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Indo-Pacific Region**



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This report summarizes the presentations and deliberations of participants in the 2024 annual conference of the Project on Taiwan in the Indo-Pacific Region. This report was prepared by Bobby Shore (Stanford MA '24), in consultation with Kharis Templeman, with research assistance from Irene Zhang (Stanford MA '25). The leadership of the project gratefully acknowledges the support of Hoover's administrative and events team, especially Amy Alonso and Janet Smith.



Conference Motivation

Taiwan's next president William Lai (賴清德) took office on May 20, 2024. His victory in the January 2024 elections ensures that the ruling Democracy Progressive Party (DPP) will hold the presidency for an unprecedented third consecutive term. But Lai won only 40 percent of the presidential vote, and the opposition Kuomintang (KMT) and Taiwan People's Party (TPP) together now control a majority of the seats in the legislature. President-elect Lai's new administration is also likely to face continued pressure from the People's Republic of China (PRC), and he will have to deal with an increasingly complex and uncertain international environment.

This conference brought together a diverse group of experts to discuss the policy challenges and opportunities that the incoming Lai administration will face. It featured panels on the 2024 election results, governance challenges, the future of Taiwan's economy, security and defense issues, US-Taiwan-PRC relations, and perspectives of key U.S. allies and partners on the U.S.-Taiwan relationship.



Opening Remarks from Adm. James O. Ellis, Co-Principal Investigator of the Project on Taiwan in the Indo-Pacific Region

President Richard Nixon claimed that the world must bring China into the community of nations, adding that the world cannot be safe until China changes. Additionally, many have noted the existence of a democratic peace in the prior century, as democratic states seldom fall into armed conflict with one another. Yet, the changes witnessed in China since president Nixon's infamous visit were unanticipated, and although more than four billion people from seventy-six countries will vote for their countries' leaders in 2024, one in four of these voters will be in a hybrid or authoritarian regime in which leaders use the election to tighten their grip on power. The escalating threat from the People's Republic of China and growing concerns of global democratic backsliding set the ominous backdrop for the Hoover Institution's 2024 *Taiwan in the Indo-Pacific Region* conference.

Taiwanese president William Lai's May 20th, 2024 inauguration speech drew ire from Beijing, which the latter labeled "a confession of Taiwan independence." Beijing followed Lai's assumption of office with two days of military exercises encircling Taiwan and simulating missile strikes on a number of Taiwanese cities. These military activities disrupted airspace around Taiwan and even included threats from Beijing that container ships en route to Taiwan may be searched by the People's Liberation Army Navy for weapons moving forward. Such aggressive action and rhetoric highlights a grim reality; discourse on Taiwan can no longer be confined to domestic Taiwanese issues. Instead, we must consider Taiwan in a border context that includes other international actors and the global community at large.

What was once termed an "axis of evil" has become a "coalition of the malevolent." China, North Korea, and Iran have supported the Russian war machine in Ukraine by supplying munitions, semiconductors, and drones. The UN Security Council is suffering from paralysis, and this lack of accountability on the international stage has led to more conflict and political violence as authoritarian leaders act with impunity, unafraid of facing repercussions. What does this do to the global psyche?

Western-style democracies appear to have lost the battle for the narrative as the gulf widens between societies, institutions, and political parties. People have grown tired and weary of the influx of information afforded by personal technology. Fewer people report following current affairs via the news each year, and many who still do follow the news are now accessing it through social networks and from online influencers. These trends have fundamentally changed how current affairs are consumed and have consequently created new vulnerabilities to external influence and manipulation.

Over half a century ago, Britain and France stood by and watched as Hitler's Germany consumed vast swathes of Europe. A similar lethargy today could prove existential. To address contemporary challenges effectively, action is required; however, despite considerable agreement on the need to move, consensus on the appropriate direction remains elusive.

Politics is inherently local. Therefore, no action should be taken that affects Taiwan without Taiwan having a seat at the table of decision-makers. International observers must understand that cross strait relations, while having international implications, are also a domestic issue for Taiwanese. This is not to say that we should be naive to Taiwan's position within this



new US-China Cold War, but rather that we must also be cognizant of the many diverse demands that Taiwan's electorate expects the Lai administration to address.

The 2024 *Taiwan in the Indo-Pacific Region* conference at Stanford University's Hoover Institution have assembled a distinguished group of experts to discuss Taiwan's rising importance on the world stage. Covering a diverse range of topics and issues over the span of two days, these thought-leaders emphasized the need to challenge assumptions that underlie how we view Taiwan's political, economic, and security environments in order to lead to peace and prosperity in the global community.

Panel One

Scholars have noted threats to Taiwan's democracy stemming from both internal and external forces. The first panel of the conference addressed recent concerns of domestic populism and Chinese Communist Party interference in Taiwan's electoral system.

Populism and the 2024 Election

Speakers in the first panel noted that recent concerns of populism in Taiwan's electoral system largely stem from the rise of former Taipei City mayor Ko Wen-je and the political party he founded, the Taiwan People's Party (TPP). Sometimes labeled a populist, Ko received more than three million votes in his January 2024 bid for the Taiwanese presidency. Additionally, the TPP won eight seats in the Legislative Yuan, three more seats than the party had won in the 2020 elections. These eight seats now controlled by the TPP play an outsized role in the Legislative Yuan, as neither the Kuomintang (KMT) nor the Democratic People's Party (DPP) enjoy a majority, allowing the TPP to play the role of legislative kingmaker.

Although Ko did not win the 2024 presidential election, he garnered significant attention throughout the campaign. It became evident during the election process that neither Ko nor KMT candidate Hou Yu-ih could defeat the sitting DPP vice president, William Lai, in a three-candidate race. Consequently, Ko and Hou explored forming an alliance through a joint ticket. However, they were unable to agree on which candidate would run for president and which for vice president. Some panelists shared the view that one factor in the collapse of a Ko-Hou alliance was the KMT's unwillingness to accept the subordinate role as vice president on the ticket, believing that such a compromise could have led to the implosion of an already electorally struggling KMT.

