China’s military threat to Taiwan has been a grave and constant concern for people in Taiwan ever since the Nationalist Government retreated to Taiwan in 1949. At the time, the fall of Taiwan to the Chinese communist force appeared imminent and unavoidable. However, fortunately for Taiwan, the Korean War broke out in June 1950. Immediately after, President Harry Truman sent the 7th fleet to the Taiwan Strait to guard against military confrontation in that region. From then on, Taiwan has depended upon the US military for its protection. Beginning with its signing in 1954, the US-ROC Mutual Defense Treaty guaranteed Taiwan’s security and survival for the next two decades. During the 1970s and 1980s, the US and China tacitly agreed to put aside the Taiwan issue, with the US reversing its formal treaty commitment in order to form a strategic partnership to counter the threat posed by the former Soviet Union.

The Taiwan issue resurfaced in the early 1990s as a result of Taiwan’s democratization. Ever since the establishment of the Democratic Progressive Party (DPP) in Taiwan, the unification versus independence question not only has been one of the primary issues by which political parties in Taiwan distinguish themselves from one another, but also been the dominant factor in affecting vote choice. Moreover, the independence-unification issue has consequences beyond Taiwan’s domestic

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politics because China has consistently vowed to use military force against Taiwan if it declares formal independence. The shift in political power in Taiwan’s domestic politics after the 2000 presidential election, with the DPP candidate displacing the Kuomintang for the first time in Taiwanese history, has created greater uncertainties for China over Taiwan’s official policy on the issue. The DPP advocates for independence but has been cautiously making efforts to craft an image of an independent Taiwan without declaring formal independence. In recent years, however, President Chen Shui-bian has taken a number of bold steps in the direction of independence. For example, in July 2002 he declared that there is “one country on each side of the Taiwan Strait.”2 And on February 27, 2006, he formally announced that the National Unification Council would "cease to function" and its guidelines would "cease to apply", a deviation from the “Four Noes and One Without” policy that stipulated in his 2000 and 2004 inauguration speeches. The next issue on his agenda seems to be the call for a new constitution, which many people are concerned would step over the “red line” and trigger China to take military actions against Taiwan.

In recent decades, the political and military tensions in the Taiwan Strait have been confounded by a steadily increasing economic integration between China and Taiwan. For example, from 1999 to 2005 trade between China and Taiwan has grown from approximately US$25.7 billion to nearly $76.4 billion a year.3 China is now Taiwan’s largest trading partner. In addition to raw trade volume, mainland China is also Taiwan’s largest and fastest growing target for foreign investment, with the accumulated contracted amount of investment surpassing US$45 billion in 2005.4

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2Chen’s statement was made on August 3, 2002 at the 29th annual meeting of the World Taiwan Fellow Townsmen Federation” held in Tokyo, Japan.
3Data source: Ministry of Economic Affairs, Republic of China.
4Data source: Ministry of Finance, People’s Republic of China.
Many people in Taiwan are concerned that the economic relationship between China and Taiwan places Taiwan in a politically vulnerable position with respect to China and may even threaten Taiwan’s national security. Taiwan’s Ministry of Economic Affairs estimates that Taiwan’s total trade with China has been rapidly growing as a percentage of its total trade for the past decade (from around 6% in 1991 to about 21% in 2005), but that China’s total trade with Taiwan has held steady at only around 6-8% of its total trade. Dependence scholarship has long cautioned that asymmetries in economically integrated dyads are likely to create incentives for the less dependent actors to exploit its bargaining leverage to manipulate the more dependent actor. Proponents of the economic dependence position point to cross-strait trade and investment asymmetries to support their concern that Taiwan is becoming too economically dependent upon China in a way that will give China crucial leverage on politically important issues.

A contradictory view to the dependence theory is that economic interdependence promotes interstate peace. The proponents of this view argue that interdependence results from trade partners’ mutual emphasis on maximization of gains from trade, which will be lost if conflict interrupts the trade relationship. Less interdependent countries will derive greater utility from conflict because their opportunity costs are lower due to lower import and export levels. However, as

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countries trade more and become more interdependent, then more is at stake in terms of welfare gains lost when conflict increases the cost of trade and ultimately threatens the cessation of trade altogether. We might also expect that, according to the liberal argument, interaction with mainlanders will cause Taiwanese individuals to be less interested in pursuing independence, which is known to be one move that China’s government would definitely consider to be provocative.

