

US and China Edge Toward War Over Taiwan

Professor Jeffrey Sachs discusses the US and China possibly heading to war over Taiwan. While the US is increasingly committing itself to Taiwan's secession, China has linked the issue to its historical memory of the Century of Humiliation. With neither side willing to make concessions, Taiwan would be the likely trigger for a war between the two superpowers. Follow Prof. Glenn Diesen: Substack: <https://glenndiesen.substack.com/> X/Twitter: https://x.com/Glenn_Diesen Patreon: <https://www.patreon.com/glenndiesen> Support the channel: PayPal: <https://www.paypal.com/paypalme/Diesen79> Buy me a Coffee: buymeacoffee.com/gdieseng Go Fund Me: <https://gofund.me/09ea012f>

#M3

Hi, everyone, and welcome back. We are joined today by the great Professor Jeffrey Sachs to discuss the possibility of war over Taiwan. So thank you again for coming back on the program.

#M2

Glenn, great to be with you as always. Thank you.

#M3

So, well, there is a great risk that this economic rivalry between the United States and China could escalate into war. And if a war were to happen, then Taiwan seems like the most likely trigger. So I therefore first want to ask: do you see a path for Taiwan to become another Ukraine—that is, a proxy war that risks growing into a wider, direct war?

#M2

Absolutely. There are a lot of parallels with Ukraine. Ukraine became, in the American mind, contested territory in a contest with Russia over who would control Ukraine. It's a strange question. The answer in the case of Ukraine should have been that Ukraine would be left neutral, as its original constitution and as its government 15 years ago wanted. But for the U.S., neutrality was not good enough. So the U.S. participated in a coup in 2014 that brought in a pro-NATO government. And there's been a contest that turned into, of course, a devastating war over the future of Ukraine. Taiwan, of course, has many completely different historical roots, but there is a kind of contest underway. And of course, as in the case of Ukraine, it also involves very active Taiwanese politics. Taiwan is a place of complexity in Chinese history.

And without the long panorama, it was part of the Qing dynasty until Japan took Taiwan as a colony in 1895 after winning the Sino-Japanese War. Japan ruled Taiwan as a colony from 1895 to 1945. At

that time, when Japan was defeated in World War II, Taiwan returned to China, to what was then the Republic of China under the rule of Chiang Kai-shek. But a civil war broke out in China soon after that, between the communist-led side under Mao Zedong and the nationalist government of the Republic of China under Chiang Kai-shek. In 1949, the communists declared the People's Republic of China with the capital in Beijing. Chiang Kai-shek, defeated, evacuated to the island of Taiwan and declared the rule of the Republic of China with the capital in Taipei.

And that's the root of today's complexity. In 1949, there were two competitors: one had won the mainland, the other had evacuated to the island. Both declared "one China." The mainland government declared the People's Republic of China as the ruler of all of China—that is, mainland Asia, Taiwan, and other islands—whereas Taiwan declared the Republic of China as the ruler of one China, mainland and islands. But of course, the Republic of China only controlled Taiwan and surrounding islands, whereas the People's Republic of China controlled the mainland and the vast territory and population of China. But on both sides of the Taiwan Strait, there was the idea of "one China," just contesting who would rule China.

Well, again, the complexities are enormous, but the United States was the ally of the Republic of China in World War II and was fervently anti-communist after World War II. And so, when the civil war ended, the United States continued to recognize the Republic of China on the island of Taiwan and did not recognize the People's Republic of China. Of course, the vast, vast, vast majority of China was on the mainland, and therefore it was governed by the People's Republic of China. The United Nations recognized that fact against US opposition in 1971. And so the seat at the UN for China, and in the Security Council, that had been held by Taiwan—that is, the Republic of China—up until 1971 from the founding of the UN, shifted to the People's Republic of China.

Now Taiwan was no longer represented in the UN, and the mainland—the People's Republic of China—said that diplomatic relations with the PRC by any other country meant that that country would subscribe to the One China policy: that there was only one Chinese government, that it represented all of China, and that that government was the People's Republic of China with its capital in Beijing. So, all over the world, almost all countries—what was then some dozens, but now very, very few—recognized the Republic of China. The United States shifted its recognition in that way in 1979, ending its recognition of the Republic of China on Taiwan and diplomatically recognizing the People's Republic of China.

And that also initiated an era of close economic relations between what was then a quite poor mainland and the United States. The mainland became the producer of a lot of basic industrial goods, inputs, and assembly operations for the U.S. economy. On that basis, the People's Republic of China experienced remarkable economic growth. One could justifiably say, I think, that this was the greatest economic reform period in world history—perhaps from 1980 to now—becoming an extremely sophisticated, modern, technologically cutting-edge economy, an economy that in absolute size, according to purchasing power parity, is now bigger than the U.S. economy.