Following the collapse of the Ko-Hou alliance, Ko gradually lost support in the polls, and the feared Lai victory that had driven Ko and Hou together in the first place was realized. Data from the panelists showed that Lai enjoyed strong support in the DPP's traditional strongholds in the south, but Ko drew votes from KMT bases in Hsinchu and Taoyuan. Strategic voting was limited, as Ko voters were reluctant to back Hou despite the likelihood that failing to do so would hand the DPP a third consecutive presidential term.

According to data presented by the panelists, Ko voters were overwhelmingly under the age of forty, while Hou voters were primarily over the age of fifty. While Lai performed reasonably well with voters holding college degrees and particularly well among non-college-educated voters, Ko's relative strength among college-educated voters did not make up for his



severe lack of support with voters not holding a college degree. Hou enjoyed relatively balanced support between the college-educated and non-college-educated demographics. Mired by accusations of gender and LGBTQ discrimination, Ko also performed poorly with female voters relative to Lai and Hou.

Panelists noted that, regarding cross-strait relations, Lai voters considered the possibility of a PRC invasion the most important issue facing Taiwan. These voters were also more likely to prefer the United States to the PRC when polled. Hou voters placed cross-strait relations lower on their priority list, and they believed that removing the DPP from power was necessary to mitigate the threat from China. When polled, Hou voters were more likely to prefer the PRC to the United States. Ko supporters were much less concerned with cross-strait relations, focusing instead on addressing domestic problems such as high housing costs. These voters also proved relatively evenly split on their preference between the United States and the PRC.

Despite having been described as pragmatic by some and enjoying popularity among a predominantly college-educated base, Ko and his party have been labeled by many as populist. Despite the rising appeal of Ko and the TPP in recent years, however, panelists disagreed with this characterization that Taiwanese society has grown increasingly populist, citing substantial data indicative of the contrary. Utilizing data from the Asia Barometer Survey Waves 4 through 6, one panelist found that although voters who were more concerned about their economic security were more likely to voice antiestablishment, anti-immigrant, and anti-free-trade sentiments—all commonly associated with populist attitudes—these populist sentiments were not strong indicators of TPP support among voters. Of these factors, only antiestablishment views were correlated with TPP support, but antiestablishment views, the panelist noted, are not by themselves a good proxy for populism. Instead, education level, income-level, and gender were significantly stronger predictors of support for Ko and the TPP. Additionally, voters who had a negative view of the Tsai Ying-wen administration were far more likely to support Ko according to Taiwan Election and Democratization Studies data.

From these results on voting patterns, panelists deduced that there are not compelling signs of populism in Taiwan. Although many voters in the 2024 election were anti-elite (more than 80%), panelists noted that this was not inherently a bad thing, as it shows discontent with elected officials and a desire for social improvements. Data also showed that most Taiwanese voters are against hegemonic leaders and their government acting outside of the law, indicating a robust democratic spirit and foundation.

United Front Work Department Infiltration

Some panelists highlighted threats to Taiwanese democracy that originate outside the island. Using open source data from the PRC's Taiwan Affairs Office, news outlets, and exchanges between relevant Chinese and Taiwanese institutions and individuals, one panelist constructed a database uncovering how the PRC's United Front Work Department (UFWD) infiltrates Taiwanese society and attempts to shape public opinion to favor the Chinese Communist Party (CCP). This database showed UFWD knots, or initial points of connection to Taiwanese society. As shown through network analysis of this UFWD knot data, the KMT is the most commonly occurring point of contact for UFWD operations in Taiwan, representing more



than three times the number of knotts as the second most prevalent organization, the Cross-Strait Civil Society Development Association of China.

By applying regression analysis to this knott data, it becomes evident that for every UFWD connection present in a township, the DPP saw an average reduction of thirty votes, whereas the KMT experienced an average increase of nearly thirteen votes in the 2024 election. Increased concentrations of UFWD knotts in a township were also associated with a higher preference for dictatorship over democracy according to survey data. However, it remains unclear whether these correlations were the result of UFWD or if the UFWD operations targeted townships which were already KMT strongholds and had higher perceptions of dictatorship. Some panelists noted that the latter may present a stronger effect, as Hou voters showed greater preference for the PRC than Lai voters, and research by some panelists suggests that UFWD efforts are more effective when they are covert. An additional point of uncertainty was the fact that in 2018, more UFWD knotts seems to have helped KMT candidates, but in 2020, higher concentrations of UFWD knotts appeared to aid DPP candidates. Why this relationship between UFWD knott concentration and KMT electoral success has fluctuated is uncertain.

Moving Forward

The panel concluded with predictions about Taiwan's democracy in the near future. While there was initially hope that the TPP would work with both the KMT and DPP to achieve various policy objectives, panelists noted that the TPP has appeared far more interested in working with the KMT thus far, despite significant tension between the two parties while on the campaign trail. Panelists noted that this new partnership may be an attempt to obstruct the Lai administration and portray the next four years as chaotic in an attempt to hurt the DPP's electoral chances in 2028. Given that the TPP now has three prominent politicians likely to seek higher office in the future, an obstructionist strategy in the next four years may backfire and lead to mass defection as happened for previous smaller parties in Taiwan.

Alternatively, the TPP may continue its current upward trajectory and become an established, major party in Taiwanese politics. Unlike other third-party candidates in Taiwan, Ko positioned himself and the TPP to the political center rather than to the right of the KMT or left of the DPP. This may draw centrist voters from both parties. Furthermore, panelists noted that while TPP voters are unlikely to strategically vote for KMT candidates, KMT voters could strategically vote for TPP candidates moving forward to end the DPP's presidential election winning streak. Such strategic voting, panelists suggested, could potentially lead to the TPP replacing the KMT as Taiwan's leading opposition party to the DPP. With only eight seats in the Legislative Yuan, such a feat would take considerable effort, and one panelist in particular was hesitant to write off the KMT's electoral prospects moving forward, citing several KMT mayors positioning themselves for future presidential runs.

Regarding external infiltration, panelists anticipated increasing UFWD efforts to influence Taiwan's democracy in the coming years. One panelist feared that KMT control of the Legislative Yuan will result in unconstitutional legislation and democratic backsliding in Taiwan, particularly given the concentration of UFWD activities with the KMT and highlighted by KMT politician Fu Kun-chi's recent meeting with CCP leaders in Beijing.