Given the importance of the Taiwan independence issue, China has been trying to influence Taiwan’s domestic politics by (1) threatening the use of force to deter independence and by (2) fostering economic integration to induce unification. Indeed, Chinese leaders have made clear their intention to provide incentives for Taiwan investment and trade in the mainland in order to bring about Taiwan’s economic dependence and political vulnerability. As early as 1985, a Chinese Communist Party United Front Department document made the following statement: “...we can definitely, step by step, lead Taiwan’s industries to rely on our market as long as we adopt well-organized and well-guided measures. Continuing to develop these efforts would effectively lead us to control the operation of Taiwan’s economy that would speed up the reunification of the motherland.” And, according to Qian Qichen, former foreign minister, Beijing’s strategy has been “to blockade Taiwan diplomatically, to check Taiwan militarily, and to drag along Taiwan economically.”

The purpose of this paper, therefore, is to study whether China’s military threat or economic enticement has any significant effects on Taiwanese preferences on the independence-unification issue. None of the existing surveys, however, has

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9 This is allegedly a direct quote taken by the Hong Kong media from Qian’s speech at an undisclosed national working meeting among Taiwan affairs officials held in Fuchian (December 1993), quoted in Chu, Yunhan, “The Political Economy of Taiwan’s Mainland Policy,” *Journal of Contemporary China* 6 (1997): 229-258.
sufficient variables for the purpose of this study. Instead, the data used in this paper is based on a survey that I conducted in 2005, the Taiwan National Security Survey.10

1. ARE TAIWANESE IN FAVOR OF INDEPENDENCE?

Given the importance of the independence issue for both Taiwan’s domestic politics and the security balance in the Taiwan Strait, it is understandable that surveys have been conducted regularly to track shifts in public sentiment on this issue in Taiwan.11 The standard approach has generally been to represent respondents’ preferences on a 6-point scale. Respondents are asked to express a preference for independence now; unification now; status quo now, independence later; status quo now, unification later; status quo now, decide later; or status quo indefinitely. The design of this question attempts to separate those in the status quo category who actually have a first preference either for independence or unification but have, for some unspecified reason, reservations about the timing. The wording of the question and the distribution of preferences are thus:

Regarding the relations between Taiwan and mainland China, there are a number of different views presented on this card. Which position best represents your view on this issue?

1. to seek unification with China quickly (1.4%)
2. to seek independence from China quickly (5.5%)
3. to maintain the status quo now and seek unification later (15.9%)
4. to maintain the status quo now and seek independence later (15.6%)
5. to maintain the status quo now while deciding what to do later (37.4%)
6. to maintain the status quo indefinitely (18.5%)
7. no answer (5.7%)

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10 The 2005 Taiwan National Security Survey was conducted by the Election Study Center of the National Chengchi University, Taipei, Taiwan, from May 27-30, 2005 with a total sample size of 1,221. The principal investigator of the survey is Emerson Niou, Professor of Political Science, Duke University.

11 For an overview of the evolution of survey questions on the Taiwan independence issue, see Rigger (1999-2000).
The design of the measure described above is based on the assumption that preferences on the independence-unification issue can be represented on a unidimensional space. Why do people in Taiwan have difficulty deciding between independence and unification? What factors might influence respondents to move away from the status quo and toward either independence or unification? The common sense answer is that since Taiwan and mainland China have been divided by civil war, the division is only temporary and the two sides will reunite when mainland China becomes more compatible with Taiwan economically, socially, and politically. But after more than five decades of separation, unification with mainland China looks to be an ever more challenging, if not impossible, task. Given the contrast between life on Taiwan and life on the mainland, people in Taiwan have no positive incentive to unite with the PRC. As a result, many are attracted to the idea of Taiwan becoming an independent country but only if China would not use force to stop that from happening. In brief, for many people, a preference for uniting with mainland China or becoming an independent country is largely dependent on the costs of achieving one goal or the other. If the costs of uniting with mainland China or becoming an independent country are perceived to be low, then these goals are preferred while if they are perceived to be too high, then the status quo becomes the more attractive option.  

