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Central Intelligence Agency, Directorate of Intelligence, 'Intelligence Memorandum: Prospects for Stability on Taiwan'

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Summary:

A CIA memo on domestic politics in Taiwan, including the relationship between mainlanders and Taiwanese locals.

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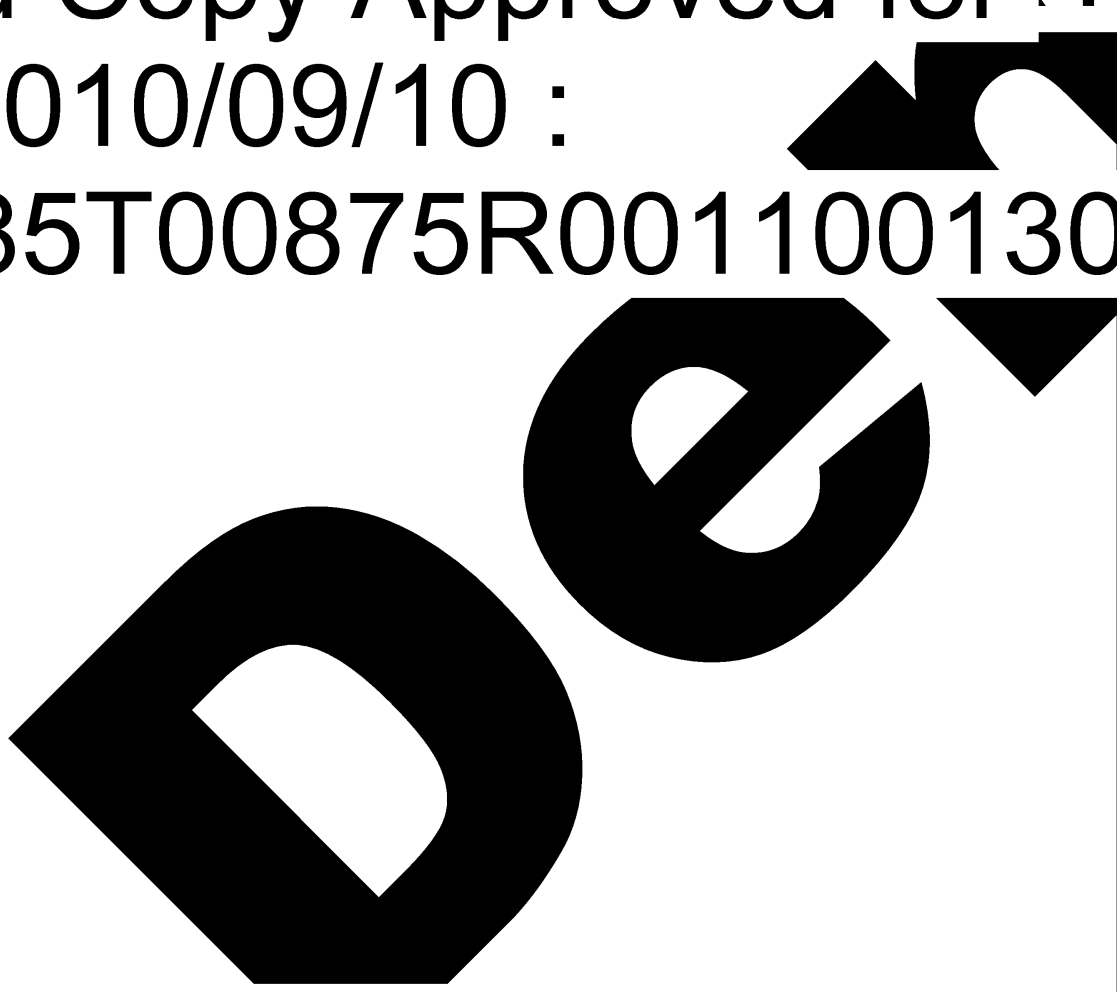
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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Prospects for Stability on Taiwan

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
10 February 1972

INTELLIGENCE MEMORANDUM

Prospects for Stability on Taiwan

The Nationalist government on Taiwan has enjoyed remarkable domestic tranquillity for more than 20 years despite persistent domestic divisions and international challenges to its claim to represent all of China. This claim is a factor in legitimizing continued rule by the Mainlander minority on the island. Faced over the past two years with a more adverse international climate, the Nationalists have adopted a flexible approach which they hope will avoid serious domestic repercussions. Such political sleight-of-hand, however, has not alleviated the problems of a society riven by communal, generational, and economic differences. The Taiwanese majority apparently acquiesces in Mainlander dominance of the island for the present, but is likely to press more strongly for a greater political role as modernization of the society progresses. Indeed, some Taiwanese, as well as some Mainlanders, are already talking about altering government structure to bring it more in line with demographic reality.

