maintained, we assume that the US is indifferent as to whether or not China or Taiwan makes the first move. The only difference between a strong and a weak US is that the US will defend Taiwan only if it is strong. We also assume that China prefers the outcomes of attacking Taiwan while the US decides not to defend Taiwan to maintaining the status quo to attacking Taiwan while the US to defend. Taiwan, it is assumed, prefers provoking while being defended to status quo to provoking without the US's protection.

The game-theoretic solutions of this dual deterrence game show that the following strategy profile is a Nash equilibrium regardless of what beliefs China and Taiwan might

have regarding the US's types (the formal analysis of the game-theoretic model is available from the authors upon request):

US: make a strong commitment if it is strong, make a weak commitment if weak,
China: attack if the US makes a weak commitment,
Taiwan: provoke if the US makes a strong commitment.

The existence of this separating equilibrium implies that peace and stability in the Taiwan Strait cannot be guaranteed if the US can only choose between extending a weak or strong commitment.

In order to satisfy both of its dual deterrence objectives simultaneously, the US needs a third move that will afford it some middle ground between making a strong or weak commitment. So instead of only having two moves, we assume, as we have seen from our examples of the 1954 Quemoy crisis and the 1995 missile crisis, that the US has a third move -- ambiguity. Figure 2 represents the extended form version of the dual deterrence game wherein the US decides whether or not to make an ambiguous, weak, or strong commitment to defend Taiwan. If the US selects the ambiguity route, then nature selects randomly with equal probability between China and Taiwan to be the next mover. If China is chosen by nature to move next, then it chooses between attacking or not attacking Taiwan, followed by a decision by the US as to whether or not it will defend Taiwan. If, on the other hand, Taiwan is chosen by nature to be the next mover, then it will choose between provoking and not provoking China. The US must then decide whether or not it will defend Taiwan when China responds to Taiwan's provocation. Since the US will defend Taiwan if it is strong and will not defend if it is weak, the game can be reduced by deleting the dominated moves by the US at the end of the game.

Outcomes can be divided into two groups depending upon whether or not the status quo is disturbed. If the status quo is maintained, the US, it is assumed, is indifferent as to the level of the commitment it makes to Taiwan. If the status quo is disturbed, the US prefers not to be blamed for the outcome.¹⁷ If the US makes an ambiguous commitment, it cannot be held responsible if either Taiwan or China decides to upset the status quo. China prefers the outcome of attacking Taiwan without the US intervening to the status quo to attacking Taiwan while the US intervenes. Taiwan prefers provoking under the defense coverage of the US to the status quo to provoking without the US's protection.

Figure 2 about here

Given the preferences of the US, it is trivial to show that an ambiguous commitment is the weakly dominant strategy for the US because the US could not do better by choosing either a weak or strong commitment regardless of what Taiwan and China choose to do afterward. Once the US makes the ambiguous commitment, then China and Taiwan, both of which are now uncertain about how the US will respond to their actions, are faced with a decision as to whether or not they will choose to provoke the other. To deter Taiwan from provoking China, the US should not give Taiwan the

¹⁷ That is, the US may be blamed if the status quo is disturbed because the US over-committed to Taiwan and it emboldened Taiwan to provoke the adversary, or, alternatively, the US could bear the responsibility for a conflict that occurred because it under-committed to Taiwan and China seized the opportunity to attack.

impression that the US will assist Taiwan if Taiwan is attacked by China in response to a Taiwanese declaration of independence. To deter China from attacking Taiwan, the US should convince China that, whatever the solution, the US places such a premium on the peaceful resolution of the cross-strait dispute that the US will be more than likely to defend Taiwan if China attacks unprovoked. How, then, can the US simultaneously discourage each side from deviating from the status quo?