To arrive at a complete understanding of the conditionality of preferences, we should abandon the assumption that respondents’ positions can be located somewhere along a one-dimensional policy space between independence and unification. Instead,

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12 An earlier attempt to explore the conditions under which respondents would move away from the status quo and toward either independence or unification can be found in Wu (1993, 1996). Hsieh and Niou (2005) also propose an alternative method to measure respondents’ preferences on the independence-unification issue.
we should ask respondents to state the conditions under which they would move away from the status quo and toward either independence or unification, and vice versa.

The 2005 Taiwan National Security Survey includes four questions to explore the conditionality of preferences on independence versus unification:

- **Q1.** If the act of declaring independence will cause mainland China to attack Taiwan, do you favor or not favor Taiwan independence?
- **Q2.** If the act of declaring independence will not cause mainland China to attack Taiwan, do you favor or not favor Taiwan independence?
- **Q3.** If great political, economic, and social disparity exists between mainland China and Taiwan, do you favor or not favor Taiwan unifying with China?
- **Q4.** If only small political, economic, and social disparity exists between mainland China and Taiwan, do you favor or not favor Taiwan unifying with China?

Some 24.6 percent of respondents favored independence even if that implied war with China, but 63.5 percent of respondents supported independence if China would not attack Taiwan. Based on responses from Q1 and Q2, we can classify respondents into three categories (see Table 1), not including respondents who failed to indicate a clear preference on either Q1 or Q2: (1) supporting independence even if China would attack (29.2 percent),13 (2) supporting independence only if China would not attack (42.7 percent), and (3) not supporting independence at all (27.6 percent).

<table>
<thead>
<tr>
<th>Preferences on Independence</th>
<th>Independence Even If War with China</th>
<th>Independence If No War</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td>29.2%</td>
<td>0.5%</td>
<td>29.7%</td>
</tr>
<tr>
<td>Disagree</td>
<td>42.7%</td>
<td>27.6%</td>
<td>70.3%</td>
</tr>
<tr>
<td>Total</td>
<td>72%</td>
<td>28%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Table 1

Number of observations: 973
Data Source: The 2005 Taiwan National Security Survey

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13 Not included are those who supported independence even if war might break out between China and Taiwan but did not support independence if no war were to break out.
Second, following the same procedure, we can classify respondents into the following three categories (see Table 2): (1) supporting unification even under unfavorable conditions (15.1 percent), (2) supporting unification only under favorable conditions (42.3 percent), and (3) not supporting unification under any circumstances (39.5 percent).

Table 2
Preferences on Unification

<table>
<thead>
<tr>
<th>Unification Even If the Two Sides Are Not Compatible</th>
<th>Unification If the Two Sides Are Compatible</th>
<th>Agree</th>
<th>Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td></td>
<td>15.1%</td>
<td>3.0%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td>42.3%</td>
<td>39.5%</td>
<td>81.8%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>57.4%</td>
<td>42.5%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Number of observations: 980
Data Source: The 2005 Taiwan National Security Survey

An interesting finding revealed by Tables 1 and 2 is that a significant portion of the respondents would conditionally accept either independence or unification since a majority of the respondents (72 percent) could support independence if it does not lead to war, and a majority of the respondents (57 percent) could support unification if the two sides became compatible. A cross-tabulation analysis of preferences on independence and on unification using these two dimensions can help us identify the percentage of respondents who could accept either independence or unification with conditions (Table 3).

Table 3
Conditional Preferences on Independence and Unification

<table>
<thead>
<tr>
<th>Supporting Independence</th>
<th>Supporting Unification</th>
<th>Unconditionally</th>
<th>Conditionally</th>
<th>Not Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unconditionally</td>
<td></td>
<td>1.6%</td>
<td>7.9%</td>
<td>21.0%</td>
<td>30.4%</td>
</tr>
<tr>
<td>Conditionally</td>
<td></td>
<td>6.1%</td>
<td>22.4%</td>
<td>14.1%</td>
<td>42.7%</td>
</tr>
<tr>
<td>Not Support</td>
<td></td>
<td>8.4%</td>
<td>12.9%</td>
<td>5.5%</td>
<td>26.9%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>16.1%</td>
<td>43.3%</td>
<td>40.6%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Number of observations: 820
Data Source: The 2005 Taiwan National Security Survey
Based on the distribution presented in Table 3, we can classified respondents into three categories: (1) independence only: 35.1 percent (21 plus 14.1 percent) would accept independence but would not support unification, (2) unification only: 21.3 percent (8.4 plus 12.9 percent) would only support unification but not independence, and (3) conditional: 38 percent (1.6 plus 7.9 plus 6.1 plus 22.4 percent) of the respondents would conditionally accept either independence or unification as an outcome.