Panel Two

The second panel addressed different societal problems that the Lai administration, and subsequent administrations, will likely be pressed to address. This discussion primarily focused on Taiwan's aging crisis, elevated housing costs, and counter-disinformation campaign.

Taiwan's Demographic Crisis

According to the first panelist, signs of an aging society began to emerge in Taiwan during the 1990s. In 2017, Taiwan officially became an aged society, and estimates project that Taiwan will transition to a super-aged society—in which more than 25% of the population is at least sixty-five years old—in the coming decade. This marks a steep decline from the fertility rate of over 4.0, or more than four children per woman, in the 1970s. Today, Taiwan's fertility rate is about 1.2, far below the 2.1 deemed necessary to maintain a constant population.

Although Taiwan's median age of 43 is only five years older than the median age of 38 in the United States, Taiwan does not enjoy the same high levels of population growth through immigration that are observed in the United States.

Taiwan's workforce participation among both young and elderly workers also lags behind that of the United States. According to data from the Taiwanese National Development Council, thirty-seven percent of Americans aged fifteen to nineteen participate in the United States' labor force, but this figure is only nine percent in Taiwan. Among individuals aged twenty to twenty-four, seventy-one percent of Americans participate in their labor force, but only fifty-nine percent of Taiwanese participate in their labor force. This is largely explained by a greater emphasis on youth in Taiwan focusing on education as opposed to employment. On the other end of the age spectrum, seventy-three percent of Americans aged fifty-five to fifty-nine participate in their labor force, but in Taiwan, only sixty percent of individuals in this age range participate in their labor force. Between the ages sixty and sixty-four, fifty-seven percent of Americans participate in the labor force while only forty percent of Taiwanese participate. Expanding these labor force participation rates among young and elderly groups would help slow, but not solve, Taiwan's demographic crisis.

Panelists highlighted a number of societal problems stemming from Taiwan's demographic crisis. As in other East Asian economies, Taiwan enjoys a high savings rate among the populace, but this high savings rate can limit economic development as capital is stored in savings accounts rather than being invested elsewhere in the economy. Alternatively, elderly individuals who have not saved enough for retirement are more likely to fall into poverty. Aging societies also exhibit lower consumption rates than their younger peers. As elderly populations spend less on consumer goods and generally maintain more of their wealth in savings or real estate, this can limit economic growth, as consumer spending remains low relative to the size of the population.

In the case of Taiwan, an aging population carries a unique challenge for defensive capabilities. The PRC's military budget has far outstripped Taiwan's both in absolute terms and as a percentage of GDP. As Taiwan's population continues to age, voters will place greater emphasis on improving healthcare and social services for the elderly rather than on buying weapons and modernizing the military.



This panelist proposed a number of strategies to confront Taiwan's demographic crisis. Taiwan could promote immigration, particularly from Southeast Asian countries which share some cultural and linguistic characteristics with Taiwan. To replace the need for workers in some sectors, Taiwan could increase investments in robots, such as in elderly care or restaurant waitstaff. To minimize the effects of an aging population and increase the labor force participation rates among younger age groups, the Taiwanese government could incorporate internships into school curriculum. To boost labor force participation amongst those older than fifty years old, the government could reduce pensions to reflect the pension levels in Singapore, although panelists questioned the political feasibility of such a proposal. Furthermore, the Taiwanese government could implement compulsory male maternity leave equal in length to female maternity leave. This could increase the female labor force participation rate, as companies would not be disincentivized from hiring female workers.

Housing Costs:

A second panelist presented challenges for the Lai administration in Taiwan's housing market. Today, the median home price in Taipei is more than sixteen times greater than the median household income in Taipei, and housing prices have been a political issue in Taiwan since the first housing protests occurred in 2010. Although many political leaders have vowed to address the problem of unaffordable housing costs, including former president Tsai Ying-wen, a number of factors have prevented meaningful improvements to the cost of living.

There is no shortage of housing in Taiwan. In fact, vacancy rates are at least ten percent of all housing units. However, as in other East Asian economies, housing in Taiwan has experienced significant commodification. Taiwan's housing market must factor not only the demand for housing but also the demand for investment opportunities. More than three-quarters of personal wealth in Taiwan is held in real estate, and this capital is predominantly owned by individuals over fifty years of age. One panelist noted that more than fifty percent of homeowners in Taiwan own more than four properties. During the Ma Ying-jeou administration, this commodification phenomenon was exacerbated by an influx of capital from PRC investors into Taiwan's real estate market.

Such commodification of housing units in Taiwan has been enabled by low property taxes and low taxes on property sales. The panelist also noted that the real estate lobby is notably influential in Taiwan and has managed to prevent meaningful legislation from being passed that would change this favorable tax regime.

The speaker noted a number of key takeaways, as well as potential solutions for Taiwan's housing market. Specifically, speculation on housing is detrimental to Taiwan's economic development as it pulls investment away from other sectors. Additionally, housing speculation worsens social and generational inequality and can reduce social trust, and housing as a means to store wealth goes against environmental sustainability goals. To address these problems, and others, the panelist suggests that the Taiwanese government increase property taxes, particularly on vacant units, establish housing policy research centers independent of existing real estate research centers, limit the influence of the real estate lobby on policy formation by legalizing community participation in urban planning and limiting political donations, regulate the



underground rental market, and treat social housing as essential social infrastructure and an important strategy for economic development.

Disinformation:

Disinformation has become a buzzword due to its pervasive use by authoritarian regimes. Taiwan has experience combating disinformation from the PRC, but, as the third panelist noted, disinformation is also a domestic issue in Taiwan. Between 2019 and 2022, a number of laws were passed in Taiwan to criminalize spreading disinformation and causing social damages, such as Article 46-1 of the Act Governing Food Safety and Sanitation, Article 41 of the Disaster Prevention and Protection Act, Article 63 of the Communicable Disease Control Act, and the Social Order Maintenance Act. Very few cases cited these acts, with the exception of the Social Order Maintenance Act, which was heavily cited in court cases between 2019 and 2021.

