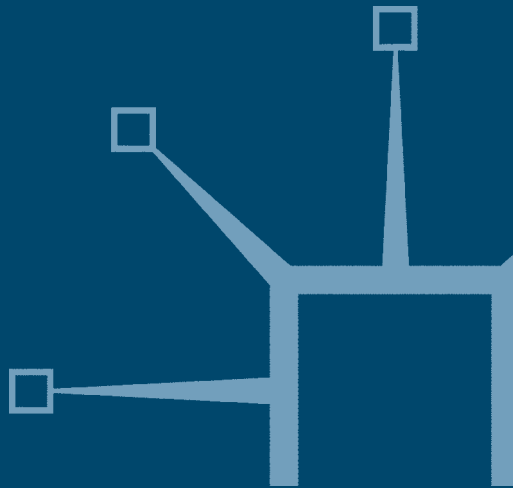


Peace and Security Across the Taiwan Strait

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Peace and Security Across the Taiwan Strait

Edited by

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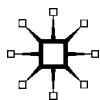
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Contents

<i>List of Tables and Figures</i>	viii
<i>List of Abbreviations</i>	ix
<i>Preface and Acknowledgements</i>	xi
<i>Notes on the Contributors</i>	xiii
1 War or Peace Across the Taiwan Strait	1
<i>Steve Tsang</i>	
Origins of the Taiwan question	1
Status quo for ever?	4
The international context	9
In search of a peaceful solution	13
2 Structure and Process Behind Beijing's Policy Towards Taiwan	19
<i>Bin Yu</i>	
Introduction	19
Policy-making for Taiwan affairs: structure and interaction	20
Implications	24
Case study: living with Chen Shui-bian	32
3 Driving Forces Behind Taipei's Mainland Policy	45
<i>Chi Su</i>	
The policy	45
The context	50
The ideas	58
The institutions	64
The players	67
Conclusion	73
4 China's Bottom Line and Incentives for a Peaceful Solution	77
<i>Suisheng Zhao</i>	
Chinese nationalist sentiment and the Taiwan issue	78
A two-pronged strategy	81
A wait-and-see policy	84
Conclusion	93

5	Taiwan's Bottom Line	99
	<i>Jiann-fa Yan</i>	
	The rise of China and the US 'con-gagement' policy	99
	The prospects of co-existence between Taiwan and China	102
	Taiwan's challenges	105
	Conclusions and prospect	108
6	The Role of the United States in Seeking a Peaceful Solution	111
	<i>Alan D. Romberg</i>	
	Introduction	111
	Origins of the American role in Taiwan	115
	The Nixon/Kissinger opening	118
	Dealing with Lee Teng-hui	120
	Chen Shui-bian arrives on the scene	122
	Come the Bush administration	123
	Current trends	126
	Thinking about American policy in the period ahead	130
7	China's Ability To Take a Military Option and Its Calculations	144
	<i>June Teufel Dreyer</i>	
	China's conditions for the use of force	144
	The American factor	148
	Military options	149
	Taiwan's ability to defend itself	156
	Calculations behind the use of force	161
8	The Alternative to Peace: War Scenarios	168
	<i>Andrew Nien-Dzu Yang</i>	
	Three levels of full-scale invasion	170
	Level A: air attack	172
	Level B: blockade	183
	Level C: amphibious and airborne operations	184
	Residual issues in war scenario	185
9	Peace Proposal One: The China Commonwealth Model	189
	<i>Tai-chun Kuo and Ramon H. Myers</i>	
	Why have Taiwan Strait negotiations been frozen?	189
	Can there be a peaceful resolution to the deadlock?	190
	A China Commonwealth	192

Creating a China Commonwealth	193
Conclusion	193
10 Peace Proposal Two: The Chinese Union Model	195
<i>Steve Tsang</i>	
Crux of the matter	195
A proposal for peace	198
<i>Index</i>	209

List of Tables and Figures

Table 3.1	A comparison between the DPP resolution on Taiwan's future and Lee Teng-hui's 'special state-to-state relationship' statement	48
Table 3.2	Taiwan's election (1988–2002)	52
Table 3.3	National day speeches (1988–2001)	72
Table 8.1a	PRC's main foreign weapon systems/platforms acquired between 1990 and 2001	174
Table 8.1b	PRC's indigenous advanced weapon system development	177
Table 8.2	PLA MRBM/SRBMs/LACMs in service and under development	180
Figure 2.1	Foreign defence and Taiwan policy-making – institutions, individuals and interactions	22
Figure 2.2	Five levels of the PRC policy-making structures	25
Figure 3.1	Whether to develop foreign or cross-Straits relations as priority	55
Figure 3.2	If developing foreign ties led to rising tension on cross-Straits relations, would you agree with such an effort?	56
Figure 3.3	Chinese/Taiwanese identity (1991–2000)	60
Figure 3.4	Chinese/Taiwanese identity (1994–2000)	61
Figure 3.5	Chinese/Taiwanese identity (1989–2001)	61
Figure 3.6	Unification or independence?	62

List of Abbreviations

ABC	American Broadcasting Corporation
ARATS	Association for Relations Across the Taiwan Strait
ASCM	Anti-ship cruise missile
ASW	Anti-submarine warfare
AWACS	Airborne warning and control system
C4ISR	Command, control, communications, computers, intelligence, surveillance, and reconnaissance
CASS	Chinese Academy of Social Sciences
CCP	Chinese Communist Party
CCP-CMC	Central Military Commission of the CCP
CEIB	Communications, Electronics and Information Bureau
CIA	Central Intelligence Agency
CPPCC	Chinese People's Political Consultative Conference
CCPCC-GO	General Office of the CCP's Central Committee
CCP-CFA-LSG	Central Foreign Affairs Leading Small Group
CMC	Central Military Commission (of the PRC)
DoD	Department of Defense (US Government)
DPP	Democratic Progressive Party
ECM	Electro countermeasure
ECCM	Electro counter countermeasure
EMP	Electro-magnetic pulse
FSU	Former Soviet Union
HARM	High speed anti-radiation missiles
HDW	Howaldswerke-Deutsche Werft
IDF	Indigenous Defence Fighter
IO/IW	Information operations and information warfare
JDAM	Joint direct attack munitions
JFK	John F. Kennedy
KMT	Kuomintang
LY	Legislative Yuan
MAC	Mainland Affairs Council
MND	Ministry of National Defence
MRBM	Medium range ballistic missile
NAD	Naval Area Defense (US)
NATO	North Atlantic Treaty Organization
NSA	National Security Agency (US)
NSB	National Security Bureau

NPC	National People's Congress
NPR	Nuclear Posture Review
NSC	National Security Council
NUC	National Unification Council
PBSC	Politburo Standing Committee
PPF	People First Party
PLA	People's Liberation Army
PLAAF	People's Liberation Army Air Force
PLAN	People's Liberation Army Navy
PRC	People's Republic of China
RMA	Revolution in Military Affairs
ROC	Republic of China
ROCAF	Republic of China Air Force
SC	State Council
SCFAO	Foreign Affairs Office of the State Council
SCTAO	State Council Taiwan Affairs Office
SEF	Strait Exchange Foundation
SNTV-MMD	single non-transferable vote under multi-member district
SOFs	Special operations forces
SRBM	Short Range Ballistic Missile
TALSG	Taiwan Affairs Leading Small Group
THAAD	Theatre High Altitude Area Defense (US)
TMD	Theatre Missile Defense (US)
TRA	Taiwan Relations Act (of the US)
TSU	Taiwan Solidarity Union
UAVs	Unmanned aerial vehicles
UN	The United Nations
US	The United States
WIGELC	Wing-In-Ground-Effect Landing Craft
WTO	World Trade Organization

Preface and Acknowledgements

The end of the Cold War has regrettably not brought an end to all the major confrontations that threatened to destroy the world during most of the second half of the last century. One confrontation that certainly has not disappeared is the stand-off across the Taiwan Strait. Outright hostilities or regular exchange of artillery fire might have been replaced by rapidly expanding and increasingly interwoven and intricate economic links between the People's Republic of China and Taiwan in the last two decades. However, the basic tension underlying cross Strait relations has not disappeared. The People's Republic of China and Taiwan are still engaged in a political, diplomatic and military stand-off that could potentially cause a general war. A full scale war between them is highly unlikely to remain a bilateral affair as the United States of America would almost certainly become involved. Peace and security across the Taiwan Strait is therefore a subject of great importance to not only the people on both sides of the Strait but to the Asia Pacific region and the wider world as well.

The basis for the long but essentially stable stand off that somehow maintained peace and stability across the Taiwan Strait since the last major military confrontation in 1958 has regrettably become less and less sustainable. Democratic changes in Taiwan and domestic changes within the People's Republic of China have unleashed forces that make it increasingly likely that the latter will push for unification which the former resists.

It was out of a recognition that a new basis is needed if peace, stability and prosperity are to continue on a sustainable footing that an international conference was organized by the Taiwan Studies Programme of the Asian Studies Centre at St Antony's College to examine, discuss and debate the many different issues involved. This volume is a product of intellectual discourse which started intensively at Oxford in May 2002 rather than a collection of conference papers excellent as they were. All paper presenters or contributors to this volume took advantage of the brainstorming to reflect further on their insightful papers before they revised and, in a number of cases, rewrote them to produce a coherent collaborative work.

As editor I am most grateful to my colleagues for their good humour, co-operative spirit and forbearance when they were asked to meet one

tight deadline after another whilst fulfilling their many obligations in academic, other professional or political work as well as demands on their time in private life. Without their understanding and co-operation this volume would have no doubt taken a much longer time to see the light of day.

In organizing the conference at Oxford, I am deeply indebted not only to the paper presenters but also to all the friends and colleagues who served as discussants, chaired sessions and more generally shared their insights in two days of intensive intellectual discourse and debate. In this connection I am particularly grateful to David Faure, Harvey Feldman, Rosemary Foot, Roy Giles, Kenneth Golden, Steven M. Goldstein, Jiann-jong Guo, Hsin-huang Michael Hsiao, Szu-chien Hsu, Shixiong Ni, Hung-mao Tien, Alan Wachman, Lynn T. White III, Baiyi Wu, Michael Yahuda, Wei Zhang, and Zhongfei Zhou. Jenny Griffiths, Winnie King and Cecelia Wong and the staff of St Antony's College provided invaluable administrative assistance and other practical support.

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1

War or Peace Across the Taiwan Strait

Steve Tsang

The most difficult and dangerous issue that may lead to war between the People's Republic of China (PRC) and the United States (US) is a confrontation across the Taiwan Strait. This is not changed by the fact that none of those directly involved, Taiwan, the PRC and the US wishes to see a military conflict. War or peace across the Taiwan Strait remains a serious issue as the PRC is determined to secure sovereignty over Taiwan while the latter is equally adamant that its own future must be decided not by the PRC or any other power but by the people who live in Taiwan, and the US is committed to help Taiwan defend itself and its democratic way of life. The assertion of its right, inherent in a democracy, to self-determination by Taiwan raises the prospect that its people may choose never to become part of the PRC or even of a China to be constituted by a union of the PRC and Taiwan. From Beijing's point of view, such a development would be tantamount to Taiwan opting for independence and would be a trigger for war.

It is the development of Taiwan into a democracy on the one hand, and rising concerns in the PRC that Taiwan is steadily, even if only stealthily, moving towards a permanent denial that it is part of China on the other hand, that raises the question whether their long stand-off across the Taiwan Strait can still be a sustainable though unsatisfactory basis for peace. To answer this question, it is necessary to understand the basis and the historical context upon which the heavily armed but largely peaceful stand-off in the last few decades is based.

Origins of the Taiwan question

Until the final years of the Ming dynasty (1368–1644) Taiwan was a frontier region in the Chinese empire inhabited mainly by Pacific

islands aborigines who had not acquired the Han Chinese culture. Part of the island had at various time been occupied by the Spanish and the Dutch who drove out the Spanish. It became a redoubt of the last loyalist Ming general, Zheng Chenggong, who drove out the Dutch when the Ming dynasty collapsed on the mainland. It was incorporated into the province of Fujian by the Qing dynasty after it finally defeated Zheng's successor in 1683, almost twenty years after the Ming dynasty itself was destroyed. However Taiwan continued to be treated as a kind of a frontier region though Han Chinese immigration increased steadily. Taiwan was not fully incorporated into China proper until after it was elevated to provincial status in 1885, which was itself primarily a reaction to the imperialist intentions which Japan had shown over the island.¹ It was ceded by the Qing government to Japan in 1895 after China was defeated in the Sino-Japanese War of 1894 to 1895. In the following fifty years, Taiwan prospered as a Japanese colony.

Across the Taiwan Strait the imperial government in China itself had collapsed, a republican experiment was attempted, and various revolutionary efforts were made without producing a true national government after 1916. Until 1943 when China's wartime leader Chiang Kai-shek managed to persuade American President Franklin Roosevelt and British Prime Minister Winston Churchill in the Cairo Conference that Taiwan, like other Chinese territories 'stolen' by the Japanese in the previous 50 years, should be 'restored' to China after the defeat of Japan, the status of Taiwan was not an issue either in the international community or in China.²

Prior to the Cairo Conference, even the Chinese Communist Party did not consider the status of Taiwan an issue.³ Indeed, no less an authority than Mao Zedong himself told the world through his friendly American journalist Edgar Snow in 1936 that he did not consider Taiwan a Chinese territory. Mao put Taiwan in the same category as Korea, a former 'colony' of the Chinese empire, and stressed that it was the Chinese Communist Party's policy to help them secure independence from Japan.⁴

After the Japanese surrendered in 1945, in accordance with the Cairo Declaration (1943) and the Potsdam Declaration (1945) which reaffirmed the former, Chinese forces under Chiang occupied Taiwan. From the Chinese point of view, the 1895 treaty ceding Taiwan was nullified when the Chinese government declared war on Japan, the Cairo Declaration resolved the status which was confirmed by Japan's signing of the surrender instrument, and Taiwan rejoined mother

China when Chinese troops took it over from the Japanese.⁵ There was no disagreement over this matter between Chiang's Kuomintang government and Mao's Communist contender for the 'mandate of heaven'. Indeed, Taiwan had been administered as part of China between 1945 and 1949, which was condoned by the international community. This international acquiescence lent credence to the Chinese claim.⁶

Despite this, strictly speaking Chiang's army occupied Taiwan as part of the allied forces under the overall authority of the Supreme Commander of the Allied Powers, General Douglas MacArthur, though the latter never exercised or attempted to exercise any direct authority there.⁷ Since the instrument of surrender which Japan signed on 2 September 1945 was technically for an armistice only, the transfer of the sovereignty over Taiwan could only be effected through the signing of a peace treaty with Japan.⁸ If there had not been a civil war in China which reached a stalemate over Taiwan, its sovereignty would almost certainly have been transferred to the Chinese government once the peace treaty was concluded.

The status and the future of Taiwan turned out to be such a thorny issue that it was not resolved in the peace treaties that ended the War in Asia. When the Allied Powers and Japan negotiated for a peace treaty in San Francisco in 1951, the two related issues of Chinese participation and the future of Taiwan proved particularly problematic.⁹ Since the two leading non-Communist world powers, the US and Britain recognised Taipei and Beijing respectively the only viable compromise was for them to fudge the issue by not having either Chinese government at the peace conference or sign the treaty.¹⁰ As a result Japan, which aligned its foreign policy with that of the US, signed a separate peace treaty with the Republic of China (ROC) government in Taipei in the following year.¹¹ In this treaty Japan merely stated that in line with the San Francisco Treaty it 'renounced all right, title and claim to Taiwan'.¹² Japan did not specifically agree to hand sovereignty over Taiwan to the ROC.

In international law, Taiwan's status was neither settled nor determined by these two peace treaties of the early 1950s. The situation became more complicated when Japan switched recognition from the ROC to the PRC in 1972, two decades later. When Japan did so, it not only recognized the PRC as the 'sole legitimate government of China' but also publicly stated that it 'fully understands and respects' the PRC's claim that Taiwan was 'an inalienable part of the PRC'.¹³ What remains highly dubious is whether Japan had any authority to transfer

sovereignty over Taiwan to the PRC twenty years after it had renounced sovereignty over this former colony. In other words, it is debatable whether the Japanese peace treaty with the PRC and its associated public statements can strengthen significantly the PRC's claim of sovereignty over Taiwan.

Whether Japan's signing of a peace treaty with the PRC affected Taiwan's status in international law in any way, it did not alter the political reality which was that the government of the ROC has continuously exercised authority over Taiwan since 1945 and until the early 1990s claimed itself to be the sole legitimate government of China. Although the PRC dismissed the ROC's claim as the legitimate government of China, it never questioned the ROC's right to exercise authority over Taiwan as part of China. The government of the PRC saw the government of the ROC as the remnant of the *ancien régime* that had, by 1949, been reduced to a rebel or insurgent regime against which it was determined to extinguish or pacify. By continuously exercising authority in Taiwan without facing serious resistance since it relocated its national capital from Nanking (Nanjing) to Taipei in 1949, the government of the ROC can claim sovereignty on the basis of having done so by prescriptive right. Its claim was dramatically enhanced after democratization and the formation of a fully democratic government in Taiwan in 1996.

Whether the PRC's claim over sovereignty over Taiwan is equally strong is open to debate since the continuous existence of the ROC should preclude the PRC from claiming to have inherited the ROC's sovereignty as the successor state to the ROC. However, despite the continued existence of the ROC in Taiwan after 1949, the PRC did act as if it were the successor state to the ROC, a claim that was vindicated since the early 1970s by the overwhelming majority of members of the international community, which accepts the government of the PRC as the sole legitimate government of China.

Whatever the legal status of Taiwan, the real issue is not that of legality but of political reality, power politics, and forces of nationalism on both sides of the Strait. The PRC is determined to secure sovereignty over Taiwan and is ultimately prepared to achieve this at any price though it clearly prefers not to have to pay a high price for it (see the analysis by Bin Yu's in Chapter 2 and by Suisheng Zhao's in Chapter 4).

Status quo for ever?

During the Cold War the Taiwan Strait was one of the most dangerous hot spots for confrontation in the world: the US got closest to using

atomic weapons during the presidency of Dwight Eisenhower.¹⁴ After the end of the Cold War the Strait is still one of the great potential flash points. However there exists a kind of *modus vivendi* that has prevented a major war since 1958. The exchange of artillery fire that originated with the 1958 crisis over Quemoy was later turned into a ritualistic and largely symbolic exchange of non-lethal fire, which was in any event ended in 1979.¹⁵ There had also been a few skirmishes and notable confrontations across the Taiwan Strait, including most recently the firing of missiles by the PRC into Taiwan's territorial waters in 1996.¹⁶ However, the status quo seems to have worked as well as any other arrangement in pre-empting an eruption of war or a full-scale confrontation. Is the maintenance of the status quo not therefore the best option in a situation where a solution satisfactory to all concerned does not seem to exist?

While the long stand-off between the two sides of the Taiwan Strait has satisfied the basic interests of both governments for a long time, and both are reluctant to risk a war by abandoning the status quo, rapid changes in Taiwan and in the PRC in the last two decades have made the status quo increasingly difficult to sustain.

In Taiwan, the old strategy for survival developed during the Cold War no longer made sense as it democratized. Once electoral politics and a democratic mandate became the norm, as happened by the middle of the 1990s, no government in Taiwan can justifiably lay claim to being the legitimate government of China though the state has continued to call itself the Republic of China.

In fact when the government of the ROC adopted the 'National Guidelines for Unification' in 1991, it already dropped the pretence that it could claim jurisdiction over the mainland of China by recognizing the PRC as a political entity embodied in the Chinese Communist regime.¹⁷ Even though the 'National Guidelines for Unification' commits Taiwan to the unification of China in a manner that will be acceptable to its people in the future, as a policy it has been allowed to gather dust after the Democratic Progressive Party (DPP) leader Chen Shui-bian took over the state presidency from his Kuomintang predecessor in 2000 (see Chi Su's Chapter 3).¹⁸ More importantly than the shifts in party politics, the consolidation of its democratic transformation in the 1990s has given Taiwan a sound basis to justify its long-standing practice of functioning as an independent state.¹⁹

Although democratization and the slow entrenchment of the idea that in a democracy people must have the right to self-determination

do not necessarily mean that Taiwan will declare independence, these facts do raise the question of why Taiwan should accept (depending on one's view) unification or re-unification with the PRC. The old assumptions that Taiwan was part of China and reunification with the mainland was its destiny have been relegated to the dustbin of history. This happened not only because of the passing of former presidents Chiang Kai-shek and Chiang Ching-kuo but also because of the absurdity of the claim of the government of the ROC until the beginning of the 1990s of sovereignty over the Chinese mainland. The old premise that it was Taiwan's historic mission to rejoin mother China is rapidly losing ground as Taiwan transforms itself into a modern democratic state that arguably shares more political values with Western democratic countries in North America and Western Europe than with the Leninist party-state of the PRC. Indeed, as Taiwan consolidates its democracy the process of *bentuhua* or the growth of a sense of distinct local culture and identity among the people of Taiwan takes on a momentum of its own. It challenges the old assumption that Taiwan's future destiny rests with rejoining mother China.

With a new way of life for which democratic politics, respect for human rights and the upholding of the rule of law are becoming entrenched, it is increasingly difficult for people in Taiwan to see why it would be in their own best interest to risk them all to join the PRC, which remains under the authoritarian rule of the Chinese Communist Party. If it is human nature that one who has tasted freedom, liberty, respect for individual rights and the security of the rule of law will not want to live under the arbitrary oppression of authoritarianism, the emergence of a new way of life in Taiwan also forged a common identity there. Former president Lee Teng-hui's rhetoric hailing of the concept of 'the new Taiwanese' in 1998 might have been made with electoral politics in mind, but it neatly summed up the sense of identity and common destiny for the people who live in Taiwan.²⁰ They may disagree, sometimes violently, among themselves, but they see their future together, in a state that is Taiwan though it may not be officially called as such (see Jiann-fa Yan's Chapter 5).

Whether Taiwan will or will not assert its independence with a dramatic public declaration, there is little doubt that Taiwan is at the moment moving not in the direction towards unification or reunification with the Chinese mainland. Unless this tendency is reversed or arrested it will steadily make the maintenance of the status quo across the Taiwan Strait more difficult.

In sharp contrast to the trend in Taiwan the PRC has become increasingly impatient with the long stand-off across the Taiwan Strait, after its domestic political scene stabilized following the death of Mao Zedong and the purge of the Cultural Revolution generation of leaders headed by the Gang of Four. Soon after the post-Mao reform period started Deng Xiaoping sought to resolve the Taiwan issue.²¹ It was with Taiwan in mind that Deng came up with the idea which later came to be known as 'one country, two systems'.²² This concept was adapted to deal with the Hong Kong issue after Deng's peaceful offensive against Taiwan was met with a rebuff and the British initiated negotiations over the future of Hong Kong.²³ While securing Hong Kong was a matter of great importance in its own right to the PRC, it was also meant to set an example for Taiwan, not least in the application of the 'one country, two systems' concept as a solution across the Taiwan Strait.

It is therefore not surprising that once Hong Kong was incorporated into the PRC in 1997, the leadership of the PRC, by now under Jiang Zemin, moved Taiwan up the political agenda. By then, the PRC had already proactively applied one of its 'magic weapons' of the revolutionary war era, the united front, on the Taiwanese population for a decade.²⁴ The massive inducements which Beijing offered the Taiwanese to persuade them to trade with the mainland and to invest there not only made economic sense but also represented a classic application of the united front to soften resistance among the Taiwanese to the idea of living and working with mainland Chinese.²⁵ The dramatic build-up of cross-Strait ties, exchanges, and Taiwanese investments on the mainland in the 1990s were used by Beijing to create economic and other inter-dependence across the Strait. This was a powerful move to counter the trend towards long term separation. It was an important proactive step by Beijing towards, in its view, reunification.

A public statement summarizing the PRC's Taiwan policy since the early 1990s had in fact been made by General Secretary of the Communist Party Jiang Zemin two years earlier, in January 1995.²⁶ This eight point statement marked the adoption of an approach that would require the exercise of maximum flexibility within a rigid framework in dealing with Taiwan.²⁷ Such an approach had already been applied successfully over Hong Kong.²⁸ However, the demarche which Jiang's statement was meant to facilitate was steadily overtaken by events unexpected. Cross-Strait relations were gravely disrupted as a result of Taiwan's unexpected success in winning sufficient support in

the US to require President Bill Clinton to reverse his policy and admit the President of the ROC, Lee Teng-hui to visit the US in a private capacity later that year.²⁹ It precipitated a limited military response from the PRC, which reached a climax the following spring when Lee ran for the state presidency in Taiwan during its first ever direct presidential election. Whether Jiang could have taken more of an initiative over Taiwan before the retrocession of Hong Kong cannot be ascertained, as any such plan would have to be shelved following Lee's visit to Cornell University.

In the end, Jiang had to wait until after Deng Xiaoping died and his own position as top leader consolidated in the 15th Congress of the Chinese Communist Party in 1997. Although Jiang presided over the retrocession of Hong Kong he knew that this was and would always be associated with Deng, not himself. To secure his place in history he had to find an alternative and appeared to have picked a solution to the Taiwan problem as one of the key policy areas in which he could leave a great legacy. With his prestige and authority reaching a high point, Jiang publicly appealed to the Taiwanese authorities to 'start negotiations to end formally the state of hostility across the Strait under the principle of one China' at the 15th Congress.³⁰ The solution over Taiwan that Jiang appeared to have striven for should, in this context, be seen in terms of what Deng achieved in getting the British to commit themselves formally to retrocede Hong Kong rather than to secure its actual return. Whether Jiang's emphasis on Taiwan after Hong Kong's retrocession was primarily driven by personal ambition or not, it produced further momentum for the government of the PRC to take an even more proactive approach. It has made the mere maintenance of the status quo less and less acceptable to Beijing, particularly since nationalism has since the late 1980s increasingly taken over Communism as the main source of ideological appeal to the people of the PRC.³¹

As a result, key policy statements were issued that marked an important change in the PRC's policy towards Taiwan. In early 2000 Beijing added a new and threatening condition under which it would use force to resolve the Taiwan issue. It is: should 'the Taiwan authorities refuse, sine die, the peaceful settlement of cross-Straits reunification through negotiations'.³² Although no specific timetable has been mentioned in the White Paper on Taiwan or in a co-ordinated threat made by Premier Zhu Rongji, this significant amendment in policy has confirmed that the top leadership in the PRC is not prepared to let the status quo continue indefinitely.³³ With Jiang Zemin still in a position

to oversee the PRC's most important policy matters including Taiwan, after the 16th Communist Party Congress of November 2002 and the National People's Congress of March 2003, whatever new General Secretary and state president Hu Jintao may think of Taiwan, it is highly unlikely that any basic change in policy will take place in Beijing. As Yu has explained in Chapter 2, the structure and dynamics for the PRC's policy making towards Taiwan are sufficiently stable and established to survive the leadership transition.

Given that the PRC is and will remain the most important actor that can force a solution over Taiwan, the top leadership's steady loss of patience with the status quo raises a serious question of whether it is sustainable in the longer term. This issue is all the more pertinent as the general trend in Taiwan in the last decade has been one of moving slowly, albeit gingerly, away from the prospect of unification with mainland China. The old assumptions and dynamics of the Cold War era that committed the two regimes to upholding the principle that unification was the ultimate goal and that this should be sufficient to allow both governments to put cross-strait relations on the back burner are becoming less and less relevant everyday. It was the recognition of this new development that underlay the attempts on the part of Tai-chun Kuo and Ramon Myers (in Chapter 9), as well as of Steve Tsang (in Chapter 10) to produce two parallel sets of peace proposals that may serve as a new basis to replace the status quo to ensure peace across the Taiwan Strait.

The international context

Although the PRC is adamant that Taiwan's reunification with mainland China is a domestic affair of the Chinese about which no foreign power should be allowed to intervene, the future of Taiwan cannot be settled without the international community being involved one way or the other. Peace, stability, good order and security of the Taiwan Strait region are of great interest and significance to the Asia Pacific region and the world economy. Countries ranging from the US, Japan, the two Korean states, and the Southeast Asian countries, to Britain and other major trading nations have vested interests in preventing a war across the Taiwan Strait. A peaceful outcome or the maintenance of a peaceful stand-off across the Taiwan Strait is in the interest of all and will enjoy the support of the international community. Resort to force will, in contrast, cause grave concern and will very probably result in one or more of the foreign powers concerned and possibly the United Nations (UN) getting involved.

The collapse of the old Soviet bloc and Communism in Europe had transformed the old bipolar world of the Cold War era into a new one where the world is dominated by one superpower, the US. Developments in international relations since the end of the Cold War have encouraged the US and the democratic West to take a more proactive view in supporting a state or a people against overt external aggression or oppression, as had happened over Iraq's invasion of Kuwait and Serbian ethnic cleansing in Kosovo. Given that democratic Taiwan is, from the US perspective, its best and most successful protégé since 1945 and is itself a major economy that supplies some key high tech products to the world, it is unrealistic to expect any US administration will simply acquiesce in the prospect of democracy being extinguished in Taiwan by its forceful incorporation into a Leninist party-state.

This is not to say that the US will block Taiwan's unification with the Chinese mainland in all circumstances. As Alan Romberg explains cogently in Chapter 6, the policy of the US towards Taiwan's future since 1949 has consistently been guided by Washington's assessment of its national interest. Different administrations have laid different emphasis on how the US's best interest would be served in a rapidly changing world but their starting points have always been the same, including an emphasis on only peaceful resolution of cross-Strait differences.

The US is not fundamentally concerned with whether Taiwan should be part of China. It is mainly interested in protecting American investments in and trade with Taiwan and mainland China, ensuring American values which are taking roots in Taiwan will flourish, and persuading the PRC to subscribe to American values which will transform itself into a long term friend of the US. While the US has no wish to get entangled in the thorny relations across the Taiwan Strait, it has a vested interest in pre-empting a military confrontation there and in preventing Taiwan's democracy and liberal way of life from being destroyed. What the US desires is not a divided China but the end of the Leninist style authoritarianism in the PRC, although it is not willing to use force to achieve this long standing objective. American national interest requires peace and stability in the Taiwan Strait, and the entrenchment of democracy in Taiwan so that it can serve as a shining example for the people of mainland China and other authoritarian states in Asia. If the US could achieve its objective of transforming the PRC into a democracy that upholds the rule of law and respects human rights, it would no longer be concerned with whether Taiwan

would unite with the Chinese mainland or not, provided this could be done without upsetting regional stability, security and prosperity.

While the US clearly prefers not to go to war with the PRC it is ultimately prepared to give military support to Taiwan to defend itself against an unprovoked attack from the PRC.³⁴ What the US has also made crystal clear to Taiwan is that it cannot count on the US to come to its aid if it were responsible for provoking the PRC to resort to force in the first instance (see Romberg, Chapter 6).

The great disparity in military might between the US and the PRC in the foreseeable future raises the question whether the PRC can forcefully subjugate Taiwan before the US forces could come to the rescue of Taiwan, should the PRC choose to use force to secure reunification. The PRC's ability to do so and its calculations are the subject of inquiry for June Teufel Dreyer in Chapter 7, and the scenarios for the use of force that for Andrew Nien-dzu Yang in Chapter 8. In examining critically the issues involved these two chapters illustrate some of the complicated and difficult considerations which policy makers in Beijing and Taipei have to take into account whenever the use of force as an option is examined.³⁵

In exploring the alternative to peace, one should not lose sight of the fact that the arms race across the Taiwan Strait can justifiably be seen as both a de-stabilizing and a stabilizing factor. Like all arms races the one across the Strait is inherently de-stabilizing. The acquisition of new high-tech capabilities can produce ill founded confidence among policy makers which can lead to adventurism. This can mean the use of force to achieve unification on the part of Beijing, or a move towards making a formal declaration of independence on the part of Taipei. However, the maintenance of a military balance across the Strait should deter either side from such adventurism. In the short term the American undertaking to supply advanced weapon systems to Taiwan should help to reduce the chance of miscalculation in Beijing, and to remind Taipei of its dependence on the US for survival. In the long term a *modus vivendi* will need to be devised to make it unnecessary for both sides across the Strait to engage in a costly arms race. For peace across the Strait to be sustainable in the very long term it will need to be based on an agreement between Beijing and Taipei rather than on the US's ability to impose peace (see Tsang, Chapter 10).

While the US remains the most important third party that will play a key part in peace and security across the Taiwan Strait, it will almost certainly elicit and most probably obtain the support of its key allies should the current stand-off collapse into an open military conflict.

Japan has vast interests in Taiwan and on mainland China, and has a sense of history that makes it empathize with Taiwan and concern about the assertion of the PRC militarily. The reinvigoration of its alliance with the US in the late 1990s, and its shared desire to see Taiwan not fall into the hands of the Leninist PRC regime means that Japan will most probably provide logistic and other support to the US to enable it deny Taiwan to the PRC should war materialize.³⁶ Britain, too, is very likely to be asked by the US to help, whether it means diplomatic support or symbolic military assistance or both. History, both in the formative period of the Cold War and of the recent past, suggests that the US would prefer not to appear isolated and intervene unilaterally, while Britain usually finds it in its national interest not to let the US down in a major international crisis ensuring the survival of a democratic state.³⁷

The likelihood that Japan and Britain may find themselves entangled should the US be forced to intervene militarily across the Taiwan Strait is a powerful incentive for these two powers to step in early to try to find a way to defuse a crisis should one be looming in the horizon. Unlike the US which is more committed to upholding and spreading American or Western democratic values, neither the Japanese nor the British are so inclined in their foreign policy. Their primary concerns in the Taiwan Strait are peace, stability and good order, which are important for protecting their economic interests in the region, and to prevent themselves from being sucked into a confrontation in which they would rather prefer not to get involved.

As to the PRC and Taiwan's other neighbours, none is likely to be in a position to get actively involved but they all share a keen interest to see cross-Strait relations being kept stable and under control. The inherently volatile situation in the politically divided Korean peninsula means both Korean states must watch carefully the implications of any major change across the Taiwan Strait. Neither would wish its own policy towards the other being held hostage to a fundamental change in the PRC's relations with Taiwan.

As far as the Southeast Asian countries are concerned, they are all worried that a dramatic rise in Chinese power or confidence may lead the PRC to challenge the US for regional hegemony or simply assert itself as the dominant power in the region. Either would be destabilizing for the region and might put them in a position of having to confront a rising China. Most Southeast Asian leaders no doubt realize that in line with the Chinese reliance on the united front in their foreign policy, it is highly unlikely that the PRC would assert

itself forcefully in the South China seas or in Southeast Asia generally while its primary external policy objective – to secure sovereignty over Taiwan – remains frustrated. In other words, while no leader in any Southeast Asian country will admit it, few do not realize in private that Southeast Asia's first and most important bulwark against the rise of Chinese regional hegemony is the impasse across the Taiwan Strait. Like the two Korean states, the Southeast Asian countries have a vested interest in seeing the peaceful stand-off across the Taiwan Strait continues indefinitely.

In search of a peaceful solution

A highly emotional issue for the PRC and one of survival for Taiwan the ultimate drivers behind their policy towards each other are domestic political forces and considerations. This is not to say the international community does not matter or cannot influence the outcome across the Taiwan Strait. Neither Beijing nor Taipei will or can afford to ignore the rest of the world completely. Indeed, Taipei increasingly sees it in its interest to involve the international community (see Yan, Chapter 5). Beijing, in contrast, sees international involvement as highly detrimental to a solution satisfactory to itself and thus claims the moral high ground insisting that cross-Strait relationship is a domestic affair into which the rest of the world has no right to interfere. Should there be compelling domestic reasons that require Beijing to use force to attempt reunification, it is difficult to see that it will refrain from doing so simply because the international community is solidly against such a course of action.

This is not to say the future across the Taiwan Strait is all doom and gloom. On the contrary, the examinations by Yu into the structure and process of the PRC's policy-making (Chapter 2), and by Zhao into its bottom line (Chapter 4) point to the existence of strong incentives on the part of Beijing to find a peaceful solution to the Taiwan issue. While the PRC has openly and repeatedly stressed its right to use force to secure reunification with Taiwan, it has also consistently stressed that it prefers not to do so and sees the periodic threat to use force as necessary to deter the Taiwanese from moving irreversibly towards the permanent separation of Taiwan from mainland China. From Beijing's perspective, the 'one country, two systems' model represents its willingness to accommodate Taipei's legitimate concerns and demonstrates its preparedness to exercise maximum flexibility to achieve national reunification.

In Chapter 7 Dreyer highlights the fallacy in assuming the military in the PRC would necessarily push for a military showdown, an astute observation which is also shared by Yu in Chapter 2. Like professional military leaders elsewhere, the People's Liberation Army (PLA) high command is unlikely to advocate the use of force unless it can be certain of success. With victory against the Taiwanese who will, as Romberg examines in Chapter 6, most probably receive some form of assistance and support from the US in the event of an unprovoked attack from the PRC, the PLA cannot have confidence of victory. The difficulties involved, even in scenarios that deliberately exclude the many different forms which US intervention may take, are graphically illustrated by Yang in Chapter 8.

In reading Chapters 7 and 8 readers are reminded their focus on the military issues involved should not be taken to imply that the authors consider the PRC leadership seriously contemplates the use of force – except as the last resort. Indeed, Dreyer rightly takes the view that Beijing prefers to adopt an approach that can be described as waiting for or hastening the fruit to ripe and fall in due course. What Beijing would prefer is to increase the Taiwan economy's dependence on the mainland to the maximum extent possible, and to build up an edge in its military might to the extent that it would become suicidal or blatantly futile for Taiwan to attempt to resist a full scale attack by the PLA. If and when Beijing can produce such a situation, it will be in a position to achieve its ultimate objective which is to force the government in Taipei to agree to unification without shots being fired in anger.³⁸

On Taiwan's side, despite the shift in government attitude after the DPP took over power from the Kuomintang after the 2000 presidential election, as Su examines in Chapter 3, there is sufficient political pressure within Taiwan on President Chen Shui-bian to deter him from turning to reckless adventurism. As an insider within the DPP Yan illustrates in Chapter 5 how Chen and his allies inside the DPP try to finesse a way out of the party's previous commitment to formal independence. The picture which emerges in Taiwan is the existence of a general consensus that a war across the Strait would be too high a price to pay for the satisfaction of formal independence. Nevertheless, momentum continues to gather in Taiwan for it to push for acceptance as a responsible member of the international community. It means that from Beijing's point of view Taiwan is moving in a direction away from 'reunification' rather than in the 'right' direction at the moment.

The danger in cross-Strait relations is therefore not one of either government deliberately provoking a showdown. It is one of an unintended crisis caused by the miscalculation and misreading of the other's intention and/or likely response to a bold policy initiative driven by some powerful domestic political forces.

Taiwan did successfully steer past minefields when former President Lee Teng-hui made his 'special state to state' statement in the summer of 1999, and when President Chen Shui-bian publicly spoke of the existence of one country on each side of the Strait in the summer of 2002 (see Su's analysis in Chapter 3). However, such initiatives, however carefully calibrated by the leader of Taiwan do push to the limit the tolerance of Beijing and accentuate its degree of mistrust. Will President Chen and his successor always be so successful in political brinkmanship across the Strait in the future?

On the part of the PRC its remarkable confidence that its 'one country, two systems' model should suffice in winning over the Taiwanese to the idea of reunification, and its steady loss of patience over Taipei's refusal to respond positively is equally problematic. Whatever Beijing may think of the success of their take-over of Hong Kong, the picture looks very different from the Taiwanese perspective. No government in Taipei can respond positively to the PRC's 'one country, two systems' appeal and survive in the brutal electoral politics of Taiwan for long. The failure, from Beijing's perspective, of Taipei to respond positively to its own 'reasonable and considerate' efforts to find a mutually beneficial peaceful solution can only lead to a steady rise of resentment and frustration among PRC policy makers. Until Beijing finally accepts that the 'one country, two systems' model as it stands cannot entice Taipei to the negotiating table, it is bound to find Taipei's responses unsatisfactory.

The PRC's frustration over Taiwan will get worse as the rapidly increasing degree of economic integration across the Taiwan Strait will not deliver the political dividend that Beijing expects it to do. While the complementary nature of economic links across the Strait is self-evident, there is little illusion in Taipei of Beijing's hidden agenda, which is to use economic integration to force unification upon it. Taipei's adoption of a policy of 'go slow, be patient' in cross-Strait economic links, despite the apparent allure of the mainland, is merely a reflection of the reality – ultimately it is politics rather than economics that determines cross-Strait relations. Whether the government in Taipei will be able to keep Taiwanese investments on the mainland within a 'safe' level in its calculation, there is no doubt that it will do

everything it can to limit the political ramifications of the economic integration. When Beijing finally comes to the conclusion that its policy of economic integration and the associated application of the magic weapon of the united front cannot arrest what it sees as the tendency in Taiwan towards permanent separation from mainland China, will it run out of patience?

In order to pre-empt a military confrontation, Kuo and Myers as well as Tsang attempt to find, in Chapters 9 and 10 respective, the most workable basis for a sustainable peace. They have come up with two sets of proposals independently but their thinking share a remarkable similarity. It is to urge both sides to establish a *modus operandi* by negotiating some rules that will provide incentives for them to cooperate and realize their bottom line demands. Kuo and Myers offer a 'commonwealth' framework to induce both governments to share the sovereignty of 'one' China and establish rules for promoting their security, market integration, and Taiwan's participation in international organizations. Tsang presents what he sees as an example of how a settlement tolerable to both though satisfactory to neither, can in fact be found by outlining in detail what a potential agreement may look like. Although these two sets of proposals are merely intellectual exercises in search of a peaceful solution, they do provide valuable pointers to policy makers concerned as to how a new basis for sustainable peace can be found across the Taiwan Strait.

Notes

1. For Taiwan's history in the context of Chinese history, see W.G. Goddard, *Formosa: A Study in Chinese History* (London: Macmillan – now Palgrave Macmillan, 1966).
2. The Cairo Declaration is reproduced in Hungdah Chiu (ed.), *China and the Taiwan Issue* (New York: Praeger, 1979), 215.
3. Frank S.T. Hsiao and Lawrence R. Sullivan, 'The Chinese Communist Party and the Status of Taiwan 1928–1943', *Pacific Affairs*, vol.52, no.3, Fall 1979, 446–58.
4. Edgar Snow, *Red Star Over China* (Harmondsworth: Penguin, 1961), 128–9. The word 'colony' was apparently used by Mao.
5. Public Record Office (Kew), British Foreign Office papers FO371/75801, F5502, Enclosure to Tamsui Despatch 61, 7 Apr. 1949 (Speech by Wang Shih-chieh).
6. FO371/75801, L.H. Lamb (Nanking) to Scarlett (FO), letter of 21 Feb. 1949.
7. FO371/75801, F3322, Tomlinson's draft parliamentary answer, 1 Mar. 1949.
8. Peng Mingmin and Huang Chaotang, *Taiwan zai guoji fa shang de di-wei* (Taipei: Yushan Chubenshe, 1995), 142–4.
9. Chihiro Hosoya, 'Japan, China, the United States and the United Kingdom, 1951–2: the case of the "Yoshida Letter"', *International Affairs* (1984), 247–59.