2. **China and U.S. Policies and Taiwan’s Public Opinion**

With one-third of the people in Taiwan having conditional preferences on the independence-unification issue, mainland China is in a position to deter independence and to entice unification. China’s policy toward Taiwan somewhat reflects its interest in achieving these goals. To prevent Taiwanese independence, Beijing refuses to renounce the use of force against Taiwan. Meanwhile, China continues to open its markets to Taiwanese businessmen and to promote other cross-strait exchanges. In the following section I will study whether these policies implemented by China have an effect on Taiwanese preferences on independence and unification.

**Deterrence**

To improve its chances of achieving successful coercion of Taiwan, China has been actively increasing its military strength. Over the past decade, Beijing’s military budget has grown, with a significant military build-up occurring since the 1995-6 Taiwan Strait missile crisis. China’s military build-up is occurring on two levels for the purpose of achieving two related objectives. By amassing conventional weaponry designed to combat Taiwanese military forces, the PRC compels Taiwan to engage in a costly arms race that threatens to break Taiwan financially and increase Taiwan’s
dependence upon the US for security. In addition, the People’s Liberation Army (PLA) has emphasized the build-up of its short-range surface-to-surface missile force in China’s Fujian province, which is situated across the strait from Taiwan. Simultaneously, the PRC is building up its nuclear arsenal to counter the US. If Taiwan becomes too dependent upon the US for its security and if the PRC can make it too costly for the US to intervene, then China can resort to forceful means to compel Taiwan to unify with China. China’s large-scale military exercises, missile deployments, and other improvements in military capabilities are intended to deter Taiwanese independence and, if necessary, compel Taiwan to reunify.

In February 2000, Beijing released a white paper on the Taiwan issue. Underscoring China’s threat to retain a coercive option to achieve its goals with respect to Taiwan, the white paper spells out China’s position on the “one-China” principle and threatens the use of force if Taiwan becomes independent or resists negotiations for unification indefinitely. On March 14, 2005, the PRC 10th National People’s Congress passed the Anti-Secession Law, which, according to PRC officials, provides legal justification for China’s use of force to prevent Taiwan’s secession and compel unification after all avenues for peaceful unification have been exhausted.

The credibility of China’s threat, however, might be affected by the United States’ security commitment to Taiwan. The level of U.S. commitment derives from the institutional framework configured by the 1979 Taiwan Relations Act, the 1972 Shanghai Communiqué, the 1978 Normalization Communiqué, and the 1982 Joint

Communiqué. At its most basic level, the policy distilled from this framework states that the United States agrees that the Taiwan Strait dispute is a Chinese domestic issue to be resolved by Chinese on both sides of the Strait. However the dispute is resolved, the United States insists that it must be done so peacefully.16 This policy allows the United States mobility to intervene in the conflict but resists specifying the conditions under which United States will become involved. Consistent with this policy message, the United States sends contradictory signals by trying to convince China that coercion is a dangerous solution because the United States is likely to defend Taiwan while simultaneously trying to persuade Taiwan that formal independence is dangerous because the United States is not likely to defend it.17 The policy extends neither a high nor a low commitment. Instead, it is deliberately ambiguous, avoiding any assertion of explicit commitment. A U.S. commitment that is too high would risk emboldening Taiwan to move toward independence thereby destabilizing the status quo by provoking China. A U.S. commitment that is too low would risk encouraging China to use direct force against Taiwan to compel unification. Existing U.S. policy, the policy referred to as strategic ambiguity, aims to achieve dual deterrence by purposely introducing uncertainty into the decision-making processes of both China and Taiwan.