There are two ways that the US can try to satisfy the requirement of the ambiguity move. It can try to find a level of commitment that is neither too high nor too low. Such a commitment level could conceivably exist, and it could successfully deter China from attacking Taiwan while also preventing Taiwan from declaring independence. The drawback, however, is that even the slightest error in the determination or declaration of the ideal commitment level would likely lead to a dangerous outcome. If the US selects a commitment level that is even slightly too high, it will provide Taiwan with an incentive to advance toward independence. Too low a commitment, however, risks giving China the interpretation that the US is not committed to the defense Taiwan. In both cases, the margin for error is small and the US runs the risk of being responsible for triggering a military escalation. Most criticisms of US strategic ambiguity correctly perceive that war through misinterpretation of intent is a definite possibility.

The alternative method of creating ambiguity is for the US to work to instill asymmetrical beliefs about US commitment. The US can succeed in preserving the status quo if it effectively convinces China that it will defend Taiwan while simultaneously persuading Taiwan that the US will not come to its aid if it is attacked because it declared independence.

In the 1954 Quemoy crisis, President Eisenhower tried to convince China that it would defend the offshore islands if China attacked while, at the same time, trying to convince Taiwan that it would not defend the offshore islands. Since the Eisenhower administration, the US has leaned upon the language of the TRA and three communiqués to convince China that the US is committed to the defense of Taiwan while simultaneously trying to convince Taiwan that it will not defend it in the event that it provokes China through a declaration of independence. Although the US has been successful, instilling conflicting beliefs in the minds of China and Taiwan is difficult to achieve. But once it is achieved, the ambiguity strategy can be a successful solution for a dual deterrence situation.

Conclusion

Our game theoretic description of the Taiwan Straits security issue shows that the US objective is to prevent each of the opposing actors from provoking the other. As we have seen from our representation of the arguments involved in the contemporary policy debate regarding the efficacy of strategic ambiguity as an appropriate policy for today's Taiwan Straits conflict, there are presently on the table three main policy solutions for the US role in the Taiwan Straits security situation: 1) abandon strategic ambiguity and specify in advance US defense commitment to defend Taiwan; 2) abandon strategic ambiguity and declare that the US will punish whichever player first moves to upset the status quo; or 3) continue to be ambiguous about US commitment to defend Taiwan. We argue that in dual deterrence cases like the Taiwan Straits conflict, the first two strategy alternatives are less effective than the strategic ambiguity policy option.

Those who call on the US to declare transparently US commitment to defend Taiwan essentially see the Taiwan Straits conflict as an extended deterrence situation. From this perspective, China poses the only real threat to the stability across the Taiwan Straits, and so, in order to maintain peace and stability, the US needs to make clear its willingness to deter China from attacking Taiwan. But a blanket defense commitment to Taiwan would provide an incentive for Taiwan to provoke China by moving toward independence. We saw, by way of example, that in the 1954 case, Eisenhower was concerned that over-committing US forces to the offshore islands would give Chiang Kai-shek reason to take advantage of the US defense commitment and provoke the Communists, thus dragging the US into an undesirable war. Similarly, in the 1996 missile crisis, the US could have prematurely played its hand by committing US forces to the absolute protection of Taiwan. Such a commitment, however, would have created an incentive for Taiwan to respond with more aggressive moves toward independence, moves that would likely elicit a fierce response from China. Like the 1954 example, hasty US over-commitment could actually, contrary to the US's best intentions, destabilize the situation and bring about the very harm to Taiwan that it hopes to avoid.

The second strategy alternative is the case in which the US commits to punish whichever player first undertakes to provoke the other. As we have seen from Nye's version of a similar policy proposal, the US would extend a strong commitment to act whenever one of the opposing sides deviates from the status quo. If China takes action against Taiwan, then the US will, based upon this strategy alternative, defend Taiwan, but if Taiwan moves toward independence without China first provoking it, then the US will not intervene on Taiwan's behalf. Although US commitment is conditioned upon one of