10. Seeley G. Mudd Library (Princeton University), *Karl Rankin Papers*, Box 5, folder 4, 'Participation of the Chinese Government in the Japanese Peace Settlement', 4 Oct. 1951.
11. Public Record Office (Kew), British Cabinet Office papers, CAB128/19, CM42(51).
12. Chiu (ed.), *China and the Taiwan Issue*, p. 224.
13. Guo Limin (ed.), *Zhonggong du Tai Zhengze zhiliao xuanji (1949–1991)* I (Taipei: Lifework Press, 1992), 262 (Joint Declaration between the PRC government and the Japanese government, 29 Sept. 1972).
14. Stephen E. Ambrose, *Eisenhower: Soldier and President* (New York: Touchstone, 1990), 380.
15. *Renmin Ribao* (Beijing), 1 Jan. 1979.
16. For the 1995–96 crisis, see Suisheng Zhao (ed.), *Across the Taiwan Strait* (New York & London: Routledge, 1999). The other significant crisis of a sort happened in 1962–3 when Chiang Kai-shek seriously contemplated an invasion of the mainland with American backing. He was restrained by the Americans. Lawrence Freeman, *Kennedy's Wars* (New York & Oxford: Oxford University Press, 2000), 251–5.
17. Xingzhengyuan Dalu Wei-yuanhui (ed.), *Kuayue Lishi de Honggou* (Taipei: Luweihui, 1997), 293 (President Lee's reply to a reporter on 30 Apr. 1991).
18. On the issue of whether there was a consensus between Beijing and Taipei to fudge the issue of 'one China', see Su Qi and Zheng Anguo (eds), *'Yige Zhongguo, gezi biaoshu' gongshi de shishi* (Taipei: Guojia yanjiu zhengce jijinhui, 2002).
19. Harvey Feldman, 'Taiwan, Arms Sales, and the Reagan Assurances', *The American Asian Review*, vol. XIX, no. 3 (Fall 2001), 94–5.
20. Li Denghui, *Taiwan de Zhuzhang* (Taipei: Yuanliu, 1999), 262–3.
21. Deng Xiaoping, *Deng Xiaoping Wenxuan (1975–1982)* (Hong Kong: Joint Publishing, 1983), 173–4 (speech of 15 June 1979).
22. Deng Xiaoping, *Deng Xiaoping Wenxuan, Vol. 3* (Beijing: Renmin chubenshe, 1993), 30–1 (notes of talk with Professor Winston Yang, 26 June 1983).
23. Steve Tsang, *Hong Kong: An Appointment with China* (London: I.B. Tauris, 1997), 91.
24. The classic exposition of the united front remains, Lyman van Slyke, *Enemies and Friends: The United Front in Chinese Communist History* (Stanford: Stanford University Press, 1967).
25. Xingzhenyuan Dalu Wei-yuanhui (ed.), *Dalu Gongzuo Cankao Ciliao (Hedingben) Vol. 2* (Taipei: Xingzhengyuan Dalu Wei-yuanhui, 1998), 95–6 (Main points for work towards Taiwan in the future, 11 Feb. 1992), and 117–2 (guidelines for united front work in the 1990s, 20 April 1992).
26. Full statement in *ibid.*, 365–70.
27. See Zhang Nianqi, *Liangan guanxi yu Zhongguo Qiantu* (Hong Kong: Zhongguo pinlun wenhua youxian gongsi, 2002), 82–3.
28. For an examination of the Hong Kong case, see Steve Tsang 'Maximum Flexibility, Rigid Framework: China's Policy Towards Hong Kong and its implications', *Journal of International Affairs* (Fall 1996), 413–33.
29. For Clinton's handling of Lee's visit, see Patrick Tyler, *A Great Wall: Six Presidents and China* (New York: Century Foundation, 1999), 21–5.

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31. Yongnian Zhen, *Discovering Chinese Nationalism in China* (Cambridge: Cambridge University Press, 1999), 19–20.
32. Taiwan Affairs Office and the Information Office of the State Council, *White Paper: The One-China Principle and the Taiwan Issue*; (<http://www.fmprc.gov.cn/english/readsubject.asp?pk=20000222170511>).
33. Steve Tsang, 'China and Taiwan: A Proposal for Peace', *Security Dialogue*, vol.31, no.3 (Sept. 2000), 327.
34. Martin Lasater 'The Taiwan Issue in Sino-American Relations' in Martin Lasater and Peter Kien-hong Yu (eds), *Taiwan's Security in the Post-Deng Xiaoping Era* (London: Frank Cass, 2000), 210.
35. To gain a sense of what an amphibious assault on Taiwan may require, one can compare it with what was required of the Allied Powers in the invasion of Normandy in the Second World War. I am grateful to Captain Kenneth Golden in highlighting this comparison. An illustrated comparison of the forces available to the invaders and the defenders can be found in the Federation of American Scientists website: <http://www.fas.org/man/dod-101/ops/taiwan-d-day.htm>.
36. Qingxin Ken Wang, 'Japan's Balancing Act in the Taiwan Strait', *Security Dialogue*, vol.31, no.3 (September 2000), 338–40.
37. For Britain's earlier involvement over Taiwan, see Steve Tsang, *The Cold War's Odd Couple: The Republic of China and the United Kingdom, 1950–1958* (London: I.B. Tauris, 2004).
38. Personal communication received from Professor June Teufel Dryer dated 29 January 2003.

2

Structure and Process Behind Beijing's Policy Towards Taiwan

Bin Yu

Introduction

China's Taiwan policy-making has been under close scholarly scrutiny since the 1995–96 Taiwan Strait Crisis.¹ Although a great deal is known about the structures and process of China's foreign/Taiwan policy community, developments across the Taiwan Strait and across the Pacific continue to challenge its institutional and intellectual capacity. Indeed, no issue in China's foreign policy agenda other than Taiwan has consumed so much attention and resources of the PRC's foreign policy-makers, institutions and analysts. With the growing importance of the Taiwan factor in China's economic development, in relations with the US and Japan, and in the perceived 'creeping' separatist move by Taiwan,² the importance of the Taiwan issue would remain in the foreseeable future.

How does the Mainland cope with the growing Taiwan independence trend? Who make the PRC's Taiwan policy? What are the changes and continuities in personalities, institutions, and processes regarding China's decision-making towards Taiwan? What is the role of the Chinese military? How does the societal factor interact with the policy-making community?

This chapter tries to answer these questions by first examining the key features of China's foreign/Taiwan policy-making institutions and dynamics. It argues that after Jiang Zemin consolidated his leadership position, he pushed for greater institutionalisation for a growing policy-making community. Some of the key features include a more time-consuming, reactive, and perhaps inflexible consensus-building process in foreign/Taiwan policy-making. Policy adaptation does occur. Radical departure from existing policies, however, is less likely to happen under normal circumstances.

Policy-making for Taiwan affairs: structure and interaction

Considerable attention has been given to institutions with which policies are made with regard to either the Taiwan issue or foreign/defence policies in general.³ While focusing on the sub-systems may help to delineate the relevant parts of China's policy making apparatus, it may not be sufficient for understanding policy-making as a whole. Given the concern by various policy-makers over the issue of Taiwan in China's overall foreign/defence policies, it is necessary to take a broader overview in order to understand how major policy-makers and institutions coordinate their efforts in formulating a policy towards Taiwan. For this reason, this section examines five areas of the PRC's foreign, defence and Taiwan policy-making.

One paramount leader or a 'core' leadership (*lingdao hexing*)

Top leaders have always played a decisive role in determining major issues in China's foreign and Taiwan policy. Although the personalized or informal authority of Jiang Zemin was dramatically less than that of Mao Zedong or even Deng Xiaoping, Jiang managed to develop a more institutionalized authority than any of his predecessors. This trend is likely to continue with Hu Jintao as China's paramount leader.

The rising importance of Taiwan was reflected in how Jiang Zemin placed himself institutionally over the supervision of policy over Taiwan before he formally stepped down from any of the top offices in November 2002. Up to then he already occupied all the top offices – the General Secretary of the Chinese Communist Party (CCP), President of the state, and Chairman of the Central Military Commission (CMC). Nevertheless he also personally took the chair of the party's Taiwan Affairs Leading Small Group (TALSG), and a small number of similarly ranked Leading Small Groups⁴ like the Central Foreign Affairs Leading Small Group (CCP-CFA-LSG, *zhonggong zhongyang waishi lingdao xiaozu*), which supervised policy towards Taiwan.⁵ This certainly indicates the ever-growing significance of Taiwan in the assessment of the top policy elite in China.

Not only did the third generation of leaders such as Jiang firmly entrench themselves in the institutions, their successors, too, were systematically and carefully given the protracted 'internship' in key positions long before the official change of guards. A clear indication of this was Hu Jintao's taking over the US affairs prior to the 16th Party Congress of November 2002. The year 2002 was full of signs that Hu was getting involved in American affairs.⁶ This means that of the usually

three-stage process (responsibility for domestic → foreign → military affairs) of power transition under normal circumstances, Hu had come to involve himself in both the second and third phases (foreign and military affairs) with more responsibilities well before he succeeded Jiang. Hu's 'internship' on foreign affairs was virtually completed with his official visit to the US in April–May 2002 following his trips to almost all major countries in Europe and Asia. Even in the sensitive military area, Hu has served since 1999 as a Vice Chairman of the powerful CMC, a crucial step toward his culmination as the new core leader of the PRC. A year before his CMC appointment, Hu was elevated to become the Vice President of the Chinese state. Hu's promotion to the presidency of the Chinese state and head of the CCP-CFA-LSG during the annual NPC meeting in March 2003 was another major step toward assuming responsibility of Jiang's vast institutional network regarding China's foreign, defence and Taiwan policy making. Barring events unexpected, Hu is expected to continue the institutionalization trend already in process.

Two centralizing mechanisms of the CCP-top-down and parallel

Top leaders dominate and supervise policy-making and implementation, primarily through two structural mechanisms. One is the top-down mechanism with the Politburo, particularly its Standing Committee (PBSC) at the apex. The PBSC makes major policies for both domestic and foreign affairs. This small group of top leaders usually includes chairmen of the CCP, the CMC, the National People's Congress (NPC) and the CPPCC,⁷ premier of the State Council, and the state president. The PBSC usually works either through the CCP's bureaucracies such as the General Office of the CCP's Central Committee (CCPCC-GO) or the Secretariat,⁸ or both.

Meanwhile, the CCP does not simply sit on the top of the decision-making hierarchy and supervise from a distance. It runs a parallel bureaucracy to supervise and coordinate policy-making, deliberation, and implementation at all levels – national, provincial and local. At the national level, policy-making institutions of the CCP for Taiwan affairs parallel those in the government (State Council, or SC) and the military (see the double bold blocs in Figure 2.1).

Three interactive major systems – the party, military and government.

The three major policy systems of the PRC – the party, military and government – are well known.⁹ Less understood are the dynamic and

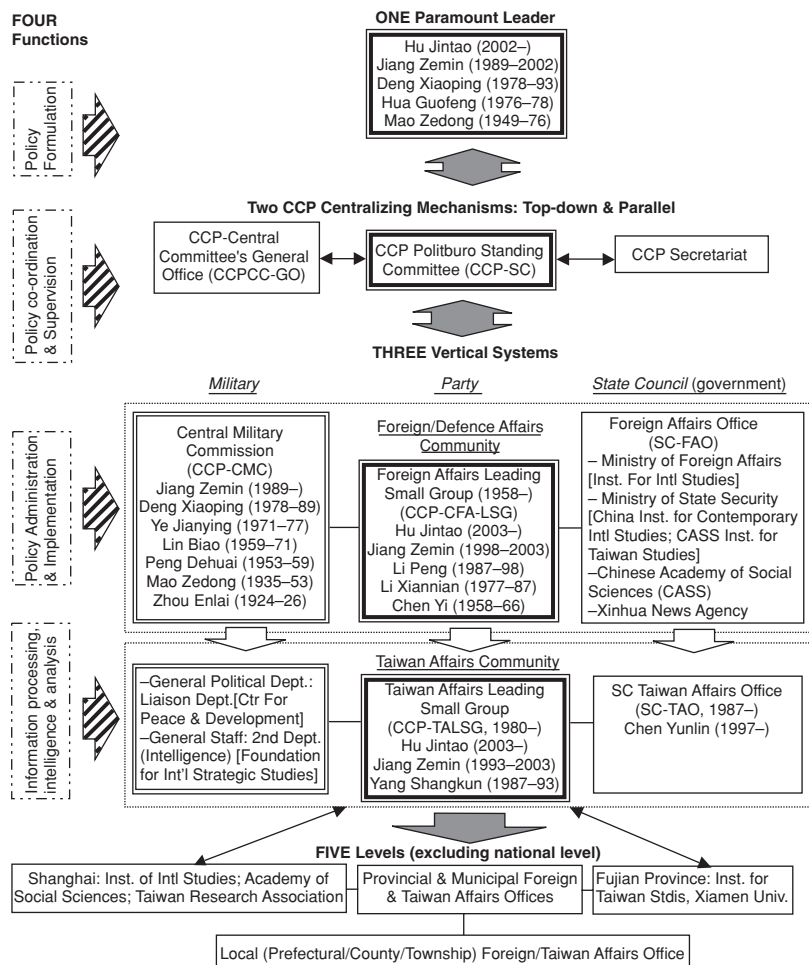


Figure 2.1 Foreign, defence and Taiwan policy-making – institutions, individuals and interactions

ever changing ways with which these sub-systems interact with each other. Two features, institutional convergence and overlapping personnel, deserve particular attention.¹⁰

Beginning with Jiang, the paramount leader and his colleagues at the 'core' seldom intervene directly in, or interrupt with, the policy-making process, as it frequently happened under Mao, or indirectly influence it, as it occurred under Deng. During the reform decades, ver-

tical and horizontal institutional linkage mechanisms between top leaders and policy-making communities as well as between the relevant institutions developed and were enhanced, though slowly and gradually. This process was meant to enable policies to be deliberated, made, and implemented more rationally, efficiently and predictably.

'Institutional convergence' provides an important mechanism to cut across, co-ordinates and unifies various party, state and military institutions with the leading small groups for foreign, defence and Taiwan affairs. This 'institutional convergence' is achieved by the sharing of operating staff. For example, despite its importance, the Leading Small Group for Foreign Affairs does not have a permanent staff of its own and must rely on the support from the Foreign Affairs Office of the State Council (SCFAO, *guowuyuan waishi bangongshi*). The latter, in turn, draws its personnel mainly from the Ministry of Foreign Affairs. Since it also has ranking PLA officers (such as Defence Minister) among its members, this Leading Small Group functions as a key forum for the leaders in the party, government and military institutions to deliberate, co-ordinate and even formulate major policies. In this way, this and other leading small groups operate as super co-ordinating agencies and channels of communication between top leaders and the bureaucracies.

To a lesser degree, 'institutional convergence' has also occurred in the management of military affairs. The powerful CCP Central Military Commission (CCP-CMC) shares its operating staff with its civilian counterpart, the state's own CMC, which was created in 1983. However, it is the former that performs duties for both the party and the government. CCP-CMC is actually located in the PLA's General Staff Headquarters, and is chaired by the paramount leader such as Deng and subsequently Jiang. There is, therefore, a considerable convergence or overlapping in staffing defence affairs co-ordinating institutions.¹¹

With regard to policy towards Taiwan, the Leading Small Group for Taiwan Affairs serves as the overarching co-ordinating body between top leaders and various bureaucratic agencies. In the autumn of 2002 its membership included Jiang Zemin, Qian Qichen (vice premier in charge of foreign affairs), Xu Yongyue (state security agency), Chen Yunlin (director of this Small Group's office and of the State Council's Taiwan Affairs Office), Wang Zaoguo (head of the United Front work), and Xiong Guangkai (PLA intelligence). In its early years, this Leading Small Group was reportedly staffed with analysts from the Liaison Department of the PLA's General Political Department, an institution

with long-standing and significant experience in intelligence work over Taiwan¹² dating back to the first half of the 20th century.

Overlapping personnel is another operating feature cutting across the three vertical policy systems of the party, the military and the governmental institutions. It was under the leadership of Jiang that this characteristic in policy making developed fullest. After Jiang became the head of the Leading Small Group for Foreign Affairs in 1998 he had combined four key top offices in himself. Even Mao and Deng never occupied all four top positions overseeing Taiwan policy at the same time – the other three being general secretary of the party, chairman of the CMC and head of the Leading Small Group for Taiwan Affairs (see Figure 2.1).¹³

As a result of these converging and overlapping operating mechanisms, the three vertical systems for the making of Taiwan policy – the party, government, and the military – have converged through ‘institutional convergence’ and personnel overlap at the national level.

Four functions

In the Taiwan policy arena at the national level, the first three policy clusters – paramount leader, CCP centralisation mechanism and the three major vertical systems – perform four major functions: policy formulation, policy co-ordination, policy administration and information processing. At the highest level, senior leaders and PBSC members determine the fundamental strategies regarding the Taiwan issue. Their decisions are processed and shaped by CCP’s General Office and/or the Secretariat before being channelled through the linkage mechanisms (Leading Small Groups) to the relevant policy bureaucracies. Policy bureaucracies performed a dual function: executing and implementing the final decision; and gathering and processing information for the top leadership for another policy cycle.

Five levels

The three major policy systems in China – party, government and military – operate at five levels (see Figure 2.2).

Implications

A glimpse of the current policy-making structure may suggest that these institutions do not seem radically different from those used during Mao and Deng’s times, with the exception of the period of the Cultural Revolution when China’s bureaucracies were in almost

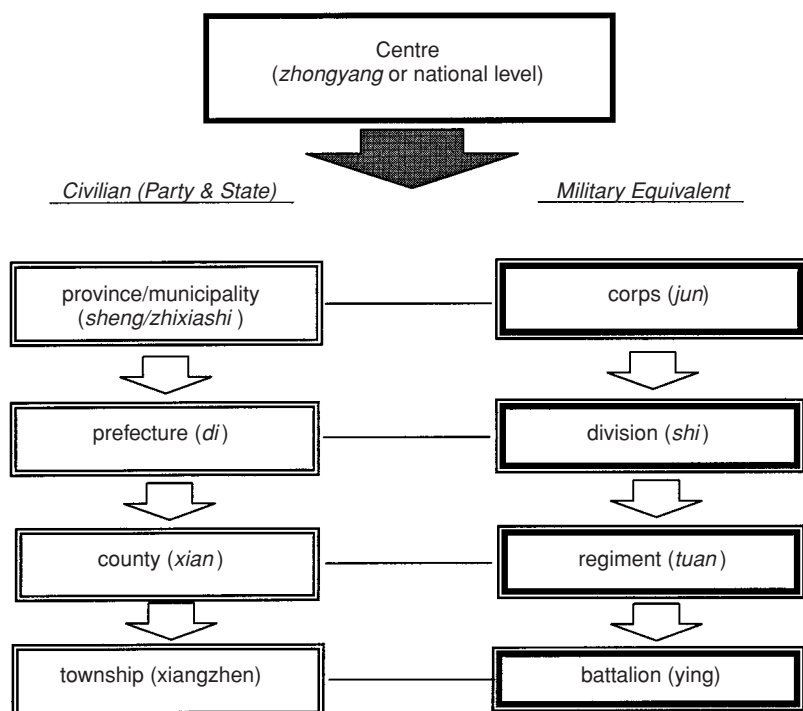


Figure 2.2 Five levels of the PRC policy-making structures

complete disarray. While the paramount leader comes and goes, the party still stays on the top, buttressed by the three vertical systems (party, state and military) at five levels. The way the system functions, however, has changed significantly over time in the following ways.

Weakening paramount individual leader(s)

Perhaps more than any of his predecessors, Jiang Zemin's tenure as China's paramount leader was embedded with policy institutions.

Before Jiang, China's leaders may not have had the top and nominal positions such as the chairmanship or the general secretaryship of the party. Deng was a typical case in point, as the former paramount leader wielded unquestionable influence on China's domestic and foreign affairs through most of his retirement years. This means that at this highest level of policy-making, formal institutional mechanisms such as the PBSC and the Secretariat may not

be as important as they appear to be. The paramount leader may choose to form a core group with certain top leaders while bypassing or downplaying others.

Compared with Mao and Deng, Jiang Zemin is certainly less of a paramount leader.¹⁴ His role as paramount leader has become more institutionalized in the policy-making bureaucracies, as he also until November 2002 held almost all the top offices (party general secretary, state president, CMC chairman, leader of the CCP-CFA-LSG and CCP-TALSG). The proliferation of top institutional titles for Jiang, however, may suggest his relative lack of commanding and persuading power over his peers. This also affects the speed with which major policies, including those for Taiwan affairs, can be made. At a minimum, more time is needed for policy deliberation and coordination.

In broader historical terms, Mao never trusted the bureaucracy and ended up destroying most of it. Deng rebuilt it but did not really need it to get things done. Jiang sought to dominate almost every policy-making area and, to a certain degree, had become constrained by the growing policy-making community. This might also explain why policies toward Taiwan have become more protracted, indecisive and even inflexible.

Broadening and defusing of policy deliberation and policy-making arena

The relatively indecisive role of current paramount leaders in China's foreign and Taiwan policy making is perhaps inevitable due to the increasingly complex nature of the Taiwan issue. No only does the Taiwan issue – essentially an unfinished civil war with international implications – cuts across domestic and foreign affairs but it also affects almost all foreign policy issues. They range from political, military, economic to social exchanges particularly with the US and Japan. In the age of globalization and interdependence, individual leaders, no matter how paramount, may have to seek technical inputs from experts in those highly specialized areas.

One of the biggest differences between Deng's second generation of Chinese leaders and Mao's first generation was that Deng allowed policy making personnel, including those for foreign affairs, to professionalize.¹⁵ It is Jiang, however, who actually benefited from the output of this more educated, more informed and more professionalized policy-making community.

While the paramount leader remains in charge, the actual foreign and Taiwan policy making process has become more defused. This

process has now expanded from the CCP coordinating offices and apparatus to involve government bureaucrats more substantially. It has gone beyond focusing on traditional diplomacy which is the preserve of the Ministry for Foreign Affairs to involve other government bureaucracies over foreign economic relations, a development that also allows for greater scope for inputs from the localities, particularly Shanghai and to a lesser extent Guangzhou.¹⁶ Furthermore, the policy making community has started to interact more with academia and the media accepting inputs from these institutions outside of the traditional party and governmental framework. Several trends can be observed for such a broadening and defusing policy arena:

Policy bureaucracy: smarter but slower

In terms of both quality and quantity, dealing with Taiwan has become a growing business with various institutions within and across all three major systems of the party, the government and the military. An outcome of these developments is that policy making for foreign and Taiwan affairs has become a lengthy and time-consuming process with growing need to co-ordinate policies between different individuals/institutions that frequently have competing, or even conflicting, interests. Bureaucracy by nature operates, or prefers to operate, in orderly, predictable and routine manners. Risk-aversion and avoidance are common to governments of all types.

In the actual making of policy toward Taiwan, the proliferation of policy deliberating and policy making institutions means a more reactive and less proactive mode in dealing with the ever changing cross-strait relations. During the 1990s, with a few exceptions such as Jiang's eight-point overture to Taiwan during the 1995 Chinese New Year,¹⁷ the mainland has basically responded to policy changes initiated by Taiwan. After the 1995–96 Taiwan Strait crisis and particularly since Chen Shui-bian became the president of Taiwan, the mainland has largely adopted a more reactive approach. There is no question that this rather passive mode reflects the mainland's dilemma between several competing policy goals:

- promoting cross-strait economic interdependence versus perceived political intransigence of the Taiwan ruling elite;
- the need to maintain a stable working relationship with the US as the world's most powerful nation versus the reality of tolerating an increasingly supportive role of the US for Taiwan's separatist movement; and

- the need to maintain a basic stability and status quo in cross-Strait and cross-Pacific relations versus a growing popular discomfort with Washington's unilateralism.

The sheer complexity of the Taiwan issue and the increasingly time-consuming process of producing a consensus-based policy has made its impact in the policy making process over the Taiwan issue. Since the 1995–96 Taiwan Strait Crisis, which started as a reaction to Lee Teng-hui's visit to the US, several reactive policy cycles have occurred. They include the 2000 White Paper, which was a reaction to Lee's 1999 'two states' statement regarding Mainland–Taiwan relations. The most recent cycle is the Mainland's reaction to Chen's 'one country on each side' statement on 3 August 2002 (see below).

Local inputs

Aside from the phenomenal growth of Taiwan-issue related policy institutions in the centre or at the national level in Beijing, inputs from provincial and municipal authorities and research institutes have also increased in the past decade, particularly since Jiang Zemin assumed the central leadership. As a newcomer in Beijing's power play, Jiang urged Shanghai to develop its own research and analysis of foreign/Taiwan affairs. The goal was to create research institutions relatively independent from the more established ones in Beijing so that Jiang would be able to have more diverse inputs on Taiwan affairs.

The choice of Wang Daohan for the first cross-Strait dialogue in 1993 in Singapore clearly reflects Jiang's effort to elevate Shanghai's role in making Taiwan policy. Although Wang's importance in influencing Jiang's mind regarding Taiwan seemed to have declined in the last few years due to the lack of progress in cross-Strait relations and to Wang's advanced age, the growing economic, social, and cultural contacts between Taiwan and China's largest city in the past ten years have more than made up for the declining personal factor of Wang. Meanwhile, the Shanghai network of Taiwan research institutions has become more influential and reputable. The rather swift rise of Zhou Mingwei from his Shanghai base to being a chief operative of the Mainland's Taiwan affairs as deputy director of SCTAO is a case in point.¹⁸ Although it is difficult to make the case that Shanghai based research institutions are less hawkish or more pragmatic than their Beijing counterparts, their input into the policy deliberation has clearly become a more respected voice and reflective of local interests.

Scholarly, media, and societal inputs

A less direct, but potentially more significant, expansion of the policy deliberation arena comes from peripheries of the formal policy-making community at both the central and local levels. Since the mid-1990s, Taiwan affairs have increasingly become an issue which attracts growing scholarly, journalistic and public attention around the country. The close connection between the Taiwan issue and the America factor further leads to the public obsession with the Taiwan issue.

In relative terms, scholarly inputs into the policy deliberation occurred early in the reform decades. Efforts to recover from the Cultural Revolution's legacies of intellectual poverty led to emphasis being put on education, respect for knowledge, and more rational and open deliberation for policy-making in general. In the early 1980s, reform leaders such as Zhao Ziyang and Hu Yaobang set up several think-tanks in both the State Council and the Secretariat to channel intellectual inputs into the formal policy-making deliberation. One of the major motivations at the time was to 'democratise' the policy making process before the eventual democratization of China's political arena. The goal was to avoid major policy blunders such as the Great Leap Forward and the Cultural Revolution.¹⁹ Despite the instability and uncertainty associated with Deng's final years (Tiananmen and succession), public and internal deliberations by scholars and policy analysts greatly expanded in the 1990s during the technocrats' tenure. At the beginning of the new century, privately funded policy research institutions, including those for foreign affairs, also started to emerge.²⁰

Parallel to this is the growing role of the media in the Taiwan affairs, leading to the creation of a *de facto* media-driven public forum for discussing the Taiwan issue. Several reasons are behind this growing phenomenon. To begin with, the sustained economic growth and market reform that provides the media with both incentives and financial ability to develop privately or semi-privately owned media outlets. Political stability in the 1990s, too, facilitated the gradual liberalization of the media. Meanwhile, the fast spread of IT technology and the affordability of computers among ordinary Chinese have pushed the Chinese consumer society quickly into the virtual world. It is very difficult, if not impossible, for the government to control and regulate the flow of information in the Internet era. Even official and more established media outlets find it necessary to compete with others in an ever expanding media community at every level and in every format: print journalism, Internet chat-room, TV and film industries. It

happened that the past decade was full of turbulent events in cross-Strait and cross-Pacific relations. They ranged from the 1999 embassy bombing in Belgrade, the Taiwan presidential election of 2000, the EP-3 incident of 2001, and most recently Chen's 'one country on each side' statement of August 2002.

As a result of the proliferation of scholarly and journalistic inputs, the monopoly of the policy debate in the hands of the official policy communities has come to be eroded. Although the government continues to set tones for the media activities,²¹ its regulatory ability has greatly declined. Since Hu assumes the CCP's General Secretariat in late 2002, top Chinese leaders have urged the media not only to reflect the Party's line, but also the opinion of ordinary people. The official *People's Daily* newspaper insisted in February 2003 that China's media should practice the 'three closeness': close to reality, close to the masses, and close to real life. Meanwhile, the government promises, in line with WTO requirements, to grant foreign media more access to China's market.²² The recent proliferation of opinions and public forum over foreign and Taiwan affairs has reached such a point that many veteran foreign observers of Chinese foreign and Taiwan policies have become confused by the multiple sources of policy deliberation and forum. Distilling opinions with real policy implications from the sea of public discussion has become an ever-trickier affair.²³

To what extent this growing unofficial discussion of the Taiwan issue affects the actual policy deliberation remains debatable. One thing is certain, however. Public opinion – be they scholarly, journalistic or the general public's view – can no longer be either easily dismissed or controlled. On several occasions in the past few years when the PRC officials interacted with their American counterparts over some sensitive or crisis issues (be they the embassy bombing, Olympic bidding or the EP-3 incident), the Chinese side made it clear that their ability to make concessions to Washington was limited by Chinese public opinion.

The PLA and the CCP's 'Gun-Control'

Mao's once ubiquitous saying that 'political power comes out of the barrel of the gun' has become a cliché. Nothing perhaps is more misleading than equating this to a situation in which the Chinese military dominates civilian affairs. The reality is that the civilian side of the political system, including the Communist Party – with a few exceptions in the CCP's history – tends to dominate the military and the deliberation of national security issues, particularly during the reform decades.

If anything, it was during the Cultural Revolution (1966–1976), the most politicised period in the PRC's history, that the PLA achieved the broadest and deepest intervention in civilian affairs. Mao's 'politics in command', therefore, led ironically to 'military in command'.

After Mao's death, Deng chose to disengage the military from politics.²⁴ As a result, the PLA has engaged in the longest professionalization in its history.²⁵ Not only did the PLA pull itself out of the ubiquitous involvement in civilian affairs, it also embarked on the road to modernization, professionalization, and revolutionalization (meaning following Deng's line). With the huge PLA forces being cut by more than half (from its peak of almost 6 million at the end of the Cultural Revolution to 2.8 million by March 2003) in the past twenty years, more funding is available for technology oriented services like the air force and the navy. 'Smaller, stronger and more flexible' has been the motto of post-Mao military reforms in China.

The rise of the third generation of leaders (Jiang Zemin, Li Peng, Zhu Rongji and others) represented a real departure from the Long March generation (Mao and Deng) with both civilian and military experience. Despite the widespread doubt of the third generation of leaders' ability to handle civil-military relations, Jiang and his colleagues were able to co-opt and command an increasingly technology-oriented military through promoting younger and better educated officers, procuring advanced weaponry and paying higher salaries. At the end of the 1990s, Jiang and Zhu felt so confident of their ability to command and control the PLA that they decided in 1998 to sever the military completely from any commercial activities, something that Deng was either unwilling or unable to do.

According to conventional wisdom in the West, the PLA always assumes a more hawkish stance in the Taiwan issue, hence the 1995–96 Taiwan Strait crisis. The reality is that the PLA remains by and large a dutiful instrument of the civilian leaders. And it was the change of the civilian leaders' consensus from pursuing a 'peaceful offensive' toward Taiwan to 'coercive strategy' that led to the escalation of military exercises in 1995–96 across the Strait.²⁶ This political use of the military,²⁷ therefore, was a civilian enterprise. The role of the PLA remained supportive. In retrospect, the PRC's coercive strategy in the mid-1990s did not mean the exclusive pursuit of the use of force, as a 'military-in-command' model would suggest. Nor has Beijing given up its peaceful offensive. In the final analysis, Beijing will never give up the military option, which remains a key instrument for the political leadership

to secure a peaceful unification at best and to keep the status quo at worst.²⁸

While the changes highlighted above do not represent all the changes in the PRC's Taiwan policy making, they do show the rising and waning of influence or significance among various actors and players. Among those whose importance has waned are the paramount leader and the military, while those on the rise include the bureaucracies and unofficial parts of policy deliberation and debate. The new equilibrium, however, does not necessarily mean that individual leaders and the PLA are unimportant to the policy process. Rather, the point here is that their traditionally dominating role in this area has been considerably moderated by the emergence of other players. Policy making for foreign and Taiwan affairs in the PRC has become more pluralistic and complicated.

How does this trend affect policy making in practice? What are its implications for cross-strait relations? Why has Beijing adopted a policy of prolonged 'inaction' and 'inflexibility' towards Chen Shui-bian of the pro-independence DPP since he won the March 2000 presidential election in Taiwan?

Case study: living with Chen Shui-bian

At the end of August 2002, Chen Shui-bian publicly articulated his 'one country on each side' theory.²⁹ For many Mainland analysts, this was the high point in Chen's moves toward independence, and they had gone beyond those taken by former president Lee Teng-hui in both qualitative³⁰ and quantitative terms.³¹ Meanwhile, these Chinese analysts also believe US-Taiwan relations under the Bush administration had 'come out of the closet' when the long-held 'strategic ambiguity' policy over Taiwan was replaced by one of 'strategic clarity'. Evidence of such a change include the unprecedented \$5 billion sale of arms to Taiwan in 2001; President Bush's statement that the US would do 'whatever it took' to help Taiwan defend itself; the significant upgrading of political and military relationship with Taiwan;³² and the release of the *Quadrennial Defense Review*, which focuses on China as the main potential adversary.³³ On 8 January 2002, the Pentagon submitted to the US Congress its 'Nuclear Posture Review' that includes 'contingency plans' to use nuclear weapons against at least seven countries, including China particularly in a Taiwan Strait crisis scenario.³⁴ In July 2002, the publication of the Pentagon's annual report on the PLA and the Congressional report on US-China security issues further cast a dark shadow over the Taiwan

issue. As a result of these policy trends in Taiwan and the US, the Mainland sees a general deterioration of its security environment in general and over the Taiwan issue in particular.

Instead of switching to a more confrontational approach towards Chen and his pro-independence moves, as it did when dealing with Lee Teng-hui in the 1990s, the Mainland embarked upon a more conciliatory path toward both the island and the US. In January 2001, China acquiesced in the three 'mini-links' initiated by Taiwan, even though it was seen as a delaying tactic by Taiwan to a full-scale direct communication and transportation or the full three links between the two sides.³⁵ In the following May, China made a low-key response to Chen's historic high-profile transit visit through the US. In March 2002, the Mainland held back its anger to the feting of Taiwan's defence minister by US officials in Florida. Notwithstanding the above, China's Vice Premier Qian Qichen articulated the 'new three sentences (*xin san ju*)' by which Qian implied that the 'one China' insisted upon by his government could be something different from the PRC.³⁶ In his report to the 16th Party Congress in November 2002, Jiang Zemin appealed to the Taiwan authorities to shelve 'certain political disputes', which differs significantly from the long-held position that major political issues had to be resolved before non-political issues can be discussed. Jiang went as far as to say that on the basis of one-China, the Mainland would discuss with Taiwan any issue including ending hostility, Taiwan's 'space in the international community', and Taiwan's political status.³⁷ In January 2003, the Mainland even allowed charter flights to and from the mainland airports run by the Taiwanese airlines during the Chinese New Year break, without its long-time principle of reciprocity. During the US war against Iraq in March–April 2003, the Mainland also allowed Taiwan airlines to fly over its territories to and from Europe in order to avoid danger and complications. Chen Yunlin, Director of the State Council Taiwan Affairs Office went as far as to say 'Let bygones be bygones', implying the Mainland would adopt a forward-looking policy toward Taiwan.³⁸ In his carefully worded speech to the Taiwan group of the 10th NPC on 19 March 2003, Hu Jintao, the newly elected President of the Chinese state, unveiled his 'four points' Taiwan policy,³⁹ which is in many ways even more conciliatory than Jiang Zemin's 'Eight Point' speech in 1995.

There are two competing interpretations for the Mainland's restraint. One focuses on the impact of domestic politics during the period of power transition from the so-called third generation of leaders to the next generation headed by Hu Jintao. The Chinese political elite had

devoted so much of their attention to internal power reallocation that scarce attention could be paid to anything else, including Taiwan affairs.⁴⁰ The other interpretation attributes the apparent lack of beligerent reactions from Beijing to a more hardline US policy under George W. Bush. In this view a strong and more confident US position in both domestic and international affairs has reduced the bargaining leverage of China regarding Taiwan. Indeed, the Bush administration is said to feel so powerful and so influential in world affairs that it was not concerned with whether it enjoyed Chinese government support.⁴¹

Both interpretations are based on short-term, if not one-sided, observations. Neither takes into consideration the dynamics of the triangular relationship between Washington, Beijing and Taipei over an extended period of time since the mid-1990s, during which major incidents (such as the EP-3 or 9-11 terrorist attacks) did occur and Beijing tried to adapt to the ever-changing environment.

China's soft-peddling of the Taiwan issue, however, does not mean it has given up on Chen's Taiwan completely. What it really means is that the Mainland will not engage Chen and his government in any formal dialogue as long as Chen stays away from the 1992 'one-China' consensus.⁴²

The Mainland's approach towards Taiwan under Chen is based on the united front policy. It seeks to entice anti-independence politicians to visit the mainland and to woo Taiwan businessmen to increase investment in China while it tries to isolate pro-independence forces in Taiwan.⁴³ The mainland has in particular targeted opposition party members, businessmen,⁴⁴ former Taiwan officials and military officers, with a view to build a united front against the pro-independence forces on the island. Such tactics seemed to work toward the end of 2000 when three opposition parties – the Kuomintang, the New Party, and the People First Party – urged Chen's administration to return to the 'one-China, respective interpretations' formula.⁴⁵

By early 2003, the Mainland's patience and tactics seemed to have generated a growing sense of crisis for the ruling DDP in Taiwan.⁴⁶ Aside from the US desire to have a stable relations with the mainland in its global anti-terrorist campaign, the formation of the coalition between the KMT and the People First Party for the 2004 presidential election also threatened the DPP's prospect for a second term. Meanwhile, the gloomy economy and stagnation in cross-Strait relations did not help the ruling party. This sense of crisis for the DPP – which may have accounted for the steady and even accelerated institutionalization of military-military relations between the US and

Taiwan in recent years⁴⁷ – also led to a rather unusual reiteration of the so-called ‘five no’ by Chen Shui-bian⁴⁸ on 1 January 2003, as an effort to seek some progress in cross-Straits relations.⁴⁹

The Mainland’s decision not to overreact was based on at least two considerations. The first was the lessons learnt from the outcome and impact of the 1995–96 show of force following Lee Teng-hui’s visit to the United States. Beijing can see that a different tactic is needed in order to avoid a direct conflict with the US over Taiwan. Beijing can also see that a show of force may backfire in Taiwan as it may give the pro-independence forces another excuse to play up the China threat. As a result it reached a broad consensus that continuing military preparation without excessive publicity would provide a better deterrence as well as reserve for itself greater manoeuvring space.

The other factor which influences the Mainland’s Taiwan policy is a continuous debate within the PRC’s Taiwan affairs community over the intentions, goals, pace, style, and actual policies of Chen Shui-bian’s Taiwan. To what extent is Chen willing and able to separate Taiwan from the mainland? What are the benefits and costs for various policy options for Chen – between gliding toward independence or staying in the middle between independence and the status quo? How should the Mainland best balance its Taiwan policy with its relations with the United States?

Most Mainland analysts do not trust Chen because of his DPP background. They nonetheless see Chen as different from his predecessor – covert and incremental steps toward independence now replace Lee’s open pursuit of that goal. More time is needed, therefore, to observe Chen’s behaviour in order to avoid provoking a crisis unnecessarily in cross-Straits relations.

While distrusting Chen will continue among most Mainland analysts, more attention has been given to assessing the societal and political environment in Taiwan in which the DPP operates as the ruling party. On the one hand, many in the PRC came to the conclusion, though slowly and painfully, that the reality of Taiwan politics is that a vast majority of the people in Taiwan would favour independence if China drops its military threat. This is the case despite the fact that these Taiwanese like to trade, invest and tour the mainland. On the other hand, many analysts would point out the vulnerability of the DPP in a newly democratized polity like Taiwan. One of the weaknesses of the DPP is the lack of governing experience, as most DPP politicians have yet to get used to exercising their new found power. The DPP therefore has to learn to live with other political forces and

parties, which may not share its political dream. There is an inherent difficulty in balancing between what is desirable (political separation from the Mainland) and what is feasible (economic interaction with the Mainland). Indeed, Mainland analysts realize that the same group of Taiwanese, who would prefer independence if the Mainland drops its use of force option, would prefer certain format of reunification with the Mainland if the latter would continue to make great progress in political liberalization and economic growth.⁵⁰ The implication is that Chen's government or, any government for that matter, cannot ignore this significant sector in Taiwan society. The effect of this restraint was reinforced by the fact that Chen's presidency has been continuously plagued by poor economic performance while the Mainland continues to attract the island's business and professional communities even without the 'three links'.

As a result of this more nuanced perception of Taiwan's socio-political sentiment regarding relations with the Mainland, most Mainland analysts now believe that time is on their side,⁵¹ as the two economies and societies have increasingly broadening and deepening their interactions. In 2002, the Mainland surpassed the United States to become Taiwan's largest trading partner (\$50 billion);⁵² 55,000 Taiwan enterprises had a cumulated investment of \$100 billion on the Mainland; 3 million Taiwanese visited the Mainland; and another million worked on the Mainland. The greater Shanghai area alone attracted half a million Taiwanese and 80,000 had purchased properties there. A recent Taiwan poll indicated that 70 per cent of students in Taiwan would like to study on the Mainland, and many intended to work there after graduation.⁵³ This trend of socio-economic integration in turn reinforces the moderation of the Mainland's rhetoric and policies towards Taiwan. Even before Chen's August 2002 statement, an increasing number of Mainland policy analysts had tilted to the view that an appropriately flexible policy toward Taiwan was needed in order to provide more incentives to persuade Taiwan's elite and society to accept a long-term and peaceful resolution of the Taiwan issue.⁵⁴

These assessments of Taiwan and strategic considerations also led to a consensus among the top elite that peaceful reunification is not only possible in the long-run, but also desirable in order to assist the historic rise of China in a world in which the United States asserts itself as the sole superpower. To the Chinese elite, unification with Taiwan should be an instrument to facilitate China's modernization rather than a burden or even a destructive factor in China's historic rise. In this sense, they believe both danger and opportunity are inherent in

the Taiwan issue, and a 'win-win' outcome can be finessed in both the cross-Straits and cross-Pacific relations.⁵⁵ Following from these assessments, there are several broad policy implications:

- First, Beijing continues to work for the best and prepare for the worst. Although the military option was not dropped in Jiang's report to the 16th Party Congress in late 2002, the danger that the PRC would jump to a similar show of force of the 1995–96 kind has been significantly reduced. Many on the Mainland now recognize that too overt a show of force is perhaps counterproductive to the longer-term goal of winning over the hearts and minds of the people on Taiwan. A strong response from the mainland may also play into Chen Shui-bian's hands, enabling him to 'play up the China threat and unite the Taiwan people to resist the mainland'. Moreover, any use of military pressure against Taiwan inevitably invites strong counteractions from the United States.⁵⁶ As a result, quiet but serious preparation for an eventual non-peaceful option is preferred.
- Second, Beijing has kept the door open despite intense media barrage against Chen's August 2002 remarks. Chinese analysts and officials used the phrase 'reining in the horse to avert falling off the cliff (*xuanyan lema*)' to warn Chen's government. Meanwhile, many of the existing united front policies have remained in place. Beijing will continue to issue visas to DPP members so long as they will visit in a capacity other than their official Party position and will not advocate independence. Beijing hopes to win over as many people as possible. It will even accelerate and expand its efforts to promote the establishment of direct cross-Straits postal, trade, and transport ties, known as the three links by offering more incentives and preferential treatment for Taiwan investors.⁵⁷
- Finally, China believes maintaining an adequate working relationship with Washington is paramount. The US's prompt reiteration of its 'one-China' policy in the wake of Chen's August 2002 statement was well received in Beijing, though it was not as strong and therefore as desirable as Clinton's statement of 1999. As a reflection of Beijing's attitude it formally introduced restrictions on the export of missile technology and goods that could be used to produce chemical or biological weapons in the following October. Likewise, Jiang's visit to Bush's Texas ranch later that month was turned into a kind of strategic dialogue as leaders of the two countries relaxed and barbecued while exchanging views on a range of serious issues in the

era of global terrorism. This improvement in Sino-American relations could not have been caused only by the leadership transition in China and Bush's newfound confidence.

The policy implications above should not be seen as exhaustive. Nor should they be judged by whether they would deter the DPP independent fundamentalists inside and outside Chen's government who are determined to avoid, hold back and sabotage normal cross-Strait relations.⁵⁸ What they have demonstrated is the preparedness of Beijing to find a compromise in light of the changed international environment in the era of global terrorism where the world's sole superpower remains determined to leave its marks on a solution over Taiwan.