U.S. public opinion toward the Taiwan-China conflict is not inconsistent with the U.S. strategic ambiguity policy.18 Americans are unclear in their support of

18. In 1999, the Opinion Dynamic Corporation conducted a public opinion survey to determine U.S. public opinion on certain Asia-related issues. One question reads as follows: “Both the People’s Republic of China on the mainland and the Republic of China on Taiwan claim to be the legitimate government of all of China. What do you think the focus of U.S. policy should be on the
Taiwanese independence. Many Americans support Taiwan as a democracy and hold China in disregard because of its poor human rights record and its unwillingness to democratize, but are reluctant to press for U.S. military intervention because China’s growth as an economic and military power demands the United States engage with China. Insofar as U.S. public opinion does not contradict the United States’ long-standing policy of strategic ambiguity, it does not pressure U.S. decision-makers to formulate a more transparent policy toward the Taiwan Strait conflict nor does it signal any definite preferences to China and Taiwan.

To study the relationship of the U.S. security commitment to defend Taiwan and the Taiwanese public’s perceptions of China’s military threat as well as their proclivity toward independence, I use the results of the 2005 Taiwan National China/Taiwan issue? The respondents were given a choice between supporting a policy that would favor the PRC, one that would favor the ROC, and one that would instead “keep a low profile, and let the Chinese deal with the problem themselves.” Between policies that would favor China or Taiwan, slightly more preferred giving the edge to Taiwan (26 percent) over China (21 percent). However, the highest number of respondents, almost half (47 percent), preferred the third alternative, “to keep a low profile, and let the Chinese deal with the problem themselves.” See William Watts, “Americans Look at Asia: A Potomac Associates Policy Perspective,” Analysis of a Public Opinion Survey Conducted by Opinion Dynamic Corporation, Cambridge, MA (October 1999), p. 37, http://www.hluce.org/images/usasia_report_1099.pdf.

Security survey. This survey contains a unique set of questions that allows us to undertake a more rigorous analysis.

Respondents in the 2005 survey were asked whether they think mainland China will or will not attack Taiwan if Taiwan declares independence: 65 percent expressed that they believed China would resort to force if Taiwan declared independence, 22 percent did not believe so, and 13 percent did not respond. The survey also asked respondents if they think the United States will help defend Taiwan if China attacks: 53 percent of the respondents responded positively, 28 percent negatively, 19 percent had no opinion.

We find several interesting correlations when we cross-tabulate respondents’ level of worry about China’s threat with their positions on the Taiwan independence-unification issue and control for the respondents’ level of confidence in U.S. support. First, the survey data clearly indicate that Taiwanese concerns about China’s threat vary as they grow more or less concerned about the U.S. commitment to defend Taiwan: 67.2 percent of the respondents who have confidence in U.S. support think that China will attack Taiwan if Taiwan declares independence (see Table 4a), while 84.5 percent of the respondents who do not have confidence in U.S. think China will attack (see Table 4b). Second, among those who have confidence in the US security commitment, 48.2 percent prefer independence (Table 4a), but among those who have no confidence in the US security commitment, only 17.7 percent prefer independence (Table 4b).

Tables 4a and 4b reveal that perceptions of China’s threat are to some degree a function of what people in Taiwan perceive the level of U.S. commitment to be and that Taiwanese support for unification or independence varies according to the degree of worry about China’s threat. Thus, Taiwanese preferences for independence or
unification depend in part upon the perceived level of U.S. commitment to defend Taiwan. Those who perceive the U.S. commitment level as high are more likely to be less concerned about China’s threat and more likely to support independence. Conversely, those who worry about U.S. commitment to Taiwan tend to fear China’s threat more and are less willing to support independence.

Table 4a.
Perception of China Threat and Preferences on Taiwan Independence if Confident of U.S. Support

<table>
<thead>
<tr>
<th>Perception of China Threat</th>
<th>Independence</th>
<th>No Worry</th>
<th>Worry</th>
<th>Row Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independence</td>
<td></td>
<td>88</td>
<td>110</td>
<td>198</td>
</tr>
<tr>
<td></td>
<td></td>
<td>44.4%</td>
<td>55.6%</td>
<td>48.2%</td>
</tr>
<tr>
<td>Conditional</td>
<td></td>
<td>36</td>
<td>114</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24.0%</td>
<td>76.0%</td>
<td>36.5%</td>
</tr>
<tr>
<td>Unification</td>
<td></td>
<td>11</td>
<td>52</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17.5%</td>
<td>82.5%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Column Total</td>
<td></td>
<td>135</td>
<td>276</td>
<td>411</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>32.8%</td>
<td>67.2%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Ordinal Measures of Association: Gamma 0.439.