the two opposing actors first deviating from the status quo, the level of US commitment, once it has been triggered, is actually quite high -- either the US will defend Taiwan or it will abandon it. This policy, however, has the disadvantage of restricting the US's range of responses to unforeseeable circumstances or unexpected fluctuations in the status quo, since the US cannot stipulate responses for all of the conditions under which one of the sides might choose to make a move. In addition to limiting US mobility in the event of a crisis situation, a strategy that punishes the first mover would actually tend to favor China over Taiwan, because China, in light of its military strength, would likely find such a commitment to be less credible. Even if China believes the US commitment to be credible, the strategy is still not failsafe because the definition of Taiwan independence is not well defined. A move to expand Taiwan's international space, or any of a range of lesser offensive actions, may very well be interpreted by China to mean a move toward independence. So China can easily manipulate circumstances in order to give the impression that Taiwan is moving toward independence. That is, since the US would be committed to dissolve its commitment to protect Taiwan if Taiwan moves toward independence, China will have an incentive to define any Taiwanese move that it finds objectionable as a move toward independence. Hence, in the event that the dispute escalates into a hostile conflict, although China might actually be the first mover, it can legitimate its actions by contending that it is merely responding to Taiwan's move. Thus, any PRC action taken against Taiwan will likely be justified by claiming that Taiwan moved first. At that point, the US, having already constrained its mobility through its commitment, would find itself in the awkward position of either being pressured to abandon Taiwan or appearing to renege on its policy commitment by defending an ally

who has been made out to be the initiator of the crisis. Either way, the US suffers some loss in credibility.

A successful dual deterrent, therefore, must prevent each side from making a move that would provoke the other. From our analysis, we learn that to achieve both of its deterrence goals simultaneously, the US cannot be explicit about the conditions under which it will defend Taiwan. Ambiguity, as in the seemingly inconsistent claims of the 1954 Mutual Defense Treaty, 1954 joint Congressional Resolution, the TRA and three communiqués, introduces just enough uncertainty to dissuade the disputants from taking the risk of testing US commitment.

Of course, any attempt by any would-be defender will be readily seen as a bluff unless the defender is powerful enough to affect the decision-making processes of the disputants. A relatively weak military power could not have influenced the outcome of either the 1954 or the 1996 crises, because, in the event that a weak third party intervened on Taiwan's behalf, China would more than likely still consider it cost-effective to coerce Taiwan with military force. Because of the superior strength of the US during both crises, it was able to influence the decision-making processes of both China and Taiwan by introducing real uncertainty into the situation. Not only is the US still powerful enough today to influence the players' decisions and thus balance the current tensions between the two opposing actors, but the US still, as we have pointed out, has an interest in preserving peace and stability in that region.

The most well-intentioned solutions to the complex cross-strait problem are likely, in their haste, to court the very disaster that they are trying to avoid. Given the unique properties of a dual deterrence situation, a successful policy must satisfy two

seemingly incompatible objectives simultaneously. The policy must deter each disputant from provoking the other without inadvertently tipping the scales too much in either direction. We believe that we have shown that a properly executed strategic ambiguity policy serves well US interests in the Taiwan Strait and can be suited to meet the conditions of dual deterrence scenarios in general.

In the case of the China-Taiwan dispute, the US needs to convince China that the US will defend Taiwan if China attacks Taiwan while simultaneously persuading Taiwan that it will not defend it if it provokes China by moving toward independence. Of the available alternatives, the policy of strategic ambiguity best enables the US to meet this dual deterrence objective, because the ambiguous statements and actions are designed to instill conflicting beliefs about US resolve to defend Taiwan. Optimally, US policy would successfully lead China and Taiwan to disagree about whether or not the US will come to Taiwan's defense, but, at a minimum, ambiguity creates uncertainty, which raises the cost to either disputant to undertake to test US resolve. Instead of abandoning ambiguity as a deterrence approach and adopting one of the current alternative policy proposals, we submit that understanding how ambiguity has historically been used and the conditions under which it is the superior deterrence choice will convince scholars and policy analysts that it is still the appropriate US policy for today's cross-strait conflict. In particular, we propose that given the unchanging dynamic in the Taiwan Straits, the US should remain faithful to the ambiguity established by the TRA and the three communiqués. Under such a policy, the US should act within the context of the ambiguous language contained in the TRA and three communiqués, emphasizing its interest in the peaceful resolution of this otherwise domestic Chinese dispute. Such a

policy strategy is not easy to achieve, because it requires creativity and restraint on the part of the US, but, in Eisenhower's words, "The hard way is to have the courage to be patient" (Eisenhower 1963, 483).