The Mainlanders are likely to continue to respond pragmatically to the changing situation, reflecting their growing, though not openly acknowledged, identification with the island. Because there are too few Mainlanders to fill all positions in the government, the Taiwanese are gradually occupying more posts. But the leadership has not really come to grips with the problem of the future relationship between the two communities. Government

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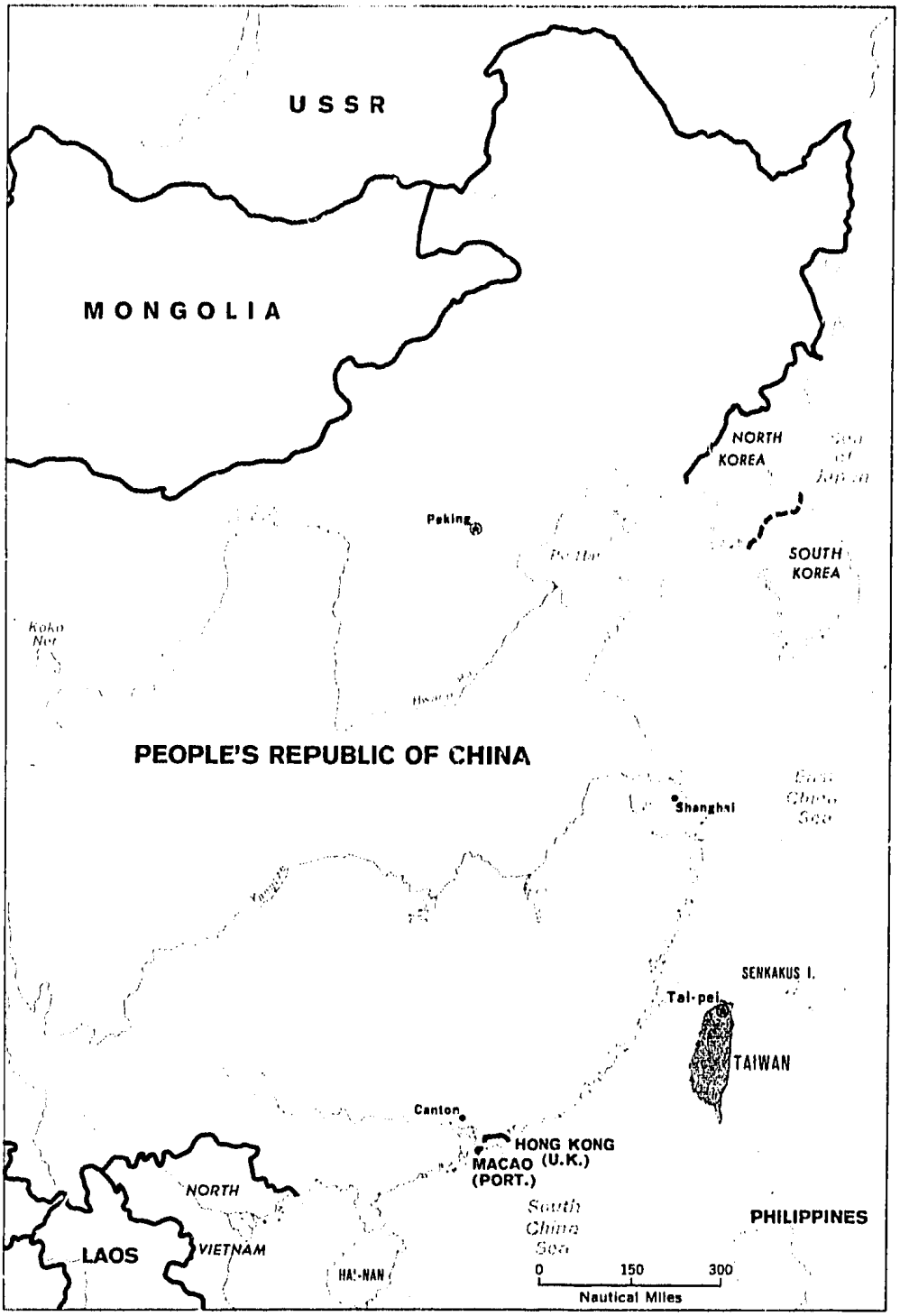
over-reaction to a minor incident or to popular demands for change could stimulate open dissidence, but no real threat to the government is likely, at least until after the death of the 84-year-old Chiang Kai-shek. Chiang's son and heir, Chiang Ching-kuo, already has tight control of the government, especially the security forces, and should have little difficulty establishing his succession, provided he remains in good health. Any Mainlander successor government must mitigate the effects of international developments on the political and economic structure if it is to maintain internal stability. The loss of either US or Japanese diplomatic support would be a serious blow to these prospects.