Table 4b
Perception of China Threat and Preferences on Taiwan Independence if Not Confident of U.S. Support

<table>
<thead>
<tr>
<th>Perception of China Threat</th>
<th>Independence</th>
<th>No Worry</th>
<th>Worry</th>
<th>Row Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independence</td>
<td></td>
<td>12</td>
<td>29</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>29.3%</td>
<td>70.7%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Conditional</td>
<td></td>
<td>16</td>
<td>88</td>
<td>104</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15.4%</td>
<td>84.6%</td>
<td>44.8%</td>
</tr>
<tr>
<td>Unification</td>
<td></td>
<td>8</td>
<td>79</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9.2%</td>
<td>90.8%</td>
<td>37.5%</td>
</tr>
<tr>
<td>Column Total</td>
<td></td>
<td>36</td>
<td>196</td>
<td>232</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>15.5%</td>
<td>84.5%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Ordinal Measures of Association: Gamma 0.400

The foregoing analysis demonstrates that the Taiwan public’s reluctance to attain independence can be explained in part by their uncertainty about the U.S. commitment to defend Taiwan. This, in turn, gives reason for the Taiwanese to worry
about China’s threat to retaliate if Taiwan moves toward independence. By sustaining Taiwanese uncertainty, therefore, ambiguous U.S. policy plays a key role in deterring Taiwan independence. Moreover, because we assume that the PRC places high priority on its goal to unite Taiwan with the mainland and, if unrestrained, would act to bring about unification, we infer that the United States’ strategic ambiguity policy has also been successful in deterring China from coercing Taiwan.

**Enticement and Compellence**

In addition to deterring independence by maintaining a military threat, China can entice unification by opening its markets to Taiwanese businessmen and by promoting other cross-strait exchanges. Many Taiwanese are also interested in integrating with the mainland to take advantage of such opportunities as work, education, and travel. The conditional preferences on the independence-unification issue imply that as China continues to improve the attractiveness of its economic, political and social environment, a growing number of the Taiwanese will increasingly favor unification. The continued increase cross-strait exchanges might indicate that perceptions of China are improving.

Many people in Taiwan, however, worry that, because cross-strait trade favors Taiwan more that China, Taiwan’s economic dependence upon China renders it vulnerable to coercion from the PRC. That is, the asymmetrical nature of cross-strait trade might endanger Taiwan security because China will become more willing to assume the risk of a confrontation as its trade leverage increases, and Taiwan becomes more risk averse as its economic dependence increases.

To study whether or not Taiwanese preferences on the independence and unification issue are correlated with attitudes toward Taiwan’s trade and economic
policy with the mainland China, the respondents in the 2005 Taiwan National Security survey were asked the following question.

*Question:* Some people believe that to improve Taiwan’s economic growth Taiwan should strengthen its trade and economic relations with mainland China; however, some people believe that to protect Taiwan’s national security Taiwan should not have a strong trade and economic relations with China. Which position on this issue do you support?

The correlation between respondent’s preferences on the independence and unification issue and their attitude toward trade and economic relations with mainland China is presented in Table 5. An overwhelming majority of those who are for unification (95.5%) and a vast majority of those who have conditional preferences (74.4%) clearly favor strengthening trade and economic relations with mainland China, but those who are for independence have a very different view.

<table>
<thead>
<tr>
<th>Preferences on Taiwan Independence</th>
<th>Attitude on Trade and Security</th>
<th>Row Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independence</td>
<td>Security</td>
<td>Trade</td>
</tr>
<tr>
<td>140</td>
<td>96</td>
<td>35.8%</td>
</tr>
<tr>
<td>59.3%</td>
<td>40.7%</td>
<td></td>
</tr>
<tr>
<td>Conditional</td>
<td>68</td>
<td>266</td>
</tr>
<tr>
<td>25.6%</td>
<td>74.4%</td>
<td></td>
</tr>
<tr>
<td>Unification</td>
<td>7</td>
<td>158</td>
</tr>
<tr>
<td>4.4%</td>
<td>95.6%</td>
<td></td>
</tr>
<tr>
<td>Column Total</td>
<td>215</td>
<td>660</td>
</tr>
<tr>
<td>Total</td>
<td>32.6%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Ordinal Measures of Association: Gamma 0.746

Thus far, I have used simple correlations between respondents’ preferences on the independence and unification issue and their perceptions of some conditions such as China’s military threat, the United States’ security commitment, and the trade-offs between economic growth and national security to argue that perceptions of those factors can affect preferences on independence. In what follows, I use multinominal
logit to estimate more rigorously the effects of these factors on respondents’ preferences.