Notes

1. Recent scholarly works include Michael D. Swaine, 'Chinese Decision-Making Regarding Taiwan, 1979–2000', in David M. Lampton (ed.), *The Making of Chinese Foreign and Security Policy in the Era of Reform, 1978–2000* (Stanford, CA: Stanford University Press, 2001); Allen S. Whitting, 'China's Use of Force, 1950–96, and Taiwan,' *International Security*, Vol. 26, No. 2 (Fall 2001), 103–31; Suisheng Zhao, (ed.), *Across the Taiwan Strait: Mainland China, Taiwan, and the 1995–1996 Crisis* (New York: Routledge 1999); James R. Lilley and Chuck Downs (eds), *Crisis in the Taiwan Strait* (Ft. McNair, Washington, DC: National Defense University Press, 1997); Kurt M. Campbell and Derek J. Mitchell, 'Crisis in the Taiwan Strait,' *Foreign Affairs* (July/August 2001), 14–25.
2. In a matter of thirteen days between 21 July 2002 when he assumed the chairmanship of the Democratic Progressive Party and 3 August when he spoke in a video teleconference with a Taiwanese independence activist group in Tokyo, Chen made four speeches to assert Taiwan's independent status. It was in the last that he made the statement 'Taiwan and China on opposite sides of the Taiwan Strait is one country on each side,' and said he supports the idea of a referendum to decide Taiwan's future. See John Pomfret, 'China says Chen is leading Taiwan toward "disaster"', *Washington Post*, 6 Aug. 2002.
3. For the foreign/defence policy making, see Lu Ning, 'The Central Leadership, Supraministry Coordinating Bodies, State Council Ministries and Party Departments,' in David M. Lampton, (ed.), *The Making of Chinese Foreign and Security Policy*, 39–60; *The Dynamics of Foreign-Policy Decisionmaking in China* (Boulder, CO: Westview Press, 1997); Bin Yu, 'The Study of Chinese Foreign Policy: Problems and Prospect,' *World Politics*, Vol. 46, No. 2 (Jan. 1994), 235–61; David L. Shambaugh, *Beautiful Imperialist: China Perceives America, 1972–1990* (Princeton: Princeton University Press, 1991); David L. Shambaugh, 'China's National Security Research Bureaucracy,' *China Quarterly*, No. 110 (June 1987), 276–304; Li Fan, 'The Question of Interests in the Chinese Policy Making Process',

China Quarterly, No. 109 (Mar. 1987), 64–71; Doak Barnett, *The Making of Foreign Policy in China* (Boulder, Colo.: Westview Press, 1985); David L. Shambaugh and Wang Jisi, 'Research on International Studies in the People's Republic of China', *PS*, 17, No. 4 (Fall 1984), 758–64; Douglas Murray, *International Relations Research and Training in the People's Republic of China* (Stanford: Northeast Asia–United States Forum on International Policy, 1982). For the Taiwan policy making, see Michael D. Swaine, 'Chinese Decision-Making Regarding Taiwan, 1979–2000'.

4. With the policy hierarchies of the CCP are several Leading Small Groups in the areas of foreign affairs, economic affairs, external propaganda, military sales abroad, Taiwan affairs, and so on.
5. It was first created in 1958 but ceased to function during the Cultural Revolution (1966–76). It enjoys a revival during the reform decades.
6. This includes Hu's hosting of President Bush at the Qinghua University in Beijing in February 2002; Hu's official visit to the US in April and May 2002; and his meeting with Deputy Secretary of State Armitage in Beijing in August 2002.
7. CPPCC stands for the Chinese People's Political Consultative Conference, which is a 'united front' institution without real policy-making power.
8. The CCP's Secretariat is usually a supporting institution to the Politburo. With the exception of the Hu Yaobang's tenure as the CCP's general secretary during the 1980s, the Secretariat does not assume important decision-making power but is limited to handling party affairs.
9. The National People's Congress (NPC), an equivalent to parliament, is more for policy deliberation than policy making, though it gradually develops some 'real teeth'.
10. This part of the discussion is somewhat based on Lu Ning, 'The Central Leadership'.
11. Tai Ming Cheung, 'The Influence of the Gun: China's Central Military Commission and Its Relationship with the Military, Party, and State Decision-Making Systems', in David Lampton, (ed.), *The Making of Chinese Foreign and Security Policy in the Era of Reform*, 61–90.
12. Michael D. Swaine, 'Chinese Decision-Making Regarding Taiwan, 1979–2000', 300.
13. Ibid. Hu Jintao replaced Jiang as the head of the Leading Small Group for Foreign Affairs after the NPC meeting in March 2003. Hu also formally succeeded Jiang as the president of the Chinese state.
14. Lampton, *The Making of Chinese Foreign and Security Policy*, 27.
15. Mao put politics, or 'political correctness' meaning loyalty to his thinking, ahead of professional competence. In the 1980s, serious efforts were made to professionalize, 'democratize' and rationalize the foreign policy-making community. The proliferation of policy 'think tanks' from the early 1980s was a case in point.
16. Jiang's tenure as China's paramount leader led to a much bigger Shanghai input in foreign and Taiwan affairs. Wang Daohan, Shanghai's former mayor and Jiang's 'mentor', is well respected and utilized in Jiang's dealing with Taiwan. Shanghai based research institutions and scholars, too, have become more active in overall foreign and Taiwan policy making for at least two reasons: both Jiang Zemin and Premier Zhu Rongji served in Shanghai

before taking over the national leadership in Beijing; and Shanghai's unprecedented economic growth in the past ten years, which had by 2002 drawn more than 300,000 Taiwanese to live and work in the Shanghai area, has greatly elevated its political weight and influence in making policies toward Taiwan.

17. For the full text of the Jiang Zemin's Eight Points regarding Taiwan, see the MFA's Website: www.fmprc.gov.cn/english/dhtml/readsubject.asp?pkey=20000121101900
18. Zhou Mingwei earned his BA from Fudan University in Shanghai in 1984 and studied at Harvard for a Ph.D degree. Upon receiving his Ph.D in 1992, Zhou returned to Shanghai. Between 1997 and 2000, Zhou served as deputy director and then director of Shanghai's Foreign Affairs Office. He was appointed deputy director of SC-TAO in 2000. In November 2002, Zhou was one of the two deputies from the Mainland Taiwan affairs community to participate the 16th Party Congress.
19. One of the main supporters of 'democratizing' policy making was Vice Premier Wan Li who made frequent remarks on the need to engage in more open and scientific policy deliberations.
20. One case was the debut of the Shanghai American Studies Center in April 2002. The center is one of several privately funded institutions around the country.
21. For example, in early 2001, the government tried to impose certain restrictions in the media's report of foreign and military affairs. The impact was rather temporary and limited.
22. See Bin Yu, 'Hu's Mini "New Deal",' PacNet Newsletter, No. 11, Pacific Forum CSIS, 6 Mar. 2003, www.csis.org/pacfor/pac0311.htm
23. See David Finkelstein, 'Managing Domestic Politics', paper presented at the Fudan University-CSIS Pacific Forum Conference, 'China-US Relations and Regional Security', Fudan University, Shanghai, 8-9 Jan. 2002, 5-6.
24. Ellis Joffe, *Chinese Army after Mao* (Cambridge, Mass.: Harvard University Press, 1987).
25. The only known real peacetime professionalization of the PLA was between 1953 and 1959. This was largely the result of the Korean War (1950-53) and fairly good relations with the Soviet Union, which equipped the PLA with both modern hardware and tactical doctrines. With the removal of Defence Minister Peng Dehuai, who was later accused of being pro-Soviet in a 1959 inner party struggle, the PLA became extremely politicized under Lin Biao, the new Defence Minister, in the early 1960s.
26. See Suisheng Zhao, 'Changing Leadership Perceptions: The Adoption of a Coercive Strategy,' in Suisheng Zhao (ed.), *Across the Taiwan Strait: Mainland China, Taiwan, and the 1995-1996 Crisis* (New York: Routledge, 1999), 99-126.
27. For a more historical perspective of the PRC's political use of force including the 1995-96 case, see Allen S. Whitting, 'China's Use of Force, 1950-96, and Taiwan.'
28. See Chapter 7 for a detailed analysis of China's policy to use force over Taiwan.
29. Bonnie S. Glaser, 'Harbor "No Illusions," Pressure the US, and Accelerate Military Modernization: Beijing's New Taiwan Policy,' PacNet 35, Aug. 29, 2002, www.csis.org/pacfor/pacnet.htm

30. Chen's statement was seen as very similar to Lee Teng-hui's 'special state to state relationship' argument July 1999, which shocked both Beijing and Washington.
31. With the DPP victory in the December 2001 Legislative Yuan elections, Chen quickened steps of what Beijing saw as so-called 'creeping' or 'small-step' moves toward independence. This included dropping all slogans for 'recovering' the mainland in the military units (June 2001); removing the map of China from a government department's logo (31 Dec. 2001); releasing a new music video of the ROC's national anthem that dwells on the lives of people and history of Taiwan, rather than Chinese themes (31 Dec. 2001); adding non-Chinese artefacts to the National Palace Museum collection; putting 'Issued in Taiwan' on the cover of the ROC passport (13 Jan. 2002); 'Taiwanizing' defence/intelligence community (Feb. 2002); considering using the word 'Taiwan' for offices abroad (Feb. 2002). Already, the Taiwanese dialect has received quasi-official status and the teaching of Taiwanese history in schools has increased. Encouraged by Chen's government, a growing number of colleges in Taiwan are treating Chinese literature as foreign literature. In the pro-DPP press, mainlanders and their descendants are often described as 'aliens'. All this is to build up a Taiwanese identity. David Lague, 'Goodbye to the Mainland,' *Far Eastern Economic Review*, 7 Feb. 2002.
32. In May 2001, the US issued a visa to Taiwan President Chen Shui-bian and permitted him to transit the US twice before and after his official visit to Central America. Chen was allowed to meet US officials and to conduct high-profile activities in New York. In contrast, the Clinton administration had actively discouraged lawmakers from meeting with Chen a year before. In March 2002, Taiwan's defence minister Tang Yiau-min was invited to attend a high profile public conference in Florida hosted by US defense contractors. In the meeting, Tang met with senior US officials (Paul Wolfowitz and James Kelly).
33. Although the QDR does not refer to China by name, it holds that Asia is 'gradually emerging as a region susceptible to large-scale military competition', and that 'a military competitor with a formidable resource base will emerge'. Only China fits this profile. Without discounting the threat from 'rogue states' such as Korea and Iraq, the review also suggests that more attention be paid to potential future adversaries and how those adversaries might fight, particularly those tactics of 'surprise, deception and asymmetric warfare,' a clear reference to China. The tragic 9-11 attacks on the US, therefore, did not have any significant impact in the strategic thinking of Bush's foreign/defence team.
34. Paul Richter, 'US Works Up Plan for Using Nuclear Arms,' *Los Angeles Times*, 9 Mar. 2002.
35. The so-called 'Three Links' (san tong) refers to direct commercial, postal, and travel linkages between the Mainland and Taiwan, which was first proposed by Chinese leader Ye Jianying, vice chairman of the NPC Standing Committee, in his nine-point proposal for peaceful reunification on 30 Sep. 1981. Taiwan authorities tend to see the 'Three Links' as a threat to both its security and commercial interests. As a result, commercial transactions and traveling between the two sides of

- the Taiwan Strait will have to go through the third place such as Hong Kong. Because of the rising pressure from both the Taiwan business community and the Mainland, the Chen Shui-bian administration ended a five-decade ban on direct shipping between the Mainland and the Taiwanese-controlled islands of Kinmen and Matsu on 1 Jan. 2001. This was done without negotiating with the Mainland and is commonly described as 'Three Mini Links' (xiao san tong).
36. Qian stated that 'In the world there is one China, the mainland and Taiwan are both part of China, the sovereignty and territorial integrity of China cannot in any circumstances be divided'. This became part of Jiang Zemin's report to the 16th Party Congress in November 2002. *People's Daily*, 9 Nov. 2002, <http://www.people.com.cn/GB/shizheng/16/20021108/862199.html>
 37. For the Taiwan part in Jiang's speech to the 16th Party Congress, see *People's Daily*, 9 Nov. 2002, www.people.com.cn/GB/shizheng/16/20021108/862199.html
 38. Chen's talk with a group of Taiwan media CEOs, 7 Jan. 2003, quoted from www.chinesenewsnet.com, 8 Jan. 2003.
 39. www.people.com.cn/GB/shizheng/252/10307/10314/20030311/941561.html, 20 March 2003.
 40. Central News Agency (Taipei) 'Zhonggong dui tai wengong huo wuxia buzhi yuoyu jilie (Chinese communists' rhetorical criticism and rattle sabring won't be too serious)', cited from www.chinesenewsnet.com, 6 August 2002; Ding Songquan, "taihai liangan ying wei Hu-Chen wuoshou chuangzao qifeng (The two-sides of the Taiwan Strait should create a friendly atmosphere for a hand shake between Hu and Chen)", www.chinesenewsnet.com, 25 Jan. 2002.
 41. See Robert Sutter, 'Grading Bush's China Policy', PACNET 10, CSIS Pacific Forum, Honolulu, 8 Mar. 2002. Also see Sutter, 'US Policy Toward Taiwan: Changes During the George W. Bush Administration—Lessons and Implications', paper presented at the Conference on Taiwan, Hong Kong University, June 2002; and Joseph Kahn, 'Hands Across Pacific: U.S.–China Ties Grow', *New York Times*, 15 Nov. 2002.
 42. Two semi-official institutions, the Strait Exchange Foundation (SEF) in Taiwan and the mainland's Association for Relations Across the Taiwan Strait (ARATS) began consultations in 1992. Koo Chen-Fu and Wang Daohan chair these two institutions respectively. They met in Singapore in 1993 and produced a verbal agreement of 'one China, two interpretations'. See Chapter 3 for an insider's account of the 1992 consensus from the Taiwanese side.
 43. The cross-Strait political impasse did not hold back economic interactions. In early 2001, the first Kinmen ferry travelled to Xiamen under the 'three mini-links'. A month later, a Xiamen ship reciprocated. According to Taiwan's data, Taiwan's authorized investments in the PRC in 2000 grew 108 per cent to a total of \$2.7 billion, amounting to a third of Taiwan's outward foreign direct investments. Meanwhile, cross-Strait trade expanded about 25 per cent and reached \$32 billion. Taiwan's \$26.16 billion exports to China accounted for 17.6 per cent of Taiwan's worldwide exports. This trend of economic interactions continued in the

first half of 2001 when Taiwan's investments on the mainland increased by one-third to reach just over \$1 billion in the first five months of 2001 and that 45 per cent of them were in the IT sector. In April 2001, PRC trade officials said that 70 per cent of PRC computer products were manufactured by Taiwan invested enterprises. In May, a high-level mainland IT delegation, with both official and private representatives, visited Taiwan. By August, China became Taiwan's largest export market (21.5 per cent). In November, a top-level Chinese civil aviation official visited Taiwan.

44. There was a brief period of time after the March 2000 election when Beijing warned Taiwan investors in China not to endorse the DPP. The warning began to subside on 27 June 2000 when Jiang Zemin talked to a large trade delegation from Taiwan about 'joining hands for prosperity'.
45. Unless specified otherwise this part of the study uses the chronology in *Comparative Connections* of the Pacific Forum, Honolulu, Hawaii. See www.csis.org/pacfor/cc
46. Interview with Taiwan scholars, 26 Apr. 2003.
47. See Peng Weixue, 'Taihai Guancha: Baohu Taidu, Mei-Tai Jiajin Junshi Goujie [Taiwan Strait observation: Protecting Taiwan's pro-independence forces and accelerated military-military integration between US and Taiwan],' www.people.com.cn, 23 Apr. 2003.
48. Chen made 'five no' in his inauguration speech on 20 May 2000, including: no declaration of independence if Mainland does not intend to use force against Taiwan; no change of the state name (Republic of China); no effort to revise the constitution for 'two China'; no referendum for independence; and no effort to end the Guidelines for National Reunification.
49. See www.zaobao.com/special/china/taiwan/pages4/taiwan020103.html, 2 Jan. 2003.
50. Discussions with Mainland scholars during the conference of China-US Relations and Regional Security, Fudan University, Shanghai, 7-9 Jan. 2002. For the split character of the middle part of the Taiwanese, see presentation by Szu-chien Hsu, Assistant Research Fellow at the Institute of International Relations, National Chengchi University, Taiwan, at the conference 'China's Situation and Choices,' Columbia University, 15 Oct. 2002, www.chinesenewsnet.com, 11 Nov. 2002. Also the author's discussion with Dr. Hsu at the conference 'Peace Across the Taiwan Strait', St. Antony's College, Oxford University, UK, 23-25 May 2002.
51. Remarks by Chen Qimao, director of Shanghai Centre for RimPac Studies, the conference of China-US Relations and Regional Security, Fudan University, Shanghai, 7-9 January 2002.
52. *Zhongxinshe* (China News Agency), 9 Jan. 2003.
53. Ni Shixiong, 'My Reflections on Cross-Strait Relations', paper presented at the conference 'US-China Relations and Regional Security', 27-29 Apr. 2003, Honolulu, Hawaii.
54. Bonnie S. Glaser, 'Harbor No Illusions', *PacNet* 35, 29 Aug. 2002.
55. Author's discussion and interviews with many Mainland analysts and scholars, 2002.
56. Bonnie S. Glaser, 'Harbor No Illusions', *PacNet* 35, 29 Aug. 2002.

57. Qian Qichen, cited by *Zhongguo Shibao* (*China Times*), (Taipei), 22 Aug. 2002; *Zhongguo Shibao*, 31 August 2002; Bonnie S. Glaser, 'Harbor No Illusions,' *PacNet* 35, 29 August 2002.
58. Bi Feng, 'Fan santong zhanshu tuo yitian cuo yitian (Taiwan's anti-"three links" tactics: delay means mistakes)', *Yazhou Zhoukan* (*Asia Weekly*) (Hong Kong), No. 45, 10 Nov. 2002.

3

Driving Forces Behind Taiwan's Mainland Policy

Chi Su

The policy

Taiwan's Mainland policy has gone through several stages since 2 November 1987 when some Taiwan residents (mostly veterans of the Chinese Civil War) were allowed to visit their relatives on the Mainland. Confusion, experimentation, and improvisation characterized this initial stage of Taipei's policy. After nearly forty years of separation and confrontation, only a small number of people in Taiwan had any experience in dealing with the Mainland. Fewer knew how to interact peacefully. A ministry responsible for coordinating and making policy for this matter, the Mainland Affairs Council, was not established for another three years, until January 1991. And its precursor, the Working Group on Mainland Affairs (August 1988–January 1991), was only beginning to draft regulations with the hope of injecting some order into the chaos. However, the direction of the policy was unmistakably toward more opening and more contact with the Mainland. Recent disclosures pointed to the onset of a direct, secret channel between then President Lee Teng-hui of the Republic of China and the Beijing leadership in 1990 – a channel that preceded and later co-existed with the 'officially unofficial, and unofficially official' channel between Taiwan's Strait Exchange Foundation (SEF) and the Mainland's Association of Relations across the Taiwan Strait (ARATS).¹

The pronouncement of the end of martial law on 30 April 1991 by President Lee Teng-hui marked the beginning of the second stage. The declaration marked two breakthroughs. One, Taiwan's democratization was to begin in earnest as the martial law period ended. Two, the Mainland would no longer be treated as a 'rebel group', but as a 'political entity' more or less on an equal footing with the Republic of China

on Taiwan. In both senses, the declaration represented a change of paradigm. Henceforth, the Taiwan people could openly visit, trade, marry and otherwise interact with the people on the Mainland without fear of being accused of 'aiding the rebels'. And the ROC government would no longer be bound by its past paradigm which prohibited any contact with their counterparts in the People's Republic of China and could proceed to negotiate over issues of mutual concern. In 1992, during the first face-to-face encounters of both sides in decades, the SEF and the ARATS haggled over the most difficult issue of 'one China', culminating in a compromise whereby each side would state its own definition of 'one China' and then leave the issue aside at that. This compromise, later dubbed 'the 1992 consensus' led to the meeting of the two venerable Chairmen, Koo Chen-fu and Wang Daohan in Singapore in April 1993, which paved the way for two full years of talks alternating between Taipei and Beijing.² In retrospect, this stage is the only period of thaw in the five decades of tension in the cross-Strait relations.

The third stage began with Lee Teng-hui's visit to Cornell University in June 1995 and the PRC's furious reactions to that visit. In rapid succession, the PRC discontinued the SEF/ARATS talks, threatened Taiwan with missile firings and military exercises and demonized Lee and his government in its domestic and international propaganda. The three agreements (on illegal immigrants, hijackings, and fishing disputes) that were near completion at the time of the Cornell visit remained unsigned to this day. Beijing's sabre-rattling provoked world-wide sympathy for Taiwan and the dispatch of two US aircraft carrier battle groups to its vicinity. More importantly, in March 1996, it gave Lee a clear majority in the four-way race for the presidency. The taste of victory was rather short-lived, however. The domestically invincible President soon found his hands bound from the outside. Viewed as a 'trouble-maker', Lee and his government steadily lost the goodwill of the world and the US. While continuing to cold-shoulder Taipei, to the point of partially denying the existence of the political compromise of 1992, the PRC quickly moved to improve its relations with the US. President Bill Clinton's remarks of July 1998 about the so-called 'three no' (i.e. the US does not support Taiwan independence; it does not support 'two Chinas' or 'one China, one Taiwan'; it does not support Taiwan's membership in any international organizations that require statehood) was especially alarming for those in favour of eventual Taiwan statehood, because it was thought to be foreclosing its preferred option. The heightened tension during this stage even spilled

over to the economic and cultural exchanges. The mainland investment policy of 'go slow, be patient' was announced in September 1996 partly with this trend in mind. Under those circumstances, the visit of Koo Chen-fu to Shanghai and Beijing in October 1998 was more an exercise in damage control than anything else. For President Lee was by then gearing up to break out of the bondage by changing the paradigm.

The fourth and the current stage started on 9 July 1999 when Lee made his remark about the 'special state-to-state relationship' to a German radio reporter. The 'special state-to-state relationship' was nothing short of a 'new paradigm'. But owing to enormous pressures from all sides he had to return to the ROC's long-standing position about 'one China, different interpretations', without implementing any portion of its original design up to the end of his presidency.³ In contrast, President Chen Shui-bian and his administration have, since his inauguration in May 2000, made no mention of the 'special state-to-state relationship' but have slowly but surely put into practice the suggestions contained in the yet undisclosed policy study which President Lee commissioned Tsai Ing-wen in August 1998 to produce.⁴ The deliberate rhetorical ambiguity was finally removed on 3 August 2002 when Chen proclaimed publicly that Taiwan and the Mainland were 'one country on each side'.⁵

The continuity of the 'new paradigm' from Lee to Chen was made possible by three factors. First, as Table 3.1 shows, the core of the 'special state-to-state relationship' statement of 9 July 1999 was nearly identical to that of the 'Resolution on Taiwan's Future' of the Democratic Progressive Party (DPP) passed by the DPP Party Congress on 8 May of the same year.⁶

For both, 'Taiwan is a sovereign country whose name, according to the present Constitution, is the Republic of China'. Hence, Taiwan, being a sovereign country, is not a part of China; and the Republic of China is being reduced from a sovereign country to merely a label for sovereign Taiwan. As such, President Lee changed, in 1999, the paradigm set by himself in 1991. And the self-identity of the Republic of China was transformed from a sovereign country representing the whole of China (1949–1991), to a sovereign country within the historical, geographical and cultural China (1991–1999), to merely a label for sovereign Taiwan (since 1999). The identity of the People's Republic of China was transformed from a rebel group (1949–1991) to a political entity, 'another part of China' more or less equal with Taiwan (1991–1999), to another sovereign country with special relationship

Table 3.1 A comparison between the DPP resolution on Taiwan's future and Lee Teng-hui's 'special state-to-state relationship' statement

	<i>Resolution on Taiwan's future</i>	<i>The statement of special state-to-state relationship</i>
Timing of study and announcement	Adopted on 9 May 1999 at the DPP National Congress	The study was first started in August 1998 and completed in May 1999. The statement was made on 9 July 1999.
Taiwan's status	Taiwan is a sovereign and independent country.	Taiwan is a sovereign country.
Official title	It acknowledges the title of 'the Republic of China' under the current constitution.	It suggests a three-phased transition: from 'the Republic of China', to 'the Republic of China on Taiwan', and gradually to 'Taiwan/Republic of China' (a 'New Republic').
Sovereignty and jurisdiction	Taiwan's jurisdiction covers Taiwan, Penghu, Kinmen, Matsu, its affiliated islands, as well as territorial waters and adjacent bodies of water in accordance with international law.	Sovereignty and jurisdiction do not cover mainland China. Taiwan's effective governing area covers only Taiwan, Penghu, Kinmen, and Matsu, which constitute Taiwan's national territory.
Cross-strait relations	Both Taiwan and China share geographical proximity, mutual economic benefits and same cultural origins.	Cross-strait relations should be categorized as a state-to-state relationship or at least a special state-to-state relationship.
The one China principle	Taiwan should abandon the 'one China' position.	It rejects the following views: the CCP's 'one China principle', the KMT's 'one China principle', 'one China, different interpretations', 'one China means the Republic of China', 'one country, two governments', 'one divided China', 'one China, two co-equal political entities', etc.
Prospect on cross-strait relations	Taiwan and the PRC do not govern each other. Any change in the existing independent status must be decided	It does not pre-set any long-term objective with respect to cross-strait relations except presenting a procedural explanation,

Table 3.1 A comparison between the DPP resolution on Taiwan's future and Lee Teng-hui's 'special state-to-state relationship' statement – *Continued*

<i>Resolution on Taiwan's future</i>	<i>The statement of special state-to-state relationship</i>
by all the residents of Taiwan by means of a plebiscite.	meaning that Taiwan's future should be determined by all the people on Taiwan. The idea of 'unification under democracy' or 'unification' should no longer be advocated.

with sovereign Taiwan (since 1999). And the self-identity of Taiwan was transformed from the seat of the ROC Government and a model province (1949–1991) to sovereign ROC, a political entity and also 'a part of China' (1991–1999), to a distinct sovereign country which still bears the name the Republic of China (since 1999).⁷ The fact that the Resolution on Taiwan's Future was upgraded by the DPP in October 2001 to the level of the party charter indicates that, as far as the party members are concerned, this Resolution is equal in importance with the party charter which has openly advocated Taiwan independence. There is no evidence to suggest that there was a secret channel between the framers of Lee and Tsai's study group and the initiators of the DPP Resolution, even though the timing of their introductions, July and May of 1999, was curiously close. What seems clear is that the DPP basically inherited the core thinking behind Lee's 'special state-to-state relationship' study. Whether by design or by coincidence, President Chen picked up where President Lee left off.

Two other factors helped ensure the continuity of the paradigm. Strong opposition at home and hostile PRC leadership across the Strait made the Chen-Lee alliance, however tacit, a political necessity. Time and again, President Chen has failed to split the Kuomintang (KMT)-People First Party (PFP) alliance and/or the Kuomintang itself. Time and again, he had to seek the support of Lee and his Taiwan Solidarity Union (TSU) followers. Consequently, despite occasional invocation of the so-called 'new middle road', Chen had no choice but to follow Lee's old road.

The last factor had to do with President Chen's personnel choice. As is now known, nearly all members of Tsai's study group, including Tsai herself, were non-KMT members, even though the study was commissioned by Lee Teng-hui as the KMT Chairman and paid for by the KMT

administration (through, as disclosed recently, a secret fund known to Lee and a few others).⁸ After Chen succeeded Lee as state president, he engaged nearly all members of her group for service in the Mainland Affairs Council, the National Security Council, and in other advisory roles. They were put in office to implement their own earlier recommendations.

Hence, whether by ideology, political necessity or personnel choice, President Chen's Mainland policy is built on Lee's 1999 initiative, which is not only different from the policy of President Chiang Ching-kuo, but also from that of the Mainland policy of the early 1990s, to which the KMT/PPF basically still uphold up to this day. How did this transformation take place? Who and what have influenced the process? These are the questions which are answered below.

The context

Taiwan's policy toward the Mainland is, generally speaking, shaped by the Beijing factor, the international (especially the US) factor, and the domestic factor. As Taiwan democratizes, the domestic factor gains in weight and complexity. Within the domestic context, the Mainland policy has never stood alone. In fact, its evolution since the late 1980s has been inextricably intertwined with three other parallel processes. They are the democratization process beginning also in the late 1980s, the desire and pursuit of greater visibility and participation in the family of nations, and the effort to promote continuous economic growth. There are several special features about these four processes. First, three out of the four processes were completely new to Taiwan, even the entire Chinese people. For instance, the entire Chinese people have not experienced anything like democratization during their thousands of years of history. Hence, Taiwan had to experiment on its own, building on the basis of four decades of 'guided democracy' in Taiwan, borrowing from the West and Japan, and improvising here and there. The same was true with the opening to the Mainland and the 'pragmatic diplomacy'. By the late 1980s, the confrontation across the Strait and in the international arena had gone on for so long that no one remembered anything else. Everything had to start anew. And everyone had to learn to adjust – rapidly. Secondly, during the last decade, Taiwan did not have the luxury of handling these new-born things one by one, but had to juggle them all at once. What it entailed was that the issues were linked up; emotions flew high; and consensus was difficult to achieve. Last but not least, the relationship among the four

processes became critical. For example, greater or lesser emphasis on Mainland policy or foreign policy would have very different consequences for the domestic politics and economic growth. The debate on economic issues would most likely have implications for mainland and foreign policies. Hence, over the past dozen of years, the people in Taiwan were doing several things at the same time: adjusting their relations with the outside world, rearranging the domestic order, redistributing power among the elite, and fighting for different policy mix.

Among the three other processes, democratization process appears to have exerted the greatest influence on the Mainland policy. As said earlier, the origin of Taiwan's Mainland policy has often been dated to November 1987 when Taiwan residents were allowed by the government to visit their relatives on the Mainland. That was only two months away from the death of the late President Chiang Ching-kuo (13 January 1988) and the ascendance of Lee Teng-hui as state President. So, from the very beginning, the Mainland policy has been framed and shaped by the democratization process and its built-in transfer of power – from a generation to another, from mainlanders to 'native Taiwanese', and from one political party to another.

Normally, politics is about allocation of values, resources and power. And democracy is a form of popular participation in this process of allocation. Yet, different countries tend to develop different variants of democracy according to their history and culture. Taiwan is no exception. In Taiwan's case, three unique features stand out. First, as Table 3.2 shows, between 1988 and 2002, there has been at least one election each year, excepting 1988 and 1999.

This is because, according to the Constitution, the ROC has four levels of government (central, provincial, county and township) until the end of 1998 and three (less the provincial) since 1998. Each level has executive and legislative branches. And the central level had had, until 2000, two legislative bodies: the Legislative Yuan (LY) and National Assembly. So, at the central level, Taiwan's democracy had ten elections. Since each office has different terms (three years for the LY Legislators, six years for the pre-1996 presidency and the National Assembly, and four years for the rest), Taiwan's voters have to go to the polling booth nearly every year to register their preferences. Since Taiwan is relatively small in size, densely populated, and has a highly opinionated population, no election is considered too small and too local to be hotly contested. The high frequency of elections thus tends to permeate the otherwise rational policy-making process with a high

Table 3.2 Taiwan's election (1988–2002)⁹

	<i>President</i>	<i>LY</i>	<i>National Assembly</i>	<i>Taiwan Governor</i>	<i>Provincial Assembly</i>	<i>Taipei, Kaohsiung Mayor</i>	<i>Taipei, Kaohsiung Council</i>	<i>County Mayor</i>	<i>County Council</i>	<i>Township Head</i>
1988										
1989		√			√		√	√		
1990	√*									
1991			√							
1992		√								
1993								√		
1994				√	√	√	√			
1995		√								
1996	√		√							
1997								√		
1998		√				√	√		√	√
1999										
2000	√									
2001		√						√		
2002						√	√		√	√

*In 1990 the President was elected by the National Assembly not by the popular vote.

degree of political content. The emotion-laden Mainland policy is particularly susceptible to this tendency.

Secondly, Taiwan is the only democracy in the world that still uses the single non-transferable vote under multi-member-district (SNTV-MMD) system.¹⁰ Because one needs perhaps only three per cent of the total votes in a large district to win,¹¹ this system is conducive to the survival of small parties and/or radical wings of the large parties and tends to radicalize the campaign debate. It also undermines party discipline, because candidates compete not only with members of other parties but with their own comrades. As a result, negative campaigning seems to be the norm, rather than an exception. Rational debate tends to be drowned out by simple sloganeering. Again, the Mainland policy, being at once highly complex, emotional and consequential, has been a prime subject for campaign manipulation.

Third and perhaps most important has to do with the nature of the public political debate in Taiwan. Theoretically, debates in any democracy take place on three levels. The highest level is that of boundary and identity of a state. The perennial debate over reunification and independence in Taiwan is a case in point. The second level is over the political system, such as democracy versus dictatorship, or the presidential system versus parliamentary government. During the 1990s, the ROC went through six rounds of constitutional revisions, each involving power redistribution among government organs. The third level concerns public policy, such as trade, environmental protection, war and peace, and mainland policy. Most of the mature democracies have resolved the issues at the first and second levels, and conduct political debates only at the third level. For instance, the North American Free Trade Area had been a subject of heated debate for years before it finally won US congressional passage by a one-vote margin. The debate was never raised to either of the first two levels, however. Canada is a rare exception because of Quebec separatism, but there has been no debate on the systemic level. Some other countries such as South Korea, which are in the process of democratization, would debate over constitutional arrangements on the systemic level, but a high degree of consensus always exists on their status as nation-states.

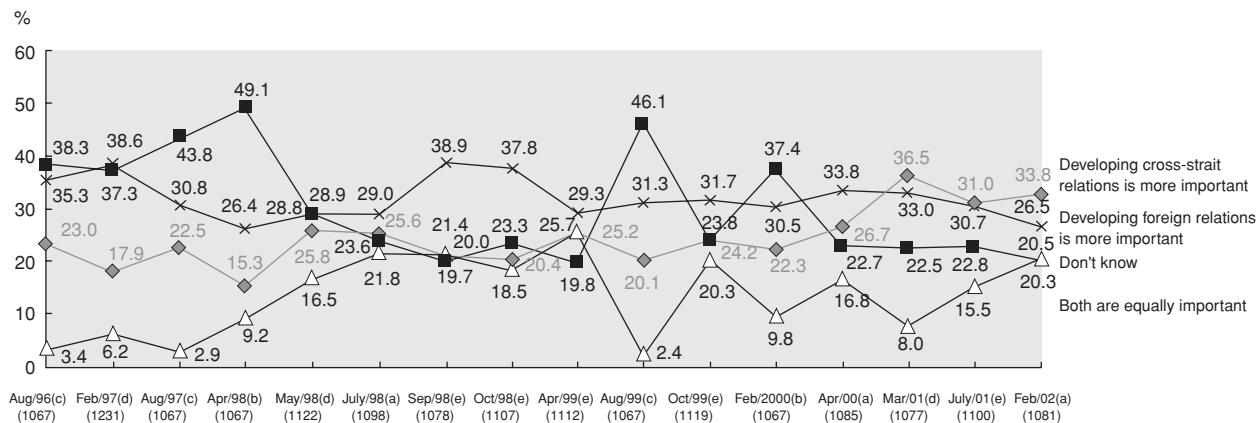
In contrast, Taiwan has been and still is experiencing heated debates at all three levels *simultaneously*. This is a unique phenomenon. Generally speaking, quasi-religious fervour marks the debate involving the first level. The second and third levels tend to highlight struggles for power and a conflict of interest respectively. An open debate on one level alone is usually sufficient to fuel fierce partisanship among

the general public. One can imagine how divisive a debate can be while involving all three levels – state, system and public policy – simultaneously as is now happening in Taiwan. Here lies the knot of political – and, for that matter, Mainland policy – predicament in Taiwan today.

In many ways, the ROC's foreign policy and Mainland policy have been Siamese twins. Both are parts of the country's external environment. Both represent and express the deep frustration of Taiwan's people over its status in the world. Both help release Taiwan's pent-up energies into the outside world. Both were born, nurtured, and honed by the democratization process. As such, both are closely related in the minds of the decision-makers and many citizens.

According to the surveys commissioned by the Mainland Affairs Council (MAC) and conducted by five different polling units over the years, when asked to compare the importance of 'developing cross-Strait relations' and 'developing foreign relations', the twins closely tail each other, with 'foreign relations' leading during the KMT period and 'cross-Strait relations' leading during the DPP period (see Figure 3.1). But when asked 'if foreign relations would bring about cross-Strait tension, are you in favour of developing foreign relations?' those who reply positively generally stays above 60 per cent, compared to those who reply negatively which hovers at 20 per cent.

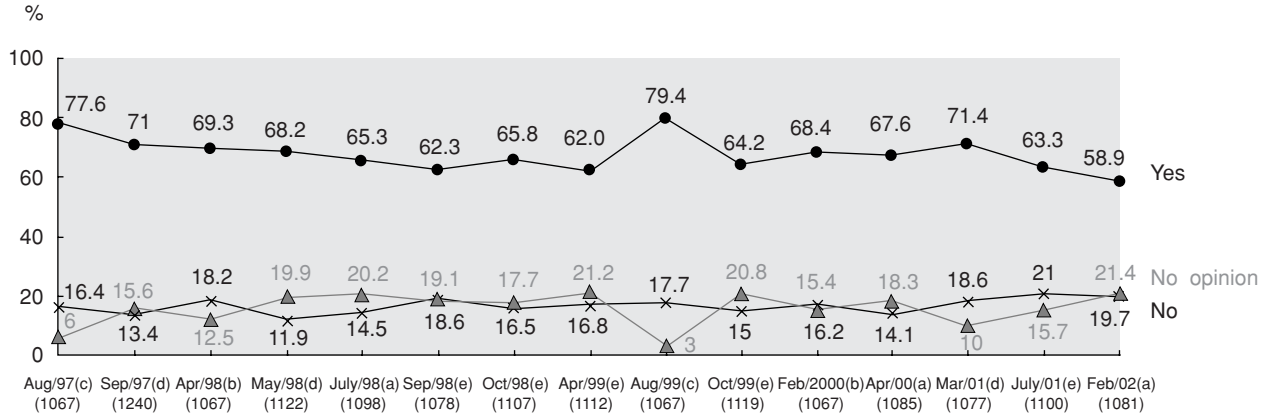
Translating this popular sentiment into policy practice would necessarily entail greater confrontation with the PRC and more frictions with Taiwan's friends abroad who may wish to maintain good relations with both and yet avoid being drawn into their bilateral conflict. The government in Taipei is thus caught between a rock and a hard place. Pushing too hard on the foreign front may damage cross-Strait relations and create tension. Yet doing little, for whatever reason, runs the risk of being perceived by the voters as too soft. In terms of foreign relations, the US connection has always been of prime importance to Taiwan. It is Taiwan's major source of advanced weaponry and technological know-how. During the pre-1996 period, the KMT administration under Lee sought to advance simultaneously relations with the US and the world (including the UN campaign) and initiate a rapprochement process with the PRC. Lee's Cornell visit of 1995 and the ensuing military tension thwarted both processes, however. It further generated a sense of collective insecurity in Taiwan which, in turn, led to greater alienation from the Mainland and a stronger yearning to see Taiwan play a proper role in the world. By contrast, the DPP administration since 2000 seems to have given clear primacy to foreign, especially US,



Survey conducted by: (a) Election Study Centre, National Chengchi University, Taipei (886-2-29387134)
 (b) Burke Marketing Research Ltd Taipei (886-2-25181088)
 (c) China Credit Information Service Ltd Taipei (886-2-87873266)
 (d) Center for Public Opinion and Election Studies, National Sun Yat-San University, Kaohsiung (886-7-5252 000)
 (e) Survey and Opinion Research Group, Dept. of Political Science, National Chung-cheng University, Chiayi (886-5-2720411)

Respondents: Taiwanese adults aged 20–69 accessible to telephone interviewers

Figure 3.1¹² Whether to develop foreign or cross-Strait relations as priority



Survey conducted by: (a) Election Study Centre, National Chengchi University, Taipei (886-2-29387134)
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 (d) Center for Public Opinion and Election Studies, National Sun Yat-Sen University, Kaohsiung (886-7-5252000)
 (e) Survey and Opinion Research Group, Dept. of Political Science, National Chung-cheng University, chiayi (886-5-2720411)

Respondents: Taiwanese adults aged 20–69 accessible to telephone interviewers

Figure 3.2¹³ If developing foreign ties led to rising tension on cross-strait relations, would you agree with such an effort?

relations over Mainland relations in response to popular frustration. In combination with heightened cross-strait tensions this policy appears to give the US greater influence upon the making of Taiwan's Mainland policy, and, as shown by the three post-2000 surveys, stir up new anxieties over relations with the Mainland.

As for the balance of politics and economics on the scale of the Mainland policy, it has always tipped in favour of the former, but the balance is clearly changing. For most of the 1990s, most of the Taiwanese investments on the Mainland were small and medium-sized enterprises. Weak in organization and finance, they could hardly lobby either the executive or the legislative branch for a preferred policy. Besides, former President Lee Teng-hui exercised stringent control over the highly political Mainland policy. While the 'army of ants', as the small and medium-sized enterprises were sometimes dubbed, could slip through his fingers, he went out of his way to half-cajole and half-coerce those few business tycoons, such as Y.C. Wang of the Formosa Plastics Group and Chang Jung-fa of the Evergreen Group, into staying home. Towards the end of 1990s however, several factors converged to change the picture. More than half the companies listed in Taiwan's stock exchange had by then invested on the mainland.¹⁴ Anticipation of the PRC's entry into the WTO and Beijing's expansive fiscal policy added more impetus to the westward drive. Clearly these large enterprises needed longer-range planning for their investments, and they needed lobbying to ensure a more favourable, or at least more predictable, environment. They were also better equipped for lobbying. Meanwhile, the role of the government has changed. During the 2000 presidential election, as a poorly endowed political party the DPP sought most eagerly the support of businesses. Not only did this help to fill up the campaign cachet but it also projected a pro-business image. As a result the influence of the businesses on the Mainland policy has increased, not decreased, after the formerly pro-labour DPP came to power.¹⁵ The tug-of-war over the exports of 8-inch wafer fabs in spring 2002 reflected the conflict between the approach of the early part of Lee's presidency and the new clout of the business community, with Chen's administration caught in the middle. By all indications, the tenuous compromise reached in March 2002 was not the end, but the beginning of more contests.¹⁶

In short, the context of Taiwan's Mainland policy was defined by its democratization. More forces have come into play as Taiwan's democratization progressed. The government increasingly had to share power with other actors. Its political control gave way to more economic considerations, though the latter still remain largely in check. The

influence of foreign policy appears to have grown, particularly during the DPP period. Most importantly, the weight of the domestic factor increases at the expense of the PRC factor. As the internal power struggles intensified in the last few years, first inside the KMT and then between the DPP and the KMT, the debates on mainland policy appear to be conducted more for domestic consumption than for Beijing's understanding.¹⁷ Catchy slogans were pronounced without proper explanation.¹⁸ Empty gestures were made without consideration of the context in which these gestures might be seen by Beijing.¹⁹

There are also important continuities over the years. Throughout the past decade, the Mainland policy has not been just a policy, but a 'high politics' policy about which nearly every citizen has an opinion. As such, it is a perfect candidate for all three levels of debate. There are certain ideas that tend to frame the debate more than others, certain institutions that tend to shape the policy more than others, and certain players that tend to influence the policy outcome more than others. These are the topics to which we now turn.

The ideas

Two ideas are essential to the understanding of Taiwan's Mainland policy: the Chinese/Taiwanese identity and the unification/independence issue. The former is more an emotional issue, and the latter a rational issue. In truth, both are highly political issues that belong more appropriately in the realm of beliefs. Yet to the extent that they are consequential, they remain real issues to be considered.

