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Evolutions of Taiwan's foreign policy trajectory

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Declaration

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References

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Abstract

The preliminary scope of work of this thesis, following the neo-classical realism's methodology of analyzing, we intend to find out Taiwan's foreign policy trajectory. We want to know under what circumstances and domestic situation, Taiwan chooses to follow what foreign policies. Through the analysis of objective power (which includes economy, technology, military, and International relations), and with internal political situation (which is mainly focused on elites' perceptions of the country) , we hope to find out the patterns of the foreign policy and possibly contribute to future foreign policy insight. The thesis found out that due to Taiwan's constitutional type which is a semi-presidential system, Taiwan's foreign policies are heavily aligned with the leader's perceptions and interpretations under the unified government. The leaders' view, on the other hand, is still heavily influenced by their traditional party's stands and the goals for both two parties' in recent years after democratization are always seeking more visibility in international relations and reduce the threats. The different methods and approaches applied by the leaders resulted in completely different outcomes of the objective power of Taiwan and also the changes in the opinions of citizens over the years. The results could help us to better understand politics in Taiwan nowadays and help with future policy decision makings.

Abstrakt

Náplní této diplomové práce, na základě metodologie neoklasického realismu, je analýza trajektorie zahraniční politiky Tchaj-wanu. Cílem je zjistit, jaké okolnosti a jaká situace na domácí scéně vedla Tchaj-wan k volbě konkrétních zahraničních politik. Díky analýze projevu vnější moci (jako je ekonomika, technologický vývoj, vojenská moc země a kvalita jejích mezinárodních vztahů) a vnitřní politické situace (zejména perspektiva tchajwanských elit), by měla být odhalena šablona zahraniční politiky, a tak i její budoucí vývoj. Závěry diplomové práce potvrzují předpoklad, že tchajwanský poloprezidentský systém vede k tomu, že zahraniční politika země je blízce svázána s vnímáním mezinárodní situace jejím prezidentem pod jednotnou vládou. Perspektiva elit je stále silně ovlivněna tradičním chováním (a jeho očekáváním) jejich politických stran. Cílem obou hlavních politických stran je po procesu demokratizace vždy snaha o zviditelnění se v mezinárodním prostoru a snižování hrozeb. Rozdílné metody a přístupy tchajwanských elit ve sledovaném období silně ovlivnily jeho vnější

moc, stejně jako veřejné názory na domácí scéně. Výsledky práce by měly pomoci k lepšímu porozumění současným a budoucím tchajwanským rozhodnutím v oblasti zahraniční politiky.

Keywords

Taiwan, foreign policy, security, neo-classical realism, leader's perception, realism, Tsai Ing Wen, Ma Ying Jue, China, Cross-strait Relations, USA

Klíčová slova

Tchaj-wan, zahraniční politika, bezpečnost, neoklasický realismus, perspektiva vůdce, realismus, Tsai Ing Wen, Ma Ying Jue, Čína, vztahy napříč Tchajwanským průlivem, USA

Title

Evolutions of Taiwan's foreign policy trajectory

Název práce

Vývoj trajektorie tchajwanské zahraniční politiky

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1. Topic Introduction

Taiwan, a small island with 23 million residences located beside China has one of the most disputed statuses in international relations. It's de-facto an independent state but it's not admitted by the majority of the countries in the world and not a member of the United Nation. Because of this and because of its history, Taiwan's foreign policies are never absolute and we're not able to just use the mainstream theories to predict them. Thus, in the thesis, we'll try to use the analytic structure of neo-classical realism to get an idea of the evolution of Taiwan's foreign policy strategies by looking into the inside and outside factors Taiwan holds. As Taiwan is entering a more mature democracy, by examining the latest 2 presidents, we hope to get the latest update of the strategic changes by comparing both inside and outside factors of Taiwan.

As the prevailing ideas in IR, structural realism is a good tool especially to predict small state behavior. (Gaetano Calenzo, Mughanda Muhindo, 2011) If we follow the logic of structural realism, we'll thus predict the small states like Taiwan will bandwagon with the great powers instead of balancing against them. (Gashi, 2016) This means, if we perceive China as a regional great power, Taiwan's foreign policies shall always be close to China. Or if we perceive the US as the regional biggest influences, our policy shall always align with US. However, the situation of Taiwan's foreign policy is far more complicated and different under various circumstances. Before looking into the objective conditions of Taiwan, understanding the historical context is also crucial because history is what defines the position of Taiwan and what directs foreign policies. History is the base of the current relations of Taiwan with other countries especially the long-term unresolved dispute with China. It constructs the identity of Taiwanese and thus influences the island's diplomatic strategy and domestic disputes. We'll now go through the significant parts of the modern history of Taiwan.

In 1949, after losing the war with the Chinese Communist party Taiwan was the only option for Kuomintang, the government of the Republic of China at the time led by Chiang Kai-shek. (KMT). The initial occupation of the KMT party had two goals – To de-Japanalization of Taiwan and to take back China which was disapproved/not-supported by the US government. During the initial ruling, due to the highly corrupted government officials; misbehave of the army to the citizen and discrimination toward local Taiwanese, the hatred and misunderstandings accumulated on the both sides. These differences result in the 228 Incident in 1947, February

28th , one of the most violent conflicts in modern Taiwan. The incident marked the beginning of the White Terror era which more people were arrested and murdered during the whole Martial law era (Forsythe, 2006)

The conflicts and gaps between locals and the mainlanders, plus the forced de-Japanization process have since influence deeply in Taiwan's politics and foreign decisions. Mainlanders' family and their successors are traditionally more pro-China, they composed of firm support for the KMT party. The influence is substantial till nowadays, whenever the KMT party is in majority, we saw a more regional-focused policy especially China-friendly.

Internationally, after the Korean War started at 1950, US included Taiwan as part of the protection ring and sent the Seventh Fleet to patrol the Taiwan Strait which deters the invasion of Communist China toward Taiwan. (Hickey, 2007) At the same time, Taiwan (R.O.C) government was supported to maintain the seat in UN representation of China. This continued until 1972 when ROC left the UN and the communist China became the official representation of China in UN. (Mack, 2019) The early years of the diplomatic goals of the KMT party were to prevent diplomatic allies from switching to official recognition of Beijing. US's support stabilized the KMT party's ruling in Taiwan during the initial decades. This say, on top of the the KMT party's rivalry to China in the early years, the protection from US also contributed to closer collaboration and alignments with them. We could say that the early years of the position of the KMT party was quite the opposite of the KMT party's positions nowadays. Losing official support from the US later on altered the diplomatic goals for Taiwan from taking back mainland China to seek for economically independence and recognition in different forms. We should also keep in mind that because of the dictatorship at the time, the foreign policies are quite stable and not influenced much by the citizens.

Leaving the UN and the fact that the US set up diplomatic relations with the Chinese Communist Party in 1979 marked the questions for elites about the legitimacy of KMT party, which sparked the calls for reforms internally. In terms of external diplomatic strategies, suffered from diplomatic isolation, Taiwan sought to form more "unofficial" and "substantive" relationships with other countries. Up till 1984, the ROC government was willing to compromise in some international realm and being named as "Chinese Taipei". (Hickey, 2007) Due to the setbacks internationally and the compromising of sovereignty, the KMT party faced a great

number of pressures from the society, Chiang Ching-Kuo finally lifted the martial law in 1987 and ended the 38 years of restrictions to civil rights and political liberalization. (Mack, 2019)

Liberalization symbolized another change of internal political environment in Taiwan. Freedoms on the one hand set Taiwan further apart from China, on the other hand, diplomatic isolation in international realm means Taiwan needs to seek more self-reliance strategy. This allowed more Taiwan centric voices to rise, hence contributed to the “Taiwanization” phenomenon.

Despite several armed conflicts between China and Taiwan during the martial law period, Taiwan experienced the “miracle” of the growing economy under the ruling of Chiang Ching-kuo (Chiang Kai-shek’s son) through the gross investment in high-tech and export-oriented industries from the 1950s to 2000. It became one of Asia’s ‘four little dragons.’ (Mack, 2019) The development of the economy also solid KMT’s ruling in Taiwan and also became one of the most useful bargaining chips for Taiwan in the international realm and organizations.

Since the end of the martial law era, Taiwan has experienced the peaceful transformation of powers between the two biggest parties in the parliament – DPP (Democratic Progressive Party) and KMT. The major diplomatic goals after democratization were always seeking more recognition in the global realm and hope to get accepted back to the UN.

Over the years, “Taiwanization” is getting more and more visible. This is not only due to the economic growth and higher education, but also “democratic” values that align to rest of the world which helps gain visibility and supports in the world stage. According to the survey from NCCU, the election study center in Taiwan (Figure 1), we could see that up until 2007, there were fewer people identify themselves as pure Taiwanese. However, after 2007, the numbers of people identify themselves as pure Taiwanese maintain significantly higher than those who identify themselves as both Taiwanese and Chinese. With the trending change, the foreign policies and attitudes of Taiwan toward other countries are also changing.

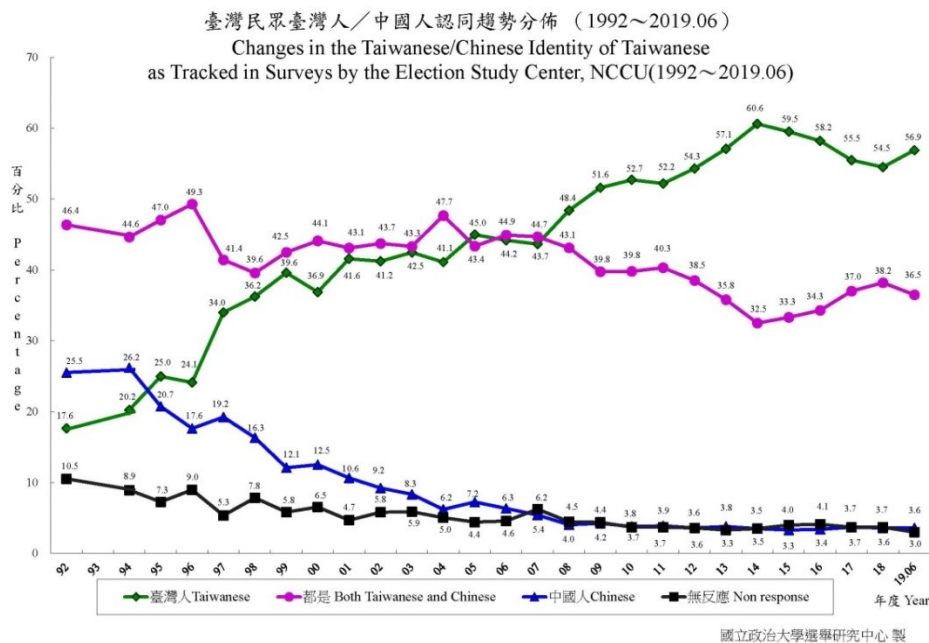


Figure 1: Changes in the Taiwanese/Chinese Identity of Taiwanese from 1992~2019 (University, 1992-2019)

The history of Taiwan before the end of martial law built upon the gaps between the mainlanders and local Taiwanese, as well as cultivates two local forces in every politics –pro-Chinese or pro-Taiwan. These conflicts influence foreign policies from within. With some people skeptical about US’s support and some skeptical about getting too close to China. On top of that, with the more communication between the Taiwan Strait and more tensions relieved from two sides, the situations got more complex. The close and far from Chinese is not an absolute one-way term anymore like before. (ex. Chiang Ching-kuo’s 3 Noes policy in 1979- “no contact, no compromise, and no negotiation) But more like a tug-of-war between two domestic forces for KMT party and a tug-of-war between China and Taiwan for DPP party in nowadays politics. This means KMT party’s one China policy (the Republic of China is legitimate China) has driven them closer to the People’s republic of China which sparkles more controversies in domestic as “Taiwanization” phenomenon goes on. And DPP’s pro-independent policy which drove more pressures from China internationally whenever DPP’s in majority. The foreign policies of Taiwan hence are surrounded by this concept more or less.

As we go over Taiwan's foreign policy, we can see different development in different stages and its close and distant from China as well as the international community from time to time. We are thus curious **about what are the evolution and explanations of Taiwan's foreign policy strategic trajectory?** By using the analytical structure of the Neo-classical realism, we want to know under the co-influences of objective powers of a country (military power, economic resources and technical abilities, etc) and the leaders' decisions, what are the changes of strategic in foreign policies over the years? How the leaders' perceptions lead to the changes in foreign policies and also the power of a country like Taiwan?

2. Literature revisit and Research Goals

2.1 Literature revisit – Taiwan foreign policy analyzed

Due to the complexity of the international status of Taiwan, there are already many litterateurs reviewing Taiwan's foreign policies from different angles. We could sort them into three categories. First analytical groups are from Taiwan's local perspective. This could include several sub-categories such as overall foreign policy analyzing (which has the least amount), ones from specific policy angles such as economic policies and ones measure the doings of foreign policies from the specific point of view like public opinions. The second analytical groups are from the perspectives of either China or the US, their policies/strategies towards Taiwan. These articles have the volumes in search and take Taiwan as the object of discussion. Nonetheless, these articles usually focus on structural bases and not focus on internal changes. They also more focus on the US or China's strategic perspective. Thus, these articles will not be suitable for this thesis because we want to focus on small states and internal political changes that influence the strategies. The third group is the inclusion of other countries or regions in terms of Taiwan's foreign policies such as an article called "Korea and Taiwan in the financial crisis". This group is also a minority since the big focuses of Taiwan's foreign policies are cross-strait relations. These topics usually focus on only one perspective from the specific country, thus it'll not be very helpful for our thesis as well. Hence, we'll review the articles from the first category only, because they're more related to our topic.

One of the most complete and complex analytical books could be Dennis V. Hickey's "Foreign Policy Making in Taiwan From Principle to Pragmatism", the author utilized the

analytical structure suggested by Kenneth Walt which suggested different level of analyzing. In the book, he first reviewed the historical overview of Taiwan, then talked about the international situation and dilemma Taiwan faces, after that, he talked about the domestic politics and governmental foreign policy making process. Last, he analyzed the individual leader's perception and decision making, and how the leader matters in Taiwan's foreign policymaking process.

In his conclusion, it divided into three parts. First, he recognized the US's importance and support of regional peace. Even in the time when the book was written (2006-2007), Taiwan had deteriorated relations with the US, but “ *Despite PRC pressures, the US has no plans to reduce arms sales to Taiwan or reduce its security commitments as outlined in the TRA.*” (Hicky, 2007 p. 120) Second, the tensions between three sides – the US, China, and Taiwan. “ *The bilateral relationship that exists between China and Taiwan is even stranger, however, and it is fraught with contradictions. Although the two sides have moved closer together economically, they have moved further and further apart politically*” (Hicky, 2007 p. 121) Third, the polarized and ethically divided of the internal politics and lack of consensus internally at the time being. (Hicky, 2007) The book gave a clear overview of Taiwan's international politics, however, since the book was published in 2007, the analysis stopped at President Chen and covered from before Taiwan was democratized. The level of analyzes corresponds to Neo-classical realism's analytical approaches, which is the theory of this thesis based on. Thus, we'll use the same analytical structure as this book but cover the most recent two presidents of Taiwan.

