

The Fallout Over Taiwan

by George Friedman - August 8, 2022

U.S. House Speaker Nancy Pelosi's recent visit to Taiwan predictably sparked outrage in China, which responded by flexing its muscles through some not-at-all subtle military exercises. The two important questions here are why did Pelosi go to the island in the first place, and why does Beijing care enough to deploy its fleet?

The Pelosi aspect is far more interesting but much less important. We don't know exactly why she visited Taiwan. Some claim she went because of her long-standing opposition to Chinese human rights violations, rooted in an increasingly Chinese electoral base in her district. Others claim that she felt there was nothing to lose if the Republicans take back the House in November. Some accounts say she went in defiance of the Biden administration, while others say she was an agent of the administration. One argument goes that the administration thought that a provocative visit by someone not technically in the administration, and therefore deniable, would move the Chinese in U.S.-Chinese negotiations, by showing that the U.S. was prepared to be assertive.

Whatever the case, her visit triggered a very loud but fairly insignificant response from China. A great many ships and planes fired a great deal of ordnance, none of which struck Taiwan or a hostile vessel. The response demonstrated that China does, in fact, have a navy, but it did not show how the balance of power might change if Beijing, for example, shot down an incoming missile while forcing a U.S. submarine to surface.

Beijing has issued repeated warnings on Taiwan, but over time such warnings lose their meaning. So they capitalized on Pelosi's visit to increase the volume of the warning dramatically. The size of the force displayed and the expressions of China's rage gave a sense of apocalypse, generating the specter of Chinese power and denoting Beijing's intentions that such U.S. provocations may elicit. It also created a sense among Americans, reasonable or not, that China is a force that might not be contained. For Beijing, the stakes were low. If it failed to deliver any of these messages, little was lost.

More important is that China canceled several of the channels that were connecting China to the U.S., causing Washington to complain about their closure and thus making the administration appear to need them. This is no minor feat. Exports are the backbone of the Chinese economy. For all the tension between the United States and China, the United States purchases over 17 percent of

Chinese exports, making it the largest purchaser of Chinese goods. China is going through a significant economic crisis, one that is accompanied by increasingly aggressive actions against officials who don't toe the line, and it is enduring increasingly difficult efforts to find other customers. President Xi Jinping is facing questions about his stewardship, the future of which may be revealed at the all-important Party Congress in November.

Xi simply cannot risk a significant break with the United States right now. He has no lever with which to punish the United States economically. The United States, on the other hand, has at least two: cutting imports from China, and threatening its many dollar-denominated dealings. China is aware that the first line of any battle plan is the use of economic sanctions, and now would be a particularly bad time for them. It's the last thing Xi needs before the November meeting.

Of course, it's true that a war over Taiwan could distract the Chinese population from their economic woes. The Chinese are patriotic, and thus may be well prepared to accept war's hardships. And it's certainly possible they see Xi's military drills as a sign of strength. The problem is there's no guarantee China would win. China could invade Taiwan, face an American response, and win the first battle but lose the war. So far, the performance off Taiwan's shores has been measured and rehearsed, carefully calibrated not to trigger an American economic response. The U.S. has even canceled a planned missile test so as not to further anger China.

Pelosi has made her gesture, or the administration asked her to do it. China has made its counter gesture. But China going to war with the U.S. over Taiwan risks serious economic disruption and possible defeat, all to take an island that is a minor step for breaking out of the South China Sea. It could happen, but it does not seem that China's appetite for danger is high. Nor is America's.

Author: George Friedman
[Read more from this author on geopoliticalfutures.com](https://geopoliticalfutures.com)