The issue of Chinese/Taiwanese identity is particularly difficult to decipher. Many refer to it as an ethnic issue. In fact, it does not even constitute a sub-ethnic issue, because, with the exception of the 300,000 aborigines, nearly all Taiwan residents are Han Chinese. Since the KMT administration stopped the practice of asking for the citizens' provincial origin years ago, there is no reliable statistics on the numbers of Hakkas, 'mainlanders' or the so-called 'native Taiwanese'. Through decades of intermarriages, the social-psychological line blurs even further. To make the distinction is a political act. And during election campaigns, it is nearly impossible for the candidates to resist the temptation of manipulating this emotional issue to his or her advantage.

This is understandable if one takes into consideration Taiwan's unique political culture. In many democracies, the voters tend to look for candidates' leadership qualities. And the candidates strive to appear to be strong persons who can lead. Yet in Taiwan, tears are more powerful than

smiles. One needs to appeal to the sympathy of the voters by saying, 'I may lose', not 'I shall win'. This is because in Taiwan there is the deep-rooted 'underdog complex' (*beiqin yishi*). It grows out of the belief that the people of Taiwan have never been the master of their own land, as the island has been alternately occupied by Portugal, Spain, Holland, Japan and the Chinese. Since the 'native Taiwanese' constitute the majority of Taiwan's population and the 'underdog complex' is still strongly held by many of them, the Taiwanese identity is an extremely powerful instrument for candidates to mobilize support. It helps conjure up an image of a victim suffering at the hands of the outsiders – in this case, the candidates with Chinese identity. With the exception of the city of Taipei where intermarriages abound, the strategy often worked quite well.

The competing self-image held by the so-called 'mainlanders' and some of the 'native Taiwanese' goes as follows. Taiwan is an immigrant society, constituted by Chinese immigrants from the Mainland at different points of time. Whether they originate from Fujian Province or other provinces or from Hakka background is irrelevant, because they are all Chinese ethnically. Those who were not born on the island but have lived there long enough should be considered as local as any other whose forefathers arrived a few generations earlier. The assertiveness of the Taiwanese identity in recent years tends to breed among this group a contrasting 'underdog complex'. If one adds to the picture the 'underdog complex' held by the Hakkas who felt deprived by both the 'native Taiwanese' and the 'mainlanders' for decades if not centuries and that held by the aborigines who felt mistreated by all three Han groups for centuries, it would be no exaggeration to say that democratization of the last decade unleashed, among other things, a proliferation of 'underdog complex'. Politicians compete to represent and project these syndromes into the policy-making process. Again, the Mainland policy is a prime victim of this exercise.

Since the identity issue is mostly subjective, a person's self-identity does not necessarily match with his or her ascribed identity. Most pollsters chose to ask the respondents to pick one among three categories: 'Chinese', 'Taiwanese', and 'both'.²⁰ Though they differed in poll results, a general pattern seems clear. That is, if the Taiwan people can be so categorized, those with Taiwanese identity began to outnumber those with Chinese identity by mid-1990s and the gap continued to grow in the late 1990s, even though the 'both' group remained high throughout. Figures 3.3, 3.4 and 3.5 show the series of surveys done by the National Chengchi University's Election Study Centre, the MAC and the United Daily News respectively.

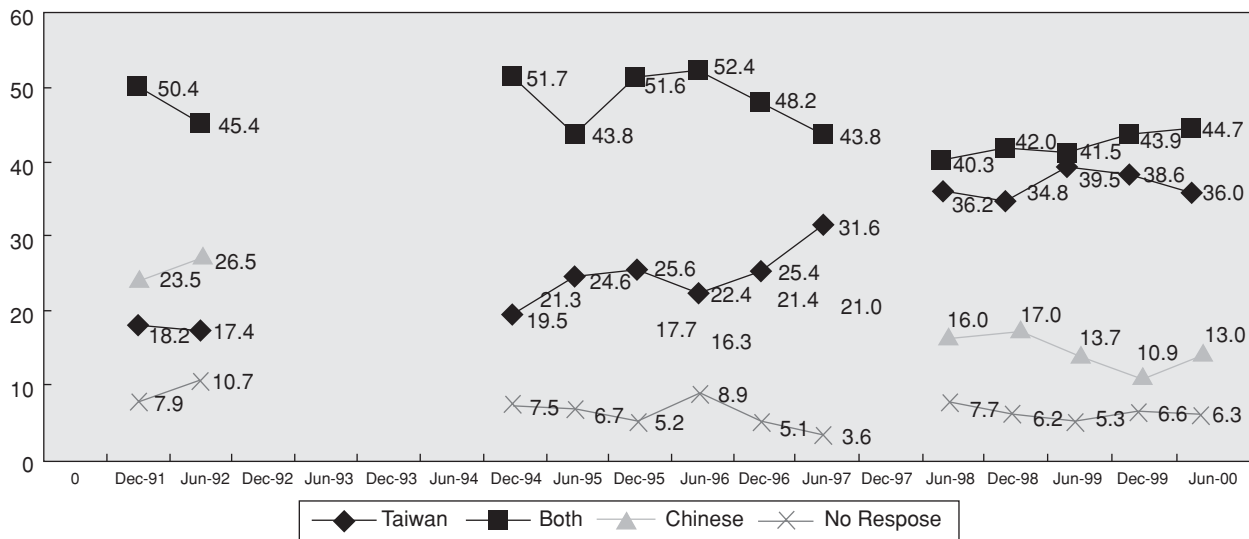


Figure 3.3 Chinese/Taiwanese identity (1991–2000)²¹

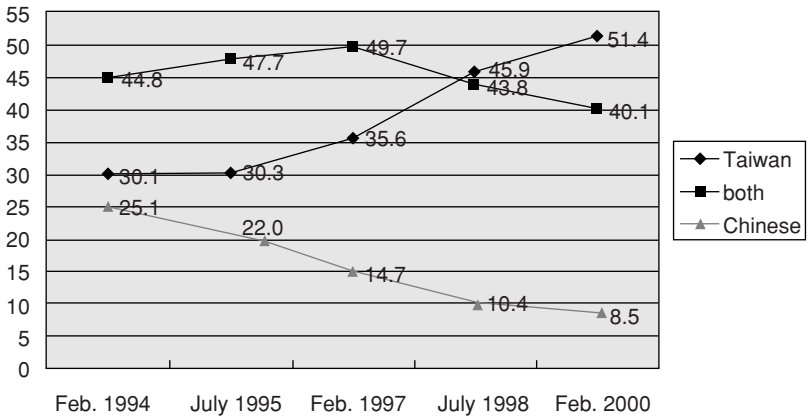


Figure 3.4 Chinese/Taiwanese/identity (1994–2000)²²

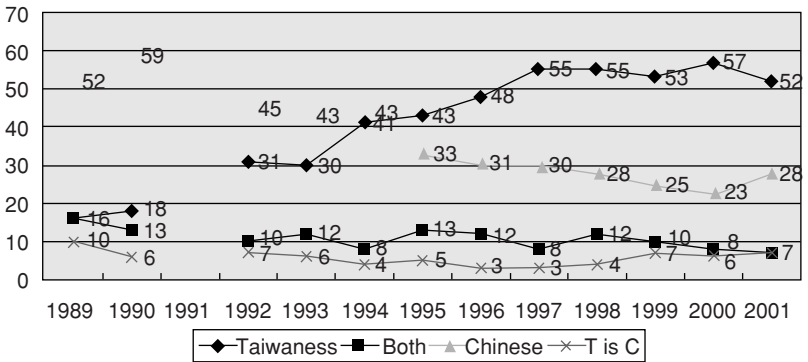
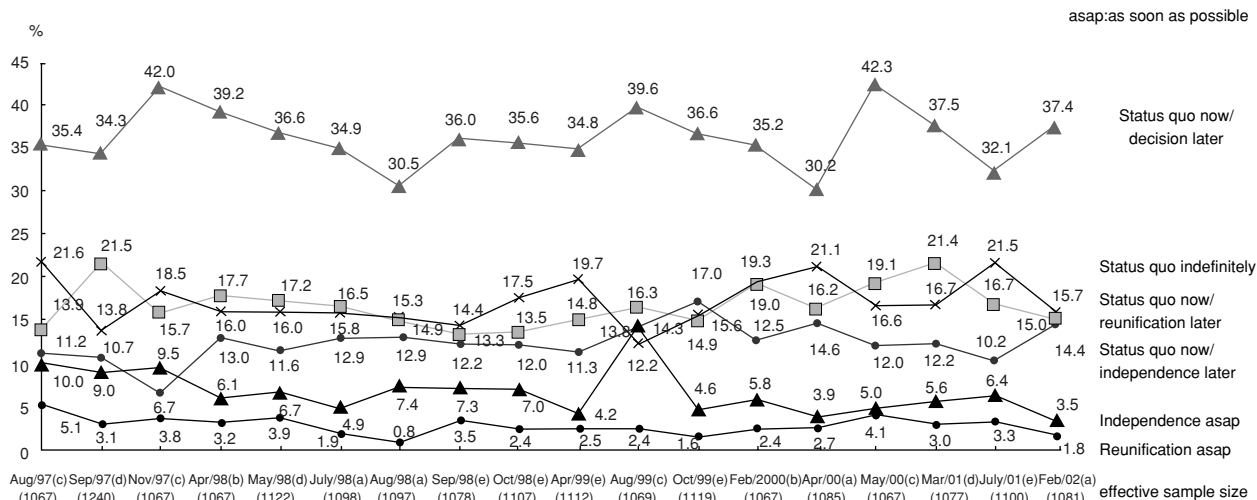


Figure 3.5 Chinese/Taiwanese identity (1989–2001)²³

In retrospect, it appears probable that the perceived trend of growing Taiwanese identity may have encouraged the launching of the new paradigm by Lee and Chen at the turn of the century. According to Lin Cho-shui, a well-known DPP strategist, ‘all the polls (MAC, the United Daily News, the DPP) point to the year of 1999 as the height of the new public opinion (of Taiwanese Identity)... . By 1998 the mainstream public opinion was already Taiwan Independence (or at least special state-to-state relationship), and yet the mainstream discourse was still about unification.’²⁴



Survey conducted by: (a) Election Study Center, National Chengchi University, Taipei (886-2-29387134)
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Respondents: Taiwanese adults aged 20–69 accessible to telephone interviewers

Figure 3.6 Unification or independence?²⁵

Lin may be correct about the trend of Chinese/Taiwanese identity. But to slide from there into the unification/independence issue requires more than a quantum leap. The two issues are related for some but not for others. That is to say, those supporting Taiwanese identity may not support Taiwan independence. At least that is what the MAC survey series have indicated. Figure 3.6 shows clearly that, despite the rising Taiwanese identity, the 'status-quo supporters' (including those in favour of 'status-quo forever' and 'status-quo now and the future depends') constitute around half of the total population. The independence supporters (including 'independence now' and 'status-quo now and independence later') garner no more than 20 per cent, though most of the time slightly ahead of the unification supporters (including 'unification now' and 'status-quo now and unification later').

The divergence between the identity issue and other more 'concrete' policy issues is even more apparent.²⁶ Throughout the 1990s most of the 'Taiwanese', 'Chinese', and 'both' respondents were pleased with the pace of the people-to-people exchanges. They all deemed appropriate the regulations and norms governing these exchanges. Around 70 per cent were in favour of 'conditional direct transport link'. Also, 69 per cent of the 'Taiwanese', 64 per cent of the 'Chinese' and 78 per cent of 'both' felt that PRC government was hostile to the ROC government and slightly less hostile toward the Taiwan people. The differences among the three identity groups narrowed further when it came to the even 'smaller' issues such as cultural exchanges, tourism, 'mainland brides', and so on. In general, most were in favour of people-to-people exchanges.

What these data mean is that the Chinese/Taiwanese identity does matter, and the Taiwanese identity has grown more salient, and even outnumbered the Chinese identity during the second half of the 1990s. But the identity has remained nothing more than that – an identity. It did not translate automatically into support for independence. For most, 'status quo' still dominated. Emotion yielded to reason. So, ironically, the PRC's heavy-handed approach toward Taiwan may have contributed to a stronger emotional reaction in Taiwan, it also allowed reason to prevail. Emotion mattered less regarding the even smaller issues. At that level, the chequebooks and normal politics probably played a more important role. If this interpretation was correct, one might wonder if the initiators and followers of the 'new paradigm' have over-read the will of the Taiwan people. Apparently, the influence of determinants other than the ideas must have been at play.

The institutions

As with other countries, institutions have an important place in the process of Mainland policy-making in Taiwan. Certain institutions are consistently more influential than others. And the importance of each institution varies over time. Generally speaking, other than the Presidency itself (to be discussed below), the National Security Council (NSC), the National Security Bureau (NSB), the Mainland Affairs Council, and the ruling party are the more important institutions. Others, such as the Vice President, the Premier, the Legislative Yuan (LY), and the opposition parties play only a secondary role.

It is a well-known fact that the National Security Council played little or no policy-making role during the Chiang Kai-shek and Chiang Ching-kuo years. After assuming the Presidency, Lee Teng-hui began to expand its role at the expense of others. During the last four years of his 12-year presidency, he relied on the NSC to such a high degree that the advice and dissent of other institutions were largely neglected. The existence of an unlawful secret fund between 1994 and 2002, totalling \$3.5 billion NT enabled the President to conduct his own preferred foreign and Mainland policies.²⁷ A well known example was the use of this fund to support the project that produced the 'special state-to-state relationship' policy framework in July 1999.²⁸ Since May 2000, President Chen had apparently found the secret fund extremely useful. He not only continued to use it but also sent a NSC 'adviser', Yang Liusen, to work in Taipei's representative office in Washington DC – the first time the NSC has stationed an official abroad.²⁹ After media disclosure in March 2002 the fund was discontinued and Yang was recalled to Taipei.

It is now apparent as to why the NSC has been so powerful among all the institutions. First, as with national security councils in some other countries, it enjoys ready access to the President. Secondly, the size of the secret fund, if the disclosed amount is correct, equals the total annual budget of at least three ministries (including, for example, the MAC). Third, the NSC as a staff institution of the President's Office rarely has to face the press or Legislative Yuan oversight. It does not even have a spokesman. So its officials conduct operations only under the instructions of the President or the NSC Secretary General. As such, absolute secrecy and total top-down control can be maintained. In the infantile and often chaotic democracy that is Taiwan, the rationale for the existence of such a powerful institution is understandable. It can do much good for the country which has to operate without diplo-

matic recognition by most countries. But as with the case elsewhere, an institution allowed to exercise power without checks and balances often ends up abusing such power about which the public may know nothing.

The National Security Bureau is important for the information it provides. Roughly equivalent to the Central Intelligence Agency but reinforced by having some of the functions of the Federal Bureau of Investigation, the NSB collects, processes and disseminates information on the world, the PRC and the ROC itself. As all the participants in the national security area are keenly aware, information is king. Yet, in democratic Taiwan, information is not disseminated fairly. As far as Mainland policy-related information is concerned, the government knows a great deal more than the private sector in terms of quantity, quality, speed, accuracy and reliability. Scholars oftentimes have to gather fragmented and incomplete information from various sources to make some sense of the total picture. The public, left to their own devices, have to probe in the dark and juggle between the emotion and rational calculations. Even among the government agencies, information distribution is uneven. First and foremost the NSB serves the President. The NSC comes as close second in receiving information, whereas the rest, including the MAC, lag far, far behind. This practice, rooted in long-standing Chinese tradition, reinforces presidential power vis-à-vis any other institutions and players beyond the constitutional provisions.³⁰

The Mainland Affairs Council derives its power from its central location in the bureaucracy. Vertically, it participates in some NSC deliberations and carries out the directions from above. Down the chain, it supervises the works of the Strait Exchange Foundation, particularly its negotiations with ARATS in Beijing. Horizontally, the MAC is in charge of coordinating with all the other ministries and agencies. Equally important, the MAC serves as the government's main window to the outside world, both domestic and international. It has to face the media, the Legislative Yuan, the academic community, the opposition, and other interested parties. In time of crisis, it becomes the lightning rod of the government and the country. As such, the MAC is an indispensable institution although its actual weight varies over time.

The last among the major league players is the ruling party. It is basically the conduit through which the politician/comrades of the President seek to influence the top decision-maker. It tends to exert most influence when election time comes near. In the early years of Lee's presidency, the KMT set up a Steering Committee for Mainland

Work which heard the voices of other concerned KMT heavyweights. As President Lee gained more power in the mid-1990s, the Steering Committee became nearly defunct. But as the KMT Chairman, Lee could still take on board the opinions of his comrades through other party channels. President Chen's relations with his party has always been less than comfortable. The personal feud between him and Frank Hsieh, the DPP Chairman from 2000 to 2002, and some other politicians are well known. In his book, *The Century's First Voyage: Reflections on the 500 Days Since Power Transfer*, published in November 2001, Chen even criticized the party as 'not well transformed into a ruling party, despite my repeated appeals'.³¹ So until 21 July 2002 when President Chen assumed the DPP Chairmanship, one can safely assume, the DPP's input in Mainland policy-making had been few and far between. Since then much depends on how the new Chairman/President would interact with his 'revolutionary comrades' who are not at all accustomed to a hierarchical and disciplined party life.

In general terms the Vice President is a secondary player. Annette Lu is a glaring exception. But by all indications, she affects the Mainland policy at the end of the output, not as part of the input. And even at the output end, she compounds the perception of the policy rather than alter the policy itself.

As for the premier, he has only nominal control over Mainland policy. The President takes care of the fundamentals of the policy, whereas the Premier disposes of the administrative matters already coordinated by the MAC. The chain of command between the Premier and the MAC exist more in name than in reality. In all likelihood, the importance of the Premier is further reduced after May 2000, because Premiers Tang Fei, Chang Chun-hsiung and Yu Shyi-kun had much less knowledge and experience than their KMT predecessors: Lien Chan, formerly a Foreign Minister, and Vincent Siew, formerly a MAC Chairman.

The role of the Legislative Yuan is also minor. Individual legislators may carry some weight owing to his expertise and experience. But the Legislative Yuan as a whole does not command the services of a large professional staff or a well-stocked library. As the Legislators move from one committee to another each session (six months), it becomes extremely difficult to accumulate institutional, or even individual, memories of any policy. Furthermore, as vital a policy area as the Mainland policy is, the Legislative Yuan thus far has no corresponding committee that solely interacts with the executive branch. Since the

Mainland policy is being dealt with mainly but not exclusively by the its Interior Committee, most of the Committee members may take some interest in Mainland affairs, while their expertise most likely lie elsewhere – land, water, police work, immigration, and so on. Hence, collectively, the Legislative Yuan is no match to the power of the executive branch. It has to satisfy itself with news making, often with the gracious presence of the administration officials.³²

The opposition parties fare even worse. With no power and no information, they are reduced to making educated guesses and, for some, simply opposition. The KMT probably stands slightly better now than the DPP of the 1990s, because the KMT has at least a hard core of expertise, while the DPP, until 2000, had little access to any essential information. In this sense, the transfer of power in 2000 is good for the country in the long run because either party gets a taste of power as well as of ignorance.

The players

Clearly by far the most important maker of Mainland policy in Taiwan is the President. There is no doubt that the power of Lee and Chen far surpassed any of their contemporaries. A comparison of the power paths of Lee and Jiang Zemin is revealing. The two were about the same age (Lee was born in 1923, Jiang in 1926), came to power at about the same time (Lee in 1988, Jiang in 1989) and under similarly uncertain circumstances. Yet by mobilizing the liberal wing of the KMT and the popular aspiration for democratization, Lee managed to, first, sweep away all senior mainlander/politicians by early 1992 (when he appointed Lien Chan, a native Taiwanese, the Premier), and then defeat his native Taiwanese peers (Lin Yang-kang of KMT and Peng Ming-min of DPP) through direct presidential election in 1996. So between 1996 and 2000, Lee could govern with legitimacy and a popular mandate and make policies from a position of power and authority. No peer or challenger was anywhere in sight. Across the Strait, Jiang has not been so blessed. Throughout his tenure, he may have had the topmost positions, but he had to share power and authority with his peers such as Qiao Shi, Li Peng, and Zhu Rongji.

Lee's changing power position is directly linked to the evolution of Taiwan's Mainland policy during the last decade. The 1991 paradigm was clearly a break from the past. It served to undermine the power and legitimacy of those mainlander politicians, and win the support of the liberal wing of the KMT and the general public. Indeed, by the end

of 1991, all the senior Legislative Yuan members who had held on to their jobs for decades without proper re-election were retired en masse. The opening to the Mainland and the SEF-ARATS talks during 1992–1995 further enlarged the popular support for Lee and strengthened his hand against the old guard. His humiliating stopover in Honolulu on his way to Central America in May 1994 aroused the ‘underdog complex’ in Taiwan, so much so that the visit to Cornell University in June 1995 was initially greeted with a chorus of joy and excitement at home.³³ The PRC’s subsequent missile firings reinforced the ‘underdog complex’ and gave Lee a comfortable majority (54 per cent of the popular vote) over his three competitors in the subsequent presidential election. At the same time, the dichotomy between the emotional reaction and the rational calculation towards Mainland China became much less stable.

By all indications, 1996 was a watershed year in Lee’s approach to Mainland policy. Previously he had to share policy-making power with others. By then he was definitely in charge and could thus afford to follow his true feelings more than before. Between 1996 and 2000, all other politicians, whether they were from the KMT or the DPP, were his juniors who competed for his favours. As a result he set out to abolish the ‘Taiwan Province’ in December 1996, and enlarged the presidential power to appoint a premier without prior approval of the Legislative Yuan in July 1997. Armed with the secret fund, he sought to counter, externally, Clinton’s ‘three no’ with ‘the special state-to-state relationship’ policy. He also tried to slow down the capital outflow into the Mainland by enforcing the ‘go slow, be patient’ policy. And he could do all of these without full consultation with high-level government or KMT officials. The launching of the new paradigm in 1999, in the form of the remarks about ‘the special state-to-state relationship’, is a good example. We now know it began as a NSC study which President Lee commissioned Tsai Ing-wen to conduct in August 1998, just weeks after Clinton’s ‘three no’ speech was delivered in Shanghai. Under her personal direction Tsai and her team of non-KMT researchers studied ways to ‘strengthen Taiwan’s sovereignty’.³⁴ Before and after the conclusions and policy suggestions were presented directly to the President in May 1999, no substantive consultations were made outside the NSC. According to an account based solely on a series of interviews with Lee after May 2000, *A True Account of Lee Teng-hui’s Rule*, President Lee alone made the decision to use the occasion of the German radio interview on 9 July to make the pronouncement. Even the Secretary-General of the President’s office, Huang Kun-huei,

and Secretary-General of the KMT, John Chang, were informed of his decision only two hours ahead of the pronouncement.³⁵ Although the MAC Chairman at the time I had no prior knowledge of this major policy departure. I was returning from a visit to the US. Although Lee's statement provoked a small crisis on the basis of work conducted by a group of non-KMT scholars, it was the government bureaucracy and the ruling KMT that had to pick up the pieces. As the presidential election of March 2000 approached, Lee's new paradigm also split the KMT ranks down the middle and legitimized to some degree the DPP's pro-independence stance. It had the effect of contributing to the DPP's electoral victory.

When Chen Shui-bian assumed the Presidency in May 2000, he inherited all the powers that his predecessor amassed for that office. According to the pre-1990 Constitution, the President had the power to appoint the Premier, subject to approval by the Legislative Yuan. The Premier in turn was empowered to appoint Ministers subject to approval by the President, though significantly not by the Legislative Yuan. The Premier alone supervised the daily state affairs and was held accountable to the Legislative Yuan. The President had only the power to oversee the 'fundamental policies', other than being the Commander-in-Chief of the armed forces. Hitherto, previous state presidents, from Chiang Kai-shek to Lee, held sway over the government by being chairman of the ruling party rather than by asserting himself as head of government. That esteemed title belonged to the Premier. After rounds of constitutional revisions, the ROC President by 1997 could pick the Premier without Legislative Yuan approval. Because the Premier owes his job solely to one person, the President can thus shape the composition of the cabinet. In other words, the President could govern through the Premier. The power of the Presidency was further strengthened by Lee in one of his last acts as President in April 2000 – he put the National Assembly in cold storage. As a result, the new President no longer needs to make an annual report to the National Assembly and answer questions from Assembly members. In his first two years as President Chen also chose to meet the press only four times. He thus led the government and let the Premier and other cabinet members take the heat from the Legislative Yuan, the opposition parties and the press.

However, there is a crucial difference between Lee and Chen. Although both were popularly elected, President Chen does not command the authority that Lee enjoyed during the 1996–2000 period. Chen was elected only with 39 % of the popular vote. He was

not and until July 2002 had never been the DPP Chairman. As explained before, his relationship with Chairman Frank Hsieh (August 2000–July 2002) was more competitive than collaborative. Many members of the DPP elite – mostly his peers and elders – were eager to share power and glory after the long-awaited electoral victory. Until the end of 2001, the KMT still dominated the Legislative Yuan where the DPP only had one-third voting strength. Besides, he might have popular prestige, but as a new leader he had yet to establish his professional reputation as an effective manager of national affairs. The sudden termination of the fourth nuclear power plant project in October 2000 nearly halved his popularity, from where he is still struggling to recover.³⁶

When it comes to Mainland policy-making, President Chen seems to be doubly inferior to Lee. By 1996, Lee had accumulated enormous knowledge and first-hand experience. He had also built a loyal group of experts around him. In contrast, President Chen is not anywhere nearly as knowledgeable and experienced, and he and the DPP as a whole are in dire need of talents. So he has to borrow from outside the DPP. As the most natural ally who shares the same ‘new paradigm’, Lee was invited to fill the void in the national security system with his loyal lieutenants who have since been serving in the NSC (Deputy Secretary-General Chang Jung-feng), the Ministry of Defence (Chief of staff and since February 2002 Minister Tang Yiau-ming), the MAC (chairperson Tsai Ing-wen), the Presidential Office (Deputy Secretary-General and since February 2002 Foreign Minister Eugene Chien) and a few other key positions (such as Minister of Finance Yen Ching-chang).³⁷ This collaboration with his predecessor would presumably free Chen’s hands for domestic affairs, particularly his re-election campaign. It also helps to ensure the continuation of the ‘new paradigm’ initiated by Lee in 1999.

Hence, as a new-comer, less powerful and less self-confident, Chen Shui-bian conducted the mainland policy of his first year as President with caution and moderation. The message of ‘five no’ (I will not declare independence; I will not change the national title; I will not push forth the inclusion of the so-called ‘state-to-state’ description in the Constitution; I will not promote a referendum to change the status quo in regards to the question of independence or unification; and there is no question about abolishing the National Unification Guideline or the National Unification Council) in his inauguration speech indicated a high degree of continuity with the KMT administration’s mainland policy. Though lacking substance, the ‘integra-

tion' proposal at the turn of the millennium was also a positive development.

However, his inclinations toward the new paradigm became more pronounced and more frequent in his second year (May 2001–May 2002).³⁸ This may be due, first and foremost, to the tougher stance taken by the administration of George W. Bush toward Beijing. Secondly, the re-entry of Lee Teng-hui to politics with a clear pro-independence slant may have also strengthened Chen's hand against his domestic opponents. Examples of the 'new paradigm' abounds in Chen's second year. Suffices here to mention three. First is his total denial of the '1992 consensus' in October 2001. Second, the widely publicized case with regard to the addition of 'Taiwan' on the cover of the ROC passport.³⁹ Third and perhaps the most revealing example has to do with Chen's National Day speech in October 2001. As explained earlier, the new paradigm has as its core the assertion that 'Taiwan is a sovereign country whose name, according to the present Constitution, is the Republic of China'. So the treatment respectively given to 'Taiwan' and 'Republic of China' by the President himself on the National Day (10 October) of the ROC each year may serve as a useful guide to the thinking of the President. As Table 3.3 shows, not counting the ceremonial mentions in the very beginning ('Today is the National Day of the Republic of China') and in the very end ('Long Live the Republic of China') of the President's National Day speeches each year, President Lee mentioned 'Republic of China' or 'China' 11 times on average each year between 1988 and 1995. The number dropped to roughly 5 times each year between 1996 and 1999. President Chen cautiously followed Lee's practice after 1995 with 5 times in his speech of October 2000. But in 2001, the official name of the country completely disappeared. Instead, Taiwan (even Formosa) was mentioned 15 times, the highest point ever. This trend seems to correspond exactly with the slide from 1991 paradigm to post-1995 tension and to 1999 new paradigm, as discussed earlier.

Chen's third year seems to reflect greater self-confidence and power. The LY election of December 2001 increased the DPP seats in the 225-member LY from 70 to 87. For the first time in history, the DPP, allied with the 11-member Taiwan Solidarity Union and some independent members could form a majority in the LY. Again, as incumbent President Chen broke the DPP's tradition and assumed chairman of the party in July 2002. Not only could he govern from a position of greater power, but he could run his own re-election campaign. Last but not least, he must have grown more self-confident and command greater

Table 3.3 National Day Speeches (1988–2001)⁴⁰

<i>Year</i>	<i>No. of times 'China' or 'Republic of China' was used</i>	<i>No. of times 'Taiwan' was used</i>
1988	11	2
1989	15	2
1990	8	0
1991	10	3
1992	12	3
1993	5	2
1994	14	2
1995	9	1
1996	2	1
1997	6	1
1998	6	1
1999	5	4
2000	5	8
2001	0	15

respect from his ministers (including those previously loyal to Lee) after two full years in office.

Hence President Chen's third year witnessed bolder assertions of the new paradigm. In May 2002, he not only assailed Hu Jintao, Vice President of the PRC, but told domestic and overseas audiences, on separate occasions, that 'no matter if you agree or not, whether you accept it or not, Taiwan is (already) an independent country...'.⁴¹ One week after assuming DPP chairmanship, he shook the world by stating to a pro-independence gathering that:

Taiwan and China standing on opposite sides of the Strait, there is one country on each side. This must be clearly distinguished ... Taiwan has the right to decide the future, fate, and status of Taiwan... . And should the need arise, how will this decision be made? It will be made by referendum. A referendum is a basic human right... . I sincerely call upon and encourage everyone to give thought about the importance and urgency of initiating a referendum legislation.⁴²

In spirit, though not in exactly the same words, Chen's statement was clearly a reaffirmation of Lee's 1999 remark on 'special state-to-state relationship'. But it broke important new ground in that, by advocating a plebiscite, he advanced the cause of independent Taiwan into *action*.

Conclusion

Taiwan's Mainland policy has come a long way since 1987. It was built from ground zero and evolved through the vicissitudes of tumultuous domestic political life. Because of its vital importance, too many fingers have tried to dip into the pie. And the rules of the game were in such a fluid state that the observers – or even the participants – had to feel their ways toward a better understanding. While this chapter attempts to analyse the domestic driving forces behind Taiwan's Mainland policy only and has largely left out the PRC and US factors, the separation may become increasingly unrealistic in the near future, because these two big-power factors, each in its own way, are apparently injecting themselves into the domestic Taiwan scene more forcefully than before. Taiwan's elections, previously lauded as steps toward democratization, would henceforth be watched nervously abroad as harbingers of a new policy or paradigm. Were the tail to wag the dog this way, Taiwan's democratization would have really come with a twist.

Notes

1. The first media report of this secret channel was found in 'A True Account of Nine Rounds of Cross-Strait Secret Talks in Lee's Era', *Business Weekly* (Taipei), 24–30 July, 2000, 60–94. It was later confirmed by Chou Jing-wen, *A True Account of Lee Teng-hui's Rule* (Taipei: Ink, 2001), 192–204. Chou's book, based solely on interviews with Lee, disclosed that a total of 27 meetings were held during Lee's presidency of 12 years. The main Taiwan envoy had always been Su Chih-cheng, Lee's personal secretary. Su's Mainland interlocutors included Yang Sede (Director of CCP Taiwan office, 1986–1993), Wang Daohan, and Zeng Qinghong (Jiang Zemin's confidant). The venues were Zhuhai, Hong Kong, and Macao. See Chou, 192.
2. This is of course only one interpretation of what had transpired in 1992 regarding the knotty issue of 'one China'. Whatever the interpretation, it seems undeniable that by the end of 1992, there was sufficient degree of mutual trust between Taiwan and the Mainland on the concept of 'one China' for both to agree to put it aside and allow dialogue to go on other issues between 1993 and 1995. After Chen was elected President in 2000, it seemed clear that the DPP who believed 'Taiwan is Taiwan, and China is China', would not even acknowledge the concept of 'one China', however defined. The author thus coined the term '1992 consensus' in the hope that, by equivocation of 'one China' the deadlock might still be broken. See *United Daily News*, 29 Apr. 2000, 4.
3. The SEF and the Mainland Affairs Council (MAC) and President Lee himself issued statements on 30 July, 1 Aug. and 10 Oct. 1999, respectively, calling for a return to 'one China, different interpretations'. See *Central Daily News*, 31 July 1999, 2; 2 Aug. 1999, 3; and 10 Oct. 1999, 2.

4. Tsai told the author in May 2000, just before she took office as the MAC Chairperson that the DPP administration would not mention the 'special state-to-state relationship', but would continue to implement it. For an analysis of the origin, synopsis and practice of the 'special state-to-state' formulation, see Su Chi, 'The Undeclared "special state-to-state" Formulation: A Year End Review of President Chen's Mainland Policy', in *National Policy Forum* (Taipei), July 2001, 79–87, or <http://www.npf.org.tw>
5. http://www.president.gov.tw/1_news/index_e.html
6. For the Resolution on Taiwan's Future, see *Important Documents of the DPP's Cross-Straits Policy*, DPP Department of China Affairs, Taipei, 2000, 88–90. For the 'special state-to-state relationships,' see Su Chi, op.cit; and Lee Teng-hui and Mineo Nakajima, *Asia Wisdom and Strategy*(Taipei: Yuanliu, 2000), 34–65.
7. Yao Chia-wen, a former DPP Chairman and presently chairman of the Examination Yuan, once said, 'the term, Republic of China, is to be tolerated, not accepted'. See *United Daily News*, 19 Mar. 2001, 2.
8. According to a PFP legislator, the National Security Bureau admitted having paid Tsai more than \$9 million NT for the study. See *China Times*, 19 Jan. 2002, 4.
9. Data was compiled by the author.
10. For an analysis of the SNTVsystem and its implications, see Hung-mao Tien and Tun-jen Cheng, 'Crafting Democratic Institutions' in Steve Tsang and Hung-mao Tien (eds), *Democratization in Taiwan: Implications for China* (Basingstoke: Macmillan – now Palgrave Macmillan, 1999), 23–48.
11. For example, in the Legislative Yuan election of 2001, nineteen candidates competed for 10 seats in the second district in Taipei County. The last winner won only 2.82 per cent of the total votes in the district.
12. http://www.mac.gov.tw/english/POS/9102/9102e_5.gif
13. http://www.mac.gov.tw/english/POS/9102/9102e_4.gif
14. <http://mops.tse.com.tw/server-java/t51sb10?step=0>
15. According to a survey by *United Daily News*, 42 per cent of those polled viewed the DPP as pro-business, in contrast to 11 per cent 2 years earlier. See *United Daily News*, 29 July 2002, 3.
16. After months of intense debate, the government announced its decision to allow only 8-inch (not 12-inch) and only used (not new) wafer fabs to be exported to the mainland. And until 2005 no more than 3 fabs, worth \$70 billion NT in total, are allowed. See *United Daily News*, 30 Mar. 2002, 1.
17. For example, the initial rounds of frontal assault on the so-called '1992 consensus' were fired not from Taipei offices, but by President Chen at campaign rallies in Hua-lien and Peng-hu just weeks before the LY elections. In his speeches, he equated '1992 consensus' with 'sell-out of Taiwan'. See *United Daily News*, 23 Oct. 2001, 2.
18. For example, after President Chen put forward his important 'integration' proposal on 1 Jan. 2001, the DPP Chairman, Frank Hsieh, told the press that, after the proposal was made, no meetings were held at the highest level to discuss the issue(*Liberty Times*, 3 Feb. 2001, 4). And 'senior officials' of both the NSC and the President's office said that Chen never asked the NSC or other offices to study the 'integration' proposal, and the government would not elaborate on the meaning of 'integration'(*Liberty Times*, 21 Mar., 2).

19. For example, President Chen announced his decision on 9 May 2002 to send a delegation led by the DPP Department of China Affairs to visit the mainland in Aug. (*United Daily News*, 10 May 2002, 1) This announcement was made just 2 days after Chen publicly criticized Hu Jintao by name that 'Hu led the PLA into Tibet after the Tiananmen incident (of 1989)' and even posed for photo in front of a tank with PLA. ... It is difficult to expect him to think independently, to be his own man ... to get things done' (*United Daily News*, 8 May 2002, 4). A similar remark was made to *Newsweek* (international), 20 May 2002, 24
20. Professor Yung Wei proposed a different polling methodology. Instead of asking 'one question, three options', he asked two questions: 'Are you a Taiwanese?' and 'Are you a Chinese?' and found 93.4 per cent answering yes to 'Taiwanese' and 70.7 per cent to 'Chinese'. His yet unpublished survey was done in mid-Nov. 2001.
21. http://www2.nccu.edu.tw/~s00/database/data0406_3.htm
22. Bau Tzong-ho, 'The People's Ethnic Identity', in Chen Yih-yan, Bau Tzong-ho, *A Study of Mainland Policy and Cross-Strait Relations*, a research project commissioned by the MAC and published on 30 June 2000, 124
23. <http://udnnews.com/survey/introduction.shtml>
24. Lin Cho-shui, 'Electoral Politics and the Administration's Stance on Cross-Strait and Ethnic Relations', *China Affairs* (Taipei), Oct. 2001, 85.
25. http://www.mac.gov.tw/english/POS/9102/9102e_1.gif
26. For an excellent analysis of this issue, see Yu-shan Wu, 'The Chinese/Taiwanese Identity in Cross-Strait Relations', *China Affairs* (Taipei), Apr. 2001, 71-89.
27. The existence of this fund was first disclosed in 'The National Security Bureau's Top-Secret Documents', *Next Magazine*, 21 Mar. 2002, 10-23.
28. *Next Magazine*, 21 Mar. 2002, 13; and *China Times*, 19 January 2002, 4.
29. *United Daily News*, 26 Mar. 2002, 3
30. For instance, when the Mayor of Kaohsiung, Frank Hsieh, was planning a trip to Xiamen in early July, 2000, one month before he was to take over the DPP Chairmanship, he was astounded that President Chen confronted him with his itinerary and other details. Hsieh joked to his friends later that he would have to be more cautious because the President seemed to know everything. Needless to say, his Xiamen trip was cancelled. See *United Evening News*, 10 Sept. 2000, 2.
31. Chen Shui-bian, *Century's First Voyage: Reflections on the 500 Days Since Power Transfer* (Taipei: Eurasia Press, 2001), 190.
32. In one typical episode during my tenure as MAC chairman, I was invited by some DPP LY members to their press conference. When I left at the end of my remark and QA and before the DPP LY members were to speak, the entire press corps vacated the conference room. I felt so embarrassed as to return to the room immediately. Needless to say, the room was once again filled with reporters.
33. Some press even referred to it as 'a visit of the century'. For an assortment of media reports, see *United Daily News* editorial, 7 June 1995, 2; *China Times*, 22 May 1995, 2; *Economic Daily* editorial, 13 June 1995, 2.
34. Chou Jing-wen, *A True Account of Lee Teng-hui's Rule*, (Taipei: Ink, 2001), 223.

35. According to *A True Account of Lee Teng-hui's Rule*, before Lee made the remarks on 9 July 1999, 'indeed no high officials at the President's office, the Premier's office, or the KMT knew anything about it. For Lee, it was a decision he pondered over three days. In fact, it was something sticking in his chest for years. (To get it out) was thus not an extemporaneous act.' (228).
36. On 4 Oct. 2000, the DPP administration suddenly announced the termination of construction of the fourth nuclear power plant project – a long-standing DPP position. President Chen's popularity immediately plunged to 43% from 79% at the previous height in the summer. When the Oct. decision was rescinded on 17 Feb. 2001, his popularity was 45% and remained around 50% for more than one year afterwards. Taiwan's economy, on the other hand, also never recovered to pre-Oct. 2000 level. See *United Daily News*, 21 July 2000, 2, and *China Times*, 21 Feb. 2001 editorial, 2.
37. The cabinet reshuffle of February 2002 increased, not decreased, the weight of this group. For example, Eugene Chien was made the Foreign Minister, and General Tang Yiau-ming became Defence Minister.
38. For a more extensive analysis of Chen's policy of his second year, see Su Chi, 'Cross-Strait Relations: Now and the Future', in *Central Daily News*, 28 Feb. 2002, or <http://www.npf.org.tw>
39. See *United Daily News*, 14 Jan. 2002, 1
40. See http://www.president.gov.tw/index_e.html
41. *Newsweek* (international), 20 May 2002, 25. A similar remark was made to a group of editors-in-chief in Kinmen, when he was asked to comment on President Bush's earlier mention of 'Republic of Taiwan'. See *United Daily News*, 10 May 2002, 4
42. http://www.president.gov.tw/1_news/index_e.html

4

China's Bottom Line and Incentives for a Peaceful Solution

Suisheng Zhao

China will not allow Taiwan to become an independent state with sovereignty in the community of nation-states. This is the bottom line determined by the sentiments of Chinese nationalism. However, it has been continuously making adjustment in the strategy for reaching the ultimate goal of national reunification. From this perspective, one may also argue that Beijing's bottom line is a dynamic one and the driving force behind Beijing's Taiwan policy has not been static. While Mao Zedong was determined to take over Taiwan by force, Deng Xiaoping designed a peaceful offence strategy with the belief that increasing economic and cultural exchanges would eventually lead to political integration. After the rapid decay of communist ideology in the post-Cold War era, legitimacy crisis has become a grave concern of Deng and his successor Jiang Zemin. In the search for a means of dealing with the declining faith in communism and the lack of confidence in the communist system, the post-Mao leadership rediscovered the utility of nationalism, which has remained the bedrock of political belief shared by most Chinese people, including many of the communist regime's critics. The post-Mao leadership quickly re-positioned itself as the representative of Chinese national interest and the defender of Chinese national pride against Western pressure and sanction. Taiwan has been a very sensitive issue involving the sentiments of Chinese nationalism because territorial integrity and national unity, which were at the core of the Taiwan policy, has a symbolic value in Chinese nationalism. Recovering the territories lost to the Western powers and Japanese imperialists during the so-called century of humiliation has always been the declared goal of the communist government. Taiwan is one of the lost territories that has been claimed by Beijing based on this nationalist conviction although Taiwan has pursued independence in

every way but in name since the early 1990s. Taiwan's continued separation from the mainland has been a constant indictment of party leaders in Beijing. Hence, taking action to secure the return of Taiwan played a special role in maintaining the nationalist credentials of the communist regime.

However, post-Mao leaders in Beijing are pragmatic nationalists. They want to use nationalism as a tool and are very cautious about international as well as domestic reactions to their nationalist rhetoric because they are aware that nationalism is a double-edged sword. While nationalism could replace the discredited communist ideology as a new basis for legitimacy, over reliance on nationalism could also produce serious backlash and place the government in a tight spot, facing challenges from inside as well as outside the national borders. In particular, they have to concern about the negative impact of uncontrolled nationalist expression on China's economic modernization programme. Taking a prudent policy in international affairs after the end of the Cold War, pragmatic leaders have tried hard to prevent the popular expression of nationalism from getting out of hand. Pragmatic considerations, particularly the consideration of creating favourable environment for economic growth, increasingly dominates the making of China's foreign policy, which would have been different had it been made in line with the strong rhetoric of Chinese nationalism. Pragmatism have likewise moderated nationalism in the making of China's Taiwan policy though there is a limit to what Beijing will tolerate, namely anything that may, in its judgement, violate China's sovereignty and thereby threaten the legitimacy of the communist regime. Its strong nationalist rhetoric has often been followed by prudent behaviour in the recent years. Peaceful unification, rather than costly military action, has remained the preferred strategy for Beijing's leaders to deal with the Taiwan issue.