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Republic of China



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Threat to the Raison d'Etre

1. For over 20 years the Chinese Nationalist Government has been recognized by most nations as representing all of China. This international recognition has reinforced the government's claim that it should eventually reassume power on the mainland. In the meantime, recognition gives substance to the Mainlanders' rationalization that they must maintain their minority rule on Taiwan. In the eyes of the Taiwanese majority, the international acceptance of Taipei's legitimacy clearly indicated that the Mainlanders were there to stay and that protests against their monopolization of power would be unavailing. The expulsion of the Nationalists from the United Nations on 25 October was a dramatic blow to Mainlander prestige, capping a series of international setbacks and domestic incidents over the past two years. Although none of these developments in itself threatened either the existence of the government or basic domestic stability, together they jarred the Mainlanders' confidence in the security of their only toe-hold on Chinese soil. Much of the island's population is concerned over how the regime will react. Some Mainlanders and Taiwanese fear a domestic crackdown.

2. Chiang Kai-shek apparently believes that his government can accommodate the new realities as long as it shows no sign of weakness. Insofar as possible, the regime had prepared its citizens for these diplomatic setbacks and assured them that the losses would not damage the island's well-being. The Nationalists' ouster from the UN, for instance, came as no great surprise, and, even before the event, the press was already placing the blame for the impending defeat on the lack of US support. In the ensuing months Chiang's diplomatic tactics have been quite flexible. Whether or not they succeed in preserving Taipei's diplomatic ties, Chiang can at least point out to the populace that the government has tried hard to maintain these ties and preserve economic well-being. Indeed, since the ouster, the government has launched an economic offensive abroad. It is going all out to expand trade and investment contacts world-wide, and especially with

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states that recognize Peking. The government apparently feels that such flexibility will prevent restlessness both among Mainlanders, who identify their personal security with international support for Nationalist claims, and among the Taiwanese, who feel Nationalist mismanagement could imperil chances for eventual self-rule. In fact, the government has been encouraging press demands for more flexible policies since 1969.

3. The government's concern over domestic stability is not, of course, new, and it has been reinforced by a resurgence abroad of Taiwanese independence sentiment as well as violent indications of divergent opinions within the Mainlander community on Taiwan. In December 1969, Peng Ming-min, a leading independence-minded Taiwanese, escaped from the island; he entered the US late the next year. Within a month of Peng's escape, several other Taiwanese dissidents attempted to flee. They were apprehended, but these and subsequent events shook confidence in the security services. Taiwanese independence groups in the US were showing new vigor at about the same time, and in April 1970 Taiwanese youths in New York narrowly failed in an attempt to assassinate Vice Premier Chiang Ching-kuo. The government has depicted these groups as a threat but in reality believed them to be so well penetrated as to be only an irritation. Now it sees the danger as more real, particularly since some Taiwanese may be trying to bring violent protest to the island. In recent months several Americans and Japanese have been deported for being involved in Taiwanese anti-regime activities.

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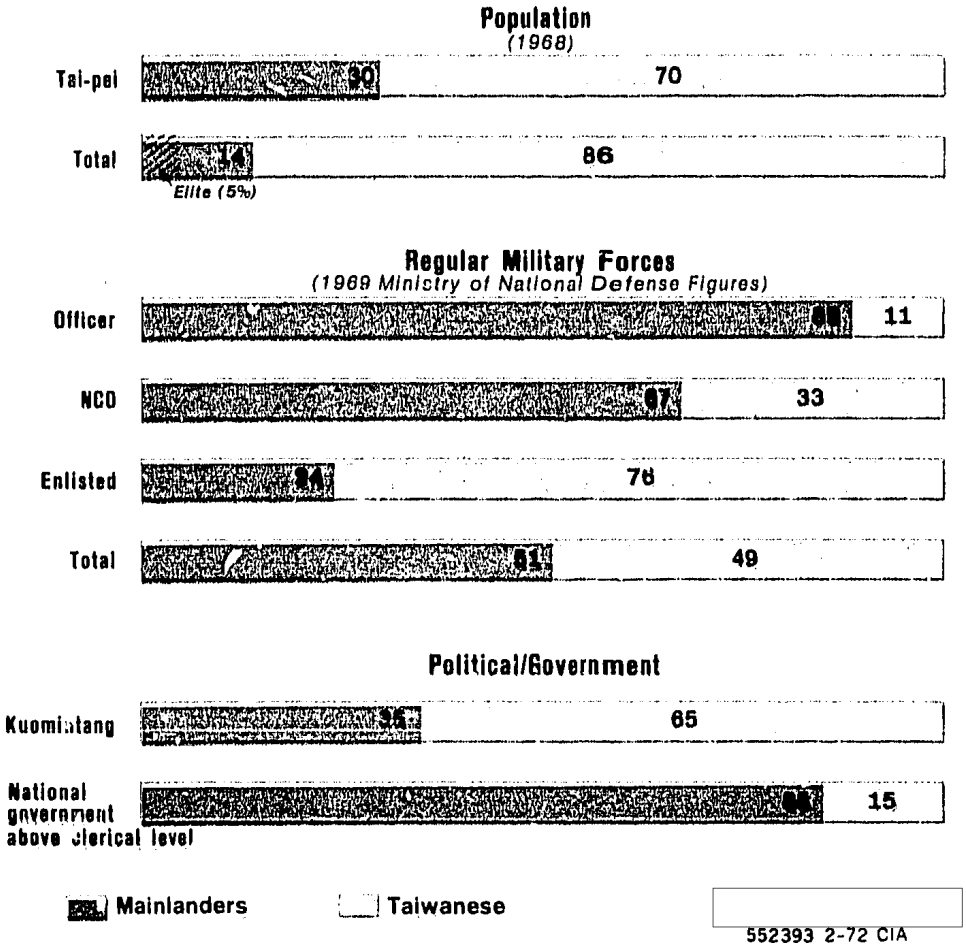
4. The potential for violent incidents was demonstrated by the bombings at two US offices in October 1970 and April 1971. Although Taipei has tried to blame the Taiwanese, these incidents were probably caused by Mainlander "super-patriots" trying to show the US it cannot count on its privileged position on Taiwan under any circumstances. The willingness of these elements to press their views forcefully rather than to rely on private pressures