More than ninety percent of cases citing the Social Order Maintenance Act pertained to social media, and of these social media cases, ninety percent ruled in favor of the social media users. The panelist noted that this low conviction rate is in large part due to difficulty proving that disinformation is illegal as defined by the law. Additionally, if a social media user is found guilty, this does not effectively stop the spread of such disinformation from the source. The panelist then explained the 2022 Digital Intermediary Services Act Proposal which was modeled after legislation in the European Union, but was withdrawn after the Tsai administration was criticized for threatening free speech.

The panelist concluded by highlighting the need to strike a balance between security and human rights. In the case of Taiwan, combating disinformation from the PRC is crucial in preserving a robust democracy.

Panel Three

The third panel discussed the future of the Taiwanese economy and the role of the semiconductor industry in future development. Specifically, panelists expounded on strategies to counter economic coercion from the PRC, as well as how government support plays a role in the semiconductor industry.

Countering Beijing's Economic Coercion:

The PRC has a track record of economically punishing other countries for unfavorable behavior. While some propose sanctioning the PRC in retaliation for such economic coercion, others view this as a short-term strategy which PRC officials will ultimately find methods to circumvent.

Panelists explained that for some in Taiwan, including the Tsai administration, a preferred strategy is to avoid the PRC's coercion altogether by resisting economic integration with the PRC when possible. For example, when the PRC has blocked fruit imports from Taiwan in recent years, the Taiwanese government has promoted fruit exports to other countries, like Japan, while also encouraging increased domestic fruit consumption. When Beijing restricted tourism for PRC citizens to Taiwan in 2016, the Tsai administration utilized the New South Bound Policy to spur increased tourism from Southeast Asian countries. While neither increased



fruit exports to Japan nor increased levels of tourism from Southeast Asia can fully offset the financial loss incurred by losing the PRC market, these efforts did reduce the damage and fostered a more diverse clientele, making the economy less susceptible to shocks from the PRC. This is the crux of arguments advocating reduced integration with the PRC economy.

To more effectively counter the PRC's economic coercion, panelists proposed multilateral cooperation between economies bearing the brunt of such economic coercion. Panelists specifically called for a trade pact in which like-minded economies that have faced Beijing's coercive measures—such as Taiwan, Japan, the United States, Australia, South Korea, and European countries—band together to build resilience and alternative markets. Under such a trade pact, coercive measures against one member would trigger multilateral responses from all other members. For example, were the PRC to withdraw or threaten to withdraw Chinese students from Australian universities, all other members to the trade pact would then restrict Chinese students in their respective universities. Some panelists believed that security benefits gained under such an arrangement would outweigh any potential financial loss. Although such a pact has not been formally discussed by prospective member economies, panelists are hopeful that action will be taken toward such an end in the coming years.

Support in the Semiconductor Industry:

The United States' share of global semiconductor manufacturing shrunk from more than forty percent in the early 2000s to roughly twelve percent in 2024. Taiwan, South Korea, and the PRC have been the primary beneficiaries of this American decline in Chips. What accounts for these economies' relative success at capturing American market share?

Panelists believed that industrial policy efforts played a key role, but clarified that such industrial policy entailed several components. According to panelists, subsidies for electricity, water use, land, R&D expenses, and facility expansion were coupled with generous tax regimes and currency manipulation to support the semiconductor industries in Taiwan, Japan, and the PRC to varying degrees.

One panelist noted that today the PRC receives tremendous criticism for its semiconductor industrial policy, but the PRC's semiconductor industry was starting from a lower relative base than its peers which themselves supported their industries during early developmental stages. Even after TSMC became a semiconductor manufacturing leader, the Taiwanese government still provided TSMC with subsidies for electricity and land use as recently as 2018. Additionally, Taiwan's economic policies during the 1970s and 1980s supported industrial clustering in science parks that created positive economies of scale for chip makers in Taiwan.

In 2014, the PRC began to amplify its semiconductor industrial policy with the establishment of the National Integrated Circuit Industry Investment Fund. This fund invested more than 138 billion RMB in the PRC's domestic semiconductor industry and mobilized capital from provincial and local governments as well. The fund was renewed in 2019 with more than 200 billion RMB, and a third round has been recently announced with more than 340 billion RMB. In addition to these funds, local officials in the PRC also provide incentives for semiconductor firms in their jurisdictions, such as free industrial land use, hoping that technological development will help advance their personal careers within the CCP. The



existence of such profligate investment spending and widespread incentivization has led many to criticize Chinese industrial policy as being wasteful. How such a strategy will develop the PRC's semiconductor industry in the future and how the PRC's chip development will influence Taiwan, remains to be seen.

The Future of Taiwanese Semiconductors:

The third panel concluded with views on the future of Taiwan's semiconductor industry and, more broadly, its technological development. Some panelists questioned the prospective financial and technological viability of TSMC's forthcoming foundry in Arizona. Specifically, one panelist noted that TSMC's facility in Arizona began construction at a similar time as its new facility in Japan, but as of May 2024, the TSMC facility in Japan has already begun producing chips while the Arizona facility has not yet been completed. Some panelists attributed the delays in Arizona to cultural differences between American engineers and their TSMC superiors, especially in terms of work culture and project management, while others pointed out that the Japan facility is not intended to produce technology as advanced as the Arizona facility, which could also be a factor in the delays. Government permitting is likely also a factor in the Arizona facility's relative sluggishness.

In addition to struggles getting a new facility off the ground in the United States, TSMC also faces a number of challenges at home in Taiwan. Low birth rates in Taiwan may lead to a decline in domestic engineering talent. One panelist noted that by 2030, TSMC may hire as much as eighty percent of science and technology PhD graduates in Taiwan each year due to Taiwan's declining population. Additionally, supplementing Taiwanese engineers with foreigners may prove difficult, as some panelists noted English language ability may not be sufficient among TSMC's existing engineers to collaborate with foreign coworkers. This, coupled with linguistic barriers elsewhere in society, could limit the number of foreign engineers willing to relocate to Taiwan for employment.