Chinese nationalist sentiment and the Taiwan issue

Beijing adopted a strategy of peaceful reunification by promoting economic and cultural exchanges across the Taiwan Strait in the 1980s although it never ruled out the use of force. Beijing's peaceful reunification offensive was launched with the publication of a 'message' to the Taiwan people from the Standing Committee of the NPC on 1 January 1979. It was elaborated on by Ye Jianying in a nine-point proposal for peaceful reunification published on 30 September 1981. Ye suggested talks between the CCP and the KMT, and specific-

ally proposed *santong* (three links: commercial, postal, and travel) and *siliu* (four exchanges: academic, cultural, economic, and sports) as the first step to 'gradually eliminate antagonism between the two sides and increase mutual understanding'.¹ Later, Deng Xiaoping posed a formula of 'one country, two systems' as a viable way for reunification. Beijing's peaceful offensive reached a new stage when Jiang Zemin, the general secretary of the CCP and president of the PRC at the time, made an eight-points proposal in January 1995, suggesting that the two sides of the Taiwan Strait begin negotiations 'on officially ending the state of hostility between the two sides and accomplishing peaceful reunification step by step'.²

For Beijing, the most formidable barrier for taking back Taiwan has been the possible intervention of foreign forces, especially those of Japan and the United States. Beijing believes that these foreign countries have wanted to prevent China from becoming strong and powerful by keeping China divided. The Taiwan issue, therefore, involves not only China's territorial integrity but also China's national pride.

Beijing has always been suspicious of Japan's intentions regarding the Taiwan issue because Taiwan was a colony of Japan for fifty years. This suspicion deepened in the 1990s. After the normalization of relations between China and Japan in 1972, Taiwan disappeared from the Japanese media for over twenty years. However, this situation began to change in the 1990s as the media lifted the ban on Taiwan news. In May 1993, the front page of *Asahi Shimbun* presented nineteen 'tanka' written by various Taiwanese (Tanka is a traditional style of Japanese poetry composed with thirty-one syllables). In the fifty years following the Second World War, some older Taiwanese who received Japanese education continued to write poems in Japanese. In July 1993, the *Asahi Weekly* magazine began to serialize '*Taiwan Kiko*' by historian-author Shiba Sentaro. This series emphasized the history of Taiwan, including the period of Japanese occupation and the period between recovery and the end of martial law. Later, in May 1994, *Asahi Weekly* published a conversation between a Japanese reporter, Ryotaro Shiba, and Taiwan's President Lee Teng-hui. In this meeting, Lee talked about 'the sorrow of being a Taiwanese', and stated that 'the ROC is a sovereign state'. Comparing himself to Moses, the President said that he would lead his followers to escape metaphorically from Egypt, cross the Red Sea, and build another country in another place. These events caused great concern in Beijing. Chinese leaders believed that the Taiwan *tanka* and *kiko* provided the Japanese with revisionist lessons in

history, and Lee's interview indicated the collaboration between Japan's anti-China forces and Taiwan's independence movement.

Shortly after the publication of Lee's conversation with Shiba, an incident involving the Hiroshima Asian Games occurred. President Lee had planned to go to Japan for the event, which provoked threats from Beijing to boycott the game. As a result, President Lee did not make the trip. However, Lee's name appeared prominently in all major Japanese newspapers for several weeks. While the resulting lift of the Taiwan taboo by Japan found expression in the media and public opinion, the Japanese government also appeared to be moving closer to Taiwan. When the Asian Games incident occurred, some Japanese officials commented in private that Japan could not possibly ignore forever such a major economic power of 20 million people. That Hsu Li-teh, vice-premier of Taiwan, later led a delegation to the Asian Games in Japan was reportedly a contingency plan put into action by the Japanese.³

Beijing has also been suspicious about US intentions regarding Taiwan. The United States has been involved in the dispute over the status of Taiwan since the outbreak of the Korean War in 1950. In Beijing's eyes, the US government has been playing double-dealing tricks since the normalization of Sino-US relationship in 1979. Washington has accepted unequivocally in the three joint communiqués that the Beijing government 'is the sole legitimate government of China' and acknowledged 'Taiwan is part of China'. However, the US Congress passed the Taiwan Relations Act (TRA), a law that recognized Taiwan's position as a quasi-sovereign state. This legislation directly contravenes the communiqué on the establishment of diplomatic relations between Beijing and Washington. The TRA has granted Taipei's representative in the United States access to US courts, diplomatic privileges, and other prerequisites confined to sovereign states. The Act has endorsed US arms sales to Taiwan and specified that the President and the Congress would decide the nature and quantity of such sales based exclusively on their judgement of Taiwan's security requirements. After the end of the Cold War, Beijing became suspicious of the US, concerned with an American attempt to sabotage China's national reunification in order to prevent China from rising as a competitor. Li Jiaquan, deputy director of the Institute of Taiwan Studies in the Chinese Academy of Social Sciences, presented this view by stating that the vigorous growth of economic, trade, and cultural exchanges across the Taiwan Strait had prompted worries among certain people in the United States who were hostile toward China. These Americans feared that, if relations improved steadily, both sides of the Taiwan

Strait would eventually come to a peaceful reunification, which, in their mind, would not be in the US national interest because China was a potential enemy. According to Li, 'these people believe that only by maintaining a state of division and conflict across the Taiwan Strait can Taiwan be used to contain China'.⁴

Beijing's suspicions that the United States was playing the Taiwan card in order to contain China was seemingly confirmed when the news that the US government decided to issue an entry visa to President Lee Teng-hui broke in May 1995. This contradicted US promises and openly changed the policy that forbade Taiwan leaders from visiting the United States, a policy that was adhered to by past administrations for nearly seventeen years. Beijing's leaders received relevant notice only two days before the US Department of State officially announced Lee's visit. This event was seen as a manifestation of a new Cold War mentality in Washington in accordance with which the US took actions to support Taiwan independence forces. Beijing worried about a possible international domino effect whereby Japan and other nations might follow the US lead. Thus, nationalism and anti-American sentiment ran high in China following Lee's visit to the United States. After the visit the PLA conducted waves of military exercises in areas near Taiwan, which happened between July 1995 and March 1996. They were accompanied by strong nationalist rhetoric.

The military exercises reversed what some observers had called a period of significant rapprochement across the Taiwan Strait and created the most serious international crisis since Beijing and Taipei engaged in conflict over the offshore islands of Jinmen (Quemoy) in 1958.⁵ During the crisis of 1995–96, cross-Strait tensions rose dramatically. Taipei was on high alert and declared that it had made all necessary preparations to deal with a possible invasion. The United States responded by sending two aircraft carriers, the *Independence* and the *Nimitz*, toward the Taiwan Strait to monitor Chinese military actions. This was the largest naval deployment of the United States in the Asia-Pacific region since the end of the Vietnam War in 1975.⁶ Chinese nationalism was thus viewed as the cause of the aggressive military action and resulting in international crisis across the Taiwan Strait.

A two-pronged strategy

The 1995–96 Taiwan Strait crisis raised the question if nationalism had driven China into irrational behaviour and made Beijing's policy toward Taiwan aggressive and inflexible? Taking into account the

subsequent development the answer is not a simple one. In fact, Beijing's strategy of national reunification with Taiwan has been characterized by *liangshou celue* or a two pronged strategy. It was a stick and carrots approach, involving an oscillating pattern of military coercion and peaceful offensive. Coercive strategy relies primarily upon the use or threat of use of force, often in an exemplary and demonstrative manner. In contrast, the peaceful offensive appeals to cross-Strait political negotiations and economic and cultural exchanges to keep Taiwan from seeking independence and to build goodwill and momentum for eventual national reunification. The coercive strategy was used primarily in the early years of the PRC when Beijing planned to 'liberate' Taiwan by military force. Peaceful offensive, a pragmatic and prudent approach, was adopted in 1979 and has since then been the preferred approach for national reunification. It was only briefly interrupted during the Taiwan Strait crisis of 1995–96 and was promptly resumed in 1997 despite the inflamed nationalistic rhetoric. The underlining consideration has been the high economic and political cost of taking Taiwan by force. In addition, 'the military balance in the Strait and the political balance on the island is such that for the foreseeable future [China] cannot easily use military forces to seize and control Taiwan, even if, as almost no one believes likely, the [United States] chose not to react.'⁷ Therefore, Beijing's leaders have been very cautious in maintaining the peaceful offensive, using the threat of force only very briefly.

Peaceful offensive as a prudential and pragmatic approach to national reunification vigorously promotes economic and cultural exchanges as well as peaceful negotiations to end the military confrontation across the Taiwan Strait. Beijing would allow socialism on the mainland and capitalism in Taiwan to coexist with each other for an extended period. Taiwan would enjoy a high degree of autonomy, which would include administrative, legislative, and independent judicial power; the right to keep its own troops; and the power to handle certain foreign affairs including the signing of commercial and cultural agreements with foreign countries. However, 'only the PRC represents China in the international arena'.⁸ In a pragmatic fashion, Beijing accommodated Taiwan's no official contact position and established a semi-official institution, the ARATS, as a counterpart to Taiwan's SEF and began cross-Strait functional consultation in 1992. Wang Daohan and Koo Chen-fu, chairmen of the two institutions respectively, met in Singapore for the first time in 1993. At a two-day meeting of the executive leaders of the two institutions concluded on 28 May 1995, the two

sides reached a preliminary consensus on regularizing and institutionalizing the Koo-Wang talks. They decided that the second round of Koo-Wang talks would be held in Beijing in July 1995, and the third round would be held in Taipei the following year.

With all this progress, Beijing expected to move the cross-Straits relationship from the phase of discussing practical issues to the phase of political contact and negotiation when President Jiang Zemin made his eight-point proposal in January 1995. In an interview with China's official media, one senior fellow at Beijing's Peace and Development Research Centre revealed that 'putting an end to the hostility across the Strait was an intermediate stage in the transition toward political negotiation and peaceful reunification'.⁹ However, President Lee Teng-hui's visit to the United States took place in May. Following this visit, Beijing's Taiwan Affairs Office and ARATS unilaterally declared, on 16 June, that the second Koo-Wang meeting was indefinitely postponed. The peaceful offensive was replaced by military coercion when Beijing suddenly stated it would hold military exercises in July, an announcement accompanied by inflamed nationalist rhetoric. Beijing's military exercises were part of coercive diplomacy that was to backup the peaceful offensive with the threat of punishment for non-compliance. In the fashion of coercive diplomacy, military force was used in an exemplary manner 'to demonstrate resolution and willingness to escalate to high levels of military action if necessary'.¹⁰ This coercive strategy exploited Taiwan's fear of war through military brinkmanship.

After Beijing declared a success of the coercive strategy, peaceful offensive was prudently resumed in a gradual manner in late 1997 and became the main strategy again in early 1998. In his Political Report to the CCP's Fifteenth National Congress in September 1997, Jiang Zemin emphatically reaffirmed the eight-point proposal for developing cross-Straits relations. He stressed China's determination 'to adhere to the basic guidelines of peaceful reunification and one country, two systems', and to 'entrust all the hope that the Taiwan people would share in the tradition of glorious patriotism'.¹¹ On 29 September 1997, immediately following the 15th Party Congress, Qian Qichen suggested to Taiwan that the two sides begin cross-Straits consultations on procedural arrangements for bilateral political talks.¹² In a further effort to push the peaceful offensive, the CCP Central Committee convened a 'work conference on Taiwan affairs' in May 1998. This was a very high-level meeting that was rarely devoted to the Taiwan issue previously. Jiang Zemin and all other members of the powerful Politburo Standing Committee attended the three-day meeting. The conference called

upon the whole party and the nation to further implement the principles of 'peaceful reunification', in accordance with Jiang's eight-point proposal within the 'one country, two systems' framework. The conference decided to take active steps to push for political negotiations with Taiwan. The first step was the suggestion that procedural talks be held concerning the topics and venues for formal negotiations.¹³

Before the Taiwan work conference, Beijing took an initiative by calling for the resumption, in two steps, of the suspended ARATS-SEF talks. The first step was to hold talks between the executive officials of the SEF and the ARATS, and the second step was to hold meetings between the leaders of the two organizations.¹⁴ After several months of manoeuvring, the second Koo-Wang meeting took place in Shanghai in October 1998. At the meeting, Wang accepted Koo's invitation to visit Taipei in the fall of 1999. Koo ended his first mainland trip with a meeting with President Jiang Zemin in Beijing. When Wang was preparing for his first Taiwan trip, President Lee Teng-hui announced his 'special state-to-state' theory.¹⁵ As a response and in protest Wang postponed his trip. While launching a propaganda war against Lee's theory, China – to the surprise of some observers – did not take dramatic military actions against Taiwan. Instead, Beijing decided to wait patiently for the results of Taiwan's second presidential election in March 2000, in the hope that the new president would take a moderate position and give Beijing a chance to continue its peaceful unification offensive.

A wait-and-see policy

However, Beijing was alarmed again by the prospect that the pro-independence DPP candidate, Chen Shui-bian, would win the election. To cope with the uncertainty, Beijing decided to take unprecedented proactive actions to influence Taiwan's election. The top priority was to prevent Chen Shui-bian from being elected state president.

Beijing's major method to influence Taiwan's election was to make new threats to use force against the prospect of Taiwanese independence, which was targeted at candidate Chen in particular. These threats were expressed systematically in a new white paper released on 21 February, about a month before the presidential election. This document *The One-China Principle and the Taiwan Issue* was issued by the Taiwan Affairs Office and the Information Office of the PRC State Council. It noticeably put forth three conditions to clarify the premise for the mainland using force against Taiwan. Before this White Paper,

China had threatened military action only if Taiwan declared independence, descended into chaos, and/or if it came under a foreign invasion. The White Paper substituted descend into chaos by a new condition. That is, if Taiwan indefinitely refuses 'the peaceful reunification through negotiations' China will use force.¹⁶ The blunt warning showed Beijing's increasing anxiety over Taiwan's rejection of its terms for national reunification.

In the final countdown week, Beijing became very concerned as it saw that Chen Shui-bian's chance of election was boosted by the endorsement of several prominent academic and businessmen in Taiwan. In response, Beijing made another blunt threat. In his National People's Congress news conference on 15 March, three days prior to the election, Premier Zhu Rongji made the threat that 'Taiwan independence forces' victory will spark a cross-strait war and hamper cross-strait peace. We believe that these worries are a logical inevitability and concern all the Taiwan people's personal destinies.' Zhu tried to create a sense of urgency to influence the election outcome by warning that, 'at present, Taiwan people are facing an urgent historic moment. They have to decide what path to follow. They absolutely should not act impulsively. Otherwise, it will be too late for regrets'.¹⁷

This coercive strategy backfired as most Taiwan people and all three major candidates refused to be intimidated. The candidate most unacceptable to Beijing, Chen Shui-bian, was elected President. Leaders in Beijing were shocked. However, pragmatism prevailed and Beijing decided to refrain from using force or making further military threats. The overriding task for the Chinese leadership was to get China ready to join the world economic system. For pragmatic leaders such as Jiang Zemin, although it is important to prevent Taiwan from moving toward independence, China should not sacrifice its modernization efforts as long as Taiwan does not explicitly declare independence. China needed time to modernize first and deal with many other urgent problems. China has made great effort to carry out economic reforms for joining the WTO. Jiang hopes to fulfil the modernization plan so as to leave his name in history. He does not want to see any disputes trigger a cross-strait war because this would hamper the execution of his primary task. In this case, using military force against Taiwan is an option to which he would not want to resort unless he has exhausted all other means to prevent Taiwan from declaring independence.

It was under these circumstances that Beijing adopted an ambiguous wait-and-see policy, which was elaborated in the first official response by the Taiwan Affairs Office of the PRC State Council five hours after

Chen's electoral victory. This policy stated that Beijing would never tolerate independence for Taiwan but would wait and assess the words and deeds of the president-elect. While this statement firmly reiterated Beijing's 'one China principle', it purposely left rooms for further manoeuvre. In particular, it was very ambiguous about what action it would take to cope with the Chen administration. On the one hand, the statement held:

The election of a new leader in Taiwan cannot change the fact that Taiwan is part of Chinese territory. The One China principle is the prerequisite for peaceful reunification. Taiwan independence in whatever form will never be allowed. There is only one China, and Taiwan is an inseparable part of Chinese territory.

On the other hand, the statement said:

We should listen to what the new leader in Taiwan says and watch what he does. We will observe where he will lead cross-Straits relations. We are willing to exchange views on cross-Straits relations and peaceful reunification with all parties, organizations, and personages in Taiwan who favour the One China principle.

The statement made it clear that Beijing would retain contact with the Taiwan people rather than the president-elect. In this regard, the statement appealed to 'Taiwan compatriots to combine their efforts with ours to safeguard the sovereignty and territorial integrity of the motherland, protect the fundamental interests of the Chinese nation, and realize the complete reunification of the motherland.'¹⁸

The statement showed that Beijing was not ready to carry out its harsh threat of war and wanted to keep the door open for possible reconciliation with Chen Shui-ban if Chen was willing to accept the one China principle. It was reported that Jiang Zemin introduced a 16 characters' guideline: '*rezhen guan cha, naixin dengdai, buji buchao, baochi gaoya*' (carefully observe, patiently wait, avoid hurrying or haste, and keep up heavy pressure).¹⁹ This strategy of combining military pressure and the peaceful offensive was to make the threat of military force a credible one in the physical sense while avoid actually starting a war and keep the danger and the cost of a real military conflict within limits.

Although this wait-and-see policy has kept the door open, Beijing does not trust Chen. Beijing's leadership is deeply suspicious over the

Chen administration not only because of his vocal support for Taiwan independence in the past but also because his party still retains Taiwan independence in its party charter. Declaring the wait-and-see policy, Beijing has continued the two-pronged strategy of military pressure and peaceful inducement to force Chen to speak the words and take the deeds to the satisfaction to Beijing after he took office.

While Beijing has kept the pressure up, there has not been any military tension in the strait after President Chen Shui-bian was elected. Instead, Beijing has launched a new round of a peaceful offensive using the united front to widen its policy options. The two major targets are the opposition politicians and businessmen in Taiwan. Pragmatic leaders in Beijing have intensified all kinds of contact with Taiwan's political oppositions and business people to negate Chen's election gains.

The logic of working with the oppositions is simple. The rivals or enemies of the pro-independence DPP and the Chen administration can easily become Beijing's friends or allies in the broad anti-independence united front. Before Chen came to office, the only opposition party that Beijing was able to cultivate was the New Party, which never played a role comparable to the KMT or DPP in Taiwan politics. After the presidential election the KMT, ruling party for over 40 years, has become the leading opposition. A new opposition party, the PFP, led by the popular former Taiwan provincial governor James Soong, was also founded. The opposition forces thus controlled the Legislative Yuan. The KMT itself maintained 113 seats while Chen's DPP had only 66 seats. At the December 2001 legislative election, while the KMT seats were reduced to 68 and the DPP seats were increased to 87, the PFP gained 46 seats. Opposition forces still hold the majority in the Legislative Yuan.

Beijing thus made an all-out effort to entice the opposition politicians to visit the Chinese capital. The results have been impressive. One of the most publicized visitors in 2000 was KMT Vice-Chairman Wu Po-hsiung who went to Beijing and Shanghai and met with Beijing's vice-premier Qian Qichen and China's heavy-weight Taiwan policy advisor Wang Daohan. Another KMT Vice-Chairman, Vincent Siew (Xiao Wanchang), who was the premier, Taiwan's third ranking leader, before leaving office in May 2000 also visited Beijing and Shanghai with a delegation of business leaders. They included Morris Chang, chairman of Taiwan's largest computer chipmaker Taiwan Semiconductor Manufacturing Company in May 2001. A few days after Siew's visit, John Chang (Chang Xiaoyan), former KMT Secretary

General and son of Chiang Ching-kuo, also visited Beijing. By working with opposition leaders, Beijing hoped to reduce the chance that Chen would get cooperation from the opposition parties and forge a working coalition to stabilize the economy and political situation. This was meant to enhance the chance for the opposition to win the next legislative and presidential elections. A candidate from the KMT or perhaps one on a combined KMT-PFP ticket may defeat Chen or other DPP candidates in the future presidential elections.²⁰

To isolate the Chen Administration by a new united front offensive, Beijing also tried to work with the so-called majority members of the DPP, who were deemed different from the leadership of the DPP. This happened after the DPP made significant gains in Taiwan's legislative elections in December 2001. On the seventh anniversary of President Jiang Zemin's Eight-point Proposal, in January 2002, Vice-Premier Qian Qichen stated that only a small minority of Taiwan's ruling DPP were separatists. He said: 'we are convinced that the broad masses of DPP members are different from the small number of stubborn "Taiwan independence" elements'. According to the official Xinhua News Agency, Qian signalled Beijing's willingness to have relations with DPP members although he called on the party to abandon its 'Taiwan independence party platform' and reiterated Beijing's insistence that Taiwan accept its version of 'one China principle'.²¹ Qian thus made a distinction between the majority of the DPP and some of its hard-core members who still favour independence. For the first time, Qian officially invited members of the DPP to visit China although, in a subsequent news conference Zhang Mingming, a spokesman for the government's Taiwan Affairs Office, played down any policy shift, saying that Taiwan's president Chen Shui-bian was not on the invitation list.²²

Other than using the united front to isolate Chen Shui-bian, Beijing's pragmatic leaders also targeted Taiwan businessmen, particularly those in high-tech industries. Businessmen are driven by profit opportunities and are by nature opportunists, a fact that the CCP's united front cadres have exploited with success in the recent decades. Taiwanese businessmen began searching for business opportunities on the mainland after the 1980s when Taipei lifted the ban on the indirect trade and investment across the strait. They took advantage of the mainland's cheap labour to set up factories to make running shoes, sports goods or textiles in the 1980s–1990s. In fact, Taiwan's entire sports shoes industry ignored the official restrictions on direct investment and moved to the mainland for the cheap labour and huge

market. After China's economy boomed throughout the 1990s, the flow of Taiwanese investment to the mainland accelerated regardless of the 'go slow, be patient' policy set by Lee Teng-hui.

To utilize fully the business opportunities on the mainland as a weapon of the united front, Beijing launched verbal warnings against Taiwanese business firms such as Acer and the Evergreen Group for supporting Chen Shui-bian's electoral campaign in 2000. In the meantime, the new silicon wafer project of Winston Wang (Wang Wen-yang, son of the Formosa Groups President Wang Yung-ching) received a warm welcome in Shanghai, because the Formosa Group did not openly endorse Chen Shui-bian. Since developing good *guanxi* or personal relationship with mainland authorities was the key to survival and making profit on the mainland, these big Taiwanese firms could not afford to offend Beijing if they wanted to continue their business there. The untied front tactics targeting Taiwan's businessmen bore fruits for Beijing. A new tide of Taiwanese investment came after Chen's inauguration as President. According to figures from Taiwan's Mainland Affairs Council, Taiwanese investment on the mainland almost doubled in 2000. The approved investment cases were 840, amounting to US\$2.607 billion, representing an annual increase of 72 per cent and 108 per cent respectively. In the first two months of January–February 2001, there were 137 cases of application for investment on the mainland, amounting to US\$1.56 billion, representing an increase of 38 per cent, and 21 per cent respectively in comparison with the same months a year earlier.²³ Cross-strait trade also reached US\$32.386 billion in 2000, an increase of 25.8 per cent in comparison with 1999, making Taiwan China's sixth-largest trading partner and China Taiwan's second largest trading partner.²⁴

Taiwan's high-tech firms are investing on the mainland not only because of lower wages but also because of a ready supply of bargain-priced engineering talent. A *New York Times* report held that Taiwan was no longer such an alluring place to do business at the turn of the 21st century. Land is scarce and expensive. The Hsinchu industrial park was the prototype for Asian technology parks when it opened in 1980. It became overcrowded and prone to brownouts because of inadequate electricity supply in the 1990s. An earthquake briefly halted production at its chip plants and rattled the global industry in 1999, which accelerated investment and migration of Taiwan's high-tech firms and talents to the mainland. As a *New York Times* report pointed out, 'Investment accelerated markedly. ... The quake temporarily shut down much of the computer-related industry on the island, which is

prone to quakes, prompting many technology companies to shift production to China. Taiwan investors are also drawn to the vast mainland market. Half of Taiwan's high-tech products are now made on the mainland.²⁵

Taiwan's labour force has also come up short. Its universities turn out about 4,000 engineers a year, compare to 145,000 in China. In Shanghai, a trained engineer costs one-quarter to one-third that of an engineer in Taipei. The disparity is even greater for ordinary workers.²⁶ After setting up assembly lines in China, several high-tech companies have moved their research centres too. Many Taiwanese in the service sector such as securities, insurance and law firms have also created mainland offices, as they expect China to open its service sector to foreign investors after it became a member of the World Trade Organization. Taiwan's workforce has come to China not just as a place to invest in but a place to live. Roughly 400,000 people, including many high-tech engineers and managers, have moved to China from Taiwan in recent years. Shanghai is the hottest destination and about 300,000 Taiwanese have resided in the Shanghai region alone.²⁷ This development has given rise to a tide of 'China fever', or more precisely 'Shanghai fever' in Taiwan at the beginning of the 2000s. A Beijing publication attributed the 'Mainland investment fever' (*Dalu touzi re*), 'Shanghai trips fever' (*Shanghai kaoca re*), and 'high-tech industry westward moving fever' (*gaokeji canye xijing re*) as a result of Taiwan's economic slowdown and the prosperous life on the mainland.²⁸

As a result, economic and business ties across the strait have flourished in contrast to the political stalemate. One Associated Press reporter found that many young Taiwanese saw the mainland as a land of opportunity, not a hostile country. The new migrants were engineers for the high-technology industry and professionals in the service sector, including banking, securities and insurance.²⁹ China's biggest move to attract Taiwanese technology came in November 2000 when it set up a joint venture with Winston Wang to build a chip factory in Shanghai. According to a *Time* (Asian edition) report, Wang, the estranged son of Taiwan's most colourful executive, went into business with Jiang Mianheng, the low-profile son of Jiang Zemin, and started a US\$1.6 billion venture to make integrated circuits in Shanghai's new Zhangjiang Industrial Park. Their factory, Grace Semiconductor Manufacturing Corp. (Hongli Bandaoti Gongsi), was wholly foreign-owned, with Wang as CEO and Jiang serving on the board of directors. It broke ground in November 2000 and should start producing eight-

inch (20 cm) silicon wafers, used to make computer chips, in late 2002.³⁰ Taiwan produced 25 per cent of desktop computers in Chinese plants in 2000. Compal Electronics, its second-largest maker of laptop computer, said it would move 15 per cent of its manufacturing to China in 2001, another 50 per cent in 2002, and the rest within three years.³¹

While working with Taiwan's politicians and businessmen, Beijing's pragmatic leaders have also tried to find new ways to win the hearts and minds of the majority of people in Taiwan. They include a tactical adjustment in its rigid interpretation of the dogmatic 'one China' principle. In the early period of the peaceful offensive, the Beijing government did not treat the Taipei government as an equal and insisted on a rigid 'one China' principle, which stated that China was represented solely by the PRC and the Beijing government held the status of the central government while Taipei was only a local government. The negotiation that was proposed by Beijing would be conducted only between the two political parties – the CCP and the KMT – rather than between the two governments. This position began to soften when Jiang Zemin made his eight-point proposal, which did not mention negotiations between the KMT and the CCP but instead proposed 'talks with the Taiwan authorities'. Jiang's proposal also suggested, 'representatives from the various political parties and mass organizations on both sides of the Taiwan Strait can be invited to participate in such talks'. Jiang for the first time called for equal negotiations. By using the word 'equal', Jiang avoided the sensitive issue of central/local government differentiation, which had been Beijing's long-held emphasis. As far as the contents of negotiations were concerned, Jiang stressed that 'on the premise that there is only one China, we are prepared to talk with the Taiwan authorities about any issues including all matters of concern to the Taiwan authorities'. According to Chen Qimao, a former high-ranking official in Shanghai, Jiang's articulation referred to 'all matters' include the modality of negotiations, 'the issue of international space, the political status of Taiwan after reunification, and even the designation, flag, and form of a unified China'.³² Chen indicated that Jiang's statement was the result of 'a long-time reevaluation of the Taiwan situation by Chinese leaders', taking into account 'Taiwan's opinions, the fact that Taiwan has established a pluralistic political system, and that the KMT alone can no longer represent Taiwan'.³³ Although this was a belated understanding of the changes in Taiwan, it represented a fresh approach in Beijing's leadership.

In the renewed peaceful offensive that began in 1997, Beijing has become increasingly explicit that it would treat Taipei as an equal in cross-strait negotiations. Director of the Taiwan Affairs Office under the State Council Chen Yunlin promised that cross-strait negotiations would be equal discussions and would not be conducted as centre-to-region talks. Writing in the January issue of *Cross-Strait Relations*, Chen pledged that 'cross-strait negotiations are equal talks based on the principle of one China, not in the name of talks between the central government and a local government. Nor are they a time to let Taiwan's leader visit the mainland and conduct talks in the name of governor of Taiwan province'.³⁴ Never before had the Chinese authorities spelt out the status of negotiations with Taiwan so explicitly. Tang Shubei, deputy director of the Taiwan Affairs Office, confirmed this new flexibility. He said, 'we don't believe that for the two sides to negotiate, Taiwan must first recognize the central government of the PRC as a precondition' although he added that Taiwan must 'pledge that there is one China and Taiwan is part of China'.³⁵

This 'one China principle' was officially rephrased in August 2000 when Vice-premier Qian Qichen for the first time stated that 'there is only one China in the world, Taiwan and the mainland are both parts of China, and China's territory and sovereignty brook no division'.³⁶ This new official statement is different from the longstanding position that 'there is but a single China that is represented by the PRC and Taiwan is part of China'. At his meeting with Wu Poh-hsiung in November 2000, Qian said that 'saying the mainland and Taiwan are both a part of one China shows that Beijing is pragmatic and accommodating'. Indeed, this rephrase softened Beijing's insistence on a single definition for the one China principle and suggested a one China of the future that was ambiguous enough to allow a resumption of relations on the basis of the 1992 understanding between Beijing and the KMT administration.

In fact, this new and ambiguous phrase of one China principle is not entirely new. Wang Daohan flew a trial balloon in his November 1997 meeting with Hsu Li-nung, head of Taiwan's pre-unification New Alliance. Wang said, 'the so-called one China concept does not refer to either the ROC or the PRC. The one-China idea indicated a unified China that will be created by the Chinese people of the two sides in the future'.³⁷ Meeting with Lin Yang-kang, former vice-chairman of the KMT Central Committee in May 1998 Wang reiterated this view. He said, 'one China should refer to a unified China that is jointly built by compatriots on both sides of the Taiwan Strait, and that the mother-

land does not mean the mainland but the country owned by Chinese on both sides of the Taiwan Strait'.³⁸ Although the Ministry of Foreign Affairs called Wang's interpretation of one China 'inaccurate' at the time, the Chinese government eventually adopted this new interpretation at Qian's meeting with the KMT politicians in August 2000, three months after Chen came to power in Taiwan.

This pragmatic wait-and-see policy has certainly worked to Beijing's advantage. Despite the visions of war conjured by President Bush's suggestion that the United States could help defend Taiwan with all costs from an unprovoked Chinese invasion, Chen Shui-bian's government responded in silence. As one observer indicated, 'throughout the recent tensions in US-PRC relations ... Taipei did not rejoice over frictions following the airplane accident nor did it press hard for the Aegis-class cruiser sale as a fitting riposte to Beijing'.³⁹ Although most Taiwanese politicians welcomed Bush's hard-line policy toward Beijing, they also expressed wariness about becoming a pawn in the power struggle between Beijing and Washington. As Yu-ming Shaw, former deputy secretary general of the KMT, was quoted in a *Los Angeles Times* article, 'The United States and PRC have every reason to compete. But we cannot afford to be in the middle of that kind of competition. We are too small.'⁴⁰ Although it is dubious whether this was caused by China's wait-and-see policy, the fact is that social and economic integration between the two sides of the Strait has become stronger after the March 2000 election. This is certainly a product of the pragmatic peaceful offensive, Beijing's preferred strategy to deal with the Taiwan issue.

Conclusion

Beijing's pragmatic policy, particularly its preference for peaceful reunification, suggests that although nationalism has set the rhetoric and the bottom line of Beijing's sovereignty claim over Taiwan, Beijing's policy has been based on prudence and careful calculation of China's national interests. Nationalism has not driven China to take irrational actions against Taiwan. Despite nationalist rhetoric, Beijing's policy of national reunification has not been particularly inflexible. Rather, it has continuously been adjusted to the changing international and domestic environment. Although Beijing intermittently used the strategy of military coercion and peaceful offensive, nationalism has not prevented Beijing's pragmatic leadership from adopting the peaceful offensive strategy as the most desirable approach for

national reunification. Pragmatic leaders have never ignored the careful calculation of the costs of fighting a war that would contravene China's long-term and fundamental goals of economic modernization.

Because of the high cost, pragmatic leaders in Beijing have been extremely reluctant to enter a war with Taiwan. Paradoxically, the military brinkmanship in 1995–96 was intended to ensure peace across the Taiwan Strait, no matter how ironic this might have seemed. The logic, as You Ji explained, was that: '(1) China would have to wage a war against Taiwan if the latter declares independence; so (2) military threats would reduce the likelihood of a declaration of independence; and so (3) military threats would make a war less likely.'⁴¹ Military brinkmanship exploited the fear of war in Taiwan in order to avoid war with Taiwan. In Beijing's view, given the vulnerability of Taiwan's export-oriented economy, even a low-intensity military conflict would do tremendous damage to Taiwan's economy. In this calculation most Taiwanese would feel too vulnerable to stand up to a prolonged period of psychological terror and economic deprivation, and would therefore accept the terms of peaceful reunification in the face of Beijing's willingness to use force.

The military brinkmanship escalated tensions but it never went beyond a war of posturing. Beijing skilfully played the war-avoidance game during the military exercises of 1995–96. Whether a result of internal debate or power struggle, Beijing's leaders have not lost a long-range perspective in national reunification, which inevitably involves a long, difficult, and complicated process. Clearly, Beijing is not in a hurry to alter the status quo unless it finds its hands forced by Taiwan declaring independence. The two systems across the Taiwan Strait are still too far apart for an early merger to be of benefit to either side. In the long run, the two societies will increasingly converge as market forces will eventually dilute communist orthodoxy and open up the mainland further to the outside world. Until then, it is in Beijing's interest to leave the present anomalies unresolved provided Taiwan does not take steps to achieve *de jure* independence. As long as Taiwan does not formally seek independence, Beijing would rather let it continue as a country in all but name at least for the foreseeable future. For Jiang, Hu Jintao and other leaders at the top, the last thing they want is another crisis across the strait that would force a war with Taiwan. As a result, while they have accused the Chen administration 'to promote independence by postponing the reunification process (*yituo chudu*)', they rather continue the wait-and-see policy and postpone the costly military actions as long as possible.

However, the preference for a peaceful solution does not imply that the danger for a military conflict across the strait have been significantly reduced. Beijing's adherence to the wait-and-see policy is certainly not based on a sophisticated understanding of the political and economic dynamics in Taiwan. Beijing may rightly understand that public opinion is both divided and volatile in Taiwan. It is therefore able to take advantage of this and use the united front tactics to woo the KMT and other opposition politicians in Taiwan while it isolates the die-hard supporters of Taiwan independence. However, there is a difference between Beijing's exploitation of the Taiwan's opposition and the latter's use of their ties with Beijing. Taiwan's oppositions are constrained by Taiwan's electoral politics and hence the concession they can make to Beijing has to be tested ultimately at the ballot box on the island.

Although the Chen administration has been troubled by its inability to improve quickly both the domestic economic situation and the cross-strait relations, the opposition parties have not become more popular in the polls and elections since the DPP came to power. It was certainly a disappointment to Beijing that the KMT lost its majority in the December 2001 legislature elections and President Chen's DPP became the largest party in the Legislative Yuan. The reality in Taiwan is that the opposition parties working with Beijing may increase the number of their cards in dealing with the DPP administration. However, Taiwan's opposition parties are hardly in the position to meet Beijing's demands for national unification because to satisfy Beijing may alienate the majority of the Taiwan electorate and produce smashing defeats in elections. Although Beijing has attributed Taiwan's post-election economic problems to Chen's failure to improve cross-strait relations, many of Taiwan's workers have blamed Taiwan's businessmen investing on the mainland for Taiwan's increasing unemployment rate and other economic problems. It is far from clear that Taiwan's electoral politics will necessarily and neatly translate economic interests of the business community into votes. For a variety of reasons, it is quite possible to imagine a sustained disjunction between the economic interests of Taiwan's businessmen and large percentages of other members of Taiwan's population – workers, retired people, and bureaucrats, to say nothing of the rank and file in the DPP. Beijing has not shown a full understanding or has simply not wanted to understand this dynamics. In particular, Beijing has constantly underestimated the sentiment against its communist nature as a regime and the enduring support for the DPP in Taiwan.

In this case, it could be an illusion that war is unlikely if Taiwan's opposition leaders or moderate members of the DPP have come to meet with the leaders in the Chinese capital and economic interdependence has been sustained. Taiwan and the mainland have so far not eased political tensions despite the increase in economic interdependence. If the recent history of Beijing's two-pronged strategy of military coercion and peaceful offensive can tell us anything, it is the recurrence of military crisis after the failure of the peaceful offensive. Beijing may become disappointed again after a period of wait-and-see.

At for the bottom line, no Chinese leader can afford to see Taiwan become independent during his watch. Jiang Zemin does not want to see a war across the strait, but if forced by the situation, he cannot shrink from sacrificing China's modernization plan. The same applies to Hu Jintao. The rise of Chinese nationalism in recent years has further tied the hands of Chinese leaders. The patriotic education sponsored by the communist state in the recent years has placed emphasis on China's territorial integrity and national reunification. The strong wave of protest that broke out over the US accidental bombing of the Chinese Embassy in Belgrade was an expression of this nationalistic sentiment. Taking action to reunify with Taiwan plays a special role in maintaining the nationalist credential of the communist regime. Thus, the disappointment over the peaceful offensive would guarantee the return to the emphasis on military coercion, which would start another very dangerous cycle of peaceful offensive and military coercion. When Beijing has exhausted its strategic options in the cycle, it may be left without option but resort to use military force across the Taiwan Strait in spite of the heavy costs. To prevent this worst-case scenario from taking place, a formal, negotiated, and enduring framework for cross-straits relations has to be established. The first step is to resume the dialogue across the strait between the semi-official agencies and eventually launch formal negotiations between the two governments on the equal footing to end hostility.

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5

Taiwan's Bottom Line

Jiann-fa Yan

This chapter focuses on Taiwan's bottom line since the DPP came to power following the election of Chen Shui-bian as President of the ROC on Taiwan in the spring of 2000. Although Chen's administration has built on the policy of its predecessor, it has also made significant changes. In an important sense, new developments in policy towards the PRC since 2000 reflect the incorporation into formal policy the DPP's views of Taiwan's own sense of identity and destiny, as well as its assessment of the international situation where the rise of China is the most important development for Taiwan.

In examining these two dimensions, this chapter first explains how the DPP assesses the international factor and then explores the key issues which affect cross-Straits relations directly. In so doing, it explains Taiwan's bottom line in its mainland policy under Chen Shui-bian. With regard to the international dimension, the most important issues for Taiwan are the steady rise of Chinese power and how the US responds to it, focusing in particular upon Taiwan's security and as a potential cause for conflict between these two great powers.

The rise of China and the US 'con-gagement' policy

Its entry into the World Trade Organization(WTO) has not only highlighted the PRC's economic potential by making it look like the 'workshop of the world' but has also symbolized its rise as a great power. In recent years Chinese leaders appear to have undergone a significant change in how they deal with regional affairs. They have responded to the pressure from globalization by opening mainland China up more than before and by actively conducting a multilateral approach to regional affairs. The PRC now plays a positive part in the ASEAN plus

three (Japan, China and South Korea) framework, and tries to break US unilateral domination in Southeast Asia through multilateral economic negotiations.¹ As a major and rising power, the Chinese government is set to enhance its contacts with its neighbouring countries and play a more important role. It is seeking to make itself an indispensable power in the region and the world.

The growing might of China's economy has caused anxiety and concern among its neighbours. They include South Korea, Russia and Japan. In the case of the US, its analysts are basically divided into two camps: those who see China as the next major market for the US, and those who see China as the next major threat to the US.² It was the tension between the two that leads the US to adopt a policy of 'con-*engagement*', which is to combine containment and engagement in one policy. At the moment this policy is slightly tilted in favour of containment.

President George W. Bush has replaced former President Bill Clinton's policy of 'strategic ambiguity' by one of 'strategic clarity', as he believes the former is detrimental to effective crisis management.³ The Bush administration also puts greater emphasis on relations with Japan in the uneasy triangular relations among them and the PRC. Bush prefers Japan to play a greater role in North East Asia and sees China as a rising power that needs to be contained.⁴ It is, from Taipei's point of view, significant that Bush stressed in a speech to the Diet in Tokyo in February 2002 the importance of the Japan-US alliance in security issues, saying that 'America will not forget its commitment to the people of Taiwan.'

For President Bush security in the Asia-Pacific region in the twenty-first century is mainly about deterring possible aggression against South Korea from the North and a continued commitment to defend Taiwan while helping to make sure mainland China will remain stable, prosperous, and at peace with its neighbours.⁵ It is noteworthy that liberty, tolerance, and religious freedom were preached to the Chinese while Bush made a speech in Beijing.

As to the most important issue for Taiwan – cross-Strait relationship – the Bush administration has adopted a preventive approach to deal with the PRC's current military expansion. Instead of laying emphasis on the 'one China policy', the Bush Administration stresses the need for a peaceful solution across the Taiwan Strait, the importance of avoiding provocative moves by anyone, and continued US adherence to the TRA. This makes a great contrast to former US President Clinton's 'Three No policy' which he made public in China in June

1998 – no two China, no independence for Taiwan, and no support for Taiwanese membership in organizations that require sovereign state status. Bush clearly gives precedence to the TRA over the three communiqués between the US and the PRC. He appealed to the PRC not to use force and stressed that there should not be any political deal unless it enjoys the support of Taiwan's people. Even though he reportedly told Jiang Zemin at his Crawford ranch in October 2002 that his government does not support Taiwan independence, he also reiterated Washington's longstanding policy that the Taiwan–China dispute should be resolved peacefully.⁶

In short, Bush's approach toward the PRC is one of 'con-gagement'. He stresses 'containment' in security issues and 'engagement' in economic matters. As the rise of the PRC becomes a main concern of America's Asia policy the Japan–US alliance gains importance. In the Asia-Pacific region, the US strategy combines both bilateral alliances with multi-lateralism. Significantly, this increasing American emphasis on strengthening Japan–US alliance is mirrored and complemented by Japan's mainstream thinking.⁷

Has US policy towards China and Taiwan been changed as a result of the horrific terrorist attacks on the US on 11 September 2001? Looking at this matter from Taipei, there is no doubt that this outrage provoked a shift in US foreign policy. The Bush Administration has responded by becoming much more focused upon American interests and by waging a war on terrorism. This implied the Bush Administration has put greater emphasis upon managing relationships with great powers deemed critical to American interests, including China. The Americans have been seen, from Taipei's perspective, to have set their relations with the PRC in a framework that put greater emphasis on seeking common ground and respecting differences. This has raised the concern that the Bush Administration has become more keen to work with the PRC in order to secure the latter's support in the war against terrorism. This tendency may be reversed as a result of the American success in removing by force Saddam Hussein's regime in Iraq. In the making of its China policy, the hand of the 'hawks', represented mainly in the political leadership of the Department of Defense, has been strengthened. They may well steer President Bush back to the position of placing greater emphasis on working more closely with South Korea and Japan than the PRC.