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Figure 1

Deterrence without Ambiguity

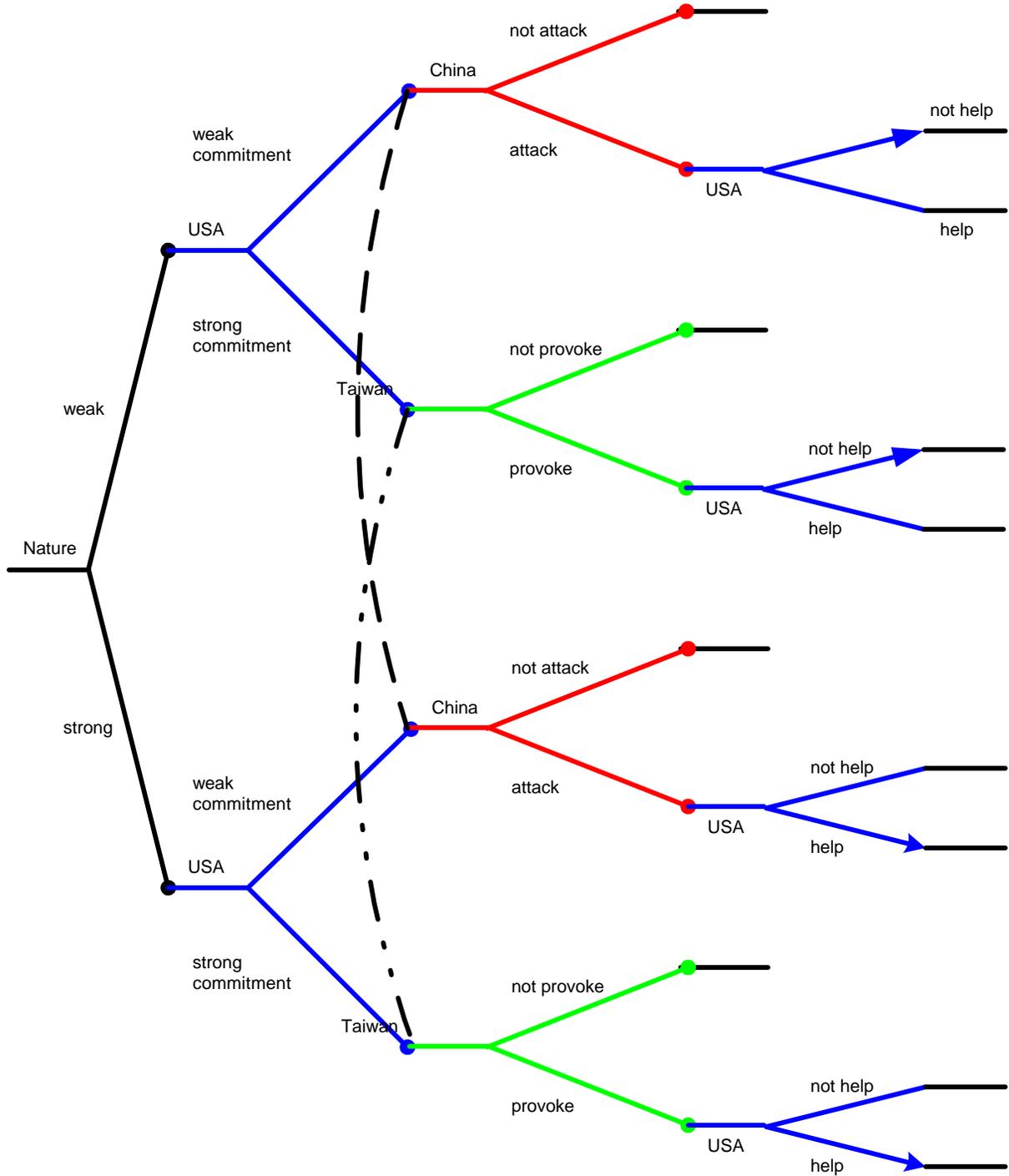


Figure 2 Deterrence with Ambiguity