We may review the other literature related to Taiwan's foreign policies but only analyze it from a single angle. The article “Public Opinion, Foreign Policy ,and the Security Balance in the Taiwan Strait” mainly focuses on how the public opinions in Taiwan influence foreign policies formations. The conclusions of the article include several points. Firstly, the correlation between the confidences of the US's protections and opinions on independence. Those who are more certain of US's protection toward Taiwan are more willing to support pro-independence, hence will be more likely to vote for the pro-independence party and vice versa. Second, China's threat to Taiwan is effective, unsure about how strong the US's support towards Taiwan, voters are more likely to choose to stay status-quo then announce independence. (BRETT V. BENSON and EMERSON M. S. NIOU, 2011) This article is mainly from the perspective of public opinion.

Nevertheless, as this is also written in 2011 it has limited coverage. Until today 2019, as democracy becomes more mature, each change of president (from Ma to Tsai) has completely different leadership styles and political stands. We could see the changes in public opinions, shifts of pro-independence proportions, and different approaches to foreign policies. On top of that, this article covers the opinions of the public perspectives but not the decision-makers which we'll consider a more influential character.

Then we have the literature that focuses on a specific strategy of Taiwan to other countries during certain president, such as "Foreign aid in Taiwan's diplomatic strategy" which main goals was to argue that the scale down of the foreign aid to diplomatic allies during president Chen Shui Bian result in diplomatic failure at the time (lost of six diplomatic allies in total). In contrast to what his successor president Ma Ying Jeou's claim that "money foreign policy" was not effective, and diplomatic truce with China was a necessity. By deconstructing the budgets for foreign aid, the articles found out that "*the R.O.C government not only did not expand aid levels (relative to GNI), but also drastically reduced aid commitments, as reported by the media.*" (CZESLAW TUBILEWICZ , ALAIN GUILLOUX, 2011 p. 37) This also results to the following conclusion from the thesis as "*Macedonia's, Liberia's and Chad's decisions to switch diplomatic recognition to China in 2001, 2003 and 2006, respectively. All three states faced serious domestic ethnic strife, the resolution of which was believed to require some involvement of China as a permanent member of the UN Security Council or as a party allegedly aiding anti-government rebels. Yet, none of these states was satisfied with the aid levels provided by Taipei.*" (CZESLAW TUBILEWICZ , ALAIN GUILLOUX, 2011 p. 332) and also "*The most direct evidence that Taipei's insubstantial aid levels were responsible for its diplomatic losses comes from Dominica, Grenada and Costa Rica*" (CZESLAW TUBILEWICZ , ALAIN GUILLOUX, 2011 p. 332) To conclude, in Ma Ying Jeou's term "*in the context of a 'diplomatic truce', aid plays only a supplementary role in a strategy to rely on the PRC's goodwill to preserve and expand the ROC's international space.*" (CZESLAW TUBILEWICZ , ALAIN GUILLOUX, 2011 p. 336) This article measures the success of one of the major foreign policy under Chen's term by analyzing the budgets' structure in R.O.C government plus some statements from the aid receiving countries.

Another article that covers one specific topic of policy towards China is “Accounting for Taiwan's economic policy toward China”. The article utilizes the chronological analysis of the changes in economy policy overtime until President Chen. The conclusions are as below. *“Taiwan’s economic policy toward China are as vibrant as ever, the political foundation for a coherent and feasible policy is eroding, and commercial interests are digressing from Taiwan government’s policy goals”* (Szu-Yin Ho & Tse-Kang Leng, 2007 p. 745) Taiwan’s political discourses surrounded with Taiwan’s identity influence its economic policy towards China. Higher politics are involved in the trade between China and the discourses and attitude toward China have deep influences on economic policy.

From the above articles, we noticed one common angle is that leaders’ decisions and perceptions are always playing crucial rules in them and the decisions are always breaking down towards two opposite forces. Thus we could refer to those structures in our thesis. On the other hand, in this research, we’ll refer to Hickey’s structure but focuses only on two recent presidents- Ma Ying Jeou and Tsai Ing Wen. We’ll review the historical part of Taiwan’s foreign policies, the international status of Taiwan under each presidency and the individual president’s point of view. With this structure, we hope to cover the most recent changes in strategies and directions of Taiwan’s foreign policies.

2.2 Literature revisit 2 – Realism

Though there are different strands of realism in international relations, they all believe in the conflicting nature of international relations and the importance of power distributions. (Lobell, 2009) The variation of neorealism, structural realism (offensive and defensive realism) and neoclassical realism, however, are their methodologies and explanation scopes.

Realism utilizes the top-down approach in explaining the foreign policy. Starting with a structural perspective, the anarchic nature in international relations creates a strong incentive for the states to employ self-help and focus on survival. (Wivel, 2017)

Structural realism such as offensive and defensive realism emphasizing the structural factors that affect states’ behavior. Nonetheless, the two theories end up with contracting predictions of state’s behaviors. Defensive realism said that the states will more likely to pursue the balance of power strategy whereas the offensive realism believe that states will be more

likely to pursue bandwagon policy since they believe an imbalance of power will allow states to maximize their security (Wivel, 2017)

Since the states' behaviors are constraint by the fact of anarchy, "balance of threat" is the strategy states will adopt in the defensive realism point of view. However, the balance of threat is not stable and it's also the root cause of international conflicts. The conflicts come from the uncertainty about the ability of other actors as well as not knowing the intention of others. (Wivel, 2017)

On the other hand, according to Mearsheimer, the anarchy system creates a strong self-help incentive and thus drives the states with an incentive for expansion. "*Apprehensive about the ultimate intentions of other states, and aware that they operate in a self-help system, states quickly understand that the best way to ensure their survival is to be the most powerful state in the system*" (Mearsheimer, 2014 p. 33)

These realism strands, nevertheless, provide the lack of information about the dynamic inside the nations, the systematic differences during various periods of time and the complication during the decision making processes.

In regards to those lack of information, neoclassical realism hence considers anarchy as the static setting in international relations but not the "independent causal force" (Wivel, 2017) Neoclassical realism consider all the systematic factors of states' decisions, they provide an approach for case studying and help us to understand the overall pictures of the decision making process.

Take the example of what structural realists proposed as states' balance of power behaviors, in practice, this action is not the "law of nature" like the assumptions. Instead, because this kind of behaviors often seen as "*potential political cost*" and "*uncertain policy risks*" the abandonment of this strategy, therefore, is the outcome of the compromising between elites. In other words, "*they are the product of competition and consensus-building among elites with differing ideas about the political-military world and divergent views on the nation's goals and challenges and the means that will best serve those purposes*" (Schweller, 2004 p. 163)

2.3 Research goals

The goal of this research is to utilize neo-classical realism's analytical approaches to understand how the internal dynamic of the politics in Taiwan influences the foreign policies. What are the important changes in the foreign strategies and how the objective power of Taiwan interacts with the leaders' perceptions?

In 2005, the first direct flight was made in the Lunar New Year eve between Mainland China and Taiwan. In 2007, the Taiwanese government started to remove the statue of Chiang Kai-Shek, who was the dictator leader during the martial law era. In 2008, the highest ranks of Chinese officials visit Taiwan after over half a century. In 2010, Taiwan and China signed off ECFA (Cross-Straits Economic Cooperation Framework Agreement) which was considered a landmark trade pack. However, it also sparked controversies in the country due to the skepticism of economically dependent on China.

In 2014, the head of the US Environmental Protection Agency visited Taiwan, which was the first visit of cabinet officials after 14 years. In the same year, domestically, the biggest student demonstration after the one in 1990, the Sun Flower movement occurred because of the KMT party's policies which were too close to Mainland China. (NEWS, 2019)

In 2016, after elected, president Tsai had a call with US President Donald Trump for 10 minutes. This was the first time the head of Taiwan had a direct conversation with the head of US. (NEWS, 2019)

In 2018, the US government passed the Taiwan Travel Act, which allowed all level government officials to visit each other between Taiwan and the US. (NEWS, 2019)

In 2019, the US government signed off NDAA (John S. McCain National Defense Authorization Act for Fiscal Year 2019 · NDAA 2019) the pro-Taiwan defense bill which aims to increase the defense ability of Taiwan to another level. Later on, at the same year, President Tsai made a speech during the American Legion 100 year celebration, which was the only head of state invited. (NEWS, 2019)

As we can see over the years after democratization, the political situation Taiwan is facing has changed quite a bit in recent history. We first witness the thaw of the relationship

between China and Taiwan. However, when the dependency toward China increased, it also sparked skepticism domestically. On the other hand, during President Ma's seat, he was still trying to smooth the discourse domestically and internationally despite his more appeasement policy.

During the seat of current president Tsai, we witnessed reversed strategy from her as she not only focus more on the relationship with US but also tried to diverse the dependency from China such as south bound policy. In terms of discourses, we witness more strong stands of the sovereignty claims and a decrease in the relationship with China.

The dynamic of the foreign policies of Taiwan changes almost dramatically due to the changes in the major party in the parliament and the changes of the leaders. On top of that, we also notice that the foreign policies focus and discourses are always surrounded majorly on the triangle relations between the US, China and Taiwan.

Nevertheless, when we look into the recent articles which discuss Taiwan's foreign policies, very few are from the approaches and perspective of Taiwan locally. Instead, most of them are from China, the US's approaches toward Taiwan or from a structural regional viewpoint. And even fewer discuss local Taiwanese leaders' approaches and perspectives.

From the perspective of realism, we'll assume structures are what matters to Taiwanese foreign policies directions. However, in many situations, the actual response of the Taiwanese government didn't necessarily act according to the realism predictions. Thus, it's necessary to look into other factors of the foreign policy making of Taiwan. Among all the factors, as neoclassical realism mentioned, how leaders and elites perceive the situations are one of the most crucial ones, because leaders and elites will filter the information and act accordingly. We'll elaborate this point in the section of the intervening variable.

In conclusion, we aim to observe Taiwan's recent development of the foreign policy strategy under the structure of neoclassical realism. We would like to capture from genuine Taiwan's approach instead of the international perspective (as from China or US policy toward Taiwan) by observing the objective power of Taiwan and leaders' systematic constrain. By doing so, we hope to understand the circumstances for certain policy choices and reasons and hence construct a possible prediction of future foreign policy direction.

3. Theoretical framework: Neoclassical realism

The classic and the structural realism mentioned above have their deficit of their explanation especially in the explanation of the fall of the Soviet Union. Structural realism ignores the internal shifts of politics and only focus on the structural politics. Due to this reason, realism theorists tried to turn back to classical realist thought for inspiration. (Więclawski, 2017) Therefore, contributing to the born of neoclassical realism. The features and theory of neoclassical realism are explained as below.

Neoclassical realism is the synthesis of structural realism and classic realism. It incorporates with inside and outside factors as well as systematizing the classic realism thought. They argue that the foreign policies of the countries in international relations are first influenced by its place in the international realm, especially with their material powers. However, countries in similar positions can have different policies outcome due to its differences in internal politics and how the elites filter the information and take actions. (Więclawski, 2017) This is why they fall into the realism categories.

The specific feature of Neoclassical realism is that it includes both systematic and domestic factors of a state's foreign policy. They intertwine with each other's and produce outcomes. The systematic pressures limit the state's ability and ambitions. Yet, since the impulses from the international systems are often unclear, states often need to react to the events in their way. Therefore, different states have shown various reactions to international incidents hence contribute to different foreign policy outcomes. The "domestic transmission belt" between systematic constraints and states' foreign policies are the factors that make differences. (Więclawski, 2017)

There are dozens of internal factors that theorists of neoclassical realism argue about. However, generally, there are three major categories that almost agreed by all of them. The first one is political elites' perception of power and their impact. The second is domestic characteristics which include institutional types and effectiveness, the interactions between interest groups, etc. The third one is the leader's ability to filter and utilize different state power. (Więclawski, 2017)

Elites and the leaders are the most important factors in the theories of Neoclassical realism. The theory explains how and why under international threats and opportunities leaders pursue certain diplomatic, economic, military foreign policies based on their domestic politics interactions. (Lobell, 2009) The leaders' perceptions of power and its knowledge about the motives of other countries are what guide the decision of a state in international relations. When the misperception comes to play, despite the systematic constraints, it may still contribute to tensions and conflicts. The perception of threats also influences major parts of decisions. (Więclawski, 2017)

Apart from the leader's perceptions and decisions, their ability to extract resources and power is also crucial for foreign policy effectiveness and decisions. The effectiveness of extracting resources differs from countries to countries due to not only leadership ideology and styles but also the strength of institutions inside the country. (Więclawski, 2017)

We could sum up the theoretical part of neoclassical realism with this paragraph. Neoclassical realism takes anarchy as the passive status of international relations. Due to the lack of absolute authority in the international realm, the states are always struggling for material and security due to the lack of resources. Although countries' foreign policies are based on their material power, the impact and capability of foreign policy outcomes are far more complicated. The final decisions and outcomes are the results filtered by decision-makers' perceptions and states' structure. (Lobell, 2009) Neoclassical realists believe that there's an objective reality but states may not necessarily apprehend the reality accurately. (Rose, 1998)

In terms of approaches, Neoclassical realism does not reject classic realism's qualitative methods, but they prefer the positive tradition of structural realism. This means they promote scientific ways to find the objective truth. “*They emphasize the scientific rigour of quantitative methods and their ability to formulate more verifiable predictions of international processes.*” (Więclawski, 2017)

Therefore, the statecraft in the view of neoclassical realism is:

1. Elites' preferences and perceptions of the external environment
2. Which elites' preferences and perceptions “matter” in the policymaking process

3. The domestic political risks associated with certain foreign policy choices, and
4. The variable risk-taking propensities of national elites.

(Schweller, 2004)

The above are the internal factors that intervene with the outcome of foreign policies. Till now, we could see that neoclassical realism provides a more comprehensive analytic framework in the study for international relations.

The international status and foreign policy of Taiwan faces several different phases - from the cold war era to the post-cold war to the raising of China as the regional superpower. The political stands and situations also evolve over time from money-driven foreign policy to a practical approach to the southbound policy. Just applying the neorealism theory, in this sense, will not be sufficient enough to understand the changes and patterns of Taiwan's foreign policy. Thus, we choose to apply neoclassical realism's analytical framework to seek for the answer.

4. Methodology

In this research, we're going to apply approaches based on neoclassical realism. By utilizing neoclassical realism, we'll be able to explain the "*foreign policy behaviors and grand strategic adjustment of individual states*" as well as "*broad patterns of international outcomes and structural changes*" (Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, 2016 p. 21)

As we mentioned in the previous sections, neoclassical realism's epistemology is from positivism, and therefore they believe in the objective world and by doing careful experiments and case study, we're able to gain knowledge from that.

The base concept for neoclassical realism is that they focus on the behaviors and interactions between different agents and levels. Hence, our strategy of analyzing will follow the concept of level of analysis.

We choose to follow the approach from in the book "neoclassical realist theory of international politics" and took the independent variables, intervening variables as well as

dependent variables criteria mentioned in the book as the base references. Then we adjust the criteria to suit the research with the combination of referencing other sources.

To understand the overall pictures of Taiwan's foreign policy trend, we use the approach proposed by neoclassical realists. We break the analysis into two parts: Taiwan's external objective power status (Independent variables) and internal political environments (intervening variables). The dependent variables, hence, will be types of foreign policy outcomes.