Taipei watched the shifts in the US's relations with the PRC since September 2001 with keen interest. Fully aware that the US is its most important and generous ally Taiwan quickly affirmed its support for

the US war against terrorism. When the US was poised to start the war to remove Saddam Hussein in the spring of 2003, the government in Taiwan promptly made its airspace available to the US military for transit.⁸ Indeed, President Chen Shui-bian publicly supported the US war in Iraq.⁹ All this was meant to demonstrate Taiwan's solidarity with the US and gently remind this key ally of Taiwan's loyalty and friendship.

The prospects of co-existence between Taiwan and China

Although it is Bush's policy to help Taiwan defend itself, which involves upgrading Taiwan's defence forces, Taiwan itself is suffering from increasing economic dependency on China. The latter has encouraged the PRC to use it for its own political purposes.

Economic dependency on China is detrimental to Taiwan's internal solidarity and national security. In their enthusiasm for economic opportunities on mainland China Taiwanese businesspeople think more of their short-term interests than the nation's long-term ones.

It is worrying to Taiwan that it has become more vulnerable as a result of greater economic integration with mainland China. Although some Taiwanese industries move to mainland China simply for survival against fierce global competition, the rapid outflow of capital and technologies makes Taiwan more susceptible to pressure from the mainland. From Taipei's perspective, the move of Taiwanese businesses to mainland China is not only a matter of capital flow but also the loss of high-tech and managerial talent or a hollowing-out of Taiwanese industrial capacities.

Enjoying military and economic advantages, mainland China intends to use stronger economic links to bind Taiwan closer to it – a classic application of the united front. In due course the Taiwanese government will have to cope with internal pressure from business groups seeking to protect their economic interests on mainland China on the one hand, and external pressure from mainland China over acceptance of its 'one-China principle' on the other. This strategy can be seen as Beijing insists that Taipei must accept its 'one-China principle' as a prerequisite for negotiations, instead of putting this principle forward as an issue for discussion as the DPP has proposed, while pushing harder and harder for economic integration.¹⁰

The 'one-China principle' is a key obstacle for resolving the differences across the Taiwan Strait. The PRC has tried to make it more acceptable to Taiwan by re-interpreting it. In July 2001, Chinese Vice Premier Qian

Qichen tried to soften it by deliberately leaving out key details such as the format under which unification is to be achieved.¹¹ He dropped the old formula, which is that 'there is only one China, Taiwan is an inalienable part of China and the seat of China's central government is in Beijing.' In its place is a new formula: 'There is only one China in the world; both mainland China and Taiwan are part of the same China; and China's sovereignty and territory are not divisible.' Qian's statement has been portrayed as an expression of goodwill towards Taiwan. The part that says 'both Mainland China and Taiwan are part of the same China' is said to mean that there is an equal relationship between mainland China and Taiwan.

This apparent Chinese goodwill is severely limited, however, by the statement that 'China's sovereignty and territory are not divisible'. This assertion of indivisibility contradicts the reality that the Republic of China and the People's Republic of China have been separate from one another and have existed as sovereign states for half a century?¹² The crux of the matter here is that Beijing cannot cease treating the Taiwan question as a domestic issue. It has indeed repeatedly tried to insist Taiwan is a domestic issue, for example by urging the US not to interfere into cross-strait issues. In light of this, if the Taiwanese people should recognize themselves as Chinese and accept the 'one-China principle', it would tantamount to them endorsing the PRC assertion that 'there is but one China and Taiwan is part of China', embodied in the joint communiqué between the PRC and the US of August 1982.¹³

Such an endorsement would be unacceptable to most residents of Taiwan, as they have recognized themselves as ROC citizens. Even the DPP, which had previously advocated independence, formally accepted the legitimacy of the ROC state since May 1999. In the DPP's 'Resolution on Taiwan's Destiny', it states that Taiwan is already an independent sovereign state under the name of the ROC, and there is therefore no need to declare independence. Furthermore, it stresses that any change in the status quo must be decided by all residents of Taiwan by means of a referendum.¹⁴

The ROC is for all intents and purposes already an independent sovereign state. Furthermore, since democratization, the ROC has turned itself into a government of, for and by the people of Taiwan, a development which did not require any link with or endorsement from the Mainland.¹⁵ In this sense, Beijing's 'one country, two systems' formula is meaningless for Taiwan. A more appropriate way out for Taiwan is to find a new and more suitable definition of 'one China'. It was with this in mind that President Chen proposed during his inauguration in May

2000 to negotiate with Beijing for a solution for which the preservation of the ROC is Taiwan's bottom line.

The strength of Taiwan's moral position is off-set by its weakness caused by the economic downturn since 2000, however. As a result economic integration with the mainland has been seen by many Taiwanese businesspeople as essential for the economic renaissance of Taiwan. This strengthening of its economic bargaining hand had encouraged Beijing to assert strongly that the 'three links' needed to be based on the 'one China principle' or at least be regarded as a domestic affair.

Admittedly, in order to persuade the Taiwanese people, Beijing changed her tone recently. In an interview, Chinese Vice Premier Qian Qichen told the Taipei-based United Daily News that direct air and shipping links between the two sides could be called 'cross-Strait' instead of 'domestic' and thus avoid a definition of whether they should be deemed international or domestic.¹⁶ It appears Beijing believes that Taiwan is losing its bargaining chips and that time is on its side. Hence, it feels no need to rush and can wait for Taiwan's internal pressure to force its government to concede.

What is ironic is that any delay in agreeing to the 'three links' will not help the Chinese leaders as it will slow down the progress of unification with Taiwan. Meanwhile, Beijing's high profile and arrogance towards Taiwan has made the Taiwanese people resentful. Indeed, any deterioration in cross-Strait relations can only undermine regional stability, upon which mainland China's own prosperity depends.

It is necessary to realize that the 'one-China principle' has already been rejected by the DPP. As leader of the DPP and Taiwan, President Chen has tried to find a way to prevent a cross-Strait crisis by steering the party machine to follow what the DPP calls the New Middle Line. The essence of this approach is not to pursue an ultimate goal but to reduce the differences and contradictions between those who favour unification and independence at the two extremes of the political spectrum in Taiwan. In his presidential inauguration speech President Chen announced that he would not declare independence, would not change the name of the nation, would not incorporate the 'special state to state' concept into the ROC Constitution, would not hold a referendum to change the status quo, and would not abolish the Guidelines for National Unification and the National Unification Council, as long as the PRC refrains from using military force against Taiwan.¹⁷ At the same time he stated that he hoped Taiwan and main-

land China would work together to deal with the 'future question of one China.' He emphasized that 'one China' was an issue which the two sides could discuss and negotiate, but it should not be a precondition for talks. Furthermore, in January 2001 he put forward the 'integration' concept. He appealed to both Taiwan and mainland China to begin to improve relations by economic integration, which should be followed by cultural integration, and produce a framework for permanent, peaceful political integration eventually.¹⁸

This 'integration' proposal represents a significant development in President Chen's thinking. It is based upon his acceptance of the trend and forces of globalization. The concept of globalization was an integral part of the DPP's campaign platform, on which Chen based his 2000 election.¹⁹ On this basis came the idea 'glo-calization', a combination of globalization and localization that was first put forward by futurologists. What this means is that while one respects the existing order, one looks towards the future, and in the future one will find a common foundation for developing a framework for negotiation and collaboration in order to create a bright future for the global community while taking care of the special requirements and realities of existing local political entities. In the context of Taiwan it means while Taiwan emphasizes its sovereignty and right to exist, it does not need to be detached from or oppose mainland China and the global community. By understanding this view of 'glo-calization', one can see how Chen proposes to uphold democratic equality and co-existence across the Taiwan Strait in his 'integration' proposal.

Taiwan's challenges

Globalization has also made mainland China economically indispensable to the Taiwanese. As a market and a base for manufacturing the mainland is becoming more crucial than ever to sustaining Taiwan's growth. More and more Taiwanese businesses are flocking to mainland China. Chinese economic growth is now critical to Taiwan's exports. Taiwanese exports to mainland China made up 12.7 per cent of its total export in 1990, but soared to 24 per cent in 2000, and stayed at 23.1 per cent in 2001. It was because of this economic reality that the 'go slow, be patient' policy towards investment in China was replaced by one of 'active opening and effective management'. Indeed, the DPP government adopted a series of measures to relax control over economic links with mainland China soon after it came to power. It allowed offshore banks to deal directly with their mainland counterparts. A ban

on investing on the mainland to manufacture certain high-tech products, such as notebook computers, mobile phones, and DVD players was also lifted.²⁰ It further passed laws which allow Chinese companies to invest in 58 of Taiwan's 108 business sectors, including real estate, hotel, restaurant, and accounting.²¹

Whether this economic integration will have wider political ramifications is a serious concern in Taiwan. The increase of investment in China has already produced pro-China interest groups and lobbyists in Taiwan. As such groups expand Beijing can increasingly utilize them in a united front to put pressure on Taiwan's government over political issues, especially over the 'one-China principle'. This development is behind the confidence on mainland China or among the pro-unification groups in Taiwan that time is on China's side. This is in addition to Beijing's advantage in size, population, high economic growth, diplomatic weight, and military might.

There is also a concern in Taipei that because the US will need China's cooperation in the global war against terrorism and in controlling nuclear proliferation, the US may finally sell Taiwan down the river for its own interests. As they play up the rise of the PRC the pro-unification media in Taiwan have systematically been trying to spread threatening messages to frighten the general public and dissuade them from subscribing to the views of those advocating independence.

Such developments notwithstanding, not all Taiwanese businesspeople in China will support Beijing's political stance. Democratization in Taiwan has left its marks. Taiwanese citizens have already developed their own cultural identity, which is distinct from that on the mainland.²² Nevertheless, as a democratic society, Taiwan's politics is driven by elections. If the pro-China interests become powerful pressure groups cross-strait relations will become the focus of economic and political life in Taiwan. In such an eventuality, it will provoke a backlash from the Taiwanese nationalists.

In light of the rise of Chinese power, Taiwan needs to act on the reality that its security depends critically on its economic strength and future. Taiwan cannot maintain its democratic way of life and security without economic prosperity. The DPP government is consequently keen to prevent Taiwan becoming heavily dependent on mainland China's economy. Should Taiwan lose its social and economic superiority, it will not be able to resist being incorporated into the Chinese economic realm, which will pave the way to Chinese political dominance.

It was unease over this prospect that has led to the recognition that security is not merely a military concept but a significant economic

issue in this globalized world.²³ This underlines a recent attempt in Taiwan to explore the prospect of bringing Taiwan and the US closer by a free trade agreement. The is a proposal to give as much scope as possible for local production factors to develop, and to support economic integration between Taiwan and China while making Taiwan's economy more complementary to that of the US.²⁴ It is hope that such a scheme will advance Taiwan's economy and reduce its dependency on the Chinese economy.²⁵

Apart from the economic dependence on the PRC, the other major challenge that Taiwan must face is one of building a political consensus over cross-strait relations. This is essential as Beijing tries to divide and rule in Taiwan while the two main opposition parties in Taiwan, the Kuomintang and the People First Party, are in their own ways in support of the idea that there is only one China, though they do not accept the PRC's 'one China principle' as it stands.

Where consensus does exist is over the maintenance of the ROC as it is. This is confirmed regularly by numerous opinion surveys. The Mainland Affairs Council's most recently available survey results show that: most (40–75 per cent) reject Beijing's 'one country, two systems' formula; an overwhelming majority (more than 80 per cent) favours the broadly defined status quo in cross-strait relations.²⁶ The general public's attitude on unification or independence has not in fact shown significant swings over the years. Those in favour of unification or independence immediately always accounts for a very small percentage only. Against this background, President Chen said that there is 'one country on either side' of the Taiwan Strait and that Taiwan must now seriously consider passing a referendum law to protect the country's sovereignty, in a video link to the World Federation of Taiwanese Associations in Tokyo in August 2002.²⁷ Despite the eruption of a furore of criticism in Taiwan and mainland China, the US accepted that Chen's remarks did not amount to a declaration of independence.²⁸ In fact, Chen's statement was not that remarkable since the ROC constitution and the DPP's 'Resolution on Taiwan's Destiny' uphold that the ROC is a legitimate sovereign state. Hence, for the DPP government to describe there is 'one country on either side' merely reflects the existing political reality. What Chen's critics should have focused on is his forward-looking 'integration' concept and its open-ended approach to build 'a future one China'.

The problem for Taiwan is that Chen's statement provoked not only strong verbal abuses from Beijing but critical reactions from the opposition Kuomintang and the People First Party as well. They all fiercely

attacked Chen's remarks as 'a serious incident intended to split China', and equated it with Lee Teng-hui's 'special state to state' statement.²⁹ Since there is a consensus in Taiwan that the status quo across the Taiwan Strait should be maintained, Chen's reference to the existing political reality should not have been attacked by the opposition parties. Forging a common front in Taiwan to defend its bottom line, which is to uphold the existing sovereign status of the ROC, thus remains a major challenge for Taiwan.

Conclusions and prospect

In its approach to cross-Strait relations, the DPP government under Chen does not focus its attention on Taiwan's bottom line. Instead it prefers to take a positive and active view. It recognizes the rising importance of the PRC, particularly economically in the Asia Pacific region. It encourages its businesses to penetrate the global trade system and the Chinese market simultaneously. It strives to utilize Taiwan's geographical and cultural advantages to turn itself into a stepping stone to mainland China for multi-national companies. It sees the promotion of its economic prosperity as the basis for national security and hopes Taiwan can serve as a lighthouse pointing the way to mainland China for its democratization. For these objectives, it works for a peaceful solution.

The ROC on Taiwan is also realistic enough to accept that it is the great powers that dominate the world scene, and a state like itself cannot on its own change the status quo in the international community. However, it is alive to the fact that international politics is dynamic and changes can beget both dangers and opportunities. The Taiwanese therefore keep a close eye on major developments in the international scene including the US desire to keep mainland China on its side in the war against terrorism.³⁰ At the same time the Taiwanese leaders also take note of the facts that underling Bush's core foreign policy values are democracy, peace and stability, and his administration is committed to help Taiwan defend itself against an unprovoked attack from mainland China. Taipei therefore takes seriously the appeal for a peaceful resolution of the cross-Strait issues made by senior American officials like Deputy Defense Secretary Paul Wolfowitz.³¹

The DPP government in Taipei believes that the PRC leadership has put great emphasis on economic reform, maintaining a peaceful and stable economic environment and increasing foreign trade. It also sees that the PRC tends to respond to the US 'con-gagement' policy

with a softly-softly approach. It further works on the assumption that Hu Jintao's succeeding Jiang zemin will not mean the abandonment of Jiang's eight points proposal for peaceful unification, as such an outcome is essential for maintaining a stable order domestically on the mainland.

It follows that Taipei sees a turbulent China as detrimental to its own interest. It thus aims to ensure stable, healthy, equilibrating and gradual economic exchanges between Taiwan and mainland China. The big question for Taipei is: how to enhance mutual benefits and reciprocity?

In Taipei's thinking it can help to produce the right atmosphere in the following ways. First, it wants to promote a positive and forward-looking mode of thinking on both sides. Second, it is for both sides to put aside political controversies over the sovereignty issue and to co-operate with each other on non-political issues. It is with this in mind that the DPP Policy Manifesto of 2000 advocates a 'special relationship' between Taiwan and mainland China, and the removal of any preconditions in developing cross-strait relations.³² Third, Taiwan is willing to use its experience to help mainland China in the spheres of education, population, agriculture, and environment.³³ Finally, it hopes to promote face-to-face contacts between high-ranking officials from both sides. Such contacts should improve the ability of both sides to understand and interpret the other's gestures, rhetoric, and policies. This should help both sides to take a more constructive approach when interacting with each other.

All in all, conscious of the opportunities and risks facing Taiwan, the DPP government prefers to take a soft approach that emphasize the taking of active, bright, constructive, and forward-looking views for a peaceful solution across the Taiwan Strait. The lead advocates for this approach are none other than President Chen and Vice-president Annette Lu, who are most concerned with human rights, democracy, peace, love, and technological progress.³⁴ It is their wish that these ideas will ultimately be universal values not only for Taiwan and mainland China but for the global community as well.

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6

The Role of the United States in Seeking a Peaceful Solution

Alan D. Romberg

Introduction

The question of the US role in maintaining peace in the Taiwan Strait is one that engages nearly all aspects of American life: politics, economics, culture, and security, implicating the 'hard' issues of national interest as well as the 'soft' ones of societal values. Indeed, policy toward China has played a role in contemporary American politics that has arguably been more freighted than policy toward any other region except the Middle East. We are all too familiar with the bitter and destructive debate over 'Who lost China?' and the McCarthy era tragedies of the 1950s. And as the intensity of the China debate has oscillated endlessly in the half-century since then, the question of Taiwan within the broader picture of Sino-American relations has remained an integral component of domestic American political discourse.

While this is not a study in history, some historical perspective is offered as a necessary foundation to understanding current and future policy choices. The Nixon opening to China, of course, was part of an effort to confront Soviet expansionism and to extricate the United States from the morass of war in Indochina. But it also was based on an historical view that estrangement between two such great countries, however conflicting their political and economic systems, their values, and even their national security interests, was to the detriment of both as well as harmful to the interests of the broader international community. This reality continues to have a great bearing on US Taiwan policy.

During the 1970s, as long as the interests of the people in Taiwan were adequately protected, developing positive relations with China

was seen by a majority of Americans to be a good thing. And, while hardly trouble-free, this basic consensus – held on a bipartisan basis – lasted through the 1980s. Even Ronald Reagan came to see the strategic importance of productive dealings with Beijing, though his commitment to Taiwan's well-being remained strong. Thus, although he had initially sought to raise the level of 'officiality' in US ties to Taiwan only eighteen months after diplomatic relations had been established with the PRC, and he had favoured dramatically increasing arms sales to the island, Reagan soon realized the need to manage concerns for Taiwan's security and prosperity in less confrontational ways.

The domestic political picture, however, changed sharply in the early 1990s in response to the confluence of three dramatic developments: the collapse of the Soviet Union and the end of the Cold War, the crackdown in Tiananmen Square, and the rise of democracy in Taiwan. All of a sudden, the singular strategic rationale for relations with China, and for tender handling of Taiwan policy, seemed to disappear. Put in starker terms than it really appeared to most at the time, one might say that the American attitude became: 'Why should we cater to these tyrants when we don't need them to deal with the now-defunct Soviet Union, especially on Taiwan issues when that island is emerging as a vibrant, democratic, market society?'

Still, given the burgeoning US relationship with the PRC that had developed in the intervening two decades, economic and other interests could not be cavalierly tossed aside. Moreover, there was no desire to provoke Beijing over Taiwan, especially since one of the direct benefits of Sino-American normalization had been a reduction of cross-Strait tensions and adoption by the PRC of a new, peaceful approach to eventual reunification with the island.

After a period of testing and, one must say, some missteps, the Clinton Administration and its counterparts in Beijing managed to put relations back on a reasonably stable basis. But the consensus of the 1970s and 1980s was not re-established, and China policy became a point of controversy in the 2000 election as, for different reasons, it had been in 1992. In the earlier case, Bill Clinton pounded away at George H.W. Bush for his alleged 'coddling' of the 'butchers of Beijing' in the wake of Tiananmen. In 2000, George W. Bush contrasted his view of China as a 'competitor' with Clinton's vision of a future 'constructive strategic partnership'. The younger Bush also alleged that Clinton had been both woefully inattentive to Taiwan's security needs and disrespectful of its democratic accomplishments. He argued for downgrading the priority assigned to relations with China, while

raising that of relations with regional allies such as Japan and South Korea. In some respects, therefore, it is fair to say he saw US national interests differently from the way Bill Clinton had seen them, just as Clinton saw them differently from Bush *père*, and Reagan saw them differently from Jimmy Carter.

In all the earlier cases, however, the reality of the stakes in Sino-American relations led each Administration to return to the broad course followed by its predecessors. In the most recent instance, that reality was also brought home by the combination of the EP-3 incident in April 2001, when, as discussed in greater detail below, a PLA navy jet collided with a US reconnaissance plane, and by the 11 September 2001 terrorist attacks on the United States ('9-11'). Those events reinforced for Americans, and especially for the Bush Administration, that, despite the dramatically changed global strategic context, and despite continuing objections to PRC values and practices, constructive relations with China are of great importance to the United States. It involved the realization that, if one is serious about peace and stability in the region and even in the world beyond Asia, then one must be serious about finding a way to manage US-China relations constructively. While the EP-3 incident also seemed to reinforce Washington's tendencies to increase the muscularity of its Taiwan policy, with greater arms sales and stronger statements about coming to Taiwan's aid if it were attacked, 9-11 generally led the Administration in a somewhat different direction, not to weaken its commitment to Taiwan's security, but to take greater account of Beijing's views and to integrate its Taiwan policy better into its overall China policy.

This has, however, proved a formidable task subject to much debate.

As this chapter discusses at some length, the long-standing American dedication to only peaceful approaches to resolving cross-Strait issues has not wavered. But the Bush Administration's apparent conviction from the outset that Beijing lacked viable options for opposing an expansive US policy toward Taiwan appears to have evolved into a more sober realization that the PRC can affect issues of vital importance to the United States and that Beijing was willing to use its leverage to squeeze the United States if China's own vital interests were ignored. Conversely, it has learned that China is anxious to avoid confrontation with the US as long as the PRC's own vital interests are respected.

Despite the consistent promotion of dialogue and constructive cross-Strait relations, it has long been American policy not to push for a *particular* resolution of cross-Strait issues, or, for that matter, a resolution

at all. Above all, US insistence has been that peace and stability be maintained, and that 'any resolution' needed to be consistent with that objective. This has been spelled out in more recent years to include the corollary that the outcome must accord with the will of the people in Taiwan. No one is arguing to change those basic tenets, but some people now wonder whether that position is adequate to meet American needs.

On the one hand, some Americans argue that the 'one China' policy is outdated, no longer reflecting the views of the people in Taiwan. Today, they say, no American president could subscribe to the statement that Richard Nixon did in the 1972 Shanghai Communiqué, that 'all Chinese on either side of the Taiwan Strait maintain there is but one China and Taiwan is a part of China.' In their view, while there is probably no benefit – and significant risk – in supporting formal 'independence' for Taiwan, the United States should drop its neutrality on 'reunification' and press for something like a semi-permanent *status quo*, while actively promoting greater 'international space' for Taiwan. Moreover, the US should be unambiguous about coming to Taiwan's aid in the event of an unprovoked PRC attack.

Others have a very different view, believing that the current 'salami slicing' on Taiwan is profoundly dangerous. They see the efforts to bury 'Chinese' identity deeper and deeper and to elevate 'Taiwanese' identity to pervade all forms of social, political and economic life, as a challenge to one of the most fundamental political principles for Beijing and thus as risking ultimate war, perhaps even nuclear war, between the United States and the PRC.

For both sides, the current approach has the drawback of leaving the initiative – and America's own fate – in the hands of others. But if the US seeks to adopt a more active stance in support of cross-strait peace and stability, some see a contradiction between the American role as Taiwan's ultimate protector and any desire to play 'honest broker' or peacemaker between the two sides.

This chapter argues that, for all of its uncomfortableness for Americans, the current approach – insisting on only non-coercive approaches by Beijing to resolving cross-strait issues and yet not tolerating unilateral steps by Taipei to change the *status quo* – not only works, but constitutes the only realistic option. Indeed, it is argued here that, just as abandoning the US security role in Taiwan would likely lead to an outcome determined by force, so would yielding to political indulgence and supporting separatist steps by Taipei that could only provoke Beijing for no constructive purpose.

The 'Taiwan question' is one that must be settled by those directly involved on both sides of the Strait, but the options for settling it are not infinite. It must be peaceful and it must accord with the basic principles both sides hold about their relations. Any settlement imposed by Beijing, or seen to be imposed on Beijing by the international community, would not hold but would only lay the foundation for struggle over generations to come.

What the United States can do in this situation is neither obvious nor easy. It is simple enough to say that Washington should work to constrain the worst instincts on both sides – what *must not be done* – so as to avoid provocation. But the US cannot determine what *must be done* to bring this problem to a state of stable peace. What it can do is to help create a positive climate in which the two sides can address their relationship peacefully and purposefully, wrestling with the extraordinarily difficult task of reconciling the most basic and seemingly irreconcilable goals and yearnings on both sides of the Strait.

In considering these issues, we start with a brief examination of China policy as it evolved out of World War II.

Origins of the American role in Taiwan

Even before World War II was halfway over, President Franklin D. Roosevelt had determined that Taiwan and other territories 'stolen' by Japan should be returned to the ROC after the war. He formalized this view in the Cairo Declaration of 26 November 1943, together with UK Prime Minister Winston Churchill and the ROC's Generalissimo Chiang Kai-shek. The Soviets accepted this position at Tehran in December.

At Potsdam, on 26 July 1945, President Harry S. Truman reaffirmed this position with the commitment by the same powers (again, subsequently adhered to by the Soviet Union) that:

The terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu and such minor islands as we determine.¹

The Japanese Instrument of Surrender of 2 September 1945 accepted the provisions of the Potsdam Proclamation and pledged to implement it. On 25 October 1945, Chiang Kai-shek's representative, General Chen Yi, accepted the surrender of the Japanese forces on Taiwan and proclaimed that this act constituted the re-incorporation

of Taiwan into China under the sovereign administration of the ROC.²

The United States and the other allies demurred, characterizing Chen's acceptance of the surrender as 'on behalf of the Allies' and maintained that no act transferring sovereignty had occurred. Moreover, as the Chinese civil war progressed, and as the depravity of ROC rule on Taiwan deepened and spread, while Chiang retained strong supporters in the Congress, more and more qualms arose in the American Administration about the wisdom of endorsing Chinese sovereignty. In their view, it would be strategically damaging to US interests to allow the Communists to seize the island, but it would also be strategically unwise – and immoral – to support continued Nationalist rule there. As a result, various ideas emerged centring around either UN trusteeship or a referendum that would likely lead to independence.³

Reflecting the American ambivalence, a January 1949 National Security Council (NSC) draft report said:

The present legal status of Formosa and the Pescadores is that they are a portion of the Japanese Empire awaiting final disposition by a treaty of peace. The U.S. position regarding the status of the islands is qualified by the Cairo Declaration by the Chiefs of State of the U.S., U.K. and China and the policy which the U.S. has followed since V-J Day of facilitating and recognizing Chinese *de facto* control over the islands.⁴

Although the report went on to say that 'the basic aim' of the United States should be to deny Formosa and the Pescadores to the Communists, it also concluded that in determining policy the United States 'cannot leave out of account the Formosan people and their strong resentment of Chinese rule arising from [Nationalist] Chinese maladministration and repression'.

The debates that swirled within the US government are well documented and do not need further elaboration here.⁵ Suffice it to say that, while the Department of Defense (DoD), including the Joint Chiefs of Staff, opposed allowing Taiwan to slip into Communist hands, it declined to declare the island to be of such critical priority as to warrant American military intervention. And the State Department, which also opposed military intervention, kept searching for a political or diplomatic approach that would avoid Communist control, but that also did not confront the Mainland with an issue of irredentist ambition in which the United States appeared as the villain.

For these reasons, during 1949, detailed plans were drawn up to take the issue to the United Nations. But by fall, with Communist victory assured on the Mainland and deemed inevitable across the Taiwan Strait within a year, the United States abandoned these efforts and adopted a hands-off approach. In January 1950, President Truman made a formal announcement eschewing involvement in the Chinese civil war and proscribing provision of US military aid or advice to the ROC government on Taiwan. Secretary of State Dean Acheson followed up the same day with a press conference in which he spelled out the new policy. While he announced no decision on sovereignty, Acheson stated that, 'whatever may be the legal situation', US policy would not be hamstrung by quibbles over 'any lawyers' words'.⁶ Unwilling to fight a war against the newly founded PRC, *realpolitik* was the order of the day.

That policy lasted less than six months. When North Korea attacked across the 38th Parallel on 25 June 1950, Truman once again abruptly changed course. On 27 June he ordered the 7th Fleet to prevent military action either way across the Strait. He declared, moreover:

The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.⁷

At this point, it became an openly stated American objective to keep Taiwan out of Communist hands. US–PRC relations descended into open hostilities in Korea, eventually settling into an extended cold peace. Still, before the end of the 1950s, despite the political uproar over the 'loss of China' and the McCarthy witch hunts, a realization dawned not only on China specialists in the United States but on some political leaders, as well, that total estrangement from Mainland China was not in the American interest. So controversial was this issue still, however, and so thin had been John F. Kennedy's margin of victory in the 1960 election, that he dared not reach out boldly to Beijing for fear of stirring up a political hornets nest. As Kennedy recalled, on the eve of his inauguration, outgoing President Dwight D. Eisenhower warned him that, while Eisenhower hoped to support the new President on foreign policy issues, he would 'feel it necessary to return to political life' if the PRC were admitted to the United Nations.⁸

A variety of legal theories were tried out over the years to facilitate a reknitting of US relations with the Mainland while ensuring that Taiwan was not sacrificed in the process. All of these approaches, it

should be noted, were rejected by both Taipei and Beijing, who shared the view that Taiwan had been returned to Chinese sovereignty in 1945, their 'only' difference being over which of them was the legitimate government of the entirety of China, including Taiwan.

As late as April 1971, the US position remained that the status of Taiwan's sovereignty was 'undetermined', as none of the conditions for international resolution laid out in Truman's June 1950 statement had been met.⁹ As noted later, this position evolved somewhat in the context of the opening in 1971–72, but primarily it has become an issue that the United States no longer addresses.

The Nixon/Kissinger opening

Seeking help in extricating the US from Vietnam and an ally in opposing the Soviet Union, President Richard M. Nixon took advantage of his sterling anti-Communist credentials and Sino-Soviet tensions to reach out to the PRC to forge a partnership based on common strategic interests. Although China, newly emerging from the depths of the Cultural Revolution to find a hostile Soviet Union threatening it, shared a positive view of such a shift, it is clear from the record that satisfactorily dealing with Taiwan was a prerequisite to progress between Washington and Beijing.¹⁰

In their July 1971 meetings with Henry A. Kissinger, Premier Zhou Enlai and Chairman Mao Zedong sought to push Washington to full normalization of relations in short order, switching recognition from Taipei to Beijing. Nixon was not prepared to do that for domestic political reasons, but there was a reasonably clear understanding that this would come in his second term. In the meantime, however, Nixon was prepared to commit that, as the war in Indochina wound down, he would remove the bulk of US forces on Taiwan and that he would draw down the remainder as US–PRC relations developed.

From the beginning, Nixon and Kissinger sought to elicit from Beijing a commitment to peaceful resolution of the Taiwan issue. Although it was difficult 'in principle' for the Chinese leaders to make such a commitment on an 'internal' matter, they did say that they would work for a peaceful outcome. By 1973, however, Mao revealed his frustration – and, likely, his inner belief – when he told Kissinger he could 'do without' Taiwan for a hundred years, but that, in the end, he believed the issue would have to be resolved by force.¹¹

The American side never clearly addressed the issue of Taiwan's sovereignty in these conversations. In July 1971, for example, when Zhou

Enlai complained about the State Department spokesman having said only eleven weeks earlier that the status of Taiwan was not settled, Kissinger responded that this would not be repeated. Still, when Zhou sought a commitment from Kissinger that the United States would go further and recognize Taiwan as 'belonging to China,' he did not get a direct response. The best he could elicit from the American National Security Adviser was a statement that, with the eventual US recognition of the PRC as the sole legitimate government of China, with the US commitment not to support 'two Chinas' or 'one China, one Taiwan,' and with the US pledge of non-support of the Taiwan Independence Movement, the issue of Taiwan 'belonging to China' would 'take care of itself'.¹²

In the February 1972 Shanghai Communiqué, Beijing laid out all the formulations that it found unacceptable: 'two Chinas', 'one China, one Taiwan', 'one China, two governments', an 'independent Taiwan', and 'the status of Taiwan remains to be determined'. For its part, the US adopted the now-famous formula:

The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves.¹³

In a sense, the US view remained that the sovereign status of Taiwan still had not been determined. While Washington 'acknowledged' the Chinese position, it took no stand of its own. But the American view on the terms for determining that status were narrowed from Truman's formulation envisaging one or another international action to whatever was worked out peacefully between the two sides of the Strait. The options theoretically ranged from independence to reunification. But the United States pledged not to support the former and declined to support the latter, taking the position that the substance of any resolution was not for Americans to determine. What the US insisted it had a role in determining, however, was the method of resolution. That is, the US had a strategic national interest, not in either keeping Taiwan from reunifying with the Mainland or fostering such a union, but in ensuring that any resolution was peaceful.¹⁴

Thus, except for the period between 5 January and 27 June 1950, the consistent US position since the 1940s has been to actively oppose an imposed, forceful settlement of the Taiwan question. In the early years,

the US sought to prevent a Communist takeover (even as it considered alternatives to Nationalist rule). Later, it became less involved in what the outcome should be – i.e. whether there should be reunification. Throughout, however, the United States stood against the use of force to resolve this issue.

At the time this position was formalized in the various US–PRC joint communiqués, Taiwan was not a democracy but an authoritarian and (even at that late date) often repressive society. Nonetheless, the US position reflected not only an enduring sense of concern for the well-being of the people in Taiwan, but also a belief that allowing a forceful take-over by the Mainland would have created a political firestorm in the United States. Perhaps equally important was (and is) the conviction that allowing the use of force to settle the issue would undermine regional stability as well as the credibility of the US strategic posture in Asia and beyond.

Taiwan's democracy has blossomed over the past decade and a half, however, and in American minds stands in sharp contrast to the repressive nature of the PRC political system and the still-vivid mental pictures of Tiananmen. Indeed, the opening of the Taiwan political system in tandem with the tragedy at Tiananmen etched a new, contrasting image of 'good Taiwan' and 'bad PRC' in American minds. As a result, peaceful settlement became an even more salient issue for the American public. Moreover, since these events occurred in the context of the demise of the Soviet Union and the end of the Cold War, patience with Beijing's view on use of force grew shorter than ever. President Clinton captured these sentiments when he said that any settlement had to meet with the 'assent' of the people of Taiwan.¹⁵

Dealing with Lee Teng-hui

When Lee Teng-hui first took over as president in Taiwan in the late 1980s, he hewed closely to the traditional KMT stance on 'one China' and the position that the only issue was whether the ROC or PRC was the legitimate government of that 'one China.' He backed formation of a National Unification Council (NUC) and creation of a set of guidelines that called for eventual unification. Nonetheless, over time, although as president he did not directly advocate a final configuration of either 'two Chinas' or 'one China, one Taiwan,' he supported a variety of steps that distanced Taiwan from the Mainland in practical and even legal ways pending unification. For example, he asserted that amendments to the ROC constitution in 1991 and 1992 limited

Taipei's 'jurisdiction' to cover only Taiwan, the Penghus and the off-shore islands and that he did not challenge the PRC's jurisdiction over the Mainland.¹⁶ And although he frequently referred to the fact that 'the Republic of China' was a sovereign, independent state in existence since 1912, he increasingly spoke of a geographically limited 'Taiwan' or 'the Republic of China on Taiwan' as his country.

While Lee's 'private' visit to the United States in June 1995 would have upset the PRC in any case, his use of that occasion, in Beijing's eyes, to promote 'Taiwan separatism' – and what was seen by China as American complicity in that effort by issuing Lee a visa after 'promising' not to do so – made it especially egregious. In his address at Cornell University (ostensibly under the auspices of a class reunion), the Taiwan leader's frequent references to 'the Republic of China on Taiwan' – repeated at least nine times – was taken by Beijing as a watershed in Lee's separatist activities and US involvement with them. The consequence was a crisis in US–PRC relations as well as in cross-Strait relations that climaxed in the military tensions in spring 1996.¹⁷

In the wake of those tensions and the military moves of both sides in March 1996, Washington recognized that a course correction was necessary. Within two months, Secretary of State Warren Christopher not only called on both sides of the Strait to avoid unilateral efforts to change the *status quo*, but he also advocated periodic US–PRC cabinet-level meetings in the two capitals (rather than merely 'on the margins' of international gatherings) as well as regular summit meetings.¹⁸ This eventually led to the exchange of presidential visits, with Jiang Zemin going to Washington in October 1997 and Clinton travelling to Beijing in June 1998.

It was during the latter visit that Clinton publicly articulated the controversial 'three no' – no US support for 'one China, one Taiwan' or 'two Chinas', no support for 'Taiwan independence', and no support for Taiwan's membership in international organizations made up of states.¹⁹ None of these positions was new either to the Clinton Administration or to previous American administrations. Indeed, the first two were positions tabled by Kissinger in his very first trip to China in July 1971, and the third has been the American position since US–PRC normalization in 1979. Moreover, the Clinton Administration had already stated the 'three no' in a variety of fora since Jiang Zemin's visit to Washington in October 1997. Speaking in Los Angeles as Jiang Zemin was leaving the United States following the Washington summit, for example, Vice Premier Qian Qichen noted that they had

been expressed during Jiang's visit,²⁰ and Secretary of State Madeleine Albright laid them out at a press conference in Beijing in April 1998. However, the fact that the President articulated them while on an official visit to China made them much more politically loaded. Moreover, in doing so he used what seemed to many to be a typical PRC formula, and thus appeared to be making a concession to Beijing. Accordingly, no one should expect the Bush Administration to repeat Clinton's words. At the same time, no one should expect it to repudiate their substance, either.

Despite these steps to stabilize US–PRC relations, both out of respect for Taiwan's achievements and in light of the PRC military build-up opposite Taiwan since the mid-1990s, the US was increasingly concerned for Taiwan's security and solicitous of its leader. That continued unchecked until 9 July 1999, when, in an interview with Radio Deutsche Welle, Lee put forth the formula he thought should apply to cross-Strait relations. He said they should be treated as 'a state-to-state relationship or at least a special state-to-state relationship'.²¹ In response, the United States dispatched officials to both Taipei and Beijing to ensure that everyone knew the US did not support this 'two states theory', as it became known. And at the Auckland APEC leaders' meeting that autumn, while Clinton cautioned Jiang about the serious consequences if the PRC used force against Taiwan, he also told the PRC president that Lee had been a troublemaker and had 'made things more difficult'²² for both China and the United States.

Chen Shui-bian arrives on the scene

The election in March 2000 of Chen Shui-bian, presidential candidate of the long-time independence-minded DPP, had an ironic effect on this dynamic. Having been sensitized over the preceding two years or more to the negative American view of gamesmanship in this realm, Chen sought to reassure both Washington and Beijing that he was not going to rock the cross-Strait boat by declaring independence or even taking any of several steps short of that to which the PRC had exhibited extreme neuralgia. This included, for example, his pledge not to seek to write the 'two states theory' into the constitution.²³

Americans were pleased by this gesture, and although the PRC did not respond in the positive fashion that Chen had hoped (which undoubtedly weakened his political leverage – and his enthusiasm – for taking further steps), Beijing's angst subsided to some extent. Still, suspicions regarding Chen's long-range intentions remained, and over

time the PRC came to see many of Chen's statements and actions as playing to – and expanding the limits of – American tolerance rather than moving cross-strait relations ahead. Indeed, Beijing perceived a tendency toward 'creeping separatism' that, while less dramatic than what it had foreseen under Lee or feared under Chen, was nonetheless potentially more dangerous. This was because the rationale for threatening to use force to deter a dramatic 'declaration of independence' was clear-cut, but doing so in reaction to any one small, seemingly 'reasonable' yet insidious step would be far more difficult to justify.

Chen declined to head the National Unification Council (which even Lee had chaired), refused to call himself a 'Chinese', and noted that unification was 'not the only option'. Although the Clinton Administration could see why these positions bothered Beijing, it continued to urge both sides to avoid provocation and return to dialogue; each of Chen's positions, it seemed, had a plausible explanation and, in any event, none seemed so confrontational as to warrant a crisis.

Come the Bush administration

In important ways, however, the picture changed with the advent of the George W. Bush Administration in January 2001. After taking what seemed to be an initially hostile position toward the PRC in the Republican primary campaign, one time even labelling it a 'strategic competitor' (presumably to draw a sharp contrast with Clinton's vision of China as a future 'strategic partner'), candidate Bush eventually adopted a stance of favouring good US–PRC relations. But he also made clear that he thought Clinton had been insufficiently attentive to Taiwan's security concerns and had not given the island the dignity it merited based on its democratic evolution and economic achievement.²⁴ Once in office, President Bush sought to remedy these perceived shortcomings.

How he did so was also conditioned by the EP-3 incident of April 2001, only two months after his inauguration, in which a lumbering US reconnaissance plane was bumped by a Chinese Navy fighter jet that was harassing it to demonstrate PRC umbrage at close-in American intelligence collection. The Chinese pilot was killed and the American plane made an emergency landing at a PRC airbase on Hainan Island, where the plane and crew were detained. The quick (and, to Americans, implausible) Chinese accusation that the US plane had been responsible for the accident, and the detention of the crew for 11 days (several days after the terms of their release had been agreed

upon), angered the American government and public. That anger was reflected for an extended period in the Pentagon's reluctance to engage in military-to-military exchanges with China,²⁵ though that was not the only reason for DoD's reticence.

But for the President, though he too was quite obviously upset at PRC handling, the incident underscored the importance of creating effective working relations with China even if – perhaps because – serious problems in the relationship persisted. He spoke on the day the EP-3 crew returned to the US of the need for the United States and China to work together on a host of common interests, observing that, while the two countries had differences, some of them fundamental, he would approach those differences 'in a spirit of respect'. Adumbrating language adopted in his meeting with Jiang Zemin in Shanghai six months later, Bush spoke of the need to advance a 'constructive' relationship between the two countries, continuing:

Both the United States and China must make a determined choice to have a productive relationship that will contribute to a more secure, more prosperous and more peaceful world.²⁶

Indeed, the trend of relations from that point on, through Secretary of State Colin Powell's visit to China in July and the Bush-Jiang meeting in Shanghai in October, was generally in the same direction. This was so even though a series of American actions upset Beijing, including the approval in late April 2001 of a significant package of US arms sales to Taiwan, the President's ABC-TV interview statement the following day about doing 'whatever it took' to help Taiwan defend itself (including implicitly, the dispatch of US forces), and substantially more liberal ground rules allowed Chen Shui-bian when he transited the United States in May.

The positive track was reinforced by the tragic events of 11 September, which allowed the two Presidents to set a new tone for the relationship when they met in Shanghai. While their focus, of course, was on 9–11 and its aftermath, in their private session Taiwan was nonetheless very much on Jiang Zemin's mind as, according to US government sources, it was on George Bush's. In public, however, both only touched lightly on this most problematic of issues.

During the February 2002 Bush visit to Beijing, as well, Taiwan-related issues were handled in a generally positive manner. In this official bilateral summit, however, each side was more direct laying out the concerns uppermost in its mind. Jiang publicly reminded Bush of

the need to adhere to past commitments under the three US–PRC joint communiqués, and Bush alluded twice to the ‘commitments’ the US had to Taiwan’s security under the Taiwan Relations Act.²⁷ (By way of contrast, in public Bush mentioned the ‘one China’ policy by name just once and referred to the three US–PRC joint communiqués only indirectly.)

Despite the almost yearlong, generally positive trend in US–PRC relations and the ‘success’ of Bush’s two China visits, the climate deteriorated again shortly after the President left Beijing. As noted earlier, the PRC had already identified an increasingly aggressive pattern of ‘creeping Taiwan independence’, for example, in what they labelled Taipei’s ‘de-Sinicization’²⁸ and ‘rectification of names’²⁹ campaigns. But, now, certain events suggested more strongly than ever to Beijing that this trend was proceeding with US connivance. This was seen in a planned visit by former president Lee Teng-hui to Washington (subsequently cancelled for reasons having to do with Lee’s health and with scandal charges he had to cope with at home) and in references in the Pentagon’s ‘Nuclear Posture Review’ (NPR) to the possible use of US nuclear weapons in a Taiwan contingency. It was also most sharply reflected, Beijing believed, in the American decision to allow Taiwan’s defence minister, Tang Yiau-ming, to visit the United States in March to attend a privately sponsored Taiwan defence-related conference in Florida where he met separately with Deputy Secretary of Defense Paul Wolfowitz and Assistant Secretary of State James Kelly. Beijing saw this as a break with precedent, because other Taiwan defence ministers who had come to the US since normalization had, nominally at least, only been ‘transiting’ the country.