Panelists noted that Taiwan must also avoid becoming overly reliant on the semiconductor industry. Taiwan is a global leader in semiconductors, but failing to develop other industries could render Taiwan susceptible to global shocks in the semiconductor industry, as well as divisions within Taiwanese society between the roughly three-hundred-thousand Taiwanese working in the chip industry and the rest of the population. To combat such overreliance on chips, the Tsai administration expanded the number of defense industry technology centers on university campuses from four to seven, and the new Lai administration may expand this number further or devote more resources to their respective research agendas. Speakers also noted efforts between the United States and Taiwan to deepen cooperation and development of biomedicine, cybersecurity, artificial intelligence, space capabilities, and environmental protection technology. These efforts could help diversify Taiwan's economy while leveraging existing advantages in information technology.

Panel Four

The fourth panel covered a number of topics pertaining to Taiwan's security environment and what both Taiwan and its partners should do to ensure Taiwan's defense.



Taiwan's Strategic Importance:

The panel began with an evaluation of Taiwan's strategic importance. Specifically, one panelist highlighted Taiwan's geographic location as being vital to the interests of the United States and its allies. PRC militarization of Taiwan would pose direct threats to Japan, South Korea, and the Philippines, as well as American troop movements in East and Southeast Asia. Additionally, Taiwan's robust democratic governance model serves as a symbol for not only the ethnically Chinese population in the PRC, but also for the entire global community. Finally, enjoying a dominant position at various points along the semiconductor supply chain, Taiwan is a linchpin in the world economy that must not be disrupted.

Steps to Boost Taiwan's Defense:

Given Taiwan's strategic importance, panelists expounded on steps they deemed necessary to ensure Taiwan's defense. Panelists noted that any efforts to defend Taiwan are complicated by the significant advantage that the People's Liberation Army maintains over the Taiwanese military. This imbalance is further complicated by the United States military's limited positioning in the East and Southeast Asian theaters.

Panelists explained that for Taiwan to have the greatest success at repelling a PRC attack, efforts need to be taken to prepare for a protracted conflict rather than a quick win. Panelists placed considerable emphasis on the need for Taiwan to adopt greater asymmetric capabilities across land, sea, air, space, and cyber domains well in advance of conflict. This should include prolific mines and mine countermeasures, anti-ship missiles, HIMARS anti-aircraft missile systems, air and sea drone systems, and satellite-based sensors, among others. Taiwan's military should also expand the deployment of small and low cost, unmanned platforms as those seen being used in Ukraine. Panelists noted that off-the-shelf technologies are not a replacement for larger platforms, but they can be an important complementing element to Taiwan's asymmetric defenses. To adequately deploy necessary systems, panelists advised that the Lai administration raise Taiwan's military spending to at least five percent of GDP.

Regarding the structure and training of Taiwan's military, panelists agreed that Taiwan should increase the personnel size of its military, with some advocating an increase from 75,000 troops to more than 300,000 troops within the next five years. Additionally, panelists believe the Lai administration should immediately implement the recently announced shift from four months of compulsory service to a full year of compulsory service rather than wait until 2027 as is current policy. This compulsory service should consist of meaningful training and include placement in an active reserved corps upon completion. Improving the quality of the military through better training will have the overall impact of boosting the public's perception of the military. Furthermore, some panelists proposed that Taiwan begin participating in military training exercises with the United States and its allies to improve force cohesion and interoperability of forces.

Both Taiwan and the United States should begin a stockpiling strategy to ensure that sufficient munitions and supplies are available beyond the opening moves of a conflict. Such stockpiles should include surface-to-air missile systems, anti-ship missiles, HIMARS, pre-positioned fuel, aerial drones for both reconnaissance and strike missions, undersea drones,



among other weapons and supplies. The industrial base producing these systems should also be reorganized and re-energized to avoid the levels of magazine exhaustion witnessed as a result of the conflict in Ukraine. Some panelists even proposed a multilateral industrial plan to procure the same weapon systems in the United States, Japan, South Korea, and Australia to allow for shifting production and supply chain mobility in the event of a conflict. Additionally, panelists argued that the United States needs to change its distribution of forces and stockpiles in the region to be more prepared for a Taiwan contingency, and methods should be developed to allow the resupply of naval ships at sea so that they do not need to return to Guam or Hawaii.

Panelists highlighted a number of additional steps the United States and its allies should take to prepare for a Taiwan contingency and deter PRC aggression. First, panelists suggested that the United States and its allies should credibly commit to punitive sanctions against the PRC in advance of conflict. This should include cutting the PRC off from the global banking system and discouraging transacting in RMB. The United States and allies should also boost economic integration amongst themselves to minimize trade disruptions caused by economically isolating the PRC and the defense against the PRC's economic coercion.

On military matters, the United States should elevate AUKUS to a treaty alliance and include Canada and Japan as members. In the gray zone, panelists floated the possibility of the United States and its allies more offensively employing gray zone tactics to dissuade the PRC from their use, arguing that the PRC leadership only respects shows of strength. Such gray zone activity can include non-kinetic capabilities such as water hoses and microwave systems. This would give American and allied troops options other than retreating or the use of lethal force when the PRC employs gray zone tactics.

Panelists proposed that the United States and its allies need to be prepared for a long-term conflict with the PRC in order to prevent one. Additionally, the people of Taiwan need to be ready and willing to fight in order to discourage an attack from Beijing. Panelists pointed out that such preparedness to fight, coupled with crushing economic sanctions, could keep the PRC leadership from determining that an attack on Taiwan is worth the risk.

Taiwan's Domestic Political Environment:

Panelists highlighted a number of factors that could influence Taiwan's ability to counter a PRC attack. According to the Taiwan National Defense Survey, nearly sixty percent of Taiwanese support increasing the defense budget to three percent of GDP. This support varies along party lines, as nearly eighty percent of DPP voters supported defense spending increases while only fifty percent of KMT voters did. On extending the length of mandatory conscription, partisanship was less influential, but DPP voters were still more in favor of extending mandatory service than were KMT voters. Overall, women and the elderly were less supportive of increasing Taiwan's defense spending than were their male and younger peers.