4.1 Independent variables

We started this section from what generally neoclassical realists view as independent variables, then we will talk about what variables we adjusted to suit our research topics in the later part of the same section.

Neoclassical realism stems from the traditional realism of the strategic context of the states which include the consideration of the geopolitical structure and the material balance of power. These two dimensions define and prioritize national interests and threats. (KITCHEN, 2010) In other words, the relative distribution of power and power trends are the explanatory variables in the neoclassical realist theory. (Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, 2016)

Power and the positions of the states in international systems shape their behaviors especially by their share of the material abilities. (Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, 2016) With those in mind, we'll use the objective/material power of Taiwan as our independent variable.

As quoted from the article,

Neoclassical realists, like structural realists and some classical realists, use various measurements or indicators of a state's material capabilities. The usual measures include a state's gross domestic product (GDP); level of annual defense spending (in absolute terms, as a percentage of GDP, or as a percentage of government expenditures); the size and the composition of the armed forces; military research and development; the size of the population, as well as demographic trends within the

population; natural resource endowments; and the size of territory. (Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, 2016 p. 43)

However, to suit our research, we only choose the variables that might change among the two presidents and most related to the research. Thus, we'll exclude the variables such as demographic trends within the population, natural resources, size of territory etc. Elaboration of the indicators will be in this chapter later. There are some basic assumptions in the theory of neoclassical realism regarding independent variables.

The variables which related to this research, thus, will be summarized below:

a. International system

- States are the centrality of international relations, hence, in this thesis; we'll do the research based on the units of states. Because of this base, the policy outcomes we find will focus on the official outcomes instead of non-official outcomes like NGO's achievements in the international community.
- The static anarchic order generates uncertainty among the units; hence states need to take self-protection actions.

(Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, 2016)

We'll use these two assumptions as the basis of our analysis. This means taking Taiwan as a unit of states which constantly seeking for its security. As in the article *Sovereignty–Security Nexus, Domestic Constraints, and the Taiwan Independence Policy* said:

The fundamental goal of the Taiwanese government's national security strategy is survival and security. Survival and security means both physical integrity and political autonomy.

(Jie, 2012 p. 195)

b. System structure, structural modifiers and Relative distribution of power

Inside the system, according to Waltz, the units' capability matters and the great powers are the main actors that lead to the change of the systems. Therefore, the only two predictions are-

the balance of power will be recurring and other states will practice the same behaviors as the successful states.

Nonetheless, these predictions can be too simple and lack of meaningful explanation power. Hence, adding on “structural modifiers” will contribute to a more complete picture. Structural modifiers are defined, as the book mentioned, “*modify the effects of more basic structural elements on the interaction process, but they are not interaction itself*” (Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, 2016 p. 45)

The structural modifiers can be categorized into three: geography, the continuous improvement of the technologies capacity, shared international norms and organizations. These three elements will also influence states’ willingness and types of interaction in international realms. (Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, 2016)

The concepts provided by neoclassical realism above gives us an overview of the objective power of the states in international relations. Neoclassical realism focuses on the international system, distribution of power and system modifiers. With those in mind, to further set up the measurement indicators, we then refer to the article “Defining Elements of Comprehensive National Power” to help us define them more specifically and related to the research.

The basic concept from the article is the index called “Comprehensive National Power” (CNP). According to the article:

CNP generally means the sum total of the powers or strengths of a country in economy, military affairs, science and technology, education and resources, and its influence. (Bajwa, 2008 p. 152)

CNP focuses on material and command power.

We picked a few related points of CNP calculations as our independent variables related to neoclassical realism’s analyzing approaches. Notice that we’ll not include all the indicators mentioned in the articles because some of the measurements didn’t change much during the two presidents and didn’t have much impact in the time being. These include human capital, natural resources as such.

The chosen variables and indicators are as below:

- Economic and capital Resources:

- Gross domestic product (GDP)

- Foreign direct investment(FDI): the net inflows of investment to acquire a lasting management interest in an enterprise operating in an economy other than that of the investor.

- HDI (Human development Index): summary measure of average achievement in key dimensions of human development.

Neoclassical realism Author Nicolas Kitchen, mentioned the importance of economy in terms for nations grand strategy as quoted below:

Grand strategy therefore encompasses not only military means and ends, but the means and ends of politics, economics and ideology, in short all the aspects of power and influence at a nation's – and therefore, a statesman's – disposal.
(KITCHEN, 2010 p. 120)

Another neoclassical realism Author Randall Schweller, also have a saying about economy:

As a nation grows, therefore, it becomes increasingly essential for its rulers to continuously mediate between their national societies and the international economy (Schweller, 2018 p. 32)

And from GIDEON ROSE in his book, he said as followed:

Kennedy wrote, "that there is a very clear connection in the long run between an individual Great Power's economic rise and fall and its growth and decline as an important military power (or world empire). (Rose, 1998 p. 155)

Therefore, we can see that the economy and capital resources not only are one of the most important indicators of national power but also help us to understand if there are any economic changes during two presidents which may contribute to the changes of foreign policies.

On the other hand, the amount of capital and economy resources also reflects the negotiation power of the government in international relations.

- Military Resources

- Military expenditure that covers military-related expenditures of the Defence Ministry (including recruiting, training, construction, and the purchase of military supplies and equipment)
- Armed forces personnel, including paramilitary forces, if those resemble regular units in their organization, equipment, training, or mission.

Military resources are the fundamental hard power in the eye of realism. The stronger military power could mean a more stable society, and also externally reflects the power of seeking to maximizing interests abroad. On top of that, it also helps a state to express the will abroad. Military defenses are especially crucial for Taiwan to prevent aggression from China. How the government utilizes the military power also reflects how strong of the will for the government's stands of sovereignty claims of Taiwan.

- Technologies capacity

We'll use the following indicators to measure the technology capacity of the administration. The first two are extracted from the World Competitiveness Index which publishes every two years, and the last one is referred to research and development funding from the R.O.C government's report.

- Technology readiness
- Innovation
- Research and Development (R&D)

The importance of technology resources can be seen in the article Systemic Pressures and Domestic Ideas. It mentioned that the crucial changes can result from the availability of technology, long-term change of geography and resource availability. (KITCHEN, 2010)

- International resources: Numbers of alliances and international organizations

Correspond to neoclassical realism's system modifier "shared international norms and organizations" We'll count alliances numbers, and numbers of international organizations Taiwan was in during each presidency, and the number of bilateral agreements signed. Alliances numbers reflect the support and negotiation power had at the time. Numbers of international organizations, on the other hand, are also crucial to Taiwan due to its sovereignty disputes with China, and the number of bilateral agreements gave us a sense of how active the government was at the time internationally and how much support Taiwan got. Those areas are which of the places Taiwan is able to showcase sovereignty and maximize Taiwan's benefits.

In summary, the basic assumption is international relations are state centric and full of uncertainty. Because of that, states will need to take action to protect themselves. In regards to this research, our basic assumptions are: Taiwan is centric and we assume it constantly seeks for its security.

For independent variables' indicators, consequently, in combination with the above points, we outlined the followings to identify the objective power Taiwan hold under each presidency:

- a. Economic and capital Resources
- b. Military Resources
- c. Technology Resources
- d. Numbers of alliances and international organizations

4.2 Intervening Variables

We would like to focus on one crucial intervening variable in this thesis- leaders'/elites' image, perceptions, and approach.

Leaders' image means the perceptions and the decisions perceived by the leaders. Since the head of states usually is the ones hold more information than the rest of society, their

perceptions are often crucial to the final decision making and their decisions can shape the state's behaviors.

According to the book "The Blair identity", individuals' perceptions can influence foreign policies in 3 different ways. First, they set goals and objectives for the states and decide if the policies should be proactive or reactive? If the goals are to be achieved as the security for the home country or to spread the values? Second, individuals are able to have a decisive influence on the means of achieving the goals. Should the goals be complete by multilateral means or unilateral? Third, they are able to shape the process of decision making such as how inclusive the process should be? How much public opinion and the opinions of others should be considered? (Dyson, 2009)

In conclusion, leaders are the crucial intervening variables in this research and they include the president, executive officers, foreign ministers, and cabinet members etc. Consequently, we will focus on their visions and their political stands, their reactions and statements toward international incidents and the official foreign policies.

To understand how much the leaders are able to influence the process when discussing leaders' perceptions and actions, we'll also include a bit background of their relationship with the parliaments which reflect the will of people to a certain degree. We'll include the following points when discussing leaders power.

1. The degree of power centralizing within the state

In the unitary states, the centralizing of the power is high, whereas, in the federal states, the centralizing of power is low. On the other hand, if the president and the prime minister belongs to the same party, the centralization of power is high, and vice versa.

The degree of power concentration is important for the decision-making process because it affects the obstacles during the formation of foreign policy and its effectiveness.

2. The relations between government and parliament

It's the same reason why it's crucial for the relations between the government and its parliament. Parliament's veto power could determine the directions on the state's foreign policies. It answers the question of whether the government is able to push through the policies it proposes, or whether these policy proposals can easily be blocked by parliament. (Alons, 2007) If the relations between parliament and government are more balanced, we'll expect a more effective assertive foreign policy. If it's the legislative dominant situation, the government's capability will be negatively affected.

As a conclusion for this chapter, we focus on leaders' reactions, perceptions and power over the foreign policies with some add on information during the certain leader's term, how's he/she relationship with the parliament and to what degree the power is concentrated.

4.3 Dependent variables

Dependent variables are the outcomes of the interactions between independent variables and the intervening variables. By using the approach of neoclassical realism, it can help explain the policies decisions from various different time perspectives.

Neoclassical realists believe that by using their analytical approaches, it has the ability to cover a wide range of explanations about states' foreign policy actions. It can explain the foreign policies from short-term to long-term and also argue that the interactions of those policies will affect the outcomes of the structures in the long run.

In the short term, the theory can explain the specific policy choices the countries make under particular circumstances. Over the medium term, the theory can help explain the policy-making process and the grand strategy formation of the country. In the long term, it can predict and explain the structural changes. (Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, 2016)

In the case of Taiwan's foreign policy, except for its special sovereignty status, it can be considered as a small power. Thus, we can start with the literature of small states' foreign policies that identify the characteristics of small powers in international relations. Then we combine it with the situation of Taiwan, try to identify the types of policies Taiwan in general conduct or possibly conduct.

Quoted from the article “The foreign policy of small power”, we can recognize a few common behaviors:

A small power is characterized by its limited interaction with other states, becomes involved with great enthusiasm in international organizations, supports international laws, has a minimum use of force and, finally, its foreign policy is often concentrated on regional Matters.

(Kassimeris, 2009 p. 90)

Indeed, although the awkward situation Taiwan faces in international events and organizations, we can still see the efforts and promotions it’s making in order to raise voice in international relations.

On top of that, the article also mentioned the characteristics below:

Small powers are not expected to participate extensively in international affairs and conflicts, as it would require a higher level of diplomacy and the initiation of relevant events. As a matter of fact, a usual phenomenon would be for a small power to be involved in a joint event/operation, unlike great powers that initiate more events. Consequently, small powers make more use of verbal statements, rather than non-verbal, take fewer risks because of their limited capabilities and thus, are vulnerable to external events

(Kassimeris, 2009 p. 90)

We could, in fact, also see those reactions from Taiwan. For example, during the cold war, Taiwan was part of the US’s democratic allies, which correspond to the joint operation. On the other hand, we could also see a lot of verbal statements no matter it’s in terms of cross-strait relationships or other international incidents. There’s another point in the article that worth mentioning,

A balance of power and a degree of interaction with other states is required, particularly, when a small power becomes the ‘apple of discord’ between two greater powers, thus facing the threat of becoming partitioned

(Kassimeris, 2009 p. 93)

Indeed, since Taiwan is a small power between the US and China, we can always see it became the US and China's strategic tool in foreign affairs under the competition of power between them in East Asia.

The article then mentioned 4 general strategies that small power may seek to take

(1) seek protection from a great power

(2) alliance of other small powers

(3) join international organizations where great powers take part,

(4) remain non-aligned.

(Kassimeris, 2009)

When we consider from the historical point of view and the de facto situation Taiwan is facing (de-facto independent sovereignty but not being recognized by most countries in the world, and constantly facing security challenges from China), we cannot deny that China and US are the most crucial factors of Taiwan's foreign policy.

We can thus, also refer to the article "Bandwagoning, Balancing, and Small States: A Case of Sri Lanka", which mentioned the criteria for the small powers to choose bandwagon or balance of power strategy.

According to Walt, Balance of power refers to "*allying with others against the prevailing threats*" and the Bandwagon refers to "*aligning with the source of danger*".

The condition for the strategy choice is when the small states realize that they are not able to influence the international system, they often choose to bandwagon. On top of that, if the great powers can guarantee the security and military defense, small powers will also be willing to bandwagon.

(Gunasekara, 2015)

To sum up, we can identify some classic behaviors and strategies that small power might choose in below:

- a. Proactively anticipate in international organizations
- b. Foreign policies will focus highly on the regional aspects
- c. Limited use of force
- d. When in between two great powers, often face the threat of being partitioned
- e. Bandwagon, balance of powers or remain non-aligned

We'll then observe under what kind of situation, Taiwan will choose to use those strategies and under what circumstances, they choose not to.

4.4 Analytical structure

The first direct presidential election in Taiwan was in 1996, which symbolize the official democratization. Until nowadays, Taiwan has 23 years of democracy experience. Up until the recent two presidents Ma Ying Jeou and Tsai-Ying Wen, we expect a more mature democratic society. Therefore, our study will focus on those two presidents' foreign policies.

The third president of Taiwan was Ma Ying Jeou from 2008 to 2016 and the fourth one is the current president Tsai- Ing Wen from 2016 till now. Under each presidency, we'll identify the objective power of Taiwan by using the independent variables mentioned above. These include economy power, military resources, technology resources, and diplomatic relations.

For the intervening variables which assist us to understand the internal politics includes Leaders' perceptions and strategic culture, State-Society Relations and domestic institutions. After constructing the overview of the country's positions, we'll be able to assume the reactions or actions it'll take under threat and opportunities.

This way, we'll be able to understand the predictions power of the neoclassical realism approach and the diplomatic trajectory after analyzing two terms of presidents in Taiwan after democratization. On the other hand, we'll also be able to paint a bigger picture of what can be the future of the diplomatic strategy of Taiwan.

5. Taiwan's foreign policies formation and governmental system

In the previous section, we mentioned that we'll take leaders' perceptions and approaches as our intervening variables. The main reason we choose to focus on this variable is due to the

governmental and policy-making process in Taiwan. Therefore, we'll explain the different rights and policy-making processes in Taiwan in this section.

The democratic system in Taiwan is based on semi-presidential. Dual-executive and dual-legitimacy are the core features of this system. The president, the premier and the legislative department form the policy-making relationship. The premier is the head of the executive Yuan and the legislative Yuan is formed by the legislators directly elected by people.

