

FINANCIAL REVIEW

Why Biden's pledge to defend Taiwan makes sense

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Should the US defend Taiwan? This is not an abstract debate. Over the weekend, [Beijing simulated bombing raids](#) on the island, while its navy encircled Taiwan.

In response to the steady escalation of Chinese military pressure on the island, President Joe Biden has promised – four times – that the [US would defend Taiwan from an attack by China](#).

In this image taken from video footage by China's CCTV, a Chinese fighter jet performs a mid-air refuelling manoeuvre. The Chinese military conducted exercises around Taiwan all weekend.

For some in America, Biden's pledges are little short of madness. Doug Bandow of the Cato Institute, a think tank, complains that “most [American] policymakers are prepared to risk national suicide to protect Taiwan”.

Why should war-weary America threaten to fight China, another nuclear-armed power, to defend an island of 24 million people that lies roughly 160 kilometres off the Chinese coast?

Scepticism about defending Taiwan is even more pronounced in parts of Europe. Flying back from a visit to China last week, President Emmanuel Macron implied that France would not lift a finger to protect the island. Discussing Taiwan, he told Politico that the “great risk” for Europe was getting “caught up in crises that are not ours”.

In reality, few expect European militaries to get directly involved in a conflict over Taiwan. But the attitudes of European politicians such as Macron matter, since they will affect Chinese calculations of the economic and diplomatic costs of any attack.

It would certainly make life easier for Europeans and American leaders if they had no reason to worry about the fate of Taiwan. But the reality is that a forcible Chinese annexation of the island would have profound global consequences that would quickly be felt in Paris, as well as Peoria.

A compelling case

There are three main arguments for sticking up for Taiwan. The first is about the future of political freedom in the world. The second is about the global balance of power. The third is about the world economy.

Together they amount to a compelling case to keep Taiwan out of Beijing's clutches.

The Chinese Communist Party argues that one-party rule is the perfect system for China. The US, it insists, should stop trying to promote liberal, democratic values – which are not working well in the West and which would spell disaster for a communitarian culture such as China's.

But Taiwan, a thriving and prosperous society, is living proof that Chinese culture is completely compatible with democracy. Its existence keeps alive an alternative vision for how China itself might one day be run.

Beijing has already crushed aspirations for democracy in Hong Kong. If Xi Jinping were allowed to do the same in Taiwan, autocracy would be entrenched across the Chinese-speaking world. Because China is the emerging superpower of the 21st century, that would have bleak political implications for the world.

Those who are cynical about US democracy promotion might enjoy China's autocracy protection even less.

The idea that mainland China will one day embrace political freedom remains a distant prospect. But the Indo-Pacific region as a whole has several thriving democracies including Japan, South Korea and Australia. They all depend to some extent on a security guarantee from the US.

Global implications

If China crushed Taiwan's autonomy, either by invading or by strong-arming the island into an unwilling political union, then US power in the region would suffer a huge blow. Faced with a prospect of a new hegemonic power in the Indo-Pacific, the region's countries would respond.

Most would choose to accommodate Beijing by changing their foreign and domestic policies. The desire to avoid giving offence to the prickly new hegemon would quickly restrict freedom of speech and action for China's neighbours.

The implications of Chinese dominance of the Indo-Pacific would also be global, since the region accounts for around two-thirds of the world's population and of gross domestic product. If China dominated the region, it would be well on the way to displacing the US as the world's most powerful nation.

The idea that Europe would not be affected by that shift in global power is absurd. Now, more than ever, Europe is dependent on America's willingness to face down Russia, China's despotic ally.

Some might argue that abstract notions like "hegemony" matter little to ordinary people. But a quirk of Taiwan's economic development means that control of the island would quickly have major implications for living standards all over the world.

Taiwan produces more than 60 per cent of the world's semiconductors and about 90 per cent of the most sophisticated ones. The gadgets that make modern life work, from phones to cars and industrial machinery, are run with Taiwanese chips. But the factories that produce them could be destroyed by an invasion.

If Taiwan's chip factories survived but fell under Chinese control, the economic implications would be huge. Control of the world's most advanced semiconductors would give Beijing a chokehold over the world economy.

As the US has already discovered, replicating Taiwan's semiconductor industry is much harder than it sounds.

All these considerations – economic, strategic, political – make a compelling case for the US and its allies to protect Taiwan.

No one in their right mind wants a war between America and China. But now, as in the past, it is sometimes necessary to prepare for war – to keep the peace.