Regarding willingness to fight, a strong positive correlation existed between respondents' confidence in a commitment by the United States to join a potential conflict and their own willingness to fight. The more likely respondents believed the United States would enter the conflict, the more likely they themselves were willing to fight.

Panelists predicted that the Lai administration will continue the military reform progress of the Tsai administration, while at the same time, KMT politicians will try to thwart and even



reverse this reform trajectory. To this end, panelists noted that KMT presidential candidate Hou Yu-ih did not want to extend conscription length because he claimed relations with the PRC would improve under his administration, thus undermining the need for a stronger military. While likely difficult due to the PRC's unwillingness to engage members of the DPP in dialogue, the Lai administration should try to encourage more track two dialogue with the PRC.

The panel concluded with some panelists questioning the effectiveness of the United States' strategy of strategic ambiguity, in which the United States neither confirms nor denies a commitment to intervene in a Taiwan conflict. Panelists noted that while this strategy has served its purpose, it is time to at least challenge the assumptions upon which American foreign policy is based.

Panel Five

The fifth panel discussed the US-Taiwan-PRC relationship. Overall, panelists highlighted how structures of governance in the PRC may influence the calculus of all actors in the trilateral relationship. Additionally, they noted the need for calculated American action to control the narrative, as well as difficulty for the PRC to achieve its objectives given the status quo.

Dissuading the PRC:

Multiple panelists noted that given the PRC's political structure, the most effective deterrence would be one in which PRC leader Xi Jinping personally felt the political consequences of a Taiwan invasion. This was explained using the example of the PRC's abrupt changes to the Zero-COVID policy once protests and open public discontent mounted against the policy directly associated with Xi. As Xi continues to try and reorganize the PRC economy to insulate against American sanctions, Western officials will need to carefully craft credible threats to Xi's own political authority in the event he were to call for an invasion of Taiwan.

Panelists pointed to potential ironies in the current deterrence trajectory. Contrary to the narrative in many world capitals, PRC officials believe that they will overcome many of the domestic challenges they face, that Russia will eventually win and control Ukraine, and that the United States will politically fall into populist isolationism uninterested in playing a major role in international affairs. Because PRC leaders would ideally unify Taiwan without the use of military force, this perception of a rising PRC unimpeded by domestic challenges and a falling United States may prove beneficial for preservation of the status quo. That is, PRC leaders' patience may actually lead to a future outcome in which the PRC is overwhelmed addressing domestic problems and the international community has heightened its resolve to defend Taiwan.

Narrative and Dialogues:

According to one panelist, the United States must do a better job of controlling the international narrative regarding the US-Taiwan-PRC relationship. For example, although the United States' one China policy acknowledges but does not accept the PRC's claim to Taiwan, the PRC frequently equates its own view of the one China principle—in which there is only one China, and Taiwan is an inseparable part of China—with the United States' one China policy.



This allows the PRC to control the narrative by painting the United States as rogue and breaking the status quo when it engages with Taiwan.

Panelists agreed that in order for the United States to further its interest in the Taiwan Strait, it needs to refrain from using rhetoric that Beijing will use as grounds for an aggressive response. Purely symbolic gestures such as president Trump’s phone call with Tsai Ying-wen or house speaker Pelosi’s visit to Taiwan do little to ensure Taiwan’s security and allow Beijing to paint the United States as breaking the status quo. Instead, panelists recommended that the United States be more disciplined and refrain from publicizing its interactions with and around Taiwan, thus portraying the PRC as “moving the goalposts” when it conducts military exercises, economic coercion, gray zone activities, and other belligerent actions against Taiwan and its partners. This should include restraint by American officials from articulating their goals for the future of Taiwan. When American officials claim that they cannot allow Taiwan to become a part of the PRC even if through peaceful means, it undermines its official stance of seeking an outcome in which the Taiwanese people have a say in their future political system.

Panelists agreed that improving its discourse power also requires the United States to improve the strength of its democracy at home and re-establish America’s image as a model democracy. Additionally, the United States should invest more in communication with the PRC, not with the unrealistic aim of changing Beijing’s goals, but rather to avoid miscalculation between the two sides and clearly articulate American objectives. Panelists suggested that a PRC that will be called upon to explain its actions in regular dialogue is one that is less likely to engage in belligerent behavior. Panelists also expressed that, when coupled with a revitalized American democracy, such engagement through dialogue will show the United States to be a mature and peace-seeking power, ultimately making it easier for the United States to rally allies to its cross strait cause.

The PRC’s Difficulty with Dialogue:

One panelist highlighted some of the PRC’s greatest challenges when navigating the US-Taiwan-PRC relationship. During the past several Taiwanese administrations, the PRC has made adherence to the 1992 consensus a precondition for dialogue across the Taiwan Strait. This resulted in essentially no dialogue between Beijing and Taipei during president Tsai’s administration, and this is likely to continue during the new Lai administration. Panelists explained that PRC leaders are aware that the past eight years of “shunning Taiwan” did not help Beijing advance its goals on unification.

Furthermore, president Lai is unlikely to accept Beijing's 1992 consensus precondition, which leaves Beijing in a situation where it must harm its interests while insisting on an unachievable precondition. Wavering on the need for the Taiwanese administration to accept the 1992 consensus, however, would politically damage PRC leaders. Perhaps this is why there are rumors of unofficial, backdoor CCP-DPP dialogue. According to panelists, PRC interlocutors in Washington D.C. did not prioritize Lai’s speech, noting that “Lai said what he had to say, and we have to react how we have to react.”

Panelists suggested that despite hope for increased backdoor communication, the PRC will likely increase coercion and diplomatic pressure in the coming years, particularly as American weapon shipments increase to Taiwan. The PRC may seek to further isolate Taiwan by



picking off its diplomatic ties. PRC efforts to infiltrate Taiwanese politics will likely also increase even though CCP-KMT collusion may undermine the KMT's electoral prospects. Panelists noted that if PRC engagement with the KMT further harms the KMT and by extension the CCP's influence in Taiwan, Ko Wen-je and the TPP could be a new target of UFWD activities.

