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Outside the Wire

Drexel Hamilton Tells a Halloween Story with Taiwan as Protagonist

With Halloween approaching, who doesn't love a good scary story? If you want to stay awake all night, you don't need to watch the film where the little girls head spins around (*The Exorcist*) or where the other little girl stares at the TV screen and says, "They're here!" (*Poltergeist*). For a movie example without a scary little girl, there is also no need to re-watch Jack Nicholson swinging an ax in *The Shining*. In fact, we can think of a scarier story. It is one that does not involve freezing in a hotel in Colorado while a blizzard shuts down the only road back to town. (Quick life lesson: If you have to accept a job as caretaker of a Colorado hotel, make sure it's at least during the summer.)

Here is the plot to the scary tale. The U.S. Presidential election is highly contested. With continued uncertainty about the outcome, China decides to launch a military campaign to seize Taiwan. It starts with a coordinated missile strike on key defensive installations, continues with an air campaign, gains steam with an amphibious raid, and caps off with People's Liberation Army (PLA) forces occupying the entire island. Meanwhile, Xi Jinping promises to have the troops home in time for Chinese New Year.

Scary enough? Ready for the plot twist? Without spoiling too much, let us say that China is hedging its bets on something like a United States Constitutional crisis and the rest of the world continuing to struggle with COVID-19 related economic hardship.

You can now cancel the Netflix scary movie binge this weekend. This is a horror story of epic proportions.

What is the backstory i.e. the real story?

We begin with China **not** recognizing the sovereignty of Taiwan, which calls itself the Republic of China (ROC). The split goes back to the Chinese Civil War. While the history is fascinating, the cliff notes version is that the Chinese Communists were not able to fully defeat and subjugate the Chinese nationalists, who fled to Taiwan. Thus, Taiwan, an island nearly twice the size of New Jersey and about 100 miles east of mainland China, has governed its internal affairs while still being claimed as part of Communist China. To this day, the PRC see the ROC as a renegade province and one that is still under their authority. They are not alone. Here is a fun fact to interject into this year's Thanksgiving dinner conversation (especially if it is veering toward U.S. politics): Name the only European nation with full diplomatic recognition of Taiwan. Answer: The Vatican!

Where does the U.S. fit in?

The U.S. position has been solidified since 1979 with U.S. Public Law 96-8 a.k.a. the Taiwan Relations Act (TRA). The Act has some ambiguity around it. We will begin with what it does not do. First, it does not establish official diplomatic relations with Taiwan. Second, it does not guarantee the U.S. will intervene militarily on Taiwan's behalf. However, it does allow for the U.S. to continue to support Taiwan with sales of military equipment and technology. Although there are not "official" diplomatic relations, the U.S. treats the democratically elected government of Taiwan as legitimate over the geography in which it governs. Remember that the PRC considers Taiwan a breakaway province and will cut off all ties with any government that recognizes Taiwan's sovereignty or tries to establish "official" diplomatic ties with them.

Still Scratching Your Head?

To help it makes sense from the American point of view, let us take a wild hypothetical (we love those!). Say that Hawaii broke away from the U.S. and decided to adopt their own government. The hypothetical dispute centered around long-standing grievances over territorial surfing rights. Also, in our hypothetical scenario, big wave surfer Laird Hamilton is the newly elected President of the breakaway state, the newly formed Republic of Hawaii (ROH). The U.S. does not intervene militarily (ignore the Naval bases that currently exist there, small detail). From the halls of Congress to the Oval Office, there is universal condemnation. In a matter of seconds, the so-called ROH finds out from their Twitter feed, that the U.S. refuses to recognize ROH independence. A further catch, America threatens to cut off its own diplomatic ties to any nation that recognizes ROH's independence. A "One America" policy develops whereby ROH governs over its own affairs on the Island even though the American government still sees it as the U.S. state of Hawaii. Furthermore, other nations continue doing business with Hawaii to include trade and military arms sales. This is the best way to see the lens of China and Taiwan.

What is the likely scenario?

A full-scale military campaign is the absolute extreme. And yet it is the longstanding ambition of People's Liberation Army (PLA) to be capable of pulling off this type of operation by the year 2020. Great timing, right?

While a horror movie is the worst-case. We see this movie analogy more in the genre of action/ drama. Think less *Nightmare on Elm Street* and more *Hunt for Red October*.

The likely scenario is Chinese patience. The PRC will continue intelligence gathering and testing Taiwan's military. Also, China will continue to use disinformation and cyber capabilities against Taiwan. In short, they will bide their time and wait for the right moment, which could be years from now. After all, China's leadership will be around long past either President Trump or a possible President Biden.

Finally, the action to tip things off won't look entirely like the opening scene of *Saving Private Ryan*. We look more at the Russian annexation of Crimea for clues as to how things might transpire and have no doubt that the PLA is doing the same.

Recent Activity

What do we make of the State Department's approval of \$2.4 billion in arms sales to Taiwan? A strategic signal to the PRC and the PLA that the U.S. stands by Taiwan and remains committed to its protection. Remember that there is no official mandate for U.S. to intervene militarily. But the geopolitical signal is important. Moreover, the timing before what could be a highly contested election and possible unstable transfer of power is crucial.

In retaliation, China's government is looking to impose sanctions on companies involved in the arms transactions. These companies include Boeing, Lockheed Martin, and Raytheon Technologies. It is not exactly the scary plot twist elaborated earlier but should be taken as a win all things considered.

We can think of multiple scary movie analogies for this but will leave that alone for now. The ongoing geopolitical strife (under any Presidential administration) will afford itself continued sequels. As they happen, we will continue being like that annoying movie guy who is constantly explaining what is happening in the plot and trying to guess the ending. Whether or not there is popcorn, we promise to stick to geopolitics!