The president and the legislators are being elected directly from the people, hence the dual-legitimacy. The president and the premier share the administrative power, thus the dual-executive feature. In other words, “ *the administrative authority is shared by two chief executives: the president, who has autonomy from the parliament, and the premier, who are dependent on the confidence of the parliamentary majority*” (Matsumoto, 2017 p. 42)

According to the constitution Article 57, the Executive Yuan is responsible to the Legislative Yuan (parliament). The president, on the other hand, has no constitutional power to control the executive Yuan. It's the premier who does the meetings and passes the budget and bills. (Matsumoto, 2017). The president has neither veto power toward the passed bills from the legislative Yuan nor the power of dissolving it unless the no-confidence votes against the premier have passed. Under this case, the president may dissolve the Legislative Yuan.

However, the president has still several constitutional powers. First of all, “ *president may establish the National Security Council and a subsidiary National Security Bureau as an advisory body to determine major policies for national security*” (Matsumoto, 2017 p. 43) Secondary, the president holds the supreme command on the navy, air forces and army of the country. (Article 36) and is in charge of national security and the foreign relations of the Republic of China. Third, the premier is appointed by the president without parliament's consent, this makes the premier a virtually subordinate of the president and the president is showed as the top leader of the country. On top of this, although the president doesn't have direct control over the premier, the president can rely on the informal technic such as a ruling party.

“The president has been able to exert strong influence over the premier in a context of the hierarchical relationship, not only in the fields in which he has constitutional authority, such as

diplomacy, national defense, and the cross-strait relations, but also in the government in general.” (Matsumoto, 2017 p. 45)

On the other hand, the head of the legislative Yuan is elected by the legislators and is usually the head of the majority party. Under unified government, the president and the head of the legislative Yuan belong to the same party. Thus the president can control the speaker of the Legislative Yuan through the ruling party’s discipline because the president is usually also the head of the ruling party. In short, this means the president doesn’t have direct control over the legislative department but can control than through the party’s rule under unified government.

In 2008, under the first term of Ma’s government, the total number of legislators was 113, Ma’s ruling party (KMT) took over 81 seats in the parliament. In 2012, his party took over 64 seats. In 2016, under Tsai’s government, which were also 113 legislators in total, her party took over 68 seats. In other words, under Ma’s and Tsai’s government, both counted as unified government as their ruling party took over half of the seats in the parliament. (commision, 1994-2018)

According to the above governmental structure, we could conclude that under unified government, the president of the Republic of China (Taiwan) and the elites are the most important factors that drive the policymaking process and outcome. Because of the hierarchical position of the president and the premier, the president has a certain amount of control over policy executions domestically. On top of that, the president is in charge of foreign policies and relations. With regards to the policymaking process, when the ruling party which the president belongs takes over 50% of the seats in the parliament, he/she could have some amount of control over the legislating process. These show that the will of the president is a crucial factor influencing Taiwan’s foreign policy decisions. Therefore, their approaches and their perspective are being taken as intervening variables in this research.

6. The foreign policies under President Ma's government 2008-2016

6.1 Objective Power of Taiwan under President Ma's ruling (Independent Variables)

Since President Ma ended his term officially in 2016 May when the following president Tsai Ing Wen entered the office, all the statistics we used for president Ma will be from 2008 to 2015 to get a more objective point of view of the picture. The statistic charts are in the appendix at the end of the thesis.

6.1.1 Economic and capital Resources

Actively participating in the world economy is crucial for Taiwan due to its lack of formal political relations with most countries and it's traditionally a trade nation. Started in 2009, Taiwan faced several world economic challenges. First, the lack of institutionalized trading mechanisms with China result in increased numbers of manufacturing business moved across the strait to China; secondary, the depressed economic climate in US and Europe; third, the overall lack of free trade agreements between Taiwan and other countries; forth, China's interference in establishing such agreements. (Chan, 2012). As a result, Ma's administration pursued the Economic Cooperation Framework Agreement (ECFA) with China which was signed in 2009, June 30. The trade deal was under a lot of controversies and skepticism due to the potential economic dependency toward China. However, it also marked the general direction of Ma's administrative foreign policies. We'll now look into the indicators of the economy under President Ma's administration.

The first indicator we're going to look into is GDP, GDP (PPP). GDP is the most intuition and major way of measuring the strength of an economy. With GDP, we're able to understand the overall well-being of an economy because GDP includes the measurements from different factors-personal and public consumption, total investments (private, public), government spending and exports/ imports. (KRAMER, 2019) The more active the economy, it's expected to have a bigger GDP. However, within 2%-3% are considered healthy and stable economy especially for developed countries like Taiwan. (AMADEO, 2020) When we look into the GDP PPP, we're looking into the purchasing power of the people which shows us the well-being of the citizens in the country. The bigger the GDP PPP, the citizen of the country is expected to have better living conditions in general.

Below is the chart diagrams (Diagram 1) from Trading Economics, we could see the overview of the GDP nominal during Ma's administration (2008- 2016).

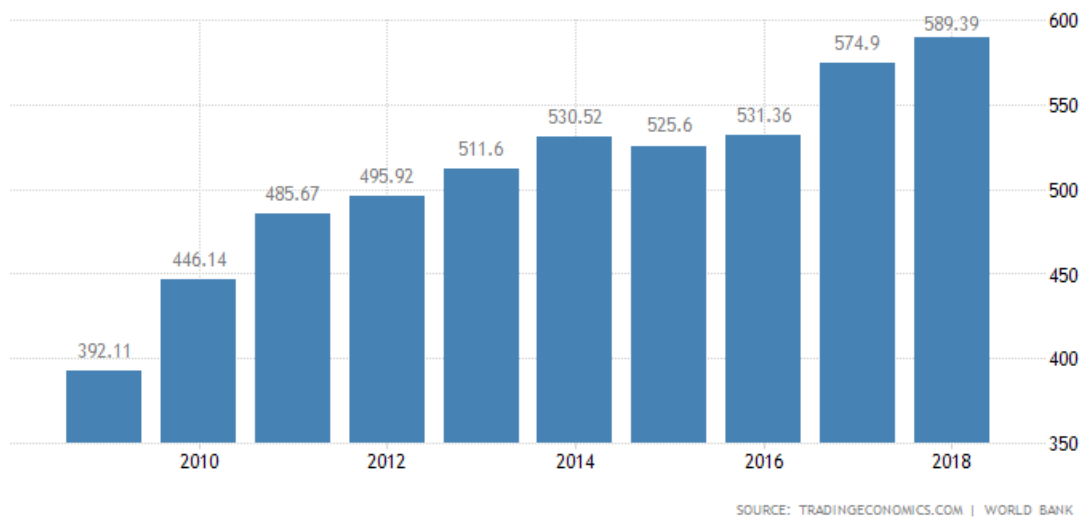


Diagram 1: Taiwan's GDP from 2010-2018

Source: TRADINGECONOMICS.COM| WORLD BANK (Economics)

However, since the GDP in world economics, in general, is always growing, we would compare the GDP, GDP per capita and GDP PPP from more different perspectives to get an objective overview of the strength of the economics of Taiwan. On the other hand, since the presidents are elected directly from the people, we also need to consider the purchasing power and living conditions domestically; this could reflect the support directly to the president. Therefore, we will also put in GDP (PPP) per capita and its world rankings. Referring to Chart 1, we could see the overview of the GDP indicators. The data are compiled by using different sources.

Other than nominal data of GDP, GDP per capita and GDP PPP, we also include the growth rate of GDP and world rankings for all three categories. On top of those, we could also see one extra row added called "term growth rate". The term growth rate compares the last year of his office and the first year when he started. In the following paragraphs, we'll explain the findings and calculation method in the order of nominal data, annual growth rate, and world rankings and its growth rate. By doing so, we hope to achieve a more meaningful opinion for these data.

In the article "What Is the Ideal GDP Growth Rate?" (AMADEO, 2020) It mentioned the healthy economic growth of a country is 2-3%. If GDP growth keeps in high for several quarters (over 4%) means "*there's an asset bubble*" (AMADEO, 2020) If the government doesn't do necessary means, the economy tends to be overheated, then following up with investors panicking and pull out of the investments until the price drops too low again. This could cause the recession of an economy. If the economic growth is too low, it means it is unhealthy and possible stagnation. This could result in several situations like slower living standard growth and more noticeable income gap, lower tax revenue for public service, higher unemployment rate and increase government borrowing etc. (Pettinger, 2019)

When looking into Ma's administration's GDP nominal growth rate, except for 2012 and 2013 the economic growth fell in the healthy range, other years were either excessive growth or lower than healthy growth. Same as GDP per capita, we also witness a big swing each year and only 2013 fell into the healthy range. By this, we conclude that during his government, the economy was pretty unstable and this could result from unstable social and political environments.

For world ranking, in order to get a more accurate sense of the amount of improvement, we could use the method that gives us a sense of progress relative to positions. For example, growth from 20th place to 10th place (50% to 1st place) is considered better than 30th to 20th places (33% to 1st place). The calculation will be if 1st place means 100% of achievement, from 20th to 1st place, each progression mean 5% improvement, thus moving up for 10th (20-10) place means 50% of progression. The logic behind this methodology is that the closer to the 1st place, the more difficult to improve. Here, we compared the last year of his term to his first year so we could see how it went overall.

When looking into data, for GDP nominal rankings we improve from 57 to 52, with GDP per capita, Taiwan had grown from 52th to 48th, and for GDP (PPP) per capita from 37th to 23rd place. This would mean GDP nominal world ranking has the improvement of 8.77%, and GDP (PPP) per capita ranking is 37.8%. We noticed that GDP (PPP) had excessive growth whereas there was limited GDP growth in world place in general. This could be the result from his closer policy toward China which results in importing cheaper goods to Taiwan.

The second indicators we'd like to look into will be the FDI (Foreign direct investments). According to OECD Library, the definition of FDI (Foreign Direct Investment) is as below:

Foreign direct investment (FDI) is a category of cross-border investment in which an investor resident in one economy establishes a lasting interest in and a significant degree of influence over an enterprise resident in another economy. Ownership of 10 percent or more of the voting power in an enterprise in one economy by an investor in another economy is evidence of such a relationship. The indicators of FDI include the inward, outward value of stocks, flows and income, by partner country and by industry and FDI restrictiveness. (OECD, 2017)

FDI is one of the key measurement for global economy because it symbolizes the long-lasting links between two economic bodies. FDI pushes the transfer of technology, promotion of the international trade and encourages the development of a country.

In the article "Interpreting Developed country foreign direct investment" (Lipsey, 2000), it mentioned that contrary to the traditional prediction that when FDI inflows and outflows have negative relations (when inflows grow, outflows fall) the article suggested that in the research over the long span of developed country, the larger the GDPs (investors) of the country, the bigger they are as a recipient of FDI. Thus, the combinations of inflow and outflows also show the strength of an economy.

We could refer to Chart 2 for FDI data during 2009-2015. With the term growth rate for the nominal data in this section, we calculate the growth rate with the data of his first year and last year in the office with the formula of $((\text{last year} - \text{first year}) / \text{first year}) * 100\%$. With the world rankings, we used the methodology from the previous section which is $((100 / \text{last year}) * (\text{first year} - \text{last year}))$

The nominal data of FDI at home, as we could see from the chart, there was 20% growth. However, with the world ranking, there was slight decrease of 5.88% (from 54 to 51). Thus we could say the FDI at home didn't change much in his term.

On the other hand, with the stock of FDI abroad, we can see the growing trend in terms of number and ranking. The nominal growth showed 77.96% from 170,021 million to \$302,582 million. With world ranking, improved from 24th to 19th place which counted as 20.8% of improvement. From the article Interpreting Developed Countries' Foreign Direct Investment, it

mentioned the two sides of interpretation of outward FDI. First, higher per capita income and openness have positive relations with greater outward FDI. However, *“That result fits with the Stevens and Lipsey (1992) finding that capital expenditures abroad and at home were competitors for finance within the firm. “ (Lipsey, 2000) and “ The fact that higher capital formation in one year is associated with lower outflows of FDI the next year could be plausibly interpreted as reflecting cyclical fluctuations in the relative attractiveness of the domestic and foreign economies. ““ (Lipsey, 2000) Thus, we could explain that since there was the growth of GDP per capita, which means higher income, it was natural for higher outward FDI to occur during his time. Nevertheless, the excessive growth of the amount of outward FDI also indicates a more “unattractive” domestic investing environment and might compete with domestic resources.*

Another thing could be noted is that over the years the stock of FDI abroad overall is always higher than the stock of FDI at home. We may take a glance at the reasons for this phenomenon of Taiwan. First of all, unlike other neighboring emerging economies, Taiwan lacks of natural resources. Secondary, Taiwan as well as other countries such as South Korea, Japan, Germany and France, all have more outflow FDI than inflow FDI.

“ In those countries, business firms, including multinational enterprises (MNEs) and small and medium enterprises (SMEs), from various industry sectors, play a significant role in the global economy and invest broadly in different countries. Taiwan’s high FDI outflows are, similarly, contributed by such globally minded domestic business firms.” (Anthony Kuo & Ming-Sung Kao., 2018)

Taiwan is strong in manufactures; in fact 90% of the laptops worldwide are produced by Taiwanese contractors. However, *“As income levels have risen rapidly in Taiwan, Taiwanese firms off-shored their production activities to countries with lower wages and expanded their geographic coverage in their international operations, leading to high outward FDI flows” (Anthony Kuo & Ming-Sung Kao., 2018)*

To sum up, we witnessed a bit of regress in the world ranking of FDI at home and relatively big growth in FDI abroad. This say, there were not many changes in FDI at home but a lot of outgoing resources during his term. The big amount of money could be contributed to China due to his policy. Although outflow bigger than inflow could be considered the normal

phenomenon in the developed countries, the rate and amount of growth of outflow FDI during his term could symbolize some losing resources and unstable investing environment domestically.

The third indicator we would like to discuss is HDI (Human Development Index). According to Human development Reports: “ *The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.*” (PROGRAMME, 2019) Therefore, HDI focuses on three dimensions which indicate the development of a country: life expectancy, knowledge and GNI (gross national income) per capita. The HDI scores between 0-1, the higher the score means the more develop the country. This index gives us a sense of overall Taiwan’s development under each presidency. We could refer to chart 3 for those data between 2009-2015 under his term.

As we can see from the chart, the HDI index of Taiwan was more or less sustainable but witness some regress over the years. From 2009 to 2015, we dropped from 23rd place to 27th place, which contributed to -17.39% relatively.

Summing up this chapter, in terms of GDP, during Ma’s presidency, it showed improvements in world rankings. Although GDP nominal and per capita stayed almost the same (7-8% of improvement), the GDP (PPP) increase dramatically (37.8% of improvements) in world places.

This means goods are cheaper at home and people have much more purchasing power. We might be able to link this to ECFA which was pushed in his administration and led to the increase of imports and lower tax of goods from China. Nevertheless, if we looked into nominal GDP data, we saw big fluctuations over the years in GDP growth. This meant although the economy was growing, it was not stable. This could result from the volatile political and social environments. For example, because of ECFA and closer cooperation with China, it resulted in the biggest student protests in 2014 called the Sunflower movement after the 1990s.

With FDI, we noticed that FDI abroad had increase excessively (77.96% in nominal amounts, and moved 20.8% up to world rankings), but FDI at home had shown fallbacks. The

number of investments of FDI at home improved for 20% but world ranking fell by 5.88%. This could mean there were not many changes in domestic investing wiliness during his years. On the other hand, excessively growth of outward FDI could also mean some losses of resources internally. Last, we saw also relative big regression of HDI (17.39%), this means the overall living quality had dropped as well. Generally speaking, the economy did improve under his term, but the growth was relatively unstable and affected the quality of living in some ways.