Well, all of this meant that for some decades, Taiwan was on the margins. But when the U.S. shifted its diplomatic recognition, it also passed U.S. legislation saying that it would continue to support Taiwan's status and reject any forcible reunification of the island with the mainland. Meanwhile, the mainland said, of course, Taiwan is part of one China. And actually, Taiwan said, yes, Taiwan is part of one China under the Republic of China Constitution, which still prevails. The idea for Taiwan and the United States was that Taiwan would have a path of autonomy—let's say, *de facto* independence—not in a political sovereign sense, but in a daily, behavioral sense of politics, economics, and governance, and that the United States would protect Taiwan against any forcible reunification attempted by the mainland.

That's more or less a description of the status quo now. But things have gotten much more complicated, if I may say. The reason is that both Taiwan and the mainland became extraordinarily successful economically, and that has led to massive political and geopolitical changes as well. In the case of Taiwan, this great boom actually started before the mainland's boom. Taiwan's boom began in the 1960s, and it became one of the Asian tiger economies, growing very rapidly. Then, starting in the 1990s, it became home to the most advanced semiconductor chip fabrication in the world with TSMC, the Taiwan Semiconductor Manufacturing Corporation. This company produces about 90% or more of the most advanced chips in the world.

So Taiwan achieved spectacular economic success. In that context, Chiang Kai-shek, the original ruler, died in 1975. Soon after, his son became the second ruler of what was then an authoritarian government. But starting in the 1980s, Taiwan began to liberalize and democratize. In the 1990s, it moved to an electoral democratic system, and in 1996, elected its first freely chosen democratic president. So the political path of Taiwan became a democracy. At the same time, starting roughly 15 or 20 years after Taiwan's takeoff—let's say about 15 years—China began its rapid ascent. China experienced incredible economic growth for about 40 years, roughly 10% per year. In the case of China, that provoked a geopolitical reaction from the United States.

The geopolitical reaction was that the U.S. political class came to view China first as a concern, then as a threat, and now—though the term isn't always used—*de facto* as an enemy. This is, in my opinion, a terrible misconception. It's a kind of paranoia or an attempt by the United States to maintain a hegemony that it doesn't have. I believe the U.S. has delusions of power. I'm talking about the U.S. political class. They don't understand we're in a multipolar world. They want to be in a U.S.-only-led world. China is an affront to that. So, starting roughly a decade ago, the U.S. turned to quite hostile policies *vis-à-vis* China. And you mentioned the trade war as one of those instruments, but it goes well beyond the trade war.

It extends to military buildup in East Asia—in the Philippines, in Korea, in Japan, and in other U.S. military bases. It extends to diplomacy, creating anti-China instruments like the Quad or AUKUS. It extends to technology export bans and overt attempts to contain China's growth. And this has been going on for a decade. So, finally, let's put Taiwan back into this story. Within Taiwan, there is a long-term trend toward wanting independence—a democratic system, a new generation of young

people without the emotional or experiential ties to the mainland, unlike their parents and grandparents. And so there's a growing movement toward independence. On the mainland side, there's a growing movement, with political, military, and financial power, insisting, "No way, we are now reunified."

Believe it, because China is so strong. And on the United States' side, there is, on the one hand, angst about China's strength. There is a pretty broad-based attempt to weaken China in any way. And for mischievous—I think dangerous—American politicians, they see Taiwan as something to play with against China, in the same way that many in the US saw Ukraine as something to provoke Russia. The US support for Ukraine's NATO membership was mostly about the US and weakening Russia, not about Ukraine itself, which ended up losing badly in this proxy war between the US and Russia. So Taiwan is now part of a contest between China and the United States. And China says, "Don't you dare intervene in our internal policy."

There is one China. We have said it from the beginning. Footnote: so has China. The Republic of China in Taipei said it from 1949: there is one China. Don't you, the United States, come into the middle of this. The U.S., by contrast, says no. We're there from the beginning, and we have the right and the duty and the determination to protect Taiwan against any kind of military incursion or forced reunification from the mainland. Don't you dare think about using force. And while we have, technically, a policy of strategic ambiguity as to whether we would militarily support Taiwan, in fact, President Biden has said on repeated occasions, yes, we would defend Taiwan. And so this is indeed a very hot situation and a very dangerous situation.