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Percentages of Mainlanders and Taiwanese



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points up Mainlander divisions and fears. It also adds another level of insecurity to the domestic balance.

5. The leadership was equally disturbed by student protests that began last April as a result of the US decision--over Chinese protests--to include the Senkaku Islands in the Okinawan reversion agreement with Japan. The Nationalists initially considered encouraging the demonstrations to apply pressure on the US and Japan but had second thoughts. Uptight over bungling of the security cases involving Taiwanese dissidents, officials doubted their ability to control mass gatherings. Taipei finally persuaded the youths to write letters instead of staging additional marches. Although the students are aware that the government will clamp down on further demonstrations, they have apparently sensed that they do have some power over the regime. Senior officials have attended student rallies, stimulated by the UN ouster, on the campus of Taiwan's largest and most prestigious university. The officials came to explain Taipei's policies and blunt student demands for political changes. These demands were echoed in the press, by some of the more liberal Mainlander officials, and by some politically aware Taiwanese. The government worries that this could be the beginning of a wave of rising political expectations the government is in no position to accommodate.

House Divided

6. Such developments have thrown into higher relief fault lines in the structure of the society itself, primarily in Mainlander-Taiwanese relationships but also within the Mainlander community. The Mainlander community on Taiwan, the survivors and descendants of the two million who followed Chiang Kai-shek to the island in 1949, has dominated the far larger "indigenous" Taiwanese populace--themselves descendants of Chinese immigrants from as early as the 14th century. The Taiwanese community, feels a sense of distinctness from the rest of China, in large part because Taiwan has, since 1895, had only four years of political unity with the Mainland.

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In 1945, when control of the island reverted to China after 50 years of Japanese rule, the Taiwanese expected to be accorded "self-governing" status. In fact, political power immediately gravitated to Mainlander representatives of the central government, who tended to view the Taiwanese as intellectually and culturally inferior. There was an outburst of Taiwanese resistance in 1947, which was ruthlessly suppressed. The bulk of the Mainlanders landed in 1949, and the balance of power settled into its present mold.

7. Most Taiwanese have since been politically passive or, acknowledging the present futility of active resistance, willing to concentrate on economic advancement. A considerable proportion of the larger firms and almost all small business and private land are in their hands; most feel they have too much at stake to risk political adventures. Though there are disaffected intellectuals and politicians who have consistently spoken out against the Nationalists as interlopers, Taiwanese remain generally unaffected by the dissident agitation of their compatriots abroad.

8. The Mainlanders, nevertheless, clearly are not sanguine. Their continual references to the possibility of large-scale dissidence indicate a basic fear that the Taiwanese masses are merely awaiting a propitious moment to rebel. Security officers know that their large internal forces--the largest military police agency alone has 30,000 men--are not large enough to control a full-scale upheaval. And they suspect that Taiwanese regular troops--over three fourths of the enlisted men and one third of the NCOs--might not be reliable against their own communal group. As a consequence, the military and civilian police carefully avoid overreaction to minor problems.

9. The political divisions among the Mainlanders may be as important as those between Mainlanders and Taiwanese. Many Mainlanders, including some influential officials, have become accustomed to life on the island and hope to preserve it even at the expense of Nationalist claims to the mainland or

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Mainlander control of Taiwan. The aging conservatives dominating the bureaucracy and inner party circles, however, are for uncompromising adherence to Nationalist principles no matter what the cost. They are concerned that any erosion of Nationalist claims would soon prejudice their authority on Taiwan. Even many of the more liberal Nationalists tend to equate domestic criticism with treason, and dissidence of any scale with a threat to their dominance. While the system is not now weak, many feel if it is bent it will break.

10. The changes in central government bodies suggested in early November represent an effort to compromise between Mainlander concerns and Taiwanese expectations. These changes include enlargement of the legislature and national assembly through popular elections and "rejuvenation"--a euphemism for recruitment of Taiwanese--of the bureaucracy. There is a wide gap, however, between Mainlanders and Taiwanese who hope for significant change in response to "post-UN" realities and officials who do not wish to go beyond largely cosmetic reforms. The leadership clearly feels that some palliatives are necessary to deflect criticism before it leads to outright dissidence. Reforms, even superficial ones, would indicate that the government does not plan repressive measures and would therefore come as a welcome relief to those in both communities who have feared that widespread repression would result from the international setbacks. But it is also clear that the government's planned "rejuvenation" is, in fact, already raising the expectations of politically aware citizens. These could, if they rise far enough, complicate the process of adjusting to Taipei's new international status.