6.1.2 Military Resources

We'll first go through the bi-yearly national defense report to get an overall picture of Taiwan's national defense strategy. By going through the bi-yearly national defense report of Taiwan, we could take a glimpse of the ROC government's plan on security perspectives during Ma's administration.

According to the 2009 National defense report of Taiwan, there were a few focuses areas of the national defense. With the relations with China, according to President Ma's inauguration speech, is to develop mutual benefits with China, focus on the economy and put aside disputes to maintain peace in the region. In terms of military wise, there were 7 major focus points. First, optimize and reduce the numbers of military personnel. Second, push for the transformation from conscription to the recruitment system of military personnel. Third, emphasize the moral and spiritual education and make sure laws are strictly applied. Forth, upgrade the military operational system and process. Fifth, enhance cooperation with other countries. Sixth, optimize the disastrous rescuing process. Seventh, implement more benefits and complex care systems for the family members of the military. (R.O.C, 2009)

In the report from 2011, due to the Arab spring in 2011, the human rights issues raised more awareness in the international community. On the other hand, we could view more emphasizing on climate-related and terrorism topics. (R.O.C, 2011) These might due to the fact that Taiwan's foreign policies aim to align with the value of the international community. Since it was still in the terms of President Ma, The main focuses are the same as 2009.

By 2013, due to the global financial crisis and the rapid growth of the Chinese communist party's military power, we witness the slight changes of the tone in the defense report. Although the main focuses are similar, we saw the more emphasis on showing the power, maintain the

regional peace and stress on the will of defenses. (R.O.C, 2013) In 2015, the defense report stated the same goals as in the previous years. It also emphasized the importance of the defense and touched with various global issues and regional disputes with China. (R.O.C, 2015) We shall also note that, over the years, in every report, there were emphasis on building up cross-strait military trust and communication channels.

We could conclude that the main targets of his administration are to maintain regional peace and stability, and also the reduction of the military expense and personnel. He turned the major focuses on disputes from the previous administration before the focuses on economic growth. We could refer to Chart 4 which compiled from different data resources to give us a statistical perspective of the reality of Taiwan's firepower during his administration.

Due to the program of reducing military cost and personnel, we could see from the statistics provided, the drops of military expenses in terms of percentages and personnel are visible.

The military expenditure, defense budget, and military personnel had visibly decreased over the years due to governmental programs and also the more intensive cooperation with China over the years under Ma's policies. This could also be resulted from the release of tensions across the strait. On the other hand, if we look into Global Firepower Index, which is the index measuring "*nations-potential war making capabilities across land, sea and air fought with conventional weapons*" we could see that Taiwan's firepower world ranking has been fluctuated between 14 to 19 from 2011 to 2016 but also, in general, a decrease in military power.

In conclusion, Ma's strategy on military defense was to maintain regional peace, restructuring the military, and heavily focus on the relationship with China including building up a mutual trust system. The reduction of the defense budget implied the intention of relieving the cross-strait tensions and internal military reconstruct.

6.1.3 Technology Resources

According to The World Bank, the global competitiveness index has the below definition:

The GCI analyses competitiveness along 12 pillars: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training,

goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. These are, in turn, organized into three subindices in line with three main stages of development: basic requirements, efficiency enhancers, and innovation and sophistication factors. The three subindices are given different weights in the calculation of the overall index, depending on each economy's stage of development, as proxied by its GDP per capita and share of exports represented by mineral raw materials. (TCdata360, 2020)

We could refer to Chart 5 for this section. We'll extract the data from the 9th pillar Technology Readiness, which according to the World Bank has the definition as “*measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries.*” (Sala-i-Martin, 2009-2010 p. 6) We'll also refer to the 12 Pillar: Innovation to get the idea of technology resources under Ma's administration.

The Global competitiveness report released every 2 years, thus to look into only his term, we chose to analyze the report until 2014. The chart showed some significant decrease in technology and innovation during that time. For Technology readiness, the world rankings dropped from 18 to 30 which means 66.6 % of regression. And for Innovation world rankings, it dropped from 6th to 8th place, signified a 33.3% decrease.

There's another crucial aspect when mentioning technology development/resources of a country- R&D spending (Research and Development). According to the article Journal of competitiveness, public investment is the crucial factors that drive the development of the innovation of a country and “*the effect of government R&D is the main driver for economic growth with a stronger effect than traditional growth variables* (investment and human capital approximated by HRST). “ (Dana Kiselakova, Beata Sofrankova, Veronika Cabinova, Erika Onuferova, Janka Soltesova, 2018 p. 37) Thus, we could also look into the R&D investment of both administrations to have an idea of technology resources.

We could refer to Chart 6 for the data compiled. If we look into the R&D spending in total, we could see that the government's spending on researches has stable growth and the world rankings have improved as well. With nominal spending, we improved from 11th place to 9th place, make it 18% of growth but with the percentage of GDP, there was no improvement in

rankings. Another thing to mention is that by 2017, Taiwan spent more than 3% of the national GDP on R&D.

To sum up, the technology capacity and resources in his time, with innovation and readiness for the market had regressed significantly although there were more investments in R&D from the government. We could conclude that the government in investing technology resources was not particularly doing well but regress during his time.

6.1.4 International resources: Numbers of alliances & international organizations and signed agreements/treaties with Taiwan

In terms of the international resources, we could refer to Chart 7 for this section. During 2009- 2016, we saw a relatively stable number of diplomatic allies with one country dropped out. Also, we saw an increase in number of participation. (from 42 to 54)

However, the number of bilateral agreements and treaties signed has dropped a lot from 70 to 36 by the end of his term. This tells us that the international environment under his terms was relatively stable but we could still felt a bit international pressured from the statistic of bilateral agreements signed. This meant that China was not putting too much pressure on Taiwan due to Ma's pro-China policy at the time.

6.2 President Ma's Image, perception and approach (intervening variables)

Presidential inauguration speeches could give us an outline of he/her general policies for their term. Thus, we'll first take a look at President Ma's 2008 and 2012 inauguration speech. In the speech of 2008, his tone was more general and focused on five major topics.

First, he talked about Taiwan's democracy progress with the below words from him *"This remarkable experience has let Taiwan become a beacon of democracy to Asia and the world."* , *"The Republic of China is now a democracy respected by the international community."* (Ying-Jeou, 2008)

Second, he mentioned the ambition of exporting democracy to China. This also reflects traditional KMT party's point of view which always includes China as "part of our people". The point of view can be shown in the following passage *"We care about the welfare of the 1.3 billion people of mainland China, and hope that mainland China will continue to move toward*

freedom, democracy and prosperity for all the people. “ (Ying-Jeou, 2008) The view of taking Chinese and Taiwanese as one family can also be seen here “*Taiwan is the sole ethnic Chinese society to complete a second democratic turnover of power. Ethnic Chinese communities around the world have laid their hopes on this crucial political experiment. By succeeding, we can make unparalleled contributions to the democratic development of all ethnic Chinese communities.* (Ying-Jeou, 2008) and here “ *By succeeding, we can make unparalleled contributions to the democratic development of all ethnic Chinese communities.* “ (Ying-Jeou, 2008)

Third, he talked about the institutional reconstructions (eg. cleaner politics). “ *Taiwan's democracy should not be marred by illegal eavesdropping, arbitrary justice, and political interference in the media or electoral institutions. All of us share this vision for the next phase of political reform.*” “*The new administration will push for clean politics and set strict standards for the integrity and efficiency of officials...*” (Ying-Jeou, 2008)

Forth, this is also the main discourse - international politics. He addressed Taiwan's office name “ Republic of China” several times. He admitted the existence of 1992 consensus with the following message “ *In 1992, the two sides reached a consensus on "one China, respective interpretations." Many rounds of negotiation were then completed, spurring the development of cross-strait relations. I want to reiterate that, based on the "1992 Consensus," negotiations should resume at the earliest time possible.* “ (Ying-Jeou, 2008) He emphasized and urged for the peaceful solution across the straits.

Fifth, re-mentioning the legitimacy of KMT party's in Taiwan. This is crucial for the KMT party because some of the arguments from their rivals include the non-legit occupation in the early years of the KMT party. We could refer to the below paragraph “ *The Republic of China was reborn on Taiwan. During my presidency, we will celebrate the 100th anniversary of the founding of the Republic of China. This democratic republic, the very first in Asia, spent a short 38 years on the Chinese mainland, but has spent nearly 60 years in Taiwan. During these last six decades, the destinies of the Republic of China and Taiwan have been closely intertwined.*” (Ying-Jeou, 2008)

By 2012 inauguration speech, we witness a shift of focuses and even more pro-China tone in the speech. He put more stressed on economy growth and liberalization “ *Further*

economic liberalization and improvements to our industrial structure constitute the core drivers”
“Market liberalization due to globalization has made job market competition global in nature.
We must pursue economic growth if we are to create more job opportunities.” (Ying-Jeou, 2012)

Accompany with the liberalization of the market is his flagship economy policy “ ECFA (Economic Cooperation Framework Agreement)” with China. “ *We must speedily complete follow-up talks under the Cross-Straits Economic Cooperation Framework Agreement (ECFA) and expedite negotiations on economic cooperation agreements with important trading partners like Singapore and New Zealand.*” (Ying-Jeou, 2012) He also mentioned other social issues and comments, but since they’re not related to our topic, we’ll not discuss here.

Same as the previous speech, he also reflected the political stand in 2012 again which is mainly related with China. “ *our cross-strait policy must maintain the status quo of "no unification, no independence and no use of force," and promote peaceful cross-strait development on the basis of the 1992 Consensus...*” “*Both sides of the Taiwan Strait ought to squarely face up to this reality.....mutual non-recognition of sovereignty and mutual non-denial of authority to govern.*” (Ying-Jeou, 2012) As well as talking about the “Chinese” heritage and identity again here “ *The people of the two sides of the strait share a common Chinese ethnic heritage. We share common blood lines, history and culture. We both revere our nation's founding father, Dr. Sun Yat-sen.*” (Ying-Jeou, 2012)

Since it was his second term, he also talked about the progress which had made in his term, for example, the improvement of the cross-strait relationship. “*Over the past four years, we have improved cross-strait relations and reduced cross-strait tension.....*” “*In the next four years, the two sides of the strait have to open up new areas of cooperation and continue working to consolidate peace, expand prosperity and deepen mutual trust.*” (Ying-Jeou, 2012) And also the political strategy used in the first term. “ *we have chosen "viable diplomacy" and "above-board diplomacy," providing aid in accordance with the principles of "seeking proper goals, acting lawfully, and exercising effective administration."* (Ying-Jeou, 2012)

Last, he did talk about the relationship with other countries, but it wasn’t the major message in his speech. He mentioned the relationship with Japan, the European Union and the United States who are the biggest countries that have influence in Taiwan. “ *We have also*

achieved important breakthroughs in relations with Japan.” (Ying-Jeou, 2012) “The European Union and the European Parliament have both on many occasions issued statements and passed resolutions to support our mainland policy, and to seek stronger trade and economic ties between Taiwan and the EU.” (Ying-Jeou, 2012) “ We have restored mutual trust with the United States through close cooperation in many areas. This has enabled us to bolster channels of communication and build the most solid security and economic partnership of the past 30 years.” (Ying-Jeou, 2012)

When we compare the 2 inauguration speeches from the president Ma, we could identify his base political stands as well as KMT party’s position. President Ma’s stressed on the achievement of regional peace by being more pro-cooperative to China. From the second term inaugurations, we could see a lot of agreements with China are made during his first term already. Although he also mentioned the cooperation with other countries such as the US, Japan and the EU, they were not the major messages, which was much less than when he talked about the peaceful strategies with China and emphasized the ethnicity from both sides. The 1992 consensus was brought up in both speeches despite its existence is still a controversy nowadays. He also publicly stressed the existence of the 1992 consensus. On top of that, during his second presidency, he was also pushing for ECFA, which also strikes a lot of controversies within the island. The nature of the agreement will push Taiwan to even more financially dependent on China as well as potentially greater the income gap in the society.

We could also refer to some previous articles which analyze his public speeches and statements which could give us more insights. The article Ma Ying-jeou’s Presidential Discourse analyzed 2162 speeches and press releases of President Ma to gain an overview insight of his diplomacy.

The long-term stand of the KMT party (which President Ma belonged), positioned themselves as the *“represent and reserve of the authentic Chinese culture in the face of the Chinese communist revolution”* (Sullivan, Jonathan and Sapir, Eliyahu V., 2012 p. 39) . They hence connected themselves with Chinese motherland rather than local Taiwanese identity. As democratization happened, although KMT party is no longer refer themselves as unification/mainlanders, their position is still more pro-China than their opponent DPP

(Democracy Progressive Party) party, which position themselves as more “pro-independent” party.

Following up on the introduction, their results on the analysis are summarized below. The articles identified the 5 major topics in the discourses of Taiwan’s politics: Chinese national identity, Taiwanese national identity, sovereignty, democracy, and the economy. Taiwan’s national identity has been long rooted in the relationships between mainlanders and native Taiwanese. (Sullivan, Jonathan and Sapir, Eliyahu V., 2012) As president Ma belongs to the KMT party, his view of the national identity is aligned to his party. He was born outside of Taiwan, thus, he associated himself as “new Taiwanese” which was the strategy developed by President Lee Teng Hui to de-essential local Taiwan identity and “allowing non-native Taiwanese who shared in Taiwan’s post-war collective experience to claim a form of Taiwanese identity” (Sullivan, Jonathan and Sapir, Eliyahu V., 2012) Although stood himself as new Taiwanese, from his acceptance of the 1992 consensus which refers to “one China” but the separate interpretation and ECFA (Economic Cooperation Framework Agreement) with China, these two major policies of him during his term, we could identify his positions and stands.

In terms of sovereignty, as mentioned in the previous paragraph, KMT party conceived of Taiwan explicitly as a “*temporary base for the recovery of the mainland*” and frequently treated it as such” (Sullivan, Jonathan and Sapir, Eliyahu V., 2012 p. 40) It was shown in Ma’s original re-election campaign when he proposed “peace accord” with China but then drop it soon after the drastic decrease of support.

The empirical statistics are found as below:

- economy is the most mentioned in his speeches
- Sovereignty and Chinese identity grew from 4 to 5 out of every 10 speeches
- the percentage of mentioning democracy and Taiwanese identity drops from 38 % to 27 % and 28% to 16 %
- sovereignty are less likely to be included in formal speeches or speeches deliver to public

- 2.9 % of Ma's speeches content of Chinese Identity
- the rise and fall in Chinese identity is sync with the topic of his campaign: ECFA

Until now, we can identify President Ma's perspective and positions on his general diplomacy. Due to the traditional stands of KMT party, as the head of KMT party, he also stressed on Chinese identity and less Taiwanese identity. This then influence his foreign policies directions. In his terms, Taiwan indeed had better relations with Chinese than his predecessor. He also put a lot of emphasize on economy. In fact, ECFA was his main economy policy. Although closer relations with China, at the same time the policies also tied Taiwan toward more dependency to China and put it in a greater sovereignty risk.