Three actors: China, with its capital in Beijing, the People's Republic of China, says there is one China and nobody should think differently. And reunification is a historic must—it's going to happen. And if it has to happen by force, that's not ruled out. Taiwan is politically divided into many different groups: those who say prudently maintain the status quo, those who say we should aim for reunification, and those who say we should aim for independence. So the politics in Taiwan are very lively indeed. And the United States is saying, "We reserve the right to defend Taiwan. We reserve the right to arm Taiwan over PRC objections. We reserve the right to visit Taiwan and to have meetings with politicians." It's very fraught, and it reminds me a lot of Ukraine—a misstep by any of the actors could lead to a devastating conflict.

#M3

I think it's a good point that almost the entire world recognizes that there is one China, because I often see journalists write something along the lines of "China thinks that Taiwan is part of China," but this is actually the position of almost the entire international system. Indeed, peace between these two great powers, the United States and China, is built on this one China policy. But the one China policy from the '70s, though, suggested the US would limit itself to cultural and economic cooperation with Taiwan.

But it seems that the problem also—which I guess links a bit to the Ukraine problem—has always been this incrementalism, these small steps. In the small steps, we see more US presence and cooperation with Taiwan, a little bit more high-level political ties with Taiwan, some more demands for political representation in international institutions for Taiwan, and this incrementalism seems to be part of China's concerns—why it doesn't want to give an inch in any negotiation. Because if it gives an inch, then it will have to wait for the next step, for a little bit more, and a little bit more. But do you see these provocations as happening now from the American side? How does Washington see this? Do they actually imagine or want to have a war? Because I don't see any good outcome for anyone. Or is this a deliberate provocation, then? Or do they seek for the Chinese to stand down? Or, in other words, would this be an accidental path towards war?

#M2

I think we should also just spend one more moment on the history of Taiwan to understand the situation precisely. Taiwan, for hundreds of years, was part of the Qing dynasty. This goes back to the 17th century. For a brief period of time—roughly the same four decades as where I live, Manhattan, New York—it was part of the Dutch empire, but then it reverted to Chinese rule, first under a renegade Ming warlord, and then under the Qing dynasty at the end of the 17th century. And for about 300 years, there was no doubt it was part of the Qing dynasty; it was not a contested issue.

It was Japan that wrested Taiwan away from the mainland in the Sino-Japanese War of 1894-95. During World War II, there was a great power conference in Cairo that brought Franklin Roosevelt, Winston Churchill, and Chiang Kai-shek, the leader of the Republic of China, together, and it was pledged at the Cairo Conference that at the end of World War II, with the defeat of the Japanese, Taiwan would revert to China. This was not ambiguous. This is clear. In Potsdam, the final conference just after the defeat of the Germans but before the defeat of the Japanese, the Cairo Conference conclusions and determinations were reconfirmed in Potsdam, Germany, by the leaders of Russia, Britain, and the United States.

So the idea that Taiwan is part of one China is historically accurate, and it was also reconfirmed during World War II. Then it was reconfirmed in the constitutions, as I said, of both the People's Republic of China and the Republic of China. The issue wasn't whether there were two separate countries; the issue was who governed a unified China. So the issues about independence are recent issues. It is ahistorical to question this point, actually. It is a current development. One could argue whatever about the current situation, but the history is not an ambiguous history.

Of course, as Orwell said, "He who controls the present controls the past, and he who controls the past controls the future." So there's a lot of attempt to manipulate past history, but I think, looking from the outside, that this is a question of who rules China, not a question of two Chinas. Of course, the evolution of the two places is quite different. One can very much admire Taiwan's achievements and so forth; one can abjure any kind of force—that all makes sense. But this questioning about one

China and two Chinas is not only a questioning of the diplomacy of the last 50 years, but I would say the history of the last 300-plus years. And so, I just wanted to put that on the table. Now, in the late 1970s and early 1980s, the United States was arming Taiwan.

And in a communiqué in 1982, the United States said it would continue to arm Taiwan, but at a diminishing rate—that it would phase out its military support. Well, now we are 43 years later, and the drumbeat of arming Taiwan—and the expression is "like a porcupine," so that the mainland wouldn't be able to occupy Taiwan—grows in Washington. That's mostly a geopolitical game, if I could put it that way. Politicians in Washington don't care very much about other places. They care about American power, American influence, American prestige.

They care about the fact that America's backing of Taiwan, in their view, is vital for the confidence of Japan and Korea in the American-led defense of those two countries and in America's presence in East Asia. So they see Taiwan a bit like they see Ukraine—as a matter of American prestige, credibility, and ability to project power. Taiwan per se, I don't think, is high on almost anybody's mind in Washington. They're geographically ignorant, culturally ignorant, and very inward-looking, so they don't really care about any other place, in my experience dealing with these politicians. But they do see America's prestige on the line. And when you talk about prestige, you know how easily that can convert to war.