Panel Six

The sixth panel focused on how some of the United States' regional partners, specifically Japan, South Korea, Australia, and India, perceive US-Taiwan-PRC relations and the possibility of conflict in the Taiwan Strait. Panelists agreed that Japan, South Korea, and Australia would likely assist the United States defend Taiwan in the event of a PRC invasion, but India would likely provide minimal, if any, physical support during such a contingency.

Japan:

Overall, Taiwan-Japan relations are very positive, and many people in Japan have a positive view of Taiwan. This is in part fueled by people in Taiwan generally having a positive perception of Japan and believing that the roughly fifty years Taiwan spent as a Japanese colony helped bring modernization. This is in sharp contrast to the hostile perception of Japan generally held in South Korea and the PRC. Although there are some points of dispute between Taiwan and Japan, such as on the jurisdictional status of the Senkaku/Diaoyutai islands, one panelist noted that such disagreements rarely result in negative views being expressed in Japan about Taiwan, and the two sides regularly overcome such division by providing aid donations after natural disasters in these earthquake-prone societies.

Regarding the potential for a PRC invasion of Taiwan, one panelist noted that public opinion polling in Japan shows that few people there believe conflict is likely in the near future. This poll also showed that if the PRC promised not to threaten Japan after unifying Taiwan, a considerable portion of the Japanese public would not support Japan's involvement in the defense of Taiwan. However, this poll also showed that if the United States and several of its allies militarily defended Taiwan, the Japanese public would be more willing to do so as well.

One panelist highly informed on the matter noted that, despite the lack of a stated official position, the Japanese government would very likely join the United States in a military defense of Taiwan. The panelist noted that there is pressure from the United States for Japan to publicly declare its military support should the United States enter a Taiwan contingency, however, due to Japan's domestic political environment, this would likely hurt any Japanese Prime Minister who proactively pledged such support. Additionally, the Japanese constitution limits Japan's military to a self-defense force, likely rendering attacks on PRC vessels or aircraft crossing the Taiwan Strait unconstitutional if the PRC had not first fired upon Japan. Despite these challenges, panelists believed that Japan would provide a crucial role in support of the United States and Taiwan should the PRC attempt to militarily unify Taiwan.

South Korea:



It is likely no surprise that panelists agreed South Korea's most pressing foreign policy priority was preventing military conflict with North Korea. South Korea's focus on the Korean peninsula, however, has led to an underdeveloped regional grand strategy amongst South Korean policy makers, according to one panelist. In this view, the South Korean government frequently treats the issues of US-PRC competition and US-Russia competition as separate issues from each other, as well as separate from other South Korean policy priorities.

According to the panelist, many people in South Korea do not view the Taiwan issue as one pertaining directly to South Korea. This is despite the fact that more than forty percent of South Korea's foreign trade passes through the Taiwan Strait, and a conflict over Taiwan could decrease South Korean GDP by twenty-three percent. Additionally, the PRC might coax Kim Jong-un to attack the South during a Taiwan contingency. Even if such an attack began relatively targeted and contained, the possibility for escalation into a larger conflict would exist.

For these reasons, the panelist believed that South Korean officials should do a better job of understanding the country's position in larger geopolitical contexts by strengthening South Korea's relationship with the United States and its regional allies. Such partnerships built on shared democratic values would help formulate a unified grand strategy against the PRC, North Korea, and Russia. The panelist highlighted data from the Stanford Next Asia Policy Lab supporting the idea that as US-PRC relations deteriorate, the populations of countries allied with the United States think less favorably about the PRC. This unfavorable sentiment is likely to continue moving forward, increasing the prospects of cooperation between the United States, South Korea, Japan, Australia, and the Philippines, particularly in the event of a Taiwan contingency.

Australia:

Although Australia is geographically farther away from Taiwan than are South Korea and Japan, the Australia-PRC relationship and its deterioration in recent years have helped position Australia as a key potential player in a cross-strait conflict. PRC interference in Australian democracy over the past decade has mobilized the Australian public to counter gray zone and manipulation tactics by the PRC.

This has had the effect of strengthening the US-Australia relationship. Australia is a member of the Five Eyes intelligence-sharing coalition, and Australia has increased the United States' military presence in Australia in recent years with the deployment of American marines and B-52s in Darwin. Australia is a member of the AUKUS trilateral security pact, and Australia is in agreement with the United States to buy Los Angeles-class submarines alongside overall defense spending increases.

Panelists noted that Australia now pursues a strategy of denial to prevent the use of force in its area of interest "at range" without explicitly defining this area of interest. This is likely deliberately vague to deter the PRC from a Taiwan invasion without explicitly provoking the conflict that Australia seeks to deter. As part of its regional strategy, Australia has not only boosted military spending but also invested in national resilience efforts like improving domestic transportation infrastructure and cyber capabilities, both of which could prove beneficial in the event of conflict with the PRC. Regarding Australia's will to fight, panelists well informed on



the matter noted that there is no question about whether Australia will militarily come to the defense of Taiwan so long as the United States enters the fight.

India:

Unlike Japan, South Korea, and Australia, India would be unlikely to provide substantial military support in the event of a PRC invasion of Taiwan. One panelist noted that foreign policy typically takes a back seat to domestic issues for Indian politicians obsessed with winning elections. Because the Indian public is not highly concerned with foreign affairs, this results in the Indian foreign policy establishment being a small group of officials often left out of strategic planning by political leaders. This was evident when India abstained from a vote condemning Russia's invasion of Ukraine and then subsequently ignored Western sanctions on Russian oil shipments. Although India's tense relationship with the PRC has been used by the political elite to drum up domestic support in recent years, especially after a series of clashes on the India-PRC border in 2020, India's leadership would be unlikely to provide more than public statements and, at best, backfilling of weapons and other supplies for American forces in the event of a conflict over Taiwan.

Panelists noted that India's interest in Taiwan focuses on economic development particularly in the realm of emerging technology. India would like for Foxconn, the company responsible for manufacturing most Apple products, to move manufacturing out of the PRC to India. Additionally, many leaders in India would like to increase semiconductor cooperation between India and Taiwan. Because of Taiwan's demographic challenges, there are potential opportunities for international students and workers from India to play increasing roles in Taiwan. Although such a partnership would likely increase Taiwan's importance to India, panelists believed it would still be wishful thinking to expect India to play an important role in a Taiwan contingency.