11. For as long as Chiang Kai-shek wields power, a stern Taipei reaction to challenges to Mainlander authority can be anticipated with assurance; but in the absence of his authority, the divisions among the Mainlander community would make its responses less predictable. Allegiance to Chiang remains the focus of the system. Chiang Ching-kuo is not an equivalent figure, regardless of the powerful role he plays. The leadership and political acumen of the elder

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Chiang, together with the security-in-depth imposed on the island, have prevented the development of any viable organized Taiwanese opposition or independent Mainlander power base. Still, even under the Generalissimo, the road will not be so smooth as in the past.

Military Loyalties

12. Chiang Kai-shek has felt that Mainlander rivals are most likely to rise from the military, and the primary security concern within the armed forces consequently has been with potentially disaffected Mainlander officers rather than with Taiwanese or possible Communist sympathizers. His interest, and that of Chiang Ching-kuo, in preventing the development of rivals has reduced the military leadership to a collection of nonentities in comparison with the prominent figures of the days when the Nationalists ruled the mainland. Senior generals have routinely been shuttled off to ambassadorships or rotated into ceremonial posts. Chiang Kai-shek has for years been the sole national leader in uniform. Even Chiang Ching-kuo has chosen not to exploit his own high rank.

13. Although the military as a whole and its interests are still an extremely important factor on Taiwan, the armed forces no longer exert their former influence. The society has grown more complex and prosperous in two decades of peace, and the military has had neither the talent nor the time to oversee everything. Moreover, the semi-private armies of the years on the mainland no longer exist under the universal draft system and in the cramped island domain. An overwhelming percentage of troops are Taiwanese, and their Mainlander officers do not develop close ties with them during their two- or three-year period of service. As another precaution, division commanders are regularly rotated, and no transferred officer is allowed to take with him more than two subordinates.

14. The personal selection of commanders by Chiang and his son provides insurance against attempts by the military to pressure the government

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or to stage a coup. Chiang Ching-kuo exercises virtually complete control over the military, restrained only by his father's limited involvement. The elder Chiang has relied upon his son's recommendations for command positions with the result that all who hold a position of authority in the Nationalist forces can be considered responsive to the vice premier. Ching-kuo's control of the armed forces is reinforced by his 20-year association with military-political control agencies.

15. A sudden move against the government by an unknown major or colonel is highly improbable, and almost certainly would fail to rally sufficient support to threaten either Chiang. Not only would such an officer lack a national reputation and prestige but he would also be unable to offer a viable alternative to the current leaders. There is significant dissatisfaction at the middle and lower levels of the officer corps; this, however, is directed against deplorably low pay-scales and slow promotion rates.

16. While the reliability of the preponderantly Taiwanese troops would be questionable if they were called upon to deal forcefully with fellow Taiwanese, these men are not likely to initiate anti-government activities. Taiwanese rarely choose a military career, and almost all of those in the services are merely serving out their obligations as draftees or ROTC cadets. Because they have a relatively bright civilian life to look forward to in a short time, their outlook is far different from that of older Mainlander servicemen, many of whom have a lifetime commitment to the military.

17. Since mid-1969, Chiang Ching-kuo has also exerted strong personal control over the economic structure, another, albeit lesser, area from which Chiang Kai-shek apparently has felt potential rivals might arise as the society modernizes. Privately, economic technocrats have indicated their anger and concern over the vice premier's moves to reduce their responsibilities and to replace them with men more closely associated with himself. But they have little influence outside their own offices. Comments

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by some of the most senior of these men indicate that they now view the vice premier as the only political figure with the flexibility to deal with the new problems facing the nation and the stature to enforce needed changes.

18. This tight control on Taiwan by Chiang Kai-shek and his son has led to what might be called geriatric rule. The extraordinary continuity in government and party has resulted in the concentration of responsible positions in elderly Mainlander hands. The prospects for rejuvenation are not good. The small Mainlander elite is being decreased by disproportionate emigration and overshadowed by the more prolific Taiwanese. This has already compelled the government to fill less sensitive jobs once solidly Mainlander with Taiwanese. This process has produced a glacially slow, unacknowledged, but nonetheless noticeable, Taiwanization at the lower levels of the establishment.