In his speech to the conference, Wolfowitz reiterated long-standing US policy. He said that the Bush Administration did not support ‘Taiwan independence’ and that it also opposed the use of force by Beijing. In addition, following standard practice, he urged cross-Straits dialogue to resolve the issues between them peacefully. But Wolfowitz also spoke of the Taiwan Relations Act as ‘the foundation’ of US–Taiwan relations (omitting, as had Bush in his public statements in Beijing, any reference to the three US–PRC joint communiqués) and he reprised the President’s remarks of a year earlier that ‘the United States is committed to doing whatever it takes to help Taiwan defend itself.’³⁰

For his part, Kelly affirmed the continuing validity of the so-called ‘six assurances’ provided to Taiwan in July 1982.³¹ Although these positions have been standard fare since they were first issued two decades ago, their reiteration at this time was generally seen as a reassurance to

Taipei that Washington would not pressure it to enter into negotiations with Beijing.

The strongest remonstrance over the defence minister's visit and the NPR came from PRC Vice Minister Li Zhaoxing to Ambassador Clark Randt on 16 March.³² Pulling out most of the rhetorical stops, Li accused the United States of interfering in China's internal affairs and undermining US-PRC relations. He charged that the US was 'acting stubbornly and arbitrarily' in continuing arms sales to Taiwan, 'pampering' Lee Teng-hui, upgrading US-Taiwan relations, and 'inflating the arrogance' of separatist forces in Taiwan. Citing the NPR, he accused the United States of nuclear sabre rattling.³³ Noting that the US mouths fidelity to the 'one China' policy and the three US-PRC joint communiqués, he dismissively asked: 'Is any part of your acts mentioned above consistent with these joint communiqués?'

Observing that the West has a saying that there is no such thing as a 'free lunch', Li noted that the East also has an apt saying for this situation: 'A man who is not trustworthy cannot stand'. 'How,' he inquired rhetorically, 'can a nation stand on its feet among the community of nations if it does not honour its own word?'.³⁴

Current trends

Despite all of this, as of late 2002, many international observers viewed the cross-Strait situation with considerable equanimity. They argued that Chen Shui-bian might try to push the envelope on Taiwan's standing in the world, in general, and its treatment by the United States, in particular, but Washington would not support a radical step by Taipei, and Chen would not chance it. After all, the Taiwan leader realized as clearly as anyone that, even if the PRC were not prepared to launch an all-out, direct invasion of the island, Beijing would take some forceful measures if Chen breached a 'red line' on 'independence'.

Moreover, with the increasing level of economic interaction – and interdependence – across the Strait, both sides had strong incentives not to precipitate a crisis. Equally important, neither wanted to be seen domestically as 'mismanaging' cross-Strait relations – or relations with the United States – especially as each approached important central leadership changes.³⁵

Beyond wanting to ensure Taiwan's safety while remaining on good terms with Beijing, the United States, too, had strong reasons to work to reinforce calm across the Strait as it pursued the global war against terrorism, contemplated an attack on Iraq and post-war reconstruction,

and coped with the crisis in Israeli–Palestinian relations and potentially throughout the Middle East. This was most clearly evident in President Bush’s statements with Jiang Zemin at his side in Crawford in October, when he termed the two countries ‘allies in the fight against global terror’. Moreover, in a far less stinting way than in Beijing the previous February, he said: ‘I emphasized to the president that our one-China policy, *based on the Three Communiqués* and the Taiwan Relations Act, remains unchanged. I expressed the need for dialogue between China and Taiwan that leads to a peaceful resolution of their differences.’³⁶ (emphasis added)

Yet, no one can count on the cross-Strait situation remaining frozen indefinitely, with disruption possible from any one of a number of quarters. A new Taiwan Caucus was formed in Congress in 2002 that wants to be seen to be doing something active on Taiwan’s behalf. Not only has a co-chairman of the Caucus proposed abolishing the US ‘one China’ policy,³⁷ which is not likely to gain much support, but shortly after its formation, the Caucus was reportedly promoting an invitation to Chen Shui-bian to visit Washington.³⁸ This proposal could prove more popular, especially as Taiwan’s foreign minister announced that a Chen visit to the US ‘in his capacity as president of the Republic of China’ is an ‘important goal’.³⁹ Chen himself said in a mid-May 2002 interview that he hoped to ‘enter’ the United States, ‘and not just in transit.’⁴⁰ Even short of that, it is clear that both Taipei and some officials in the Bush Administration favour lifting long-standing restrictions on allowing Taiwan’s representatives to make office calls in the State Department and NSC, and Taiwan is pressing its case.⁴¹

For his part, supporting the view that Taiwan should have more ‘international space,’ and rejecting Beijing’s contention this was inconsistent with previous US commitments on ‘one China’, President Bush signed legislation committing the United States to promoting Taiwan’s participation in the World Health Organization.⁴² In the event, in 2002 the US spoke out in favour of Taiwan’s effort, but it did so at a dinner rather than during the World Health Assembly debate, thus making its point without creating a direct confrontation with the PRC. Its tactics for 2003 were being determined as this volume went to press, but the spread of severe acute respiratory syndrome (SARS) had intensified argument in favour of Taiwan’s “observership” in the organization.

Although they are unlikely to succeed, voices have even been raised to codify the ‘six assurances’ in legislation,⁴³ presumably to forestall any temptation by a future Administration to walk them back without having to pass through the gauntlet of congressional righteousness.

And health and Taiwan politics permitting, Lee Teng-hui will almost certainly reschedule his visit to Washington, where he will speak at the National Press Club and be received grandly on Capitol Hill. In that event, Beijing will complain loudly, but it will watch especially closely how Lee is treated by the Administration.

In addition, if the current pattern is not broken, it is likely that the PRC will continue its build-up of missiles opposite Taiwan and its acquisition of other weapons systems designed specifically for a Taiwan contingency. This will trigger further, more sophisticated US arms sales to Taiwan – and other military relationships – that will deepen the divide not only across the Strait but also between Washington and Beijing. This will contribute to the trend already accelerated, on the one hand, by the adoption of a PRC State Council White Paper embracing more threatening postures on the possible use of force against Taiwan⁴⁴ and, on the other, by US plans to deploy more US Navy and Air Force assets in the Pacific.⁴⁵ The frequent reiteration of China's commitment to a patient, peaceful approach to reunification⁴⁶ is no doubt intended, in part, to quell concerns over the White Paper. However, not only does that document remain on the books as a statement of official policy, but the continuing PRC build-up will inevitably rub up against the bedrock US policy concerning peaceful resolution of cross-Strait issues.

A 'doomsday' scenario emerging from all of this is not likely and should not be predicted. But neither can it be dismissed. Under some scenarios stimulated by the most problematic of these possibilities (for example, a Chen visit or the sale of Theatre Missile Defence (TMD) or Aegis-equipped destroyers to Taipei), one can imagine the PRC engaging in large-scale military exercises (à la 1996), a robust Taiwan response, and an unanticipated incident that quickly escalates. Although Americans close to the Administration aver with some insistence that there is 'adult supervision' of Taiwan policy, i.e. that the United States will not adopt policies or take actions that cross obvious PRC 'red lines' – and that it has close enough ties with Taiwan to assure that Taipei will not do so either – it is not at all clear where Washington (or even Beijing) thinks those 'red lines' lie.

As President Bush has implied on numerous occasions, there is no American desire to poke Beijing in the eye on 'one China'. Yet, his Administration has demonstrated considerable impatience with any suggestion that it should toe the PRC's line on how to define US 'unofficial' relations with Taiwan or how to decide what is or is not necessary for Taiwan's defence in accordance with the Taiwan

Relations Act. These, the Administration believes, should be American decisions, not something pre-emptively limited by fear of PRC anger. And, especially since the PRC reaction to what has been done so far amounts to very little – a tongue-lashing or two and the cancellation of some navy port calls⁴⁷ – the argument is that, as long as the US holds the line on the basics of its ‘one China’ policy, there is not only no danger, but still more room for manoeuvre. Moreover, it is argued, since even the Clinton Administration made clear to Beijing that the US would react to continuing PRC military build-up by upping the ante on security relations with Taiwan, Bush’s approach is well within the bounds of past policy and practice.

China faces some tough choices in this situation. Its economic well-being, its political stability, and even its security depend in important measure on constructive relations with the United States. Since the US seems firmly committed not to support an ‘independent Taiwan’, the issue for Beijing becomes, not whether the US will stick with its ‘one China’ policy writ large, but determining whether at some point Taipei’s salami tactics (and US complicity or at least acquiescence) add up to the functional equivalent of ‘independence’. If the current pattern continues unabated, the PRC could well reach a point where it judges that a warning shot (literal or figurative) needs to be fired that has more than a pinprick effect.

Generally speaking, the PRC has been relying since at least 2001 on the deepening cross-Straits economic ties to provide ballast in current circumstances (for example, by producing business community pressure on Chen Shui-bian not to go ‘too far’) as well as to generate momentum for closer political ties in the future. And it has counted on the positive effects of co-operation with Washington in the war against terrorism, supplemented by summit diplomacy, acquiescence on Iraq and cooperation on North Korea to steady US relations. But despite the improved US–PRC relationship evident by late 2002, including firm reiteration of the ‘one China’ policy, the political trends within Taiwan discussed above, and the sense that the United States is either oblivious or insufficiently sensitive to PRC concerns, has created renewed doubts among some in Beijing about the efficacy of its current approach.

On current trends, then, there is a more than trivial chance that tensions will be ratcheted up at some point in the next few years. This means that the policy issue on the table has at least two dimensions. The issue is not only what the United States can do to advance cross-Straits peace and stability, but, even more basically, what it can do to prevent a deterioration.

Thinking about American policy in the period ahead

It has long been a premise of American policy that, without a sufficient sense of confidence, Taipei would instinctively refuse to engage with Beijing for fear of being bullied into submission, and the situation would remain fragile. Indeed, the US has argued that bolstering Taiwan's defensive capability provides a level of assurance on the island that can facilitate cross-Strait dialogue.

From the time of the autumn 1992 cross-Strait agreement on principles that would govern the 'high-level' Koo-Wang meetings⁴⁸ in Singapore in April 1993 until 1995, and then again for a brief period later in the 1990s, evidence suggested that this approach was bearing fruit. Although irritants cropped up, trade and travel nevertheless burgeoned and practical arrangements across the Strait seemed to prosper. However, following Lee Teng-hui's Cornell visit in 1995, and again – with even greater intensity – in the wake of Lee's 'two states theory' of 1999 and Chen Shui-bian's election in 2000, the cross-Strait political track withered as mutual trust plummeted.⁴⁹

As a result, the level of militarization of cross-Strait relations has grown and, with it, so has the level of US security involvement. In light of the growing PRC deployment of missiles opposite Taiwan and the purchase of sophisticated Russian weaponry designed to confront not only Taiwan but any US intervention force, as we have seen, there has been a counter-pattern of growing and increasingly sophisticated American arms sales and interaction with Taipei, together with increasingly firm pledges regarding American involvement in the event of a PRC attack.

The PRC has consistently opposed arms sales, and the issue almost derailed normalization in late 1978 and, along with Reagan's desire to upgrade relations with Taiwan, contributed to the political crisis of 1981–82. Once again in current circumstances, Beijing strongly challenges the US view that arms sales promote dialogue. Rather, it believes, those sales and other security ties to the US reinforce Chen Shui-bian's resistance to 'one China' and his determined pursuit of 'creeping independence', contributing, not to dialogue, but to a distancing between the two sides and an increased likelihood of eventual military confrontation.

The PRC says it does not seek Taipei's 'surrender' and its acceptance of a role as 'a province of the PRC'. Beijing clearly prefers not to use force. However, it certainly insists that Taiwan abjure any goal of permanent independent status outside of 'China' and any policies that

lead in that direction, and that Taipei re-embrace the 'principle' of 'one China' and the goal of reunification. The PRC's foremost objective in adopting these positions is to staunch the haemorrhaging toward ever more formalized separate status, leaving the unification process, including agreement on how one defines 'one China', to be addressed in the future.

In the best of all possible worlds, as Beijing would define that, Taiwan would allow the PRC to 'speak for' it even now in the international community, at least where sovereign states are involved, and to 'sponsor' it as 'a part of China' in organizations and regimes that do not involve sovereignty. But one presumes that the PRC knows this is out of the question and is realistic enough to accept that any near-term cross-Straits arrangement would fall far short of Taipei accepting any arrangement that mandates that Taiwan is subordinate to the government in Beijing.

In insisting on hard-line positions, both sides have a certain logic on their side. The PRC cannot be faulted for assuming that, without at least a potential threat of real consequences, Taiwan would go its merry way toward formal separate status or independence. There is little question that the high level of support for maintaining the '*status quo*' and the very low support for 'independence' registered in Taiwan public opinion polls reflects not the heart-felt ambitions but the well-honed pragmatism of the island's people, who understand the likelihood of severe consequences if they indulged their preferences on this issue. Based on over forty years of observing the Taiwan scene, this writer has no doubt that without the threat of such consequences, these polling results would be dramatically different.

While there are different views about whether to press for a name change (e.g. Republic of Taiwan) or not, all major political parties in Taiwan support the view that theirs is a sovereign, independent country within the confines of the area over which Taipei now exercises jurisdiction, i.e., not including the Mainland. There are also different views about whether Taiwan should even opt for reunification with a PRC that had evolved into a democratic, market economy country. But there is strong support for the view that there is not one country now and that the choice for the future will have to come through a democratic process.

Similarly, the US and Taiwan cannot be faulted for assuming that, without the means to impose a substantial cost on the PRC if it launched an attack, the likelihood of some kind of direct military pressure from the Mainland would be high. Especially since the issue today

is not the long-standing ROC–PRC/KMT–CCP competition within the context of a mutually accepted ‘one China’, but the very existence of ‘one China’, a great deal more is at stake for Beijing.

Thus, from an American perspective, a continuing policy of providing carefully selected defensive weapons to Taiwan is justified. Even though Taiwan would not be able on its own to defeat a determined PRC assault *whatever* it buys, providing such weapons can raise the initial cost of PRC attack to a level that will act as a meaningful deterrent, or, if deterrence fails, will hopefully stave off defeat until the US is able to act.⁵⁰ One problem is that it is no longer clear that the systems being made available to Taiwan are either ‘carefully selected’ or necessarily ‘defensive’. Even the *Washington Times*, a strong supporter of Taiwan, noted editorially that the diesel-electric submarines approved for sale in April 2001 are ‘offensive’ in character and a ‘non sequitur’ in the context of the PRC threat.⁵¹ While some argue that ‘the best defence is a good offence’, provoking the Mainland with an overly enthusiastic arms sales programme or other military ties could prove highly destabilizing and detrimental to Taiwan’s security rather than beneficial. Among other things, such US actions would contribute to the conviction of the PRC leadership that the United States seeks to block reunification, not just to prevent the use of force. And it could therefore have unpredictable effects on the internal debate in China on Taiwan policy, not to mention on Beijing’s policy toward the United States.

Although this chapter focuses on US policy, it is important to note that responsibility for resolving this dilemma hardly rests solely with the US (and Taiwan). Even if the PRC is completely sincere that its current build-up of missiles opposite Taiwan and of other weapons systems with a primary Taiwan-related mission is to deter movement toward independence (and US support for that) rather than to force Taiwan at gunpoint to accept a PRC-dictated solution, neither Washington nor Taipei can afford to take that position at face value. If Beijing continues its build-up of these kinds of systems and capabilities, Washington will feel compelled both to provide more and better hardware and software to Taipei and to build up American forces that can be employed in a timely and effective manner in a Taiwan contingency.

It is a ‘given’ that the PRC will continue to develop and deploy more modern and more potent military systems in any case, as it is economically and technically able to do so. But, as noted, some aspects of that build-up – such as the shorter-range missiles opposite Taiwan – would

seem to be justified, or at least to rate priority funding, only in a Taiwan context.

The key to defusing this dangerous dynamic lies in demilitarizing it or at least in reducing the degree to which it is militarized. While either agreed or unilateral reciprocal steps could help to achieve this, realistically that may not be feasible without some progress on the political front. Most important – and effective – of course, would be creation of a *modus vivendi* between Taiwan and the Mainland. At the moment, however, the political situation in both places would seem to preclude that. The ‘fourth generation’ leaders on the Mainland will not want to look ‘soft’ on Taiwan, backing away from the ‘one China’ principle or even the ‘one country, two systems’ approach and Jiang Zemin’s 1995 ‘eight-point proposal’. Likewise, Taipei is extremely unlikely to accept the ‘one China’ principle in advance of dialogue, especially since the tendency in Taiwan appears to be to push the envelope as much as possible on international acceptance of its sovereign, independent identity (either under the label ‘Republic of China’ or ‘Taiwan’). While the Taiwan position does not preclude eventual unification, it runs directly counter to the present PRC position that there *is* ‘one China’ today encompassing both the Mainland and Taiwan and that Chinese sovereignty and territory are indivisible.

The most effective policy for the United States to promote peace and stability in this circumstance should include some combination of:

- reassuring Beijing, through practice as well as policy, that the US neither seeks nor supports Taiwan independence;⁵²
- placing clear limits on US relationships with Taiwan to demonstrate that the US is not seeking to infuse those relations with officiality;
- reaffirming that the US continues to have a strategic national interest in the maintenance of peace and stability in the region, which extends to the resolution of cross-Straits issues by peaceful means alone;
- making clear that the US is prepared to throttle back appropriately on its arms sales and other military relations with Taiwan in a context in which the PRC military threat to Taiwan is also meaningfully throttled back.

Proposals have come forth from various quarters calling either, at one extreme, to abandon the so-called ‘six assurances’ or, at the other as noted earlier, to enshrine them in binding legislation. Advocates of abandonment argue that, unless the United States applies pressure on

Taipei to enter dialogue on the basis agreed a decade ago (under the so-called '1992 consensus' and in response to Jiang Zemin's 'eight point proposal'), the danger of military confrontation will inevitably grow. Those advocating legislation believe that the US must drive home to Beijing that, though it does not support an 'independent Taiwan', it will not be party to – or tolerate – any effort that involves or even implies intimidation.

Whether analytically one believes it makes sense to take one step or the other, either move would create a political firestorm that would inflict harm far in excess of any presumed benefits. That does not mean, however, that the United States is without resources to support its own interests.

However sympathetic Americans are with Taipei and its 'reasonable' call for dignified treatment, one needs to face up to the reality of the linkages between US Taiwan policy and its overall China policy. It will not work in the end to insist that, short of independence or formal treatment of Taiwan in 'official' ways, Beijing will simply have to accept whatever approach to the island the US employs. It may be galling that Beijing has a strong say in what is or is not acceptable, but a willingness to be sensitive to the PRC's view on this was fundamentally involved in the decision to normalize relations over two decades ago. This is not to argue that Beijing can call all the shots. And, in fact, neither on arms sales nor on other aspects of America's Taiwan policy does it do so. But it is to argue that making unilateral determinations with little regard to PRC views (other than over formal 'independence') is a recipe for disaster.

At the same time, Beijing needs to act less imperiously toward Taiwan. It needs to rely far less on military sanctions and far more on political persuasion. In this connection, it should stop blocking Taiwan's participation in the international community in ways that do not challenge the PRC's sovereign claim to be the 'sole legal representative of China'. Instead of holding out the prospect of support for more 'international space' as an incentive for Taiwan's acceptance of the 'one China' principle, the PRC should offer such support now as a demonstration that it recognizes the people of Taiwan deserve to be active participants on issues of importance to them. Were the Mainland not single-mindedly seeking to bludgeon Taiwan into accepting the 'one China' principle, but rather demonstrating that the Mainland is concerned about the interests of the people in Taiwan, progress on the principle itself would likely be more readily obtainable.

In the meantime, if resumed dialogue at the Koo-Wang level is not possible because both sides have staked out irreconcilable positions of 'principle', Beijing should agree to quiet, lower-level, authoritative dialogue to explore ways out of the current stalemate rather than holding out for a change in Taiwan's policy or leadership. Although the risk of 'leaks' is ever-present, if both sides are serious, there should be ways to ensure against them.

The US should make the case, certainly privately but also probably publicly, for such an approach. For example, Washington needs to be exceedingly clear that, while it supports a strong role for Taiwan in the international community, it will not back, and will oppose, efforts to parlay any Taiwan successes in this regard into moves that overstep the limits of the US 'one China' policy. One can empathize with Taiwan's desire for equal standing even in international organizations and regimes made up of states. But the reality is that, like almost all other countries, the United States decided two decades ago for sound reasons of national interest that it would not support that goal. The world may have changed, and Taiwan may have changed. And while those changes merit US respect and make American insistence on peaceful approaches all the more salient, they do not detract from the importance of staying the course on the 'one China' policy – either in terms of broad US national interests or a more focused concern for the security, prosperity and well-being of the people in Taiwan.

Allowing Chen Shui-bian to come to Washington would be one clear example of overstepping appropriate bounds. The better part of wisdom tells us that allowing him to 'visit' anywhere in the United States under current circumstances (i.e. when suspicions regarding US and Taiwan motives are so high in the PRC) would probably be another.⁵³ Permitting office visits at the State Department and NSC by Taiwan's representatives and acquiescing in a name change for the Taiwan office in the United States may seem harmless enough in the abstract, but, taken in context, such actions would be profoundly political and would be seen as gratuitous pokes by Beijing. The first step in respecting Taiwan's dignity while not undermining American policy and interests is to understand the complex relationships involved rather than asserting that Beijing has no choice as long as Washington does not overstep unilateral US definitions of the PRC's 'red lines'.

There is no question that the US relationship with Taiwan has its peculiarities and its unsatisfactory elements. Perhaps some of what has been achieved since the advent of the Bush Administration has helped put that relationship on a politically more sustainable basis for

Americans. What is disturbing about it to many in China, however, is that, taken as a whole, and notwithstanding fine words during Summit meetings, it appears to treat PRC concerns about Taiwan lightly as well, for some, as casting China in the role of strategic challenger to the United States. Thus, not only are certain American gestures toward Taiwan potentially problematic in terms of cross-Strait relations, but they appear to many in China as fitting into a larger US strategic posture of preparing for an inevitable Sino-American confrontation, with Taiwan as a tool in that process.

Despite the hard-line views of some – including in the Bush Administration – about China's rise, not only would any conclusions by Chinese analysts about an inevitable future confrontation be unjustified on the merits, they would reflect a serious misreading of American policy assumptions, including under the current Administration. That does not mean, however, there are not grounds for Beijing to perceive American policy as potentially hostile, or for the PRC to believe that Taipei is having some success in playing on such concerns as do exist for all that can be gotten out of them.

The United States should obviously not be Beijing's instrument in dealing with Taipei. But neither should it be Taiwan's in dealing with the PRC. As they have historically, both will continue to seek to have Washington do their bidding, and because Taiwan's case is now especially appealing in terms of American values, there is a strong temptation to move in that direction. Supporting American values abroad is very much in the US national interest and is an important reason the sense of commitment to Taiwan's future is as strong as it is. But promoting democracy is not the totality of that interest, and the US needs to keep its overall interests in clear perspective. Virtually every recent American Administration has come into office critical of its predecessor's approach to China policy. Ronald Reagan sought to reverse much of what Jimmy Carter did, and Bill Clinton tried to draw a bright line between his China policy and that of George H.W. Bush. After some time in office, however, each new Administration typically has moved away from such a posture to lay out a policy that, while it might have a different emphasis, has generally reaffirmed at least the basics of what has gone before.

George W. Bush has proven to be no exception. Although many in his Administration still seem driven to a surprising degree by a strong motivation 'not to be Clinton', when confronted with a need to enlist Beijing in the war on terrorism and on other international fronts, Bush has pushed his policy toward the 'norm' approximated by his predecessor.

sors. Even on the issue of Taiwan's security and dignity, although he may still lean somewhat more forward than Clinton did, the President has clearly absorbed the need to impose limits on the degree to which the United States is dragged into cross-Straits gamesmanship.

Having accorded Taiwan more dignity, laid down markers on the security front, and established that this Administration will not slavishly follow past practice and policy simply because they *are* past practice and policy, Bush, as his predecessors, seems prepared to add depth and nuance to the American approach to cross-Straits issues. Following a Clinton precedent, the President has stated several times, including while in Beijing in February 2002, that there should be no provocation from either side. As directed at the PRC, that stance clearly means that it is not merely the use of force but the explicit or even implicit threat to use force that will evoke an American response. With regard to Taiwan, by dissociating his Administration from Chen Shui-bian's August 3, 2002 statement on *yi bian, yi guo*, he has made clear that it is not merely a unilateral declaration of independence, but steps that lead in that direction, that the US will not support and may well oppose.

Implementing this approach will not always be easy, but it remains essential to the American national interest. On occasion, it may be appropriate to speak out publicly on these issues. Other times, it may be more productive to work behind the scenes. The important point will be to determine US interests and to be consistent. That consistency has in the past not always been comfortable for Americans, nor will it always be so in the future. But if it serves the US interest, which includes the preservation and strengthening of peace and stability in the Taiwan Strait, Americans have learned to live with that discomfort.

Notes

1. Cited in Hungdah Chiu (ed.), *China and the Question of Taiwan* (New York: Praeger, 1973), 208. Chiang Kai-shek did not attend, but 'signed' the Potsdam Declaration 'by wire'.
2. *Ibid.*, 209 ff.
3. See, for example, 'A Possible Course of Action with Respect to Formosa and the Pescadores,' a draft Department of State policy planning paper of June 23, 1949, in *Foreign Relations of the United States, 1949, Volume IX* (Washington, DC: Government Printing Office, 1974), 359–364.
4. 'Draft Report by the National Security Council on the Position of the United States with Respect to Formosa, 19 January 1949,' in *Foreign Relations of the United States, 1949, Volume IX*, 271. Although only a 'draft,' this document reflected important US Government views at the time.

5. See, for example, David M. Finkelstein's *Washington's Taiwan Dilemma, 1949–1950* (Fairfax: George Mason University Press, 1993) and Nancy Bernkopf Tucker, *Patterns in the Dust: Chinese–American Relations and the Recognition Controversy, 1949–1950* (New York: Columbia University Press, 1983).
6. For excerpts from Truman's statement and Acheson's press conference, see Chiu, *China and the Question of Taiwan*, 220–222.
7. President Truman's statement is available in *Foreign Relations of the United States, 1950, Volume VII* (Washington, DC: Government Printing Office, 1976), 202–203.
8. 'The President's Meetings with Prime Minister Macmillan,' Memorandum of Conversation, 5 Apr. 1961 in *Foreign Relations of the United States, 1961–63, Volume XXII* (Washington, DC: Government Printing Office, 1996) available at <http://www.state.gov/www/aboutstate/history/frusXXII/01to50.html>
9. Department of State, 'Transcript of Press, Radio and Television News Briefing', 28 April 1971. In its peace treaties with the United States and others powers in 1951 as well as with the ROC in 1952, Japan ceded sovereignty over Taiwan, but it did not specify to whom it was ceding the island, leaving that question in limbo.
10. Much of this discussion is based on previously classified US government documents released under the Freedom of Information Act to the National Security Archive at George Washington University. See: William Burr (ed.), *The Beijing–Washington Back-Channel and Henry Kissinger's Secret Trip to China* (<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB66/>)
11. Memorandum of Conversation, 12 Nov. 1973, in William Burr (ed.), *The Kissinger Transcripts* (New York: The New Press, 1998), 186.
12. Memorandum of Conversation, 10 July 1971 (afternoon session), in Burr, *The Beijing–Washington Back Channel*, Document 35, 15–16.
13. It is worth noting here that the Chinese-language term for 'acknowledge' in the Shanghai Communiqué ('ren shi dao') was altered in the normalization communiqué six and a half years later to 'cheng ren'. This change was justified to US officials by the Chinese as a more accurate rendering of 'to acknowledge'. Given that 'cheng ren' can also be translated as 'recognize' – as in the communiqué's statement that the United States 'recognizes' the PRC as the 'sole legal government of China' – this word choice caused some consternation about the US position regarding sovereignty over Taiwan. The negotiating record is clear, however, that the United States intended no change of position in this regard from the Shanghai Communiqué and that, in any event, the English-language version was the authoritative statement of the US position. With this in mind, it is noteworthy that, in all English-language versions of the normalization communiqué put out by the PRC government, 'acknowledge' is used in the relevant sentence.
14. The US position on 'Taiwan independence' became an issue – at least in the media – in 2002. Deputy Secretary of Defense Paul Wolfowitz used the terms 'do not support Taiwan independence' and 'oppose Taiwan independence' somewhat interchangeably on two occasions early in the year. It seems unlikely he was seeking to change the US hands-off position on the shape of any final outcome. Indeed, Deputy Secretary of State Richard

Armitage, speaking at a press conference in Beijing in late August, noted that if the two sides of the Strait came to an amicable agreement on independence for Taiwan, the United States would have no cause to oppose it. While emphasizing different aspects of the US position, what both were saying is that the US could live with an independent Taiwan (as it could with unification peacefully arrived at), but neither side should take unilateral, provocative steps to change the *status quo*. President Bush had issued a similar caution in Beijing in Feb. 2002.

15. 'Remarks by the President to the Business Council,' 24 Feb. 2000 (<http://usinfo.state.gov/regional/ea/uschina/clint224.htm>). Clinton's statement was a natural extension of the insistence on peaceful resolution; that is, in a now-democratic Taiwan, it is inconceivable that any solution could be imposed on the people of Taiwan against their will. In response to PRC complaints that the views of the people on the Mainland on this question also counted for something, the US position under President George W. Bush has evolved even further. As then-Deputy Assistant Secretary of Defense, Peter T.R. Brookes, put it: 'We don't support a unilateral change in the *status quo* and we expect Taiwan's future to be determined in a peaceful and mutually agreeable manner to the people on both sides of the strait [emphasis added].' (See his speech to Brookings Institution National Issues Forum: 'Northeast Asia – After One Eventful Year: Assessing the Bush Administration's Policy for Northeast Asia', 3 Apr. 2002.)
16. Having left office, Lee has been more explicit: 'Taiwan is not a part of China. These are two nations on an equal footing.' See Lin Mei-chun, 'Lee cautions government on "one China" principle', *Taipei Times*, 6 May 2002 (<http://www.taipeitimes.com/news/2002/05/06/story/0000134816>). He now backs abolition of the NUC and Guidelines as compromises that failed to achieve their objective of endorsing unification in order to induce the PRC to eschew the use of force. See Lin Mei-chun, 'TSU seeks end of unification council', *Taipei Times*, 15 May 2002 (<http://www.taipeitimes.com/news/2002/05/15/story/0000136094>).
17. Some have suggested that Beijing might not have applied military pressure in late 1995 and early 1996 if it had known the result would be an enhanced margin of victory for Lee in the Taiwan presidential election in March 1996 and the dispatch of two US aircraft carrier battle groups to the area as a demonstration of American resolve. Obviously, Beijing learned some lessons from that experience, and it toned down its muscularity in responding to later 'provocations' (e.g. Lee's 'two states theory' in July 1999 and Chen Shui-bian's assertion of 'one side, one country' in early August 2002). But it is widely believed that conservative PRC political and military leaders criticized Jiang Zemin in 1995/96 for an overly 'soft' position on Taiwan, leaving the PRC leader little choice but to make a forceful response to the significant shift they perceived in the Lee visit and speech. Moreover, it is not at all clear that Beijing thinks, even today, that it was not the net winner in this situation, having driven the United States to adopt a more restrictive set of guidelines for visits and transits of the US by Taiwan's senior leaders. Even Members of Congress who voted for the Lee visa later expressed consternation and surprise at the resultant crisis in US-PRC relations. Much as they still thought there should be no objection to Lee's

travel, they had not understood, they said, the depth of PRC objections to even such a 'private' visit by the Taiwan leader and would have voted differently if they had.

The Bush Administration has relaxed some of the ground rules that apply to Taiwan leaders' transits of the US, but the basic parameters remain in place. An issue that will test this matter further is whether Chen Shui-bian will be allowed to visit Washington, DC Taipei's push for that in mid-2002 faded as the US sought deeper co-operation with Beijing in the wake of the terrorist attacks on 9–11. But rumours began circulating again in late August that Chen would seek a visit in spring 2003. Beijing has already let it be known informally that this was a 'red line', the crossing of which would have serious consequences for Sino-American relations. Given the growing belief among some Americans that the only 'red line' that mattered was an actual Taiwan declaration of independence – and US support for that – it remained to be seen as of this writing how this issue would play out. This writer's own view is that the prospects of any such visit in Bush – and Chen's – first term are small. If both are re-elected in 2004, however, that question may once again arise, with the outcome hinging importantly on the overall state of US–PRC relations.

18. 'American Interests and the US–China Relationship,' Address to The Asia Society, the Council on Foreign Relations, and the National Committee on US–China Relations, New York City, 17 May 1996.
19. That said, Clinton nevertheless did support efforts to permit Taiwan to participate in the activities of such organizations as the World Health Organization (WHO) as an 'observer', but, as with George W. Bush's subsequent efforts, such participation was blocked by the PRC.
20. 'Before and during the summit, the US side said repeatedly it would not support Taiwan independence, 'one China, one Taiwan' or 'two Chinas', and Taiwan's 're-entry' into the United Nations. (See Han Hua, 'Questions and answers at Qian Qichen's small-scale briefing,' *Hong Kong Wen Wei Po*, 4 Nov. 1997.)
21. Interview text available at <http://www.taiwanheadlines.gov.tw/state/1.htm>
22. Bonnie S. Glaser, 'Beginning to Thaw', *Comparative Connections*, 3rd Quarter 1999 (http://www.csis.org/pacfor/cc/993Qus_china.html).
23. Chen's full pledge, contained in his 20 May 2000, inauguration speech, went as follows: '[A]s long as the CCP [Chinese Communist Party] regime has no intention to use military force against Taiwan, I pledge that during my term in office, I will not declare independence, I will not change the national title, I will not push for the inclusion of the so-called 'state-to-state' description in the Constitution, and I will not promote a referendum to change the *status quo* in regard to the question of independence or unification. Furthermore, there is no question of abolishing the Guidelines for National Unification and the National Unification Council.' For full text of the speech see: http://www.president.gov.tw/2_special/index_e.html
24. One of Bush's foreign policy advisors was quoted in early 2000 as saying that Bush was moving away from strategic ambiguity partly because Taiwan has become a democracy and partly because the policy had been poorly implemented in the Clinton administration. (See *New York Times*, 26 Feb. 2000, A10.)

25. During PRC Vice President Hu Jintao's visit to Washington in early May 2002, he and Defense Secretary Donald Rumsfeld discussed reinvigorating military exchanges, as President Bush and President Jiang Zemin had already agreed to do. The issue lingered for months, however, though after the 25 Oct. Crawford, Texas, Bush-Jiang summit, steps were taken to move ahead.
26. 'Remarks by the President Upon the Return From China of US Service Members,' White House Press Release, 12 Apr. 2001.
27. The Taiwan Relations Act (TRA) was enacted in the wake of normalization of US-PRC relations in order to govern future ties 'between the people of the United States and the people on Taiwan.' Originally designed by the Carter Administration as a vehicle for allowing 'unofficial' relations (including arms sales) to proceed essentially uninterrupted from the way official relations had been conducted, it was reshaped by Congress to affirm the US interest in Taiwan's future and to suggest strongly that any attempt to resolve the Taiwan-Mainland relationship by coercive means would risk direct US involvement. It said that 'any effort to determine the future of Taiwan by other than peaceful means' would be considered 'a threat to the peace and security of the Western Pacific area and of grave concern to the United States'. It also called for the provision to Taiwan of 'arms of a defensive character', defined in the Act as 'such defense articles and services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability' as determined by the President and Congress. (Public Law 96-8 – 10 Apr. 1979.)
28. Emphasizing Taiwan's indigenous language, history and culture rather than China's.
29. Using 'Taiwan' more and more frequently rather than 'Republic of China', even in official contexts.
30. The text of Wolfowitz's speech, initially withheld, was eventually released under the Freedom of Information Act. See Jay Chen and Sofia Wu, 'US Committed to Helping Taiwan Defend Itself: Pentagon Official'. CNA, 8 Apr. 2002 (<http://portal.gio.gov.tw/cna/20020409/20020409201046.html>).
31. The 'six assurances' were provided to Taipei as the 17 Aug. 1982, US-PRC joint communiqué was being negotiated. They have been reported with slight variations. The US government version, although not characterized as 'assurances,' was presented in testimony to the Senate Foreign Relations Committee by then-Assistant Secretary of State for East Asian and Pacific Affairs John H. Holdridge on 18 Aug. 1982: The US did not agree to set a date certain for ending arms sales to Taiwan; Washington sees no mediation role for the US between the two sides of the Strait; the US will not attempt to exert pressure on Taiwan to enter into negotiations with the PRC; there is no change in the US long-standing position on the issue of sovereignty over Taiwan [i.e. that the US has 'acknowledged the Chinese position on this issue']; the US has no plans to seek revisions to the Taiwan Relations Act [as, Holdridge reported, the PRC suggested at one point that it do]; and the US has not agreed to engage in prior consultations with Beijing on arms sales to Taiwan.
32. 'China Summons US Ambassador to Make Representations', *People's Daily Online*, 17 Mar. 2002 (http://english.peopledaily.com.cn/200203/17/eng20020317_92254.shtml).

33. The Taiwan defence ministry was also reportedly distressed by the introduction of US nuclear policy into the equation. The ministry said that reference to the possible use of nuclear weapons in a Taiwan contingency 'will be detrimental to cross-strait relations since it will only give greater leverage to hawkish members of the Chinese [PRC] government'. See Brian Hsu, 'Defense ministry sees cross-strait ties worsening', *Taipei Times*, 1 Apr. 2002 (<http://www.taipetimes.com/news/2002/04/01/story/0000130036>).
34. Although Bush's subsequent reference at a WTO event to 'both countries, the Republic of Taiwan and China' was readily set aside by Beijing as a verbal slip, many PRC analysts took it as a true reflection of the President's underlying approach to the issue. That said, even in the presidential campaign Bush had endorsed the 'one China' policy. In a GOP debate on 2 March 2000, in Los Angeles he said: 'I would hope Taiwan would ... hear the call that a one-China policy is important for the peaceful resolution of the dispute between China and Taiwan ... [and] has allowed ... Taiwan to develop into a market-oriented economy and flourishing democracy.' (See http://issues2000.org/Celeb/George_W_Bush_China.htm.) And in the flurry following his April 2001 statements about doing 'whatever it took' to defend Taiwan, the President reaffirmed his adherence to the 'one China' policy as, noted earlier, he did again in Beijing in February 2002 and at Crawford that October.
35. The senior PRC leadership was, in 2002, in the midst of its scheduled turnover to the 'fourth generation', and political manoeuvring was already under way in Taiwan in anticipation of the island's 2004 presidential election.
36. 'Remarks by the President and Chinese President Jiang Zemin in Press Conference', Bush Ranch Crawford, Texas, October 25, 2002 (<http://www.whitehouse.gov/news/releases/2002/10/20021025.html>)
37. See Nelson Chung and P.C. Tang, 'House Rep Calls for U.S. to Abolish its 'One China' Policy', *CNA*, 20 Nov. 2002.
38. Carol Giacomo, 'US mulls inviting Taiwan leader to Washington', *Reuters*, 7 May 2002.
39. Ella Lu, 'ROC Foreign Ministry Hopes President Can Make Official Visit to US', *CNA*, 9 May 2002.
40. 'It's Not Necessary to Wait,' *Newsweek International*, 20 May 2002.
41. James Kuo and Maubo Chang, 'ROC Is Seeking Better Treatment for Its Diplomats in US', *CNA*, 16 March 2002 and Maubo Chang, 'Diplomat Promises to Promote Ties with US', *CNA*, 20 Nov. 2002.
42. 'President Signs bills,' White House News Release, 4 Apr. 2002. The bill, H.R. 2739, authorized the Secretary of State to initiate a plan to endorse and obtain observer status for Taiwan at the May 2002 annual summit of the World Health Assembly, the WHO's principal decision-making body. (<http://www.whitehouse.gov/news/releases/2002/04/20020404-9.html>).
43. See, for example, Nat Bellochi, 'Toward better US-Taiwan relations', *Taipei Times*, 17 Apr. 2002 (<http://www.taipetimes.com/news/2002/04/17/story/0000132196>).
44. The February 2000 'Taiwan White Paper,' for example, included several troubling provisions, including one calling for possible use of force against Taiwan not only if Taiwan declared independence, but merely if too much time went by without achieving negotiated reunification. (For the text of the White Paper, see <http://www.chinadaily.net/highlights/docs/2001-04-30/3791.html>.)

45. See US Department of Defense, *Quadrennial Defense Review Report*, 30 Sept. 2001.
46. See, for example, Vice Premier Qian Qichen's 24 Jan. 2002, speech commemorating Jiang Zemin's 30 Jan. 1995, 'eight point proposal'. At the same time, one should note that Jiang, himself, has reiterated the call for 'resolving the Taiwan issue at an early date.' (See Xu Xingtang, 'Jiang Zemin Meets Former US President Bush,' *Xinhua*, 7 May 2002.)
47. In the wake of Tang Yao-ming's Florida visit, an unconfirmed call by the PLA Navy at a US port was 'cancelled', as was a USN destroyer call at Hong Kong. Exactly a month after the latter cancellation, however, the aircraft carrier Kitty Hawk and associated vessels arrived in Hong Kong and prominent ship visits have continued on a regular basis since that time.
48. Koo Chen-fu and Wang Daohan are the senior 'personages' who, respectively, head Taiwan's SEF and the PRC's ARATS, the 'unofficial' agencies created to conduct cross-Straits talks.
49. The progress (or lack thereof) of the Koo-Wang talks represents the most telling manifestation. After their formal talks were cut off in 1995 following Lee's Cornell trip, Wang and Koo met again 'informally' in Shanghai in 1998. But a 'return' informal visit by Wang to Taiwan, scheduled for 1999, was cancelled in direct response to Lee's *Radio Deutsche Welle* interview. The PRC insists to this day that the Koo-Wang dialogue – or any SEF-ARATS dialogue – can be resumed only after Taiwan has affirmed its commitment to the 'one China' principle and the '1992 consensus,' the term adopted to describe the positions approved in parallel by both sides in late 1992.
50. See Chapters 7 and 8 for detailed analysis of the military dimensions of the cross-Straits relations.
51. 'China's Hu is here', 1 May 2002 (<http://www.washingtontimes.com/op-ed/20020501-95436878.htm>).
52. This was reportedly done privately by President Bush to then-PRC Vice President (and now President and Communist Party General Secretary) Hu Jintao during the latter's visit to Washington in early May 2002. Moreover, President Bush followed up on this same theme both privately and publicly with then-President Jiang Zemin at Crawford, including at their press conference, where he said: '[A] one-China policy means that the issue ought to be resolved peacefully. We've got influence with some in the region. We intend to make sure that the issue is resolved peacefully, *and that includes making it clear that we do not support independence.*' (emphasis added) ('Remarks by the President,' op. cit., 25 Oct. 2002.) While public reassurances to this effect at the highest level are very important given the deep doubts in Beijing about the Administration's underlying posture toward Taiwan, even more to the point, actions consistent with this policy are crucial. As noted earlier, however, the US does not, and has no reason to, oppose Taiwan independence 'in principle', if such an outcome were achievable through amicable, free negotiations.
53. There is widespread speculation that the recurrent attention to a possible Chen visit to Washington is a precursor to a 'bait and switch' manoeuvre, where he would 'settle' for a visit to other American cities.

7

China's Ability To Take a Military Option and Its Calculations

June Teufel Dreyer

China's conditions for the use of force

For two decades, the PRC vowed that it would invade Taiwan if any one of three circumstances occurred:

- if Taiwan were to seek the support of foreign powers other than the United States;
- if there were to be social disorder on Taiwan; or
- if Taiwan were to declare independence.