6.3 Chapter conclusion – President Ma's government

We could now put together some conclusions from the independent variables and intervening variables. With independent variables, we looked into the statistics under the categories of economy, military, technology, and international resources. First is the economy, we checked out GDPs (gross domestic products), FDI (foreign direct investments) , HDI (human development index). GDP helped us to understand how the economy is doing in general, FDI gives us an idea of how connected between 2 economy entities, and also drives the growth of technology and economy. HDI indicated the quality of life of a nation with the calculation of knowledge, life expectancy, and national incomes.

In general, we could say that under his term, the economy, in general, did improve, but with more investments flowing abroad and a bit worse off of living quality. We could prove them by the increase of both nominal data and world rankings of GDP categories, a large increase in FDI abroad (20.8% of world ranking growth) and dropped of HDI rankings. However, the growth was unstable in a way that the fluctuation between each year of GDP growth was almost always either greater than 3% or less than 1%, the only exceptions are the year 2012-2013. Also, a great increase of FDI abroad (77.96% in nominal and 20.8% in world rankings) but no many changes of FDI at home means the probability of a slight decrease in competition between investing resources abroad and home.

If we try to interconnect those indicators together, we could say that the economic growth is probably mainly because of the trade deal with China (ECFA) during his turn, this not only

reflected in the growth of GDP but also big jump in the FDI abroad. Nonetheless, the economic growth didn't seem to reflect on the living quality and better domestic investing environment. This could result from his closer to China policy which sparked domestic protests and several food safety related issues. For example, in 2014 there was Sun Flower Movement which was the biggest student protests since 1990, the movement was mainly for ECFA. Then in 2011, 2012 and 2013 respectively there were national wide food-safety related issues. Thus, although there was economic growth, the growth didn't seem to reflect evenly domestically.

With military resources, we have military expenditure, defense budget, total military personnel, and Global Firepower index. Military expenditure gives us an idea of how much importance the government put on preparing for the threats. Military and defense budget tells us to what degree the defenses are crucial to the government. The total military and Global Firepower index give us some information about the strength of a country. For Taiwan, military defenses are always important due to the threat from China.

During Ma's administration, we saw the decrease in military expenditures and military defenses budgets. In general, the military strength (personnel and global firepower index) has dropped a bit. This might contribute from his changing focuses on the policies (more economy and cooperation) and also the decrease of cross-strait tensions during his terms. Overall, we saw a recession of military strength and focuses during this time. This told us his focuses were not in defenses.

In terms of technology, we listed technology readiness, innovation, global competitiveness index and , R&D spending. Technology readiness and innovation indicated about Taiwan's ability to adjust the agility and productivity of business with the world. The R&D spending tells us about the willingness of the government to invest in technology improvement.

The big picture we got from technology resources is that despite that we saw the government has gradually increased on R&D spending, the budgets don't seem to reflect the result. The technology readiness rankings dropped significantly (-66.6%) , as well as "Innovation" was showing a recession for 33.3%. This is in contrary to the rising of the R&D

spending from 2.8% to 3.1% of the GDP nominal (18%) but no differences in world rankings. In conclusion, the technology arena of Taiwan during 2009-2015 showed some dramatic dropbacks.

Finally, we have number of alliances, inter-governmental organization participation, and the number of bilateral agreements and treaties signed. These indicators gave us sense of how much international resources (officially) Taiwan had.

Internationally, the situation was relatively stable but we still witness a bit of backdrop. The alliances drop from 23 to 21, and international participation improves from 42 to 54. With international treaties and agreements, it showed an unstable trend. From 2009-2016, Taiwan had the most in 2009 (70) and hit the lowest number in 2016 with 36 treaties and agreements. Other than 2011-2012 which had over 60 treaties and agreements signed, other years fluctuated between 36-44. Generally speaking, Taiwan had increased limitations over the years of international resources, but still try to actively participate in the international realm.

Until now, we're able to make some big pictures of Ma's approaches and strategies when combining both independent variables and intervening variables. In Taiwan's politics, as we talked about in the previous chapters, leaders' perceptions are crucial in influencing every aspect of policies. For President Ma, his strategy could be categorized as more "bandwagon" than the balance of threats although he still maintained the cooperation with the US and Japan, his policies were heavily leaning towards China. To reduce the threats from China, he chose to cooperate with them. His flexible diplomacy indeed earned the reduction of threats during his term and maintained a relative breathable international environment for Taiwan. Nonetheless, his policy also contributed to over-dependent to China and put Taiwan under long term threats, these are reflected in the statistics above, except for the overall GDP, non of other statistics showed good improvements. On the other hand, we could also see other traits of the small power strategies (dependent variables). First, foreign policies highly focus on regional terms. Second, limited use of force (reduction of military). Third, domestically facing partitioned when policies are leaning toward China. Forth, they bandwagon with regional superpower. Fifth, proactively participate in international realms.

7. The foreign policies under President Tsai's government 2016-2019

7.1 Objective Power of Taiwan under President Tsai

7.1.1 Economic and Capital Resources

After the President Tsai's inauguration, the cross-strait communication channel has come to halt and China has started more concentrated pressures on Taiwan in the international realm. (Duchâtel, 2017) For example, Taiwan was excluded from the September 2017 assembly meeting of the International Civil Aviation Organization, World Health Assembly. On top of that, several diplomatic relations such as Sao Tome were being terminated by China. At the same time, the economy was more dependent on China because of Ma's administration's policies. Due to these reasons, from 2016 upwards, The New Southbound Policy became one of the flagship foreign policy of President Tsai in order to deepen the relations with ASEAN-led regional communities. (Bonnie S. Glaser, Scott Kennedy, Derek Mitchell, 2018)

We could now view the following statistics from Chart 8 to get an overview of the economy under the President Tsai. When looking into GDP values themselves, we could get an idea that under her term, the economy is generally stable with a slight growth in rankings of GDP nominal and a slight decrease of GDP per capita rankings. The purchasing power increase quite a bit, this could mean that the new southbound policy doesn't have a negative effect on the economy in general. Another point we could mention is that during these years, the economic growth rate was always within 1-3%, according to what we mentioned in the previous paragraphs, this means the economy is steady and could result from a more settled social and political environment despite pressures from China.

By the time we wrote this thesis, the FDI of Taiwan for 2019 was not yet released. But we could still view the statistics we got for the first three years of her term. Referring to Chart 9 for this information, we could see that in terms of the world ranking, both inward and outward didn't change much. However, with the nominal data, there were 21% growth of stock in FDI at home and only 9.9% of stock growth abroad. In general, we could say in her term, there were the growth of investment at home and a bit of growth abroad. These statistics indicated a stable investing environment during her time especially improvement of domestic investing environment. This argument could be supported by the fact that during the first 10th month of

2019, “*The Ministry of Economic Affairs has approved 151 Taiwanese companies’ applications to return to Taiwan to invest a total of NT\$623.6 billion (US\$20.5 billion) in the manufacturing sector, which is expected to create about 54,970 jobs.*” (Po-chih, 2019) The background of the return of investments is not only due to US-China trade war, but also because of her push for New South Bound policy to reduce the dependence of China.

Same as FDI, we didn’t have the data for 2019 by the time when we’re looking into HDI but we could still take a glance for the first 3 years. Referring to chart 10, we didn’t see much of the changes in her term. The world ranking stayed the same, but the score of HDI has a slight improve for the last three years which also gives us a sense of stable living quality during this time. Another point worth mentioning is that Taiwan has entered score 9 from 2016 onward. According to HDI definition, the overall score 9 is considered in the “ Very High” category already. This data told us the overall wellbeing of the citizens was good under her administration.

In summary, if we combine the data from these three categories, we got a sense of a pretty stable economy with slight improvements in domestic investing environment and living conditions. With GDP growth, it always maintains within a healthy growth range (2-3%) accompanied by the growth of FDI and HDI. We didn’t see any excessive growth or regression in this category. This could mean that the strategy of reducing the dependency from China provides a more stable domestic economic environment.

7.1.2 Military Resources

Same as with President Ma, we’ll take a look at the bi-yearly defense report of Taiwan to get a general idea of her military policy during her term. Compare with Ma’s era, in her term, the tone of the reports were more strong and more Taiwan centric. The talks about defense and weapons increased. For example, in the report of 2017, there were emphasizes about self-sufficient defense weapons building, and helping to maintain regional stableness instead of regional peace like Ma’s era. There were also introductions of different kinds of defense weapons and strategies which didn’t showcase in previous defense reports On top of that, we also saw some adding on topics which follow the world trend such as eco-related policies like noise reduction for the airport, Eco-military processes etc. (R.O.C, 2017)

Following up with the 2017 reports, in 2019 one, besides the original topics, there were additional social topics add on in the defense reports- drugs use prevention and corruption-free military building with more transparent processes. Same as the previous years, the main goals of her policies were building up strong self-defense military and talent buildings. In short, in Tsai's term, the defense policies put a lot of stress on Taiwan's own security building and less on emphasizing good relations with China in order to maintain regional peace. (R.O.C, 2019)

In terms of statistics, we could refer to Chart 11 for it. We saw the decrease of military power until 2018 with the contrary of the increase of military expenditure. What is worth noticing was that from 2018 to 2019, there was a boost of both the defense budget and re-bounce of world rankings. This was contributed by the more intense threats from China during the time being.

In general, we could say the first few years of the military strength were not doing particularly well, but from 2018 upwards, we saw strengthen in defense resources. This could be resulted from long term internal restructuring and seeing the results in 2019 plus the more intensified threats from China.

7.1.3 Technology Resources

We could review the Chart 12 for technology resources. We saw 10.7% of growth in world rankings with technology readiness, and with innovation world ranking and overall competitiveness, they maintained the same from 2015 to 2018. This meant a bit of growth in the technology area.

As the data for 2018 and 2019 was not released by the time we wrote the article, we'll compare it with 2016 and 2017's R&D information only. We would refer to Chart 13. The statistics of the R&D are pretty much staying the same but the world rankings have decreased a bit for 25%. (dropped for one place) This said the government has not changed much on R&D spending during her term.

In conclusion, we could say that under her term, the resources were properly used on technological improvement. There were improvements in technologies area but with a similar amount of spending with R&D.

7.1.4 International Resources

The international resources have dropped significantly during her term, however, we could see the efforts to maintain relationships with other countries increased as well. From Chart 14, we witnessed an apparent drop of alliances during Tsai's term from 21 to 15. On the contrary, both inter-governmental organization participation and the number of bilateral agreements signed have increased. This told us Taiwan was facing a more severe suppression from China but still trying hard to participate in the international communities. This also corresponds to the southbound policy in Tsai's term.

7.2 President Tsai's Image, perception and approach (intervening variables)

Since there are no articles of the comprehensive discourse analysis of president Tsai as former president Ma, we would look into several significant public speeches of president Tsai on top of her inauguration speeches as in the previous section. We chose public speeches which are addressed in significant occasions, these include inauguration, important issue national debates, National day address and visiting significant foreign partner countries or organizations such as the US and Japan. Noted that when we look into the speeches we're excluding internal affairs to align with the thesis topic.

We will look into first president Tsai's 2016 inauguration speech to get a general idea of her perceptions of Taiwan's foreign policy. The speeches also mentioned several internal societal policies which will be excluded from the discussion here to align with our topic.

In terms of economic policies, the main objective of the government is to transform Economy Structures which include the following goals: promoting innovation, New Southbound Policy, integrates development with environment-friendly plans, and balance regional developments. As she mentioned " *promote a New Southbound Policy in order to elevate the scope and diversity of our external economy, and to bid farewell to our past overreliance on a single market*" (Wen, 2016) " *Our New Model for Economic Development will be fully integrated with national land-use planning*" (Wen, 2016). Regarding other regional development and environmental sustainability, she said " *We will also contribute greatly to the region's structural adjustment and sustainable development. Together with other members of this region, we will forge an intimate sense of economic community.*" (Wen, 2016)

In regards to international relations approaches, she emphasized that “ *Taiwan will also become a proactive communicator for peace.*” (Wen, 2016) However, in her stands towards China, she didn’t directly admit the existence of 1992 consensus, she expressed it as below “ *In 1992, the two institutions representing each side across the Strait (SEF & ARATS), through communication and negotiations, arrived at various joint acknowledgements and understandings. It was done in a spirit of mutual understanding and a political attitude of seeking common ground while setting aside differences. I respect this historical fact.*” (Wen, 2016). “*The two governing parties across the Strait must set aside the baggage of history, and engage in positive dialogue, for the benefit of the people on both sides.*” (Wen, 2016).

In her speech, the relationships with other countries other than China were also mentioned. For example, “ *It is with this spirit that we join the alliance of shared values and concerns for global issues. We will continue to deepen our relationships with friendly democracies including the United States, Japan and Europe to advance multifaceted cooperation on the basis of shared values.*” (Wen, 2016) The efforts of cooperation with international communities include in various areas “ *At the same time, the new government will support and participate in international cooperation on emerging global issues including humanitarian aid, medical assistance, disease prevention and research, anti-terrorism cooperation and jointly tackling transnational crime.*” (Wen, 2016)

From above, we’re able to recognize the general ideas and style of the new government. With the economic policy, New Southbound policy and industrial innovation are the main goals. Regarding international relations, regional stability, continuously dialogues with cross-straits and deepen relations with democratic valued countries are the main objectives. What’s worth mentioning is that, with the 1992 consensus, she acknowledged the existence of the dialogue but didn’t agree with the content of agreements nor the existence of the agreements itself.

In the second article we looked into her 2020 presidential acceptance speech. By the time the thesis was written, the 2020 presidential election of Taiwan has come out with the land-slid victory of president Tsai’s second term. Although the inauguration will be in May 2020, her acceptance’s speech for the second term can give us some general ideas of where her next term’s policies will be heading.