Toward the End of an Era

Everyone must closely watch the enemy and the breath-taking changes taking place and heighten his adaptability to change. This also means to 'undergo a spiritual trial of strength while avoiding acting on impulse.' Chiang Kai-shek: 60th National Day Speech, 9 October 1971

19. Observers have speculated that loss of UN membership and external support could break the will of the Nationalists to resist absorption by the Communists, precipitate domestic instability, or inspire aggressive Communist actions against the island. This has not happened. Taipei's measured reaction to its losses and to the prospect of future blows--including

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the possibility of Tokyo's recognition of Peking--indicates that Chiang Kai-shek will be able to adjust, much as he has to past setbacks. Moreover, it is unlikely that his government will face attack from the mainland. To invade Taiwan--even if the 1954 Defense Treaty with the US were not invoked--Peking would need dominance both on the sea and in the air. If they could achieve this, they would face a pitched battle on the island. The Nationalist ground forces look more than adequate to defend Taiwan and are being constantly, though slowly, improved in terms of mobility, flexibility and firepower. In these circumstances, the threat of force is not very credible and Peking has, in fact, carefully downplayed this option for a decade.

20. The key factor, of course, is the attitude of the US. Chiang Kai-shek and most of the Nationalist leadership do not expect immediate dramatic developments in US relations with the Communist Chinese as a result of the President's visit. But they obviously are concerned about the longer term evolution of the triangular relationship between Washington and the two Chinese governments. Many Nationalists not only question the long-term prospects for the US commitment to the Nationalist government but are also convinced that Japan will soon abandon Taipei. Thus, further moves in the direction of Peking by either the US or Japan would not now come as a complete surprise to the politically aware on Taiwan. They do, however, find it impossible to judge precisely how far and how fast either Tokyo or Washington are likely to go. They therefore find it difficult to predict the interaction of such moves on the political, economic, military, and social forces on the island. There are officials who fear that support for the Nationalists, both international and internal, will evaporate unless Taipei makes major diplomatic and domestic adjustments to the "new realities." Such fears are still confined to a relatively small minority of officials--and one that does not appear to be very influential--but "heretical" thoughts of this sort are themselves a measure of new ferment.

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21. One example has been the whispering about a "separate identity" in the months since the adverse international trend became evident. Several Nationalist officials have argued that the only way to proceed is to modify Taipei's territorial claims to reflect the areas actually controlled. Some add that corresponding domestic rearrangements must also be made. Mainlander cabinet-level technocrats, as well as some lesser officials, recently have cautiously discussed with US officials the advantages of a clear expression of Taiwan's separate identity and greater Taiwanese political participation.

22. Taiwanese also have been taking political soundings. Some have suggested reforms such as a Taiwanese vice president, or elections for governor of Taiwan, mayor of Taipei, as well as a single representative body to replace the present parliamentary structure. In early December associates of a Taiwanese politician passed the US Embassy a document calling for a greater Taiwanese role in a reorganized government, a reduction in the armed forces, and "political neutrality"--in effect, a separate Taiwan. This seems to have been a crude attempt to involve US officials in a campaign favoring "Taiwanese aspirations." Indeed, most speculative comments along these lines, whether from Mainlander or Taiwanese sources, appear to be attempts to elicit comment from US representatives rather than indications that these men believe their proposals could be pushed to fruition. There is no sign that such ideas, whether generated inside or outside the government, have struck a responsive chord with Chiang Kai-shek or his son.

23. Indeed, the Nationalist course for the immediate future and middle term is evident, and the cautious moves the Chiangs plan fall short of a declaration of Taiwan's "separate identity." They are likely to combine largely superficial domestic structural changes and social welfare programs--as gestures mainly toward the Taiwanese--with efforts toward greater military self-reliance and a determined world-wide economic offensive. Stricter vigilance over known Taiwanese dissidents for more than a year indicates that there may be

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temporary cautious strengthening of internal security while the government satisfies itself as to the reactions its international losses will produce on Taiwan. The Generalissimo has a vested interest in preserving the facade of an "open society." Consequently, his present pattern of rule can be expected to continue, with smooth and quiet implementation of martial law and other regulations; relatively free expression in local elections, the press and legislature; two minor rival parties discreetly subsidized by the authorities; and a free hand for the Taiwanese in the economy.

24. Abroad, however, there is cautious movement. The government's reluctant willingness to endorse--privately if not publicly--the US China resolution in the UN last autumn was the first sign of real change. Since the adverse vote in New York, Taipei has indicated willingness to retain its ambassadors in states, such as Senegal, which have recently recognized Peking, so long as the Nationalists are not compelled to accept explicitly a status inconsistent with their claim to represent all of China. Further drift toward an implicit "two Chinas" policy is likely, but it probably will stop short of any public statement defining such a policy, much less one smacking of a "one China, one Taiwan" formula. Taipei is also seeking expanded trade and technical ties, even with states recognizing Peking. The East European and Soviet markets are also targets of interest. In addition, the Nationalists plan to be active in any regional, international and specialized agencies that will accept them.

25. Since 1968, at Chiang Kai-shek's direction, propaganda emphasis on the return to the mainland by force of arms has decreased. Slogans now call for propaganda warfare against the Communists and stress Nationalist accomplishments--especially economic--on Taiwan. Also in 1968, Chiang began to permit reduction and reorganization of the oversized military, which had been kept at approximately the 1949 force-level as a symbol of the imminence of his counterattack. Thus, the emphasis, even before the

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UN vote and the recent series of recognitions of Peking, has been subtly but unmistakably on the Taiwan side of the ledger, rather than on the more negative--because it is unrealistic--claim to the mainland.