And then when war starts, the prestige question becomes even more important. The dominoes will fall. All terrible things will happen if we don't stand up for our prestige. Well, this is, of course, the ruin of countries and the ruin of the world—this kind of talk. So I would say, yes, it would be a kind of accidental war, but not an accidental motive. The motive is U.S. power, U.S. presence in East Asia, U.S. determination, U.S. demonstration to Japan, to Korea, to Australia, to the Philippines, to Southeast Asia: we are there, we will not be moved, we won't let China—meaning the PRC—bully us around. Those are the motives right now that drive the U.S.

#M3

It just seems that, given the history you outlined, there could always be a solution between Taiwan and mainland China in terms of enhanced autonomy or something similar. But it's the geopolitics that complicates it. As you said, with Ukraine, the objective, I guess, is to create a Europe without Russia, to push them into Asia. But with Taiwan, it's very important to the regional security architecture as part of this island chain, and also as a possible way of implementing economic containment of China—especially now that it's becoming more difficult to compete economically.

#M2

Well, this raises another point that is in line with what we've been discussing, but there are two more features that are important. First, in the mainland view, the outside world is out to weaken, destroy, or divide China. This is not wrong, and it's also part of the historical experience. It's not

strictly right in that this may refer mainly to some intemperate politicians in the United States, but they're there. That's real. So China has its so-called century of humiliation, in which outside powers divided, weakened, and in many ways devastated China, starting with the British—as is usually the case—in 1839 in the First Opium War. Then there were the French and British in the Second Opium War at mid-century.

There was a great civil war in China that emerged from that—the Taiping Rebellion, as it's called by Western historians. That was perhaps the largest civil war in world history, with tens of millions of deaths. Then there were the incursions at the end of the century, the most dire of which was the Japanese invasion of China in 1894-95, in which both Taiwan was lost and Korea was on the first step to becoming a colony, which happened in 1910. Then, of course, Japan invaded China in 1931 and devastated China in war until 1945, with an estimated 10 to 20 million people dead in World War II as a result of the Japanese war. So from the Chinese perspective, never again will China be divided from the outside.

And so there's a particular neuralgia about Taiwan: "Oh, look, they're at it again. They're out to weaken us. They're out to divide us." This was a complete devastation. From the U.S. side, the U.S. has been a foe of communist China because the U.S. has this deep anti-communism in its mentality, even when the term is "with Chinese characteristics," so-called. This is a super sophisticated mixed economy—private capital galore, mixed economy, a public sector as well. But in the U.S. mentality, communism has been the evil for a century, since the Bolshevik Revolution. And in the case of China, already with the founding of the People's Republic of China, the U.S. backed Taiwan in this war against communism.

And then in 1951, John Foster Dulles, who would go on to become the fervent anti-communist Secretary of State of the United States under Dwight Eisenhower, identified the so-called first island chain, which is an archipelago that the United States would defend, including Taiwan, Japan, the Philippines, and Guam. The idea was that if the U.S. controls this chain, it limits China's access—including submarine access and naval access more generally—to the wider Pacific Ocean. It hems China in, it threatens China's sea routes, and it makes possible chokeholds over China's food supplies and energy resources coming from abroad.

That first island chain became part of U.S. military doctrine. China understands that. This is, again, part of what is now almost a Cold War, or maybe a Cold War, between the U.S. and China. And so this is another reason why there is this depth—not only, maybe, the impression of symbolism of American power or desire to weaken China, but also military and strategic doctrine. On the Chinese side, there is a deep awareness of history and a determination not to be subjected again to the Western powers, which did such devastation, or to Japan, which, as it itself said at the end of the 19th century, joined the Western imperial club.

#M3

I think this history and ideology are very important because when you end up in a strategic situation where it's winner takes all and neither side is willing to give an inch, you're usually wandering into very dangerous territory. And when it involves the two greatest powers in the international system, we do have a problem. But yeah, Professor Sachs, thank you so much, as always, for your time. You're a very busy man, so I don't want to take more of your time.

#M2

Just to say, we need above all prudence and peace here, because if it were not for the U.S. meddling, I'm quite sure that across the straits there would be a solution to these issues that is peaceful, sensible, and especially pragmatic. And if the world—and, God help us, politicians in the United States—are pragmatic and prudent, then peace will prevail. If they are delusional, as they were in Ukraine—hotheaded, arrogant, reckless, provocative—then Taiwan could become a flashpoint, and a very dangerous one.

#M3

That's a great warning.

#M2

So thanks again. Great to be with you. Bye. See you soon. Bye-bye.