When looking into the speech, we witness an ,even more, Taiwan centric and more direct talk with China. These were probably contributed by the fact that among her first term, we witnessed more intense threats from China in various forms. Like she said “ *We will also continue to work to keep our country safe and defend our sovereignty*” (Wen, 2020) “*The results of this election carry an added significance, because they have shown that when our sovereignty and democracy are threatened, the Taiwanese people will shout our determination even more loudly back.*” (Wen, 2020)

On top of this, we also noticed her direct opposition to “one country, two systems models” which was said to be the 1992 agreement for Taiwan. One thing to mention is that 7 months before the election, Hong Kong started mass protests on the new introduction of extradition policy. The protests last for over half a year and influence Taiwanese awareness of politics. This also contributes to the winning of her second term and her firm stands to China. She said “ *However, through their increasing pressure and proposal of a "one country, two systems" model for Taiwan, China has hoped to force us to accept conditions that are entirely unacceptable. In the face of China's intention to unilaterally change the cross-strait status quo, Taiwan has had no choice but to continue strengthening our democratic defense mechanisms, and establish national defense capabilities that can ensure security in the Taiwan Strait.*” (Wen, 2020)

The relations with China thus can only be solved under four conditions according to president Tsai. First, “ *"Peace" means that China must abandon threats of force against Taiwan.* (Wen, 2020) *Second, "Parity" means that neither side of the Taiwan Strait should deny the fact of the other's existence.*” (Wen, 2020). Third, “*"Democracy" means that the future of Taiwan must be decided by our country's 23 million people.*” (Wen, 2020) . And forth, “*"Dialogue" means that we must be able to sit down and discuss the future development of cross-strait relations.*” (Wen, 2020)

With third article, since president Tsai is also the chairman of the DPP party, we could also refer to the DPP party’s “Resolution of Taiwan’s future” to understand her position of Taiwan’s diplomacy. The DPP party traditionally sees Taiwan as “*sovereign and independent country. Any change in the independent status quo must be decided by all the residence of Taiwan by means of plebiscite.*” (Septyanto Galan Prakoso, Randhi Satria, Eryan Dwiki Effendi,

Gereido Josa Nazareta, 2019) and “ *Taiwan is not a part of the People's Republic of China. China's unilateral advocacy of the "One China Principle" and "One Country Two Systems" is fundamentally inappropriate for Taiwan.*” (Septyanto Galan Prakoso, Randhi Satria, Eryan Dwiki Effendi, Gereido Josa Nazareta, 2019)

In order to avoid the confusion in the international community, Taiwan should “ *renounce the "One China" position” this is ” to prevent the position's use by China as a pretext for annexation by force.*” (Septyanto Galan Prakoso, Randhi Satria, Eryan Dwiki Effendi, Gereido Josa Nazareta, 2019) Internally, they urge “*Taiwan's government and opposition forces must establish bi-partisan consensus on foreign policy, integrating limited resources, to face China's aggression and ambition.*” (Septyanto Galan Prakoso, Randhi Satria, Eryan Dwiki Effendi, Gereido Josa Nazareta, 2019) Both side of the Taiwan strait should “ *engage in comprehensive dialogue to seek mutual understanding and economic cooperation. Both sides should build a framework for long-term stability and peace*” (Septyanto Galan Prakoso, Randhi Satria, Eryan Dwiki Effendi, Gereido Josa Nazareta, 2019)

In the fourth article A CRITICAL DISCOURSE ANALYSIS OF TAIWAN'S NATIONAL DEBATE ON ECONOMIC TIES WITH CHINA, it used the methodology of critical discourses analysis to analyze the ECFA debate. Although ECFA was not president Tsai's policy, we could still view her economic perspective from here. The worries of ECFA would put Taiwan in a more vulnerable position can be seen in this paragraph “ *The DPP and its pro-independence allies, however, are wary about signing such an agreement with China, fearing that the pact could make Taiwan more reliant on China economically and eventually lead to its annexation by China.*” (Yang, 2013) However, they also support the “*integration of international economy and business cooperation with China.*” (Yang, 2013) The viewed KMT party's ECFA policy is “ *takes us to the world through the assistance of China.*” and “ *We think signing the ECFA is a mistake made rashly by the KMT.*” (Yang, 2013)

The fifth article is the National Day address from Tsai in 2018, she mentioned the future policy direction to the public. Her main focuses in this speech were from various security perspectives. Due to US-China trade disputes, the need for reconstructing the economy is crucial for Taiwan, this is from the economic perspectives. From a diplomacy point of view, she said: “*I will not be provoked into confrontation or conflicts that endanger cross-strait relations, nor will*

I deviate from the will of the people, and sacrifice Taiwan's sovereignty.” (Wen, 2018) and “In facing changing international circumstances, our strategic choice is clear, and that is to staunchly defend freedom, democracy, and the market economy.” (Wen, 2018)

In order to achieve the above goal, she started four strategies debrief of national security. First, “*to strengthen value-based diplomatic links, and establish Taiwan's irreplaceable strategic importance.*” (Wen, 2018) The second is to “*upgrade our national defense capabilities.*” (Wen, 2018) “*By re-initiating the domestic development and manufacturing of advanced training aircraft and submarines.....we will lead our national defense industry into a new era.*” (Wen, 2018) Third, “*preventing foreign powers from infiltrating and subverting our society, ensuring that our democratic institutions and social economy function normally.*” This would include “*systematic dissemination of disinformation from specific countries*” (Wen, 2018) and thus the need to “*strengthen cross-border collaboration.*” (Wen, 2018). Forth, “*to realign and rearrange our global economic and trade strategy.*” (Wen, 2018) .” This would include “*systematic dissemination of disinformation from specific countries*” (Wen, 2018) and thus the need to “*strengthen cross-border collaboration.*” (Wen, 2018). Forth, “*to realign and rearrange our global economic and trade strategy.*” (Wen, 2018) This means “*we have to establish close industrial division of labor and technical links with advanced industrial entities like the United States, Europe, and Japan in R&D and cutting-edge manufacturing to create new, high-efficiency supply chains.*” (Wen, 2018) On top of those mentioned countries, New South Bound policy partners are also being mentioned: “*we need to create key industry chains that support economic development and people's livelihoods and wellbeing through diversified cooperation with New Southbound countries and other emerging markets that have developmental potential.*” (Wen, 2018)

Other than the above concrete strategies, we saw the emphasis from her on various issues that align with mainstream international values. This would include “*work with governments from our diplomatic allies to face the challenges of climate change, find new development opportunities, establish a foundation for sustainable economic development, and open new markets, new production bases,*” (Wen, 2018) In technology areas, there are four major objectives “*a system orientation, software-hardware integration, civil-military unity, and international connectivity to quickly upgrade technological standards and R&D capabilities*”

(Wen, 2018) In general, *“Our goals in promoting the Forward-looking Infrastructure Development Program are to improve the investment climate, balance regional development, and create a better environment and lifestyle for Taiwan's next generation.”* (Wen, 2018)

To get linear ideas of her policies, we could also view the sixth article - 2019 National Day Address as well. The second year of the national address was basically pointing to the same directions and the same positions as before. The recent conflicts in Hong Kong a few months before the national day address also pushed the president to make a clear appeal to China. *“China is still threatening to impose its "one country, two systems model for Taiwan." Their diplomatic offensives and military coercion pose a serious challenge to regional stability and peace.”* (Wen, 2019) *“When freedom and democracy are challenged, and when the Republic of China's existence and development are threatened, we must stand up and defend ourselves.”* (Wen, 2019) On the other hand, she also emphasized that *“We will not act provocatively or rashly; rather, we will work with like-minded countries to ensure that the peaceful and stable cross-strait status quo is not unilaterally altered.”* (Wen, 2019)

The results of her policies for the past 3 years in the office were also mentioned in this speech. Economy wise, *“Over the past three years, we have strives to adjust our economic structure by assisting in industrial upgrade and transition and promoting international diversification”* (Wen, 2019) with the improvement of *“ we reclaimed the top spot among the Four Asian Tigers for GDP growth. The World Economic Forum ranked us as one of the world's top four "super innovators," and our hi-tech and innovative industries are world-leading.”* (Wen, 2019)

National defense wise *“we have developed our national defense industries and purchased advanced weapons, boosting military morale and enhancing our combat capabilities. We recently completed production of our first self-manufactured advanced training aircraft prototype, and domestically produced naval vessels will soon join our ranks as well. “* (Wen, 2019) Then in international relations the government *“we have actively taken part in international affairs.”* (Wen, 2019)

Another important seventh piece is in 2018 August 13th on her way to Paraguay, president Tsai stopped over the United States and gave out public speech. This was the first time

in 15 years that the leader in Taiwan spoke publicly in the US. President Tsai delivered some important messages to the world as well as reflects her position as usual. Regional stability as *“We will keep our pledge that we are willing to jointly promote regional stability and peace under the principles of national interests, freedom and democracy”* (Times, 2018) and the core value of Taiwan that was mentioned in several occasions during her administration. *“The 6 promises from Reagan administrative are still the crucial base for US’s policy toward Taiwan.”* Another important seventh piece is in 2018 August 13th on her way to Paraguay, president Tsai stopped over the United States and gave out public speech. This was the first time in 15 years that the leader in Taiwan spoke publicly in US. President Tsai delivered some important messages to the world as well as reflects her position as usual. Regional stability as *“We will keep our pledge that we are willing to jointly promote regional stability and peace under the principles of national interests, freedom and democracy”* (Times, 2018) and the core value of Taiwan that was mentioned on several occasions during her administration. *“The 6 promises from Reagan administrative are still the crucial base for US’s policy toward Taiwan.”* (Wen, 2018) *“Democracy and freedom are the important value of Taiwan. We keep our promises that under the principal of national interest and democracy, we’re willing to strive for regional stability and peace cooperatively.”* (Wen, 2018) and *“We could reflect to what president Reagan once said “anything can be discussed, except for our freedom and future which can not be compromised” and we shall keep that in mind.”* (Wen, 2018) *“Democracy and freedom are the important value of Taiwan. We keep our promises that under the principal of national interest and democracy, we’re willing to strive for regional stability and peace cooperatively.”* (Wen, 2018) and *“We could reflect to what president Reagan once said “anything can be discussed, except for our freedom and future which can not be compromised” and we shall keep that in mind.”* (Wen, 2018)

The eighth article is in 2019, July 11th, on her way to visit our political allies of Caribbean countries, she also made a stop in the US and delivered a public speech at Columbia University. The main messages remained the same – emphasizing the democratic values of Taiwan and the position against communist China. (Wen, 2019) *“Some said progressive values could not take root in East Asian society. Yet I stand here before you as Taiwan’s first woman president, and this year we became the first country in Asia to legalize same-sex marriage.”* (Wen, 2019) *“Like the United States, our path to democratization was paved with the blood,*

sweat, and tears of those who came before us. Now the task falls to us to carry on their mission, and continue to bear the torch that lights the way for countries still on the path to democracy.” (Wen, 2019) The Hong Kong conflicts were again brought up in her speech *“Hong Kong's experience under "one country, two systems" has shown the world once and for all that authoritarianism and democracy cannot coexist.”* (Wen, 2019)

Mentioning the democratic value is to paved the way to explain the differences between China and Taiwan *“The cultural and political differences across the Taiwan Strait only grow wider by the day; and each day that Taiwan chooses freedom of speech, human rights, the rule of law, is a day that we drift farther from the influences of authoritarianism.”* (Wen, 2019) On top of the value-wise, she also pointed out the reliance of the economy to China *“Our economy has suffered from a reliance on the Chinese market that limited our autonomy in cross-strait affairs. China exploited this reliance as a means to infiltrate our society, an attempt to use it as a bargaining chip to be traded for our democracy.”* (Wen, 2019) To deal with the danger, *“We set about transforming our economy, creating an investment-friendly climate that is bringing Taiwanese firms home in record numbers.”* (Wen, 2019) and also *“ Our New Southbound Policy has brought outstanding trade growth in the region over the past three years, and more importantly, that growth is sustainable.”* (Wen, 2019)

Until now, we noticed a few crucial core values and perspectives in every of her speech. In international relations, she emphasized the importance of freedom and democracy. When it comes to talking about regional diplomacy, she used different tones and strategies than president Ma. She didn't publicly admit the agreements of 1992 consensus and reject the idea of “one country two system” publicly. She put the focuses back to Taiwanese themselves instead of ethnicity and stressed the threats from China to Taiwan politically and economically. On the other hand, she also emphasizes on maintaining regional peace and upgrading on self-defense. Interestingly, the way the president stressed on how to maintain regional peace was also distinctive. She didn't affirm close cooperation with China but stress mutual understanding and respect. When talking about the economy, South Bound policy, industrial upgrading, and innovations are the main objectives. Upgrading military appliances, making close allies with friendly countries towards Taiwan, and moving towards self-produced/sufficient military weapons are the security objectives.

7.3 Chapter conclusion – President Tsai’s government

We could finally draw some conclusions on president Tsai’s government. In this chapter, we also look into independent variables as economy, military, technology, and international resources. In the economy category, we compared the GDP, FDI , and HDI ; in the military resources, we looked military expenditure and global firepower rankings and we compare technology readiness, innovation, global competitiveness and R&D spending of the government. We’ll quickly browse through everything below.

In her term, we could say that the economy was stably improving. The first prove comes from the steady growth in both GDP and GDP PPP. GDP growth rate was always between 2-3%. With GDP PPP, there was also 26% in nominal growth but more or less the same in world ranking with 2.08% of regression in GDP PPP. Same as in the investing sector, we also see some progress in both the stock of FDI at home and abroad. What’s worth mentioning is that there’s considerably more growth at home than abroad. With FDI at home, there’s 21% of nominal growth and 2.04% in rankings growth. FDI abroad composed of 9.9% in nominal growth and no change in world rankings. This corresponds to her policy to attract the investments back at home. The economy growth also contributes a little bit to HDI. HDI stayed at the 21st place over the years. What’s worth mentioning is that from 2016 upwards, Taiwan has entered the HDI index over 0.9, this means we’ve entered “very high human development” category during her presidency.

In short, we could say steady is the word for the economy during her first 4 years. The economy had healthy growth and more investments had returned to domestic. We should be aware that there were also outside factors for this category (return of investments) since there were US-China trade wars than there are Hong Kong protests during the time. Thus, these could all contribute to the return of the investments. However, there are also societal and political wise factors for the worth of returning which indicate that there’s a stable domestic political and social environment. In general, we could say there’s advancement in living conditions as well as consider an even more advance HDI index.

Moving forward to the military expenditure, we saw no changes in the first 3 years in terms of military expenditure. Interestingly, from 2018 to 2019, there was a boost in spending to

2.3% which we only saw this high percentage in 2009 around 10 years ago. This indicates a more tense cross-strait relationship during this time. With the world rankings also witness the same trend. It has decreased from 19th to 24th in the world but bounces back to 22rd in 2019. This gave us the conclusion that Taiwan's firepower has decreased over the years but the government has the intention to strengthen the power in 2018 which corresponds to Tsai's speeches on defense policies to increase the self-sufficient military.

The technology resources have also progressed during her term. We shall keep in mind that the data was only from 2016-2018. With technology readiness, it progresses from 28th to 25th places in the world which contributes to 10.7% of growth rate. There are not many changes in innovation and global competitiveness till 2018. With R&D spending, we saw an increase in the percentage of GDP but a bit decrease in the world ranking (1 place, 25%) We could say that there are not many changes till 2018 in investing in R&D. To sum up, there's a bit of progress in technology from 2016 to 2018.

Internationally, the resources are tightening for Taiwan. The number of alliances plummets from 21 to 15 of them. This was due to the influence of China which contributed from president Tsai's stand to distant from China. But there's no decrease in the participation of inter-governmental organizations. The number increased a bit from 54 to 55, and the bilateral treaties signed also jump from 36 to 39. This gave us the conclusion that although Taiwan has faced more intense threats from China, it was still striving to participate in the global realm.

The intervening variables also showed us what are president Tsai's visions and what policies she was pushing for. It was clear that security is the most important issue in every aspect. She was stressing on more independent Taiwan by distancing economy dependency toward China, self-produced weapons, and a more firm position on facing the threats from China. To achieve these goals, she emphasized on democratic values and freedom in every occasion, she pushed for South Bound policy, she calls for more cooperation with democratic friendly countries. Avoid talking too much about 1992 consensus in public, emphasizing the achievements of Taiwan, calling for mutual respect from China and putting stress on self-reliance are the tactics to build confidence to public and global partners. This helps with Taiwan's international and internal negotiation power and resources.