26. This does not mean that Chiang Kai-shek would move explicitly, or even consciously, toward Taiwanization per se. Nevertheless, the moderate steps he appears to be taking to preserve stability and Mainlander dominance will tend to foster some degree of Taiwanization in the longer term. These steps do not immediately or directly compromise Mainlander domination, but they could serve to prevent moderate and relatively apolitical Taiwanese from joining more radical elements. Indeed, they should produce a level of stability for his government, at least as long as he is active. Chiang's sudden death could upset the political balance, but preparations for that eventuality and passage of control to the vice premier have been under way for years. Still, recent international losses and the internal pressures caused by these events, as well as Chiang Kai-shek's withdrawal from day-to-day duties, have begun a process that will lead to the end of the era of Nationalist history that he has dominated.

After Chiang Kai-shek

27. Because Chiang Kai-shek's son has already assumed substantial control, many of the problems that otherwise might have arisen at the end of the Generalissimo's rule may be avoided. The prospects for domestic stability after Chiang Kai-shek depend in large part upon whether his successor can create a new balance between Mainlanders and Taiwanese and between Nationalist dogma and international realities. The diplomatic situation is likely to stabilize, leaving Taipei recognized by fewer than two dozen states. The Nationalist position in regional organizations is probably secure for the short term, but even there some slippage is possible.

28. Taipei's diplomatic setbacks are not likely to have a serious impact on the economy. Under

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proper circumstances even a slowdown in inflow of private foreign capitol, which has been vital to Taiwan's rapid economic growth, could probably be weathered because of the present assets on Taiwan. The island has large foreign exchange reserves, a productive and growing economy that can compete effectively for markets, and highly talented economic managers. Its leaders have been at pains to maintain business confidence and have taken intelligent steps to protect an economy that depends, in growing measure, on foreign trade and investment. There is considerable economic confidence despite recent events; it has wavered, but has not collapsed. Nationalist leaders fear, however, that further loss of international contacts could adversely affect investor confidence in Taiwan as well as foreign bank guarantees for export credits. Taipei's chances of remaining in international financial institutions seem reasonable at this time, but they may be endangered by the changing attitudes of other member states. Nationalist membership in those organizations, however, has been for prestige reasons rather than economic necessity.

29. The outlook for a comfortable future rate of economic growth on Taiwan will remain favorable while investors remain optimistic and the US and West Europe continue to develop trade and business links with the island. It also depends on Taipei's success in expanding world-wide trade, and maintaining access to markets unhampered by quotas or other artificial restraints. A considerable proportion of the island's trade--excepting that with the US and Japan--has involved nations with which Taipei has no diplomatic relations, such as West Germany, the United Kingdom, and the Netherlands. Trade with the UK has increased more than sevenfold in the last decade; that with Canada and Italy has increased despite their recognition of Peking last year, and the recent Austrian investment in an integrated steel mill for Taiwan was made after Vienna's recognition of Peking. Japanese businessmen have for years profitably circumvented the obstacles of trading with both Chinas and will probably continue to do so while profits remain. The Japanese have become more cautious about putting in

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new money, but are prepared to maintain their existing investments on Taiwan.

30. While Peking has not as yet mounted a concerted effort against Taipei's trade contacts, it probably will after Taipei's diplomatic ties have been reduced further. Peking probably will not be so successful in severing trade ties as it has been in winning diplomatic recognition as the legitimate representative of China. Growth of trade with the mainland is constrained by Peking's emphasis on self-sufficiency and balanced trade as well as by its inability to offer a wide range of desirable exports. Under these circumstances, the profitable investment and trade environment on Taiwan probably would not lose its appeal to foreign interests.

31. Promotion of economic growth by the Nationalist leadership, even if successful, will not by itself ensure continuation of domestic stability, but it would provide time for Taipei to make internal political adjustments. Any government without Chiang Kai-shek will have more difficulty keeping the Taiwanese out of the decision-making process when they actively seek that role. The Taiwanese will carefully test the post-Chiang waters for a time, however, especially because many suspect the Mainlanders will institute a crackdown against all suspect--i.e., politically active--Taiwanese. Many dislike Chiang Ching-kuo for his long association with security agencies and anticipate that he will be unwilling, or unable, to maintain his father's relatively low-key approach to the implementation of controls.

32. Despite these fears, it seems likely that the successor government might be tempted to make some gestures toward wealthy Taiwanese industrial and commercial interests to exploit their common interest in stability to gain political support. Once started, Taiwanese participation in the government is apt to grow, especially as the older, conservative hard liners die off.