Concluding Thoughts

The conference concluded with a number of panelists sharing their final thoughts on the future of Taiwan's democracy and the US-Taiwan-PRC relationship. Several panelists noted that the United States and Taiwan do not want to be delivered a *fait accompli* in which the PRC unilaterally determines Taiwan's future without other parties having time to intervene. This will require continuous focus and effort on the part of Taiwan, the United States, and their partners. These parties will have to navigate the delicate balance of applying pressure and credible assurances on the PRC without pushing the PRC over the line and into conflict.

Panelists believed that due to limited response to the PRC's gray zone activities and political interference, PRC efforts at scaring Taiwanese citizens have been largely effective. The United States and its partners must do more to raise confidence in Taiwan that the United States and its allies will not idly sit by and watch the PRC swallow Taiwan. Failure to do so would negatively affect the will of Taiwanese citizens to fight, leading them to believe that without external support, they would be better off yielding to PRC demands rather than resisting.

Part of the challenge in providing this assurance is the inability to separate Taiwan from the broader framework of US-PRC competition. Because the state of this geopolitical rivalry is



increasingly complex, coming to any definitive conclusions on the state of the US-Taiwan relationship and how best to strengthen it remains elusive. Regardless of what decisions are arrived at in Washington, communication of America's engagement in the Taiwan Strait and East Asian region more broadly need to be better articulated to the American people. This requires engaging small-town America to ensure that everyone understands the importance of Taiwan to the United States.

Finally, Taiwanese society must continue to strengthen the foundations and resilience of its democratic system. Much has been achieved in this realm in the past few decades, but given incessant attempts at undermining Taiwan's democracy by the PRC, there remains too much at stake to become complacent. Taiwan's population is developing a uniquely Taiwanese identity as the number of individuals who were born on the continent declines and more young people grow up accustomed to liberal democracy. Additionally, one in six babies born in Taiwan today has a parent born outside of Taiwan, further distinguishing Taiwanese society from that of the PRC. Given this reality, when leaders in Beijing complain that Taiwanese people are betraying their ancestors by avoiding unification, such calls are increasingly falling on deaf ears. Beijing may feel as though time is running out to take Taiwan. It is essential that Taiwan, the United States, and its allies are ready for whatever comes next.

**ADDENDUM A - CONFERENCE AGENDA****THURSDAY, MAY 23****9:00 – 9:15am OPENING REMARKS
Jim Ellis and Larry Diamond****9:15 – 10:45am**

PANEL I. The 2024 Elections: What Happened and Why?
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Chair: **Larry Diamond**, Hoover Institution

1. What Public Opinion Surveys Tell Us About the 2024 Election Results, **Kai-Ping Huang**, National Taiwan University and Co-PI of the Asian Barometer
2. Populism in the 2024 Election? **Wei-Ting Yen**, Franklin and Marshall College
3. Beijing’s Influence on the 2024 Elections, **Lin Thung-hong**, Academia Sinica

Discussant: **Kharis Templeman**, Hoover Institution**10:45 – 11:00am BREAK****11:00am – 12:30pm**

PANEL II. Prospects for Governance in the New Administration

Chair: **Kharis Templeman**

1. Housing Costs and Their Political Consequences, **Yi-Ling Chen**, University of Wyoming
2. Inequality and Demographic Change, **Min-hua Chiang**, East-West Center and University of Nottingham
3. Taiwan’s Media Ecosystem, Disinformation, and Counters to CCP Influence. **Yachi Chiang**, National Taiwan Ocean University

Discussants: **Kharis Templeman; Adele Hayutin**, Hoover Institution; and **Charles Mok**, Stanford**12:30 – 2:00pm LUNCH and Keynote Remarks****Tsung-Tsong Wu**, Emeritus Professor, National Taiwan University;
Former Minister of the National Science and Technology CouncilIntroduction and moderation by **Jim Ellis****2:00-2:15pm BREAK**



2:15 – 3:30pm

PANEL III.

The Future of the Economy and the Role of the Semiconductor Industry

Chair: **Orville Schell**, Asia Society

1. Cross-Strait Economic Ties, **Christina Lai**, Academia Sinica
2. Semiconductor Industry Subsidies and Industrial Policy in PRC and Taiwan, **Douglas Fuller**, Copenhagen Business School

Discussant: **Philip Wong**, Stanford University

3:30 – 3:45pm

BREAK

3:45 – 5:15pm

PANEL IV.

Security and Defense

Chair: **Larry Diamond**

1. A Porcupine Strategy for Taiwan, **Jim Timbie and Jim Ellis**, Hoover Institution
2. Taiwan public opinion: budgets and conscription, **Christina Chen**, INDSR
3. View from the Pentagon, **Lauren Dickey**, formerly at the Department of Defense.

Discussant: **Claude Lambert**, CISAC, Stanford University

5:15 – 6:15pm

RECEPTION

Fairweather Courtyard, next to Hoover Tower

6:15 – 7:30pm

DINNER

Traitel Pavilion, Hoover Institution



FRIDAY, MAY 24

9:15-10:45am

**PANEL V.
Prospects for U.S.-Taiwan-PRC Relations**

Chair: **Jim Ellis**, Hoover Institution

1. What the US Should Do, **Ryan Hass**, Brookings Institution
2. What the PRC Should Do, **Yun Sun**, Stimson Center
3. What Taiwan Should Do, **Yujen Kuo**, Institute for National Policy Research

Discussant: **Elizabeth Economy**, Hoover Institution

10:45 – 11:00am **BREAK**

11:00am – 12:30pm

**PANEL VI.
Regional Views**

Chair: **Joe Felter**, Hoover Institution

1. The View from Japan, **Kiyoteru Tsutsui**, Stanford
2. The View from Korea, **Gidong Kim**, Stanford
3. The View from Australia, **Arzan Tarapore**, Stanford
4. The View from India, **Dinsha Mistree**, Hoover Institution

Discussant: **Joe Felter**

12:30pm – 2:00pm

**PANEL VI.
LUNCH and Concluding Discussion**

Chairs: **Larry Diamond** and **Jim Ellis**