President Tsai's approaches to foreign policies were very different from president Ma. For her, reduce the reliance on China and improve Taiwan's self-reliance are the priority and the way to security. The traditional stands of DPP are pro-independent of Taiwan, which we can see highly align with her approaches. On every occasion, the democratic value is stressed to further distinguish the differences between Taiwan and China. If we would say her approaches, that would be more to "balance of threats" instead of "bandwagon". For instance, the South Bound policy was the attempt to cooperate with other smaller countries to balance the domination from China. And she was also trying to have closer cooperation with other traditional friendly countries toward Taiwan like the US, Japan, and Korea. As a result, it turns out the strategies were reflected the objective conditions of Taiwan. Under her term, a more stable economy and investing environment, a boost of military strength, and improvement of the technologies are seen. The strategy of distancing from China, however, also further provoked revenge from them and this reflected on the loss of diplomatic allies, makes it a more difficult time for Tsai administration in the international realm. Although officially seems like a loss with international resources, unofficially we still see a lot of break diplomatic breaks through during her term. For example, in 2016, when president Tsai got elected, she got a direct phone call from US President Trump. Also, the flight over to Paraguay in 2018 and delivered a public speech in the US in 15 years and other incidents.

8. Comparison of the two presidents and conclusion

The theory of neoclassical realism told us that leaders' perception of the threats and power results in their foreign policies and actions in the international realm. The objective power of the country and the leaders' decisions co-influence the status of the state and the outcomes of the foreign decisions. Although the framework of international structures may confine the choices of the countries, the specific outcomes of foreign policies differ due to the variation of internal politics and leaders. In this thesis, we reviewed the two recent presidents of Taiwan from different parties with opposite traditional stands as well as the objective power of Taiwan under their terms. We could say that our findings are pretty much corresponding to neoclassical realism's theory. We will draw the comparison in the following sections.

One thing we should keep in mind is that in Taiwan's politics they are always dominated by the two internal forces (pro-China and anti-China) However, due to the insecurity of people, any of the extreme positions were never popular. This drives the two parties' policies to more middle and mild. Nonetheless, we could still see the differences in both parties' approaches. Although not 100% absolute, we could still categorize president Ma's approach in international relations as more close to "bandwagon". He chose to cooperate with the regional superpower to reduce the threats in international space. We could see this tendency not only from his public policies, but also see it from his political languages. From ethnicity, he tried to paint a picture as Taiwanese and Chinese are the same families, and Taiwan has the authentic Chinese culture. Thus he doesn't view China as "threats" that much. Instead, he took it as "brothers or sisters" who could be "changed" by seeing the democratic progress in Taiwan. In international relations strategies, he pushed for closer economic cooperation with China, and an adequate amount of cooperation with other countries but they are not the major policy from him.

In contrast, President Tsai's approaches are closer to the "balance of threats". During her term, although she also emphasized maintaining regional peace, she didn't use the same strategy as President Ma (more cooperative to reduce tensions on both sides.) She chose to stress "mutual respect", more cooperation with other regional countries and self-reliance. She situated Taiwan as an "important partner for regional peace". Her "South bound policy" could be a prominent example of the balance of threats, and also her close cooperation with other friendly countries like Japan and Korea. Her positions also revealed in her political languages. She weighed on the democratic and independent value of Taiwan, underline the importance of security and self-reliance and a clear rejection of one country two systems proposal from China. On top of that, she also talked a lot about aligning with international common values such as human rights and the environment to mark the efforts of Taiwan to join international communities.

The results of those strategies are shown in objective statistics. We would continue to compare the statistics from the two recent presidents. In terms of economy, although during Ma's time, there was apparent growth, the economy was more unstable. It also reflects in the investing environment with a boost of oversea investments. On the contrary, during Tsai's term, both the economy and investing environment were pretty stable with the world rankings higher than in Ma's term in general. This told us the fact that too rely on China economically result in a more

unsettled economy, and also the growth only benefits part of the people as there were more economic resources but only reflected in outgoing FDI. Reducing the reliance on only one country in Tsai's term seems to help to stabilize the economy and attract investors back to Taiwan. Economy situations also influence the over the living quality of citizens in their term with the regression of HDI in president Ma's time and no apparent changes in president Tsai's term.

The military wise statistics also showed the influences under their policies. In Ma's term, we could see the declines of military expenditure due to the restructuring of the army, and over the years world rankings regress as well. Up till 2013, the expenditure has fallen under 2% of GDP. This showed us the thaw of relationship across the strait and the intention of reducing military in his term. In Tsai's term, on the other hand, due to the more intensify threats from China, we were able to see the increase of military expense every year especially from 2018 to 2019, there was a boost and made the expense back to over 2% of the GDP. We could see from the statistics, there were indeed a bit more tensions cross-strait during president Tsai, but we also see an improvement of national defense.

The efforts putting in technology development were also seen in the statistics here. In President Ma's term, we didn't hear much about innovation in his policies in general, and this also could be seen in the statistics we saw here, with visible decrease of technology resources in his term. In comparison, we heard talking about environment and technology improvement in president Tsai's speeches, and when we checked out the statistics, we also noticed some progress in this area.

The foreign policy outcomes are most shown in the International resources statistics. It was not deniable that President Ma's approaches did slow down China from poaching Taiwan's official allies; however, it didn't help with the drops of the bilateral agreements signed with other countries. This also showed tighten international space. On the other hand, we also see the efforts of joining international organizations as the number join was growing every year. When in the terms of president Tsai, due to her refusal of admitting "one country two system", Beijing was trying to put pressures by poaching official allies of Taiwan, which can be seen that Taiwan has lost 6 allies in 3 years, leaving Taiwan to 15 official allies in international realms. Nonetheless,

the numbers of bilateral agreements were increasing every year; this shows the same efforts that Taiwan still trying to be part of international community as much as possible.

With the help of analytical structures from neoclassical realism, we could now make a broad and continuous picture of Taiwan's foreign policy trajectory. Foreign policies of the Republic of China have transformed into several different stages throughout history. In the early years before democratization, it took China as an enemy and imposed strictly non-contact policy. Since democratization, the main goals of the foreign policies were always striving for recognition in the global stage with different strategies and forms. From the early years of the Pragmatic Diplomacy presented by president Li and president Chen, which admit the legality of the PRC government and focuses on pragmatic diplomacy instead of official names of Taiwan. Later on, it changed to flexible diplomacy presented by President Ma which was similar to pragmatic diplomacy but plus on emphasized in a friendly relationship with the People's Republic of China. Till then most recent strategy from president Tsai, she presented the new South bound policy, more Taiwan centric standpoints and stressed international values. Among those changes, aligning with Neo-classical realists' predictions, the foreign policy outcomes are influenced most by the internal environment especially leaders.

In this research, we analyzed the two most recent presidents of Taiwan, which were also the second and third peaceful changes of governments under Ma and Tsai. The recent changes symbolized a more mature democracy in Taiwan. Under those two presidents, they held the majority government (the presidents and the major seats in parliament belongs to the same party) , this makes it easier for them to implement the will of the leaders. Hence, the results are aligning to the theory of neo-classical realism. We didn't, however, analyze the situation under the non-unified government, under those governments there could have more stakeholders and interest groups which will further influence the policy outcomes. Thus they could be further analyzing topics on top of this thesis.

9. Appendix

Chart 1: Economics indicators from 2009-2016

	GDP nominal (US dollars, billion)	GDP growth rate	GDP world rankings	GDP per capita (US dollar)	GDP per capita growth rate	GDP per capita rankings	GDP (PPP) per capita (US dollar)	GDP (PPP) per capita ranking
2009	392.11	-1.6%	57/227	\$ 16,960	-6.3%	52/226	\$ 34,537	37/225
2010	446.14	10.6%	55/227	\$ 19,262	13.6%	53/226	\$ 38,583	31/225
2011	485.67	3.8%	57/227	\$ 20,912	8.6%	55/226	\$ 40,777	30/225
2012	495.92	2.1%	55/227	\$ 21,270	1.7%	53/226	\$ 42,252	28/225
2013	511.6	2.2%	56/227	\$ 21,888	2.9%	51/226	\$ 43,832	28/225
2014	530.52	4%	56/227	\$22,639	3.4%	50/226	\$ 46,337	23/225
2015	525.6	0.8%	52/227	\$ 22,374	-1.2%	48/226	\$ 47,093	23/225
Term growth rate	-----	-----	8.77%	-----	-----	7.69%	-----	37.8%

Source: IMF (IMF, 2019) , (countryeconomy.com, 2018)

Chart 2: Stock of FDI of Taiwan from 2009-2016

	FDI stock - at home (millions USD)	world Ranking of FDI at home	FDI stock – abroad (millions USD)	World ranking of FDI abroad
2009	\$54,435	51	\$170,021	24
2010	\$61,508	49	\$190,803	21
2011	\$53,493	54	\$213,062	20
2012	\$58,363	55	\$229,846	20
2013	\$64,233	55	\$267,658	20
2014	\$67,905	54	\$296,527	20
2015	\$65,334	54	\$302,582	19
Term growth rate	20%	- 5.88%	77.96%	20.8%

Source: (Knoema, 2019)

Chart 3: Taiwan HDI and rankings 2009-2015

Year	HDI	Rankings
2009	0.871	23

2010	0.873	26
2011	0.874	26
2012	0.879	25
2013	0.882	21
2014	0.882	25
2015	0.885	27
Term growth rate	-----	-17.39%

Source: Executive Yuan Taiwan (Yuan, 2018)

Chart 4: Military power and expenditure of Taiwan 2009-2015

	a. Military expenditure (NTD\$ M.)	b. Defense budget by % of GDP	c. Total military personnel (active)	d. Global firepower ranking
2009	1,809,667	2.3%	275,000	-----
2010	1,714,937	2.0%		-----

2011	1,788,411	2.1%	210,000	14
2012	1,938,637	2.1%		-----
2013	1,907,567	1.9%		18
2014	1,916,228	1.8%		15
2015	1,934,636	1.9%	215,000	-----

Source:

- a. (R.O.C, 2020)
- b. (GlobalSecurity.org, 2019)
- c. (R.O.C, 2019)
- d. (GlobalFirepower, 2019)

Chart 5: Technology resources of Taiwan 2009-2015

	Technology Readiness	Technology Readiness world rankings	Innovation	Innovation world ranking	Global Competitiveness score	Global Competitiveness ranking
2009-2010	5.43	18	5.28	6	5.2	12
2011-2012	5.08	24	5.27	9	5.26	13
2013-2014	5.19	30	5.25	8	5.29	12
Term growth rate	-----	-66.6%	-----	-33.3%	-----	0%

Source: Global competitiveness Report World Economic Forum (Sala-i-Martin, 2009-2010) (Sala-i-Martin, 2011-2012) (Sala-i-Martin, 2013-2014)

Chart 6: R&D spending in Taiwan 2009-2015

	a. Gross domestic spending on R&D % of GDP	b. R&D spending world rankings (nominal spending)	c. R&D spending world rankings

			(% of GDP)
2009	2.841%	11	7
2010	2.809%	10	7
2011	2.908%	9	7
2012	2.962%	9	8
2013	3.017%	9	6
2014	3.014%	9	7
2015	3.059%	9	7
Term growth rate	-----	18.1%	0%

Chart 6: R&D of Taiwan 2009-2016

Source:

- a. (Council, 2001-2019) (OECD Science, 2019)
- b. (ChinaPower, 2019)
- c. (ChinaPower, 2019)

Chart 7: International Resources 2009-2015

	Number of alliances	of Inter-governmental organization Participation (aggregated)	Number of Bilateral Agreements and Treaties Signed (by year)
2009	23	42	70
2010	23	45	44
2011	23	48	64
2012	23	49	66
2013	22	53	40
2014	22	53	43
2015	22	54	40
2016	21	54	36

Chart 7: International resources of Taiwan 2009-2016

Source: (Taiwan, 2019)

Chart 8: Economics indicators from 2016-2019

	GDP nominal (US dollars, billion)	GDP growth rate	GDP world rankings	GDP per capita (US dollar)	GDP per capita growth rate	GDP per capita rankings	GDP (PPP) per capita (US dollar)	GDP (PPP) per capita ranking

2016	531.36	1.5 %	52/227	\$ 22,661	0.9%	48/226	\$ 48, 230	23/225
2017	574.90	3.1%	52/227	\$24,390	8.1%	47/226	\$ 50,593	22/225
2018	589.391	2.6%	51/227	\$24,971	2.5%	49/226	\$53,023	18/225
2019	601.431	-----	51/227	\$25,448	-----	49/226	\$55,244	17/225
Term growth rate	-----	-----	1.92 %	-----	-----	-2.08%	-----	26%

Source: (IMF, 2019) (countryeconomy.com, 2018)

Chart 9: Stock of FDI of Taiwan from 2016-2019

	Stock of FDI - at home (millions)	world Ranking of FDI at home	Stock of FDI - abroad	World ranking of FDI abroad
2016	\$83,048	49	\$308,831	21
2017	\$93,945	49	\$321,654	21
2018	\$100,943	48	\$339,678	21
2019	-----	-----	-----	-----
Term growth rate	21%	2.04%	9.9%	0%

Source: (Knoema, 2019)

Chart 10: Taiwan HDI and rankings 2016-2019

Year	HDI	Rankings
2016	0.903	21
2017	0.907	21
2018	-----	-----
2019	-----	-----

Source: Executive Yuan Taiwan (Yuan, 2018)

Chart 11: Military power and expenditure of Taiwan 2016-2019

	a. Military expenditure (US\$ M.)	b. Defense budget by %	c. Total military personnel (active)	e. Global firepower ranking
2016	10343	1.8%	215,000	19

2017	10480	1.8%	<u>18</u>
2018	10714	1.8%	24
2019	-----	2.3%	22

Source:

- a. (R.O.C, 2020)
- b. (GlobalSecurity.org, 2019)
- c. (R.O.C, 2019)
- d. (GlobalFirepower, 2019)

Chart 12: Technology resources of Taiwan 2016-2018

	Technology Readiness	Technology Readiness world rankings	Innovation	Innovation world ranking	Global Competitiveness score	Global Competitiveness ranking
2015-2016	5.49	28	5.10	11	5.28	15

2017-2018	5.7	25	5.1	11	5.3	15
Term growth rate	-----	10.7%	-----	0%	-----	0%

Chart 12: Technology capacity of Taiwan 2015-2018

Source: (Sala-i-Martin, 2015-2016) (Sala-i-Martin, 2017-2018)

Chart 13: R&D spending in Taiwan 2016-2019

	a. Gross domestic spending on R&D % of GDP	b. R&D spending world rankings (nominal spending)	c. R&D spending world rankings (% of GDP)
2016	3.165%	9	4
2017	3.295%	9	5
2018	-----	-----	-----
2019	-----	-----	-----
Term growth rate	-----	-----	-25%

Source:

a. (Council, 2001-2019) (OECD Science, 2019)

b.

(ChinaPower,

2019)

c. (ChinaPower, 2019)

Chart 14: International resources 2016-2019

	Number of alliances	Inter-governmental organization Participation (aggregated)	Number of Bilateral Agreements and Treaties Signed (by year)
2016	21	54	36
2017	20	54	33
2018	17	55	39
2019	15	55	-----

Source: (Taiwan, 2019)

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