33. Indeed, the social conditions which have aided the maintenance of Mainlander domination are

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changing fairly rapidly, and this will lead to pressures for more explicit political accommodation to domestic realities. Failure to accommodate these rising expectations could fan discontent. In 1964 the government made the office of mayor of Taipei an appointive rather than elective position, since the Kuomintang could not win enough votes to control the city. There are indications that such disenfranchisement may be extended to other heavily Taiwanese urban areas. This would eliminate the local self-government that is an important vent for Taiwanese frustrations.

34. Continued large-scale underemployment could also cause discontent, especially if economic development should slow down. Discontent could also breed if the economy fails to meet the increasing personal desires stimulated in nearly all segments of society by higher educational and economic levels. Student, professional, business, and labor groups will almost certainly press more openly and insistently their often contradictory claims on the Nationalist system. This could cause further violent incidents. If there are persistent incidents of protest, the flow of foreign capital--attracted by the island's stability--may slow down, and local investment could be discouraged.

35. Problems such as these are not easily susceptible to manipulation based on the minor concessions which appear to be the hallmark of the government's present political style. These tactics, however, may succeed in keeping the island's more intractable social and political problems from reaching the flash-point. They seem designed to give Taiwan additional time and breathing space--conditions which the regime is unlikely to use for planning a major assault "from the top" on the political status quo, but which probably will be utilized merely to buy still more time. Given enough time, this very gradual and piecemeal bending-with-the-wind could produce significant evolutionary changes, even if such changes are not consciously willed by the leaders of the regime. An evolution of this sort would necessarily be extremely slow

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and would presuppose that the Generalissimo's heir, Chiang Ching-kuo, will remain in relatively good health.

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he should experience little difficulty in picking up the reins. He lacks some of his father's authority and may therefore have greater difficulty in restraining rival Mainlander bickerings, but he already has in his hands most of the levers of power--now subject only to the Generalissimo's veto--and he faces no serious or credible rival.

36. The prospect that the regime's dilatory but ultimately evolutionary strategy can contain the domestic problems and cope with present trends in the international sphere presupposes that Taipei will not be subjected to major external shocks in the next several years. The Nationalist government expects a further erosion of its formal international position and is prepared to deal with the consequences of the present trend of events--so long as both Washington and Tokyo remain diplomatically tied to it. Taipei is almost certainly resigned to a further warming in relations between Peking and both Japan and the United States; it does not like this trend, but is seems ready to live with it. Should either of Taiwan's diplomatic anchors be lost in the next two or three years, before Taipei's manipulative policies have had much "evolutionary" effect on the domestic or international situation, the limits within which Nationalist leaders are now working would clearly change.

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37. If, for example, Japan were to recognize Peking, it would have to be on terms that would acknowledge mainland sovereignty over the island. Nationalist leaders would then be forced to examine carefully whether the United States would--or could--for long remain the only major country in the world denying Peking's claims and backing that denial with the ultimate threat of force implied in the mutual defense treaty. Circumstances such as this might well cause the government to consider moving much faster--perhaps even precipitously--toward an "independent Taiwan." But it is likely that Nationalist leaders would see considerable danger in this action and might even believe it to be too late. Rapid movement toward political transformation at home in an atmosphere of considerable uncertainty abroad could well release those very domestic forces the government has been at such pains to control--with incalculable consequences. Moreover, a "one China, one Taiwan" solution at such a juncture probably could do little to retrieve Taipei's international fortunes. Few nations already ensconced diplomatically in Peking would be willing to break with the Communists in order to support the principles of independence and self-determination as applied to Taiwan. At the same time, Peking would almost certainly undertake an even broader campaign to weaken the island's economy. If successful--and under the circumstances such a campaign would be likely to have some effect--economic problems would impinge on and complicate political problems at a most delicate period for the island.

38. A different solution would be a regime attempt to reach some kind of accommodation with the mainland. A move in this direction would run very serious risks. Some influential and important Mainlanders would unquestionably resist any movement toward Peking whatever the circumstances. While the Nationalist leaders would almost certainly hope to explore Peking's offers in secrecy, the risk of premature disclosure would be considerable and this would unquestionably create shock waves through the island. The terms of an agreement with Peking, if one were reached, could be equally unsettling, but in this

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case some of the shock might be cushioned by the nature of the agreement itself. If an agreement were sufficiently flexible and called for only gradual and long-range absorption of the island into the mainland political and economic system, the initial shock might give way to a gradual accommodation with the "inevitable." Terms such as these are in any event the only ones Nationalist leaders would be likely to consider, and while Peking has been careful not to close the door on a settlement of this nature, Taipei could hardly be certain that in fact such an offer would be made.

39. In short, from Taipei's point of view, drastic solutions are to be avoided if possible. The government has shown considerable courage and coolness in responding to the challenges of the past year and has displayed just enough flexibility to keep things on a relatively even keel at home and, to some extent, abroad. Although the era of tranquillity ended over a year ago, a combination of luck, Mainlander pragmatism, and Taiwanese patience could ensure a relatively stable domestic situation for some time to come. But not all the elements of this prescription are in the hands of those on the island; in the final analysis much will depend on larger developments in the international sphere.

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