The dependent variable for the model is respondents’ preferences on the independence and unification issue. There are three possible preferences: to support independence unconditionally, to support independence or unification conditionally, and to support unification unconditionally. Independent variables include the three factors discussed above, as well as the respondent’s ethnic identity, age, education, and income. Coefficients for the unconditional independence supporters are normalized at zero. All other coefficients from the model are interpreted as the impact of that variable on the respondent’s preferences on the independence and unification issue relative to that of the unconditional independence supporters.

The multinomial logit regression results of the above model are shown in Table 6. As can be seen from the Table, the three factors discussed above are indeed very significant in affecting respondents’ preferences on independence. Controlling for ethnic identity, age, education, and income, respondents who believe that China will not attack Taiwan if Taiwan declares independence, that the US will help defend Taiwan if Taiwan initiates action by declaring independence, and that Taiwan should put a higher priority on national security over economic prosperity tend to support unification unconditionally.

Table 6 about here
Table 6
Multinomial Logit Model of Factors Explaining Preferences on Independence

<table>
<thead>
<tr>
<th>Covariate</th>
<th>Conditional Supporters</th>
<th>Non-Supporters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainlander</td>
<td>.17 (.40)</td>
<td>1.69* (.40)</td>
</tr>
<tr>
<td>Hakka</td>
<td>.05 (.33)</td>
<td>.65 (.40)</td>
</tr>
<tr>
<td>Age</td>
<td>-.11 (.11)</td>
<td>.04 (.13)</td>
</tr>
<tr>
<td>Education</td>
<td>.13 (.21)</td>
<td>.20 (.26)</td>
</tr>
<tr>
<td>China Threat</td>
<td>.92* (.24)</td>
<td>.98* (.34)</td>
</tr>
<tr>
<td>US Defense</td>
<td>-.95* (.24)</td>
<td>-1.29* (.29)</td>
</tr>
<tr>
<td>Trade vs. National Security</td>
<td>1.05* (.23)</td>
<td>3.12* (.54)</td>
</tr>
<tr>
<td>Constant</td>
<td>-.61 (.67)</td>
<td>-3.78* (.98)</td>
</tr>
</tbody>
</table>

Percentage of Cases | 39.8% | 24.5%
Number of Cases     | 556   |

Entries are maximum likelihood coefficients with standard errors in parentheses.
* indicates p<.05, two-tailed

3. CONCLUSION

The purpose of this paper is to study the effects of China’s military threat and cross-strait economic integration on Taiwanese preferences on the unification-independence issue. To accomplish this task, I first devise a method to measure Taiwanese preferences on the independence-unification issue. An interesting finding revealed by the new measure of preferences is that more than a third of the respondents in Taiwan agreed both to unite with China if China became modernized and democratic, and to declare independence if China would not use force against Taiwan. With a large percentage of people in Taiwan having conditional preferences on the independence-unification issue, mainland China is in a position to influence Taiwanese preferences.
I then show that China’s constant threats to use force restrain Taiwan from advancing toward independence and that Taiwanese willingness to unify with China is also positively correlated with stronger trade and economic relations between Taiwan and mainland China.

The empirical findings reported in this paper show that China can influence Taiwan’s domestic politics by threatening Taiwan militarily and by enticing it economically. Statistically speaking, however, it is difficult to determine its real effects because the China effect itself is endogenously determined by other factors. For example, if China tries to contain Taiwan independence by becoming more aggressive toward Taiwan, then the US might counter-balance China’s threat by strengthening its security commitment to Taiwan, which might actually embolden the independence movement. So the real effects of China’s threat depend on how credible the US security commitment to Taiwan is. But the credibility of the US security commitment itself might be affected by China’s political resolve and military capability. To study the China effect on Taiwan’s domestic politics while controlling for the US security commitment is an extremely complicated if not impossible statistical challenge and it will be left for future research.
REFERENCES