As the years passed, these conditions seemed less and less likely to occur. The first condition related to the years of Sino-Soviet hostility, in which the Soviet Union occasionally made gestures toward the ROC on Taiwan, such as sending Victor Louis, a prominent TASS correspondent who was widely believed to be a KGB agent, on assignment to the island. These activities ceased when Sino-Soviet relations improved. After the dissolution of the USSR, the Russian successor state declared its support for the PRC's one-China policy and has regularly reiterated that position.

The second condition was presumably intended to provide a rationalization for mainland action against Taiwan should there be a succession crisis after Chiang Ching-kuo died. The assumption was that native Taiwanese would insist that they, not the mainlander minority, should rule the island, and that their demands might escalate into violent confrontations between Taiwanese and the then largely mainlander-commanded military. In fact, Chiang was succeeded by his Taiwan-born vice-president in 1988, with little noticeable social disorder.¹

Although certain people in Taiwan continued to favour a formal declaration of independence, the likelihood that any such declaration would actually be made diminished gradually. Both the ruling party and its major opposition accepted the premise that there was no need to declare independence: the ROC had existed as a sovereign state since 1912 and continued to do so even after the location of its capital city moved to Taiwan. Polls indicated overwhelming public support for the status quo, as opposed to either unification with the mainland on the one hand or a declaration of independence on the other.

With its rationalization for an invasion seeming increasingly improbable at the same time as the ROC government seemed less and less interested in negotiations leading to unification, the mainland issued a White Paper adding a new condition. If Taiwan were to continue to refuse to negotiate indefinitely (*sine die*), the mainland reserved the right to settle the issue by force. Announced in February 2000, just prior to the ROC's presidential election, the White Paper was construed as an effort to influence the outcome in favour of the candidate whom the Beijing government considered least inimical to its position, presumably James Soong.² While reiterating the PRC's consistent stand that, although it hoped for peaceful 're'-unification, it had never ruled out the use of force, the paper included statements under which it would be difficult for the government of the ROC to negotiate – acceptance of the 'one China' principle that Taiwan was a part of China and that the government of the PRC was the representative of the whole of China.³

No timetable accompanied *sine die*, but it seemed wise to assume that the Beijing government meant sooner rather than later. The perception of sooner was reinforced when Beijing's least preferred candidate, Chen Shui-bian, won the presidential election. No invasion took place, though there was considerable anxiety and uncertainty in the month or two following the election. The Chinese government declared that it would judge Chen by his words and deeds. Chen's words, delivered at his inauguration speech in May 2000, conveyed the image of a skilful adversary: the new president vowed that he would not declare independence so long as the mainland did not invade.⁴ The converse must have concerned the Chinese leadership: if they *did* invade, he *would* declare independence. Mainland analysts must also have noticed that Chen was speaking for himself personally rather than use wording that might imply that no future administration would declare independence.

Rising Chinese military power worried other countries besides Taiwan, and the question of whether there was a 'China threat' became

a topic of spirited debate. Double-digit increases in the PLA's budget since 1989, at first explained simply as necessary to keep pace with inflation, continued even as the economy cooled down and, according to some estimates, actually contracted. Many items, including research and development costs for new weapons systems, purchases of foreign military technology, and certain personnel costs, do not appear in the defence budget and were also rising. An invasion of Taiwan has been the focus of the PRC's military preparations since at least 1993, when the Nanjing Military Region, opposite Taiwan, received preference in weapons procured from the Former Soviet Union (FSU) and military training near the Taiwan Strait began to increase.⁵ Still, by the time of Chen's election seven years later, foreign analysts doubted that the mainland's PLA was capable of a successful invasion. On the other hand, few doubted that efforts were being made to remedy deficiencies that stood in the way of doing so. In the words of a respected Hong Kong newspaper, the military was 'feeding the horses and sharpening the weapons' in preparation for a cross-strait invasion.⁶ Some Western analysts felt that the balance of power across the Strait would shift definitively to the PLA by 2005; others preferred the less specific time frame of 'by the end of the decade'.

With a declaration of independence unlikely and a time frame for invasion uncertain, questions have focussed on, first, what might trigger an attack, and, second, just what form it would take. With regard to the first, government corruption rather than cross-strait relations was the major issue in Taiwan's last presidential election. Nonetheless, Chen Shui-bian's support base included many who oppose unification, and who therefore must be appeased by gestures that indicate he wishes to at least maintain, and optimally expand, the scope of the ROC's separate existence. Thus far, these gestures have been small but frequent. The mainland takes careful note of them, interpreting a clear trend toward nativization, (*bentuhua*) as tantamount to creeping independence. Hence, it regularly denounces such gestures. Recently, for example, these have included the Taipei authorities replacing references to the 'Republic of China' with 'Taiwan' on government publications, adding the word Taiwan, in English, to ROC passports, issuing new currency bearing pictures of the island's Jade Mountain and local wildlife on their face rather than the image of mainland-born founding father Sun Yat-sen, and encouraging current and former high-ranking ROC officials to visit or make extended transit stops to foreign countries.⁷ This puts the mainland in the position of railing out against changes that, however symbolically mean-

ingful they actually are, strike most outside observers as trivial and inconsequential. The United States, which has consistently maintained that any solution of the Taiwan issue must be peaceful, as explained in Chapter Six, has warned both sides against 'provocative' behaviour. But no one has been able to operationalize the word provocative, and it is possible that an accumulation of Taiwan's small gestures might someday trigger a strong mainland reaction, much like the proverbial last straw that broke the camel's back.

The second question, how the invasion will be carried out is, obviously, a closely-guarded secret on the mainland. It is very possibly also a matter of disagreement among the leaders responsible for planning it. A wide variety of invasion scenarios exist. Non-PRC analysts consider the most likely of these to be:

- a blockade, probably involving missile 'tests' that will keep Taiwan's vessels in port and other countries' shipping from transporting needed commodities to the island or even risk transiting the area;
- precision strikes that would paralyze the island's infrastructure and command and control capabilities; or
- using the mainland's growing economic strength to choke off any hope of Taiwan's survival as a de facto independent state

None of these options is without problems. A blockade is, by its very nature, a protracted endeavour. Since the Taiwan Strait is a busy international thoroughfare, the commercial air and sea transportation of many countries would be inconvenienced. The affected parties could be expected to put pressure on Beijing to end it. They could also decide to intervene to break the blockade. Precision strikes require a degree of careful co-ordination and accuracy that is not so easily achieved in real-world circumstances. A strategy of gradual choking off is long-term and gives adversaries time to make and implement contingency plans.

These scenarios are not mutually exclusive, and could be employed in concert or in phases – for example, first nationalizing the large number of factories and businesses owned by ROC citizens, and then bracketing the island with missile tests and war games. It is reasonable to anticipate that the ensuing stock market chaos and commodity shortages would break the will to resist of significant segments of the ROC population, thereby expediting a settlement on terms favourable to Beijing with relatively little bloodshed. PRC planners would undoubtedly prefer to minimize civilian deaths from an invasion,

preferring to unify with a nearly intact island than a devastated wasteland littered with corpses. If, however, the anticipated capitulation did not occur, precision strikes against rail lines, shipyards, military and civilian air installations, power plants and the like would follow. Only if these failed would an all-out invasion be undertaken. Again, there is no certainty to any of these actions. Nationalizing Taiwan-owned property on the mainland would discourage foreign business investment in the PRC. And, having had more than half a century to worry about a mainland invasion, the Taiwan government is likely to have foreseen most invasion plans and prepared countermeasures. For example, back-up command and control systems could take over for those destroyed in missiles strikes. In another case, during the 1995–96 Taiwan Strait crisis, the then-ruling Kuomintang employed a stabilization fund, whose existence had not been publicly known, to successfully prop up the stock market. For all of these reasons, a surprise attack is considered to have the best chance for success: begin and end the invasion quickly in order to present the world with a *fait accompli*.

The American factor

The role of the United States, as Taiwan's sole declared protector, is crucial. The Taiwan Relations Act, passed by the U.S. Congress in April 1979, says *inter alia* that America's decision to establish diplomatic relations with the PRC rests on the expectation that the future of Taiwan will be determined by peaceful means, that any effort to determine its future by other than peaceful means, including boycotts or embargoes, is a matter of grave concern to the US, that it will make available to Taiwan such defence articles and services in quantities necessary to maintain a sufficient self-defence capability, and that the United States would maintain its capacity to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.⁸ There are ambiguities in the act – for example, it does not say whether the United States would break relations with the PRC should it attempt to determine the future of Taiwan by other than peaceful means, or whether the US will take military action should a matter of grave concern arise. In many cases, arms cannot be definitively classified as either defensive or offensive. And what quantities and qualities of arms are sufficient for self-defence is also open to interpretation. Indeed, given the disparity of size between the PRC and ROC, it can be argued that it is impossible for Taiwan to rely solely on itself for defence.

These are purposeful lacunae: Washington preferred a policy it termed strategic ambiguity, so as to deter either side from provocative behaviour that might put pressure on the United States to intervene in a confrontation it would prefer to avoid. Responding to provocative behaviour by the PRC in the Taiwan Strait in 1995–96 with the apparent aim of disrupting Taiwan's presidential election, conservative US lawmakers strongly criticized the concept of strategic ambiguity, believing that it invited PRC hostility and encouraged the mainland to test the limits of American forbearance. A Clinton administration spokesperson declared that in fact the US policy was more accurately described as strategic clarity but tactical ambiguity. In the end, two aircraft carrier battle groups were dispatched to just outside the Taiwan Strait, the PLA's provocative behaviour ceased, and the ROC's presidential election took place on schedule. Soon after he was elected to succeed Clinton, President George W. Bush declared that the United States would do 'whatever it takes' to help Taiwan defend itself, and announced a substantial arms sales package to the island. While these actions do not bind Washington to come to the aid of Taiwan and may not outlast Bush's administration, they do seem to indicate a firmer commitment to the island. In short, the Beijing government cannot rule out American intervention.

Military options

Concern over US intervention reinforces the wisdom of a PLA strategy of surprise and haste: finish the job before Washington has time to react. To this end, the preceding decade has seen increased PLA interest in decoy and deception, surprise, and pre-emption. 'Actively taking the initiative' and 'catching the enemy unprepared' are frequently mentioned slogans. During the NATO attack against Yugoslavia, Chinese sources took note of the success of Yugoslav efforts to camouflage planes, tanks, and anti-aircraft artillery. The PLA is believed to have deployed on its south-east coast at least 350 short-range missiles capable of hitting targets on Taiwan; this number is expected to rise to 600 or more by 2005. Assuming reasonable accuracy, these missiles could do a great deal of damage to the island's infrastructure if launched without advance warning. Given the short flight time – about seven and a half minutes – it would be nearly impossible for Taiwan to counter their effects. Additionally, a 'clean' electro-magnetic pulse (EMP) detonated in the stratosphere above Taiwan could destroy the island's electronic communications without massive destruction of

life at ground level. China also possesses intercontinental ballistic missiles capable of hitting targets in the United States. A PLA general made headlines in the US in 1996 when he asked whether America would be willing to trade Taiwan for Los Angeles – i.e. risk nuclear attack on the continental United States in order to protect the ROC from an invasion by the PRC. Whether the PLA has the capacity to implement the above strategy is a matter of some debate. There is general agreement that significant advances have been made in training and weapons acquisition. An expert on Chinese weapons development reported in the late 1990s that EMP warheads were under development.⁹ It is not unreasonable to expect that they are available by now. Whether such weapons would actually be used is another question. Should an EMP be detonated, commercial aircraft from many countries would be destroyed as well as Taiwan's command and control systems, with the potential for serious anti-PRC backlash. If threats to annihilate Los Angeles should the United States intervene in a Taiwan conflict are not meant simply to warn the United States that there would be costs to intervention, they may reflect a serious underestimation of how America is likely to react to such an attack . . . as the Japanese government discovered after it ordered the bombing of Pearl Harbour in December 1941.

Another facet of Chinese strategy concerns asymmetric warfare (*buduicheng zhanzheng*). PRC analysts, accustomed to heralding each new military development with announcements that the advent of the item brought China to advanced world levels, were shocked by the performance of the US military in the Gulf War of 1991, and further impressed with the follow-on advances they saw in the Kosovo conflict in 1999. There was great interest in the American concept of Revolution in Military Affairs (RMA), defined as a 'system of systems' that co-ordinates command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) and joint service and combined arms operations into network centred warfare. This would supplant platform-centred (i.e. from ships, submarines, bombers, and so forth) warfare. In essence, the RMA would transform military organizations into large-scale highly synchronized systems using complex, far-ranging networked computer technologies.

Chinese analysts became acutely aware of how far behind the PLA was. They were also aware that catching up would consume not only time and effort but also scarce financial and intellectual resources that might better be devoted to domestic economic development. While some argued that victory could be assured only by matching the United

States weapon for weapon, others argued that this was precisely what the United States wanted: to force the PRC into an arms race that would destroy its economy. This tactic, they pointed out, had worked against the Soviet Union. Now it was being employed against China's economy, which was still weaker.¹⁰ This was a credible argument, and a strong one for the concept of asymmetric warfare: searching out the enemy's weakness and using it to destroy him. For example, if the US military depends heavily on computers to transmit real-time battlefield information, insert viruses into the computers. Satellites could be blinded by laser beams. These were referred to as acupuncture techniques, *dianxue*, designed to negate the synergistic advantages of the enemy's superior communications nodes. In line with this reasoning, available resources would be channelled not into matching the United States weapon for weapon but into *sashou jian*, variously translated 'trump card,' 'assassin's mace,' or 'killing blow' weapons. In certain niche areas, money could be devoted to leapfrogging over (*wayue*) techniques already developed in the West, thus achieving state-of-the-art capabilities without incurring the huge research and development costs that Western states had had to underwrite.¹¹ Not mentioned was that a convenient way to acquire these advanced technologies without having to pay for them was through espionage. According to an American congressional committee headed by Representative Christopher Cox, China has done this very effectively with regard to a number of weapons of mass destruction.¹² The Chinese government denies that the technology was stolen, saying that the weapons were developed completely indigenously. They point to the virtual collapse of the US government's case against accused spy Wen Ho Lee. Supporters of the Cox Commission's report argue that the evidence of espionage is incontrovertible, and that the case against Lee could not be properly prosecuted without divulging sensitive information.

Another avenue being explored as a way to counter America's technological edge was to ignore the rules of war in order to think more creatively about strategy. A book entitled *chaoxian jian* ('unlimited warfare' or 'warfare without boundaries'), published in 1999 by two PLA senior colonels, argued that, because the PRC was a poor country, it had to use whatever means it could. International military codes of conduct had, they believed, been devised by Western powers in order to advantage themselves. China had not participated in the formulation thereof, and hence need not be bound by such rules. Among the techniques they suggested were chemical and biological warfare, terrorism, and altering environmental conditions in order to produce

changes in the climate of the enemy's territory – droughts and floods, for example.¹³ Advocating the use of such techniques does not necessarily mean that the PLA possesses the capability of successfully using them. Even if they have been developed, it would be especially difficult to employ the techniques effectively against a country as large and as far away as the United States.

Consonant with the plans reported above, the PLA has paid increased attention to information operations and information warfare (IO/IW) in recent years.¹⁴ A task force responsible for IO/IW has been established within the PLA's General Staff Department. With its work overseen by a vice-chair of the party's Central Military Commission, the task force's mission is to collect and integrate all information-related technologies, human resources, and assets from both the military and civilian sectors, toward the end of creating a new specialized force with the ability to function beyond the organizational confines of the three military services. Its personnel include members of the General Staff Department's Intelligence section, the General Logistics Department, and the General Armament Department, the Academy of Military Sciences, and the National Defence University, plus professors and other experts from Beijing and Qinghua universities. The communications section of the General Staff Department is in charge of the planning, control, and execution of policies relevant to IO/IW.¹⁵ In April 2002, the *Los Angeles Times* summarized a CIA classified report revealing that the Chinese military was working to launch wide-scale cyber attacks on American and Taiwan computer networks, indicating that the US 'should be very worried' about such a possibility.¹⁶

Hypotheses that the next war will be network-centric rather than platform-centric notwithstanding, the PLA has been steadily upgrading its combat equipment. According to a Russian source, 'everything that China is doing is geared to an increase in its power in the event of a hypothetical operation to liberate Taiwan.'¹⁷ Highly capable Sukhoi-27 fighter planes were purchased from Russia with a license to produce domestically; the International Institute for Strategic Studies anticipates that the People's Liberation Army Air Force (PLAAF) will have 90 Su-27s by the end of 2002.¹⁸ The PLAAF is also acquiring Sukhoi-30 MKKs, twin-seat dedicated attack variants of the Su-27s described as comparable to the United States Air Force's F-15 Strike Eagle. This acquisition gives the PLAAF its first strike fighter capable of all-weather attack missions with modern precision-guided missiles. Its combat radius can exceed 2,500 miles with air refuelling, which would enable the Chinese air force to strike not only Taiwan, but American air force

bases in Okinawa and Guam as well. A Hong Kong-based magazine reported a successful PLAAF mid-flight refuelling exercise in spring 2000,¹⁹ though progress in the technique is not expected to be part of the PLAAF's routine operations until perhaps 2005. There are currently 40 Su-30s in the PLAAF inventory; this number may reach one hundred by mid-decade.²⁰ Since mid-1999, following then-president of Taiwan Lee Teng-hui's statement that he thought that relations between the two sides of the strait should be considered a form of special state-to-state relations, PLAAF planes have crossed the centre line of the strait, heretofore tacitly considered the traditional division between the two countries, with some regularity.

Capabilities of PLAAF's special mission aircraft have also been upgraded, centring on electronic warfare aircraft, C4ISR platforms, and tankers. Reportedly, jamming versions of several larger aircraft have been developed, and several programs for new stand-off and escort jammers utilizing bombers, transports, tactical aircraft, and unmanned aerial vehicles (UAVs) are underway.²¹

At the same time, the People's Liberation Army Navy (PLAN) is extending its perimeter outward. Most worrisome from the point of view of a Taiwan scenario has been the acquisition of two Sovremenny-class destroyers from Russia, with two more apparently to be delivered soon. The Sovremennys are equipped with SS-N 22 Moskit cruise missiles. Soviet weapons researchers designed these fast-moving sea-skimming missiles, also known as Sunburns, specifically to counter US aircraft carriers; American naval sources have stated that they would be very difficult to defend against.²² The indigenously-produced Luhai class destroyers carry C-802 cruise missiles as well as surface-to-air missiles. A new class of destroyers is being developed, as are long-range surface-to-air missiles capable of countering high-performance aircraft, cruise missiles, air-to-surface missiles, and tactical ballistic missiles.

China's periodic plans to build or acquire an aircraft carrier appeared to be in abeyance until mid-May 2002, when questions were raised about the acquisition of the partially completed Soviet-built Varyag. Said to have been purchased for use as a floating casino and hotel in Macao, the Varyag is moored at Dalian under high security. The Macao government has said it will not grant permission for the Varyag to enter its waters, which in any case are not deep enough to hold it. There is speculation that the ship's construction is being scrutinized so as to facilitate the building of an indigenous carrier.²³ Even assuming this is true, it would be many years before the carrier could be

completed and deployed, giving the PLAN enhanced power projection capability. Doing so would also be very expensive, leaving less money for other and arguably more worthy projects.²⁴

The PLAN is modernizing its submarine force both indigenously and through acquisitions from Russia. In the former category, the diesel-electric Song class, of which three are currently deployed, is the first Chinese sub to have a skewed propeller as well as the first to carry the YJ-82, an encapsulated ASCM that can be launched while the sub is submerged. China also has 21 Ming class boats, which are improved versions of the obsolescent Soviet Romeo class. In the past few years, the navy has acquired four Kilo-class submarines from Russia, two of which are the somewhat less capable export version and the remaining two built for the Russian navy itself. Four more of the latter have been ordered. Both versions are extremely quiet and therefore difficult for adversaries to detect. They are armed with highly effective heavy-weight and wake-homing torpedoes and state-of-the-art radar systems.

The PRC's previous nuclear submarine programs are not considered particularly successful. It is anticipated that the next-generation Type 093 sub, being produced with Russian advice and technology, will show a qualitative improvement. The 093, which will carry wire-guided and wake-homing torpedoes, is expected to be operational about 2005. Currently, the submarine force is primarily oriented to anti-surface warfare, though its anti-submarine warfare capabilities are increasing. Considerable investment into machinery mounts, hull coatings, and propellers indicate that indigenous production of quiet submarines is the PRC's goal. American Defense Department sources judge the PRC capable of laying a modest defensive minefield and a good offensive minefield using a wide variety of launch platforms.²⁵ Torpedoes capable of operating in acoustically challenging shallow water environments such as the Taiwan Strait are under development.²⁶

Foreign analysts believe that a major drawback to the PLA's ability to mount a successful invasion of Taiwan is its lack of sufficient amphibious lift capability. A communist-owned Hong Kong newspaper recently called this contention 'a hoax, pure and simple'. The PLA has transport vessels to send over 100,000 troops at a time, and could commandeer as many additional civilian-use and merchant vessels as it deemed necessary. Troops had been trained in landing operations and could easily overcome Taiwan's soldiers, who are scattered and mainly proficient in small-unit operations.²⁷ Whatever the truth of this, the

PLA is upgrading its amphibious assets, although at a moderate pace. China is also developing far faster transport systems for its amphibious troops. These include Wing-In-Ground-Effect Landing Craft (WIGELCs). These craft travel close to the sea. They are able to carry large loads and can land on beaches. According to the Canadian-based Kanwa Information Center, the PLA is building at least two large WIGELCs, a 370-ton passenger-cargo transport version with a loading capacity of two wheeled armed vehicles and 250 soldiers, and an even larger 400-ton version. A WIGELC production line is being established in Guangzhou with Russian help. China is also negotiating with Russia over the purchase of Beriev BE-200 amphibious jet transport aircraft, which have a speed of 200 miles per hour and a cargo capacity of 8 tons of goods or eighty soldiers.²⁸

Ground force modernization with relevance to a Taiwan scenario has focused on the development of special operations forces (SOFs), elite units capable of conducting denial and deception and information operations; locating and destroying C4I assets, transport nodes, and logistics depots; and capturing and/or destroying airfields and ports. Recent training exercises have emphasized maritime and amphibious operations and the integration of conventional ground units with marines. So-called triphibious training exercises, to better integrate the ground forces, PLAN, and PLAAF, have also been conducted. The Central Military Commission is aware of the need to train personnel who are capable of using and maintaining this equipment, and has been championing the need to increase the knowledge of science and technology among officers and men. The PLA has made efforts to recruit college graduates, and has also established partnerships with several technical universities in a program that somewhat resembles the Reserve Officer Training Program of the United States.²⁹

When asked whether recent advances in training and weapons would enable the PLA to actually launch a coordinated operation involving perhaps 100,000 troops, one American analyst replied that this was indeed 'the zillion-dollar question.' The bits and pieces to put together an operation were, he felt, being put into place. For example, provincial-level mobilization committees had been established in support of the Beijing-based central mobilization organization. And deployments could be much better launched than before, since the US had sold advanced air traffic control to China in recent years. Because the PRC's civilian air traffic is controlled by the PLA, it is available for military uses. The analyst was not certain, however, of the PLA's ability to launch a co-ordinated invasion, pointing out that training for an

operation does not necessarily guarantee success in actually doing it. The proof, he concluded, would be in the pudding.³⁰

Taiwan's ability to defend itself

Taiwan's weapons acquisitions are severely constrained, since:

- the small size of the domestic market means that, unlike the PRC, the economies of scale that would facilitate indigenous design and development do not exist; and
- the island's ability to purchase foreign weapons has been limited, since most producer countries do not want to incur the wrath of the mainland.

The ROC does, however, have a cadre of highly-trained technologically astute citizens available for indigenous development as well as impressive foreign currency holdings with which to purchase whatever desired items that producer countries are willing to sell. As mentioned above, the Taiwan Relations Act's provision that the US make available to Taiwan such defensive arms as it requires to maintain its security leaves considerable scope for interpretation. As the PRC media frequently remind the United States, Washington and Beijing signed a communique in August 1982 that pledged the US to reduce the quantity and quality of weapons sold to Taiwan, in the expectation that there would be a 'thorough settlement of this issue'.³¹ Both sides expressed reservations about the document immediately thereafter, the Chinese side denying that it had ever agreed to a peaceful resolution of the dispute between it and Taiwan, and the US side declaring that the document was a non-binding statement of policy.³² Since the communique did not mention the transfer of military technology, the United States agreed to help Taiwan build Perry-class frigates, of which there will soon be eight, and assist in the development of an Indigenous Defence Fighter, the IDF. Other, more advanced, arms were sold by explaining that less advanced versions were no longer in production. While the dollar amounts of the sales did diminish, consonant with the agreement, some of this was achieved by reducing the unit price of the items sold.

Taiwan also managed to procure two submarines from the Netherlands in the early 1980s, to add to the two obsolescent American-made subs it already possessed. In 1992, George H.W. Bush, facing a difficult election campaign while the US aerospace industry

had reduced its work force for lack of orders, agreed to sell Taiwan 150 F-16 fighter planes. The explanation that sales of the F-16 were necessary under the Taiwan Relations Act since the mainland had agreed to purchase Su-27s from Russia only thinly disguised Bush's disregard for the August 1982 communique. At approximately the same time, France agreed to sell 60 Mirage 2000-5 fighters and six Lafayette-class frigates. The decision-making processes that led to the French sales have been shrouded in scandal. It has been alleged that the French companies involved paid kickbacks to both high-ranking officials in their own government and to sources within China. Investigations and litigation continue to this day. No further sales of French weapons have occurred.

The Clinton administration honoured agreements made under the Bush administration, but agreed to only very modest sales of its own. In February 2000, a Pentagon report indicated that Taiwan was far more vulnerable to attack from China than previously recognized and that the isolation of its military was causing further technological shortfalls. Realizing that official recognition of this report would have created pressure from Congress to honour the Taiwan Relations Act and sell additional weapons to the ROC, the administration classified the report as secret and essentially ignored it. News of the study was nonetheless leaked to the *Washington Post* in late March.³³ A few weeks later, a US Department of Defense report revealed that arms sales to Taiwan had declined 62.4 per cent in fiscal year 1999 as compared with the previous twelve months.³⁴ Taiwan's supporters also faulted the Clinton administration's failure to sell Taiwan the command and control systems that were necessary to co-ordinate joint operations among its services.³⁵

This was scarcely the only defect from which the Taiwan military suffered. Its air force has had several crashes of its F-16s and Mirage-2000s. With official US involvement, the contract to design the IDF was assigned to Garrett Aviation of Texas, whose previous experience had not included military aircraft with their special needs, such as afterburners. The resulting planes had a number of problems, and were described by a retired American pilot as 'essentially a toy: they can carry fuel or ordnance, but not both.'³⁶ Taiwan citizens joked that IDF stood for 'I Don't Fly'. The navy has had insufficient training time at sea with its new ships, especially in such key areas as anti-submarine warfare, de-mining, counter-blockade tactics, or open water combat in the Taiwan Strait area. There were reports that the Lafayettes' machine guns had become rusty and unusable due to poor maintenance.³⁷ The

ground forces, while quite competent, also do not train sufficiently frequently, and the three services do not train together enough, raising questions about how well they could co-ordinate in a combat situation. An irrational procurement system gave the ground forces, whose role in preventing an invasion is less crucial than that of the navy or air force, a disproportionate share of weapons acquisitions, thus disadvantaging the other two services. Americans familiar with the procurement process complained that the ROC tended to focus on symbolic purchases to the neglect of less high-profile systems that might be more effective. The Clinton administration's failures to transfer data links aside, the Taiwan military's entire C4ISR competence was insufficient to the needs of combat. According to a 1999 Pentagon study, Taiwan's armed forces should:

- streamline and decentralize command and control;
- accelerate training and operational tempo;
- recruit personnel capable of using sophisticated weapons;
- improve the maintenance and readiness of weapons systems; and
- enhance the protection of key military and civilian targets against attack and sabotage.³⁸

Some of these deficiencies are being remedied. So-called *chingshieh* reforms cut the number of troops from 450,000 to 380,000 from 1997–2002, simplified the command structure and begun to strengthen civilian oversight. The *chingchin* reform program announced in May 2002 is aimed at carrying this process step further. Total force is to be brought down to 300,000. Since personnel costs account for over half of the defence budget, more funds should be available for training, equipment maintenance, and weapons development.³⁹ The Executive Yuan established a Communications, Electronics and Information Bureau (CEIB) to establish and manage policies for C4I, electronics warfare, modelling, and simulation.⁴⁰ An electronic warfare force was founded in early 2001. Designated the Tiger Corps, it participated in the 2001 version of the ROC military's annual large-scale exercise, Hankuang 17. The first stage of the exercise included simulated manoeuvring on computer screens to test the military's capability against an attack by the M-class missiles that China has deployed opposite Taiwan.⁴¹

A US military team sent to Taiwan in early 2001 reported in a still-classified study that, despite these improvements, Taiwan remained ill-prepared to respond to a first strike by the mainland. Its air and naval

bases, radar stations, and other major military facilities were very vulnerable to bombing attacks.⁴² Supporters of the ROC reminded the new administration of George W. Bush of the provisions of the Taiwan Relations Act, thereby posing the question of how to respond to the eroding military balance across the Strait without unduly angering the PRC. In Taiwan, a number of knowledgeable defence analysts felt that many of the gaps in the ROC's defences could be remedied by the purchase of Arleigh Burke-class destroyers equipped with the Aegis advanced combat system as part of a sea-based Theatre Missile Defence system. A naval expert argued that Aegis could counteract the PRC's electromagnetic pulse option by intercepting the EMP attack prior to its detonation at mid-altitude as well as protect against attacks by short-range ballistic missiles and land-attack cruise missiles. The destroyers could also serve as escorts for commercial ships were the PRC to attempt to blockade Taiwan's waters.⁴³ An ROC naval officer affirmed the usefulness of the Aegis system for the critical roles of counter-blockade and air defence.⁴⁴ And a former member of the US Senate's Foreign Relations Committee envisioned the Aegis system as the focal point of the ROC military's overall joint service command and control plans and operations. Its long-range spy radar's ability to provide early warning of attack could enable Taiwan to concentrate its forces in the right place at the right time, potentially making the difference between winning and losing.⁴⁵ Within Taiwan, there were differences of opinion over whether purchase of the Aegis system was the best possible uses of scarce resources. Michael Tsai, at the time a leading member of the Legislative Yuan's Defence Affairs Committee, was among those who argued against it.

The PRC mounted a strenuous lobbying effort in the United States against the sale of Aegis, dispatching three delegations to Washington within six weeks after the George W. Bush administration assumed office⁴⁶ and, according to one source, hinting that it would not block the sale of less capable Kidd class destroyers.⁴⁷ In the end, apparently using the possibility of a future Aegis sale as a bargaining chip to keep the Chinese from increasing their missile deployments in the area facing Taiwan, the administration denied the sale, offering the Kidd-class destroyers instead. It also agreed to sell eight diesel-electric submarines, a platform long sought by Taiwan, mine-sweeping helicopters, twelve Orion P-3 reconnaissance planes, and torpedoes. The arms package has repeatedly been described as 'robust',⁴⁸ although the ROC's US supporters privately disagreed. A Senate staffer, describing his role as 'the skunk at the garden party', pointed out that, of the five

most politically sensitive items Taiwan had sought to buy – the Aegis system, submarines, high speed anti-radiation missiles (HARM), JDAM joint direct attack munitions, and upgraded Harpoon land attack cruise missiles – the administration had backed away on four, and that actual delivery of the fifth, submarines, was conveniently contingent on third party approval, since the US does not make diesel–electric submarines. Moreover, the torpedoes approved for sale were not the ones Taiwan requested – they got basic model MK 48 torpedoes rather than the desired advanced capability ADCAPs. The P-3 Orions were out of production, very expensive, and easy targets for the PLA air force unless provided with superior fleet air defence such as the Aegis system would supply. The minesweeping helicopters were likewise out of production. More importantly, the arms package had signalled to Beijing that the US does not have the courage to cross their real red lines.⁴⁹ A source associated with the Defense Department added that Taiwan's list included items that appeared to have been denied solely because they provided Taiwan with the ability to attack mainland targets within the range of F-16s and other systems Taiwan possesses; this would continue the Clinton approach and reinforce the Senate staffer's contention that the PRC's red line had not been crossed.⁵⁰

Although many other weapons systems were involved in the sale, debate focused on the Kidds – whether Taiwan should purchase them or hold off in the hope that Arleigh Burke class ships might be approved at some later date. Opponents argued that the ships were over twenty years old and, having been designed for use by the Shah of Iran's navy in the Persian Gulf, were less than suitable for scenarios in and around the Taiwan Strait. With their huge size and slow mobilization speed, they would be easy targets for the mainland's forces. Moreover, their displacement was so large that they could not be accommodated at the navy's major port in Tsoying. They could not track and attack as many targets (4–5) as the Arleigh Burkes (16–20), and would not be effective against the PLA navy's newer warships. Not only was the price, US\$811,430,000, high but, they stated, erroneously,⁵¹ the cost of restoring and upgrading the vessels, which have been in storage for more than two decades, would exceed the purchase price.⁵² Proponents countered that the cost of an Arleigh Burke ship equipped with Aegis was a billion dollars, that none would in any case be available for at least eight years, and that it was not certain that Taiwan's navy could operate and maintain such a sophisticated weapons system.⁵³ Tsoying harbour could be dredged to accommodate the Kidds, as it would, of course, have to be dredged for the Arleigh Burkes as well. Additionally, the US

had offered to reduce the purchase price of the Kidds by five per cent, they were available immediately, and they could be put into service quickly.⁵⁴ Both the Kidds and the Arleigh Burke-class ships would be vulnerable to Sunburn missiles and could be lost. But if the ROC navy had only one of the Arleigh Burkes, because of their much higher price, rather than the four Kidds, the loss would be disastrous. Furthermore, the presence of a Taiwan-owned Arleigh Burke on station might mean that the US 7th Fleet would stay away, feeling that Taiwan should do the job of deterrence itself.⁵⁵

Other weapons upgrades continued. The Bush administration transferred data links, and in spring 2002, the Taiwan military received funds for an integrated communications system.⁵⁶ Also in that time period, an American company became the major stockholder of Howaldswerke-Deutsche Werft (HDW), builder of Germany's Type 209 submarine that the Taiwan navy had long sought to buy.⁵⁷ And the US agreed to sell the HARM missiles they had denied to Taiwan a year earlier.⁵⁸

Calculations behind the use of force

The PLA is not without its own deficiencies that would hinder its efforts to take Taiwan. The military's official newspaper has several times complained about security leaks over the internet and from careless use of cellular telephones.⁵⁹ It has also acknowledged poor relations between officers and enlisted personnel,⁶⁰ the bottleneck caused by lack of qualified personnel,⁶¹ and problems caused by 'people of poor quality who are difficult to manage'.⁶² Its more specialized journals have frankly discussed problems of logistics.⁶³ These problems notwithstanding, a communist-owned Hong Kong newspaper claims that the PLA has analysed Taiwan's six major defensive lines and is confident that it can penetrate all of them.⁶⁴

If China cannot definitively rule out US intervention, Taiwan cannot definitively count it in, either. Several Taiwan sources have told the author that they doubt US reliability. PLA Major General Huang Bin, asked in May 2002 about American participation in a cross-strait confrontation, predicted that the US 'certainly' would intervene, but on a limited scale. Huang cited four possibilities: supplying intelligence to Taiwan, providing weapons and equipment, sending military advisers, and sending several aircraft-carrier battle groups. The carrier groups would not dare, he believed, sail into the Taiwan Strait because this would put them in a dangerous position.⁶⁵ That this is Beijing's

assessment of the likelihood of intervention by carrier is corroborated by a PLA exercise monitored by US sources in early 2001. The exercise assumed the presence of two US aircraft carrier battle groups positioned in waters near Taiwan but the carriers did no more than observe.⁶⁶ Explaining the reason for the ships' failure to intervene, General Huang noted that aircraft carriers have many blind angles. He cited a report stating that a Russian plane flew over an American aircraft carrier several times: the carrier made no response because it had not detected the plane. The general expressed confidence that the PLA had the ability to deal with any aircraft carrier that had the temerity to get into its range of fire. The Americans, he continued, like vain glory. But if one of the country's carriers should be attacked and destroyed, people in the United States would 'begin to complain and quarrel loudly'; the American president would find it harder and harder to maintain a US presence in the area. There would be no trade-off between Beijing's hosting the Olympics and its determination to bring Taiwan back to mainland rule, since 'We have the means to properly handle the relationship between the two.'⁶⁷

Other sources indicate that the PLA has expended considerable effort on how to deal with US aircraft carriers. A Beijing military periodical, for example, suggests that a surprise attack with shore-based cruise missiles launched from behind the line of sight could disrupt the disposition of the carrier battle group formation.⁶⁸ If the carrier were to be deployed in or near the Taiwan Strait, however, the circumstances that brought it there would mandate a state of high alert that would complicate the PLA's efforts at a surprise attack. And a successful attack on the carrier might escalate the level of hostility from the more powerful US military rather than force its withdrawal.

The above may represent bravado that masks a deeper understanding of the PLA's deficiencies to mount a successful invasion of Taiwan, but many PLA officers appear to truly believe that they have the ability to do so, and that they will prevail, whether or not the US intervenes. The assumption that the US will be deterred by casualties is belied by America's reaction to both the Japanese bombing of Pearl Harbour and to the events following the 11 September 2001 attacks on the World Trade Center in New York and the Pentagon in Washington, DC. The public statements of the PLA also seem to underestimate the difficulty of destroying an aircraft carrier, which is virtually never without its protective escort ships and submarines as well as air cover. On the other hand, an American military analyst points out that the US may

be able to muster only one carrier to support Taiwan, and that the number of radar warning aircraft have been cut as well. He urges a reassessment of the systems need to defeat the PRC's improving anti-carrier forces.⁶⁹

The extent to which the PLA drives foreign policy decision-making in Beijing is unknown. The assumption that the military takes a harder line on Taiwan than the civilian leadership is not backed by hard evidence. It would, moreover, make the PLA an unusual military. Most defence forces take a conservative view of their own abilities, and prefer not to go into battle unless clearly superior in the quality and quantity of their troops and equipment. For all its public self-confidence, there must be doubts within the PLA's high command that they possess these overwhelming advantages.

There is still the possibility that war may break out by accident. Whether the United States will intervene at all and, if so, how aggressively, depends on a number of unpredictable and interactive variables, including the attitude of the particular administration in power, the mood of the Congress, the American public's perception of the mainland at the time – for example, much more hostile in April 2001 after the collision between a US reconnaissance plane and much less so after 11 September 2001 – the provocation that Beijing claims it is responding to, and the ability of each side of the strait to persuade American and other public opinion that it is the morally aggrieved party.

A final scenario does not involve the actual use of military force at all. Taiwan's economy is becoming progressively integrated with that of the mainland, to the extent that ROC security planners are concerned that their country's production facilities are in danger of being swallowed by the much larger PRC economy. At the same time, the mainland's arms buildup continues unabated, and in the complete absence of any external threat. At some point, when it is certain that Taiwan's economy sufficiently vulnerable and that it possesses a clear preponderance of military power, the mainland may simply give Taiwan the choice of capitulating to its demands for unification or face certain defeat. This strategy might be termed 'waiting for the ripened fruit to fall'.

We can examine the range of plausible scenarios summarized above, taking into consideration the weapons, training, operational methods, and morale of each side. War gaming, which has limitations of its own, may nonetheless provide some insights. But we cannot reliably predict the outcome of a military conflict between China and Taiwan.

Notes

1. For Lee Teng-hui's account of this process, see Lee Teng-hui, *Zhizheng gao baishilu* (The True Record of [My] Administration), Taipei, INK publishers, 1999, particularly chapters one and two.
2. In a dispatch from Beijing on 28 Feb. 2000, Agence France Presse (AFP) quoted Zhang Mingqing, Director of the Information Bureau of the State Council's Taiwan Affairs Office as saying that the *White Paper* was a 'clear signal aimed at safeguarding the 'one China' policy. While the government 'did try to avoid expressing any comment toward the Taiwan election' it felt it had to publish the document before balloting 'in order to display its determination against Taiwan independence'.
3. Taiwan Affairs Office of the State Council of the People's Republic of China, 'The One-China Principle and the Taiwan Issue', *Xinhua* (New China News Agency), Beijing, 21 Feb. 2000.
4. Chen's speech, 'Taiwan Stands Up: Toward the Dawn of a Rising Era', 20 May 2000, can be found at <http://th.gio.gov.tw/pi2000/dow-2.htm>
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8

The Alternative to Peace: War Scenarios

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All wars begin with operational plans. Behind all operational plans are war objectives. Normally, the simpler the war objective, the greater the likelihood of success. Over Taiwan the PRC has quite complex tasks surrounding a single war objective. This is due partly to the complexity of the mission and partly to the high degree of internal and external uncertainty the PLA is facing. Clausewitz teaches that the best war plans are the ones with the simplest goals. In situations where there are complex goals, the best plans are those which can identify a single centre of gravity, where success can be leveraged to achieve more complex war objectives without the diffusion of forces and effort. The more war objectives you have, the more difficult they are to achieve and the more likely they are to be contradictory and self-defeating. Therefore, the main goal is always to reduce the number of war objectives to only the essential. Once this is achieved, a single enabling point – a centre of gravity – must be identified. Once secured it will yield other benefits.

The problem with the PRC's war objectives over Taiwan is that they are simple in conception but complex in implementation. Distinct tasks can be identified to include:

- Eliminate Taiwan independence forces and uphold the territorial integrity of China.
- Replace Taiwanese authority with one compatible with PRC interests.
- Eliminate Taiwanese defence capabilities and cut off its defence links with the United States.
- Restore order by coercing the population to accept the imposed political arrangement.
- Minimize the PRC's war casualties.

Except for the third aim, the others stand in tremendous tension with one another. Replacing a democratically elected government could trigger mass uprising in Taiwan, unless the PRC directly commits massive force and put down popular resistance quickly. That risks rising casualties and strong international intervention. But without ensuring territorial integrity, other aims will be imperilled. This is a war-planning problem the PRC must solve.

The complexity of the PRC's war tasks contrast dramatically with Taiwan's single objective: survival. For a government in Taiwan which should choose to declare outright independence, mere survival amounts to victory. For the PRC, simply destroying the regime that favours independence does not guarantee success.

For the PRC to achieve all its military objectives, it needs to exert sufficient destructive power on the Taiwanese armed forces and command and control systems in order to demoralize the military and destroy the political will of the population. Therefore, the PRC's strategy must have two key elements. The first is the rapid isolation and destruction of Taiwan's national authority. The second is the rapid introduction of a credible replacement government.

If the first objective is achieved without the second, then territorial integrity cannot be guaranteed. Any outcome in which regime change is not rapidly effected endangers the PRC's war mission, as does any outcome in which regime destruction does not set the stage for rapid achievement of the other goals. Therefore, the PRC's aims must be built on the confidence that the Taiwanese national command authority can be rapidly eliminated, that an able command authority cannot be restored, and that the Taiwanese armed forces will not resist effectively.

For its part, Taiwanese war plans must be built on two pillars. First, Taiwan must make sure the government can survive the initial assault. Second, as a deterrent, it must create conditions that reduce the likelihood that any of the other PRC objectives can be achieved if Beijing does destroy the command authority system.

All war plans are built on a core foundation: the perception of one's own capabilities and those of the enemy. In this case, it is vital to understand that both combatants will approach a war across the Taiwan Strait with fairly high estimates of their own capabilities.

In the PRC's calculation, a war against Taiwan independence will require massive air strikes, special forces operations, and a naval blockade that will enable it to impose its will in an extremely short timeframe and with minimal losses. The PRC has learned lessons of the recent US cam-

paigns in Kuwait, Bosnia, Kosovo, and Afghanistan. Its planners believe that it could rely on advanced technology, the deployment of small numbers of special operations troops supported by amphibious landing forces, and an effective blockade to achieve a satisfactory outcome.

Whereas on the Taiwan side, it knows that the PRC's attack will open with devastating air attacks, but they are confident that they can survive such attacks and that the PRC will as a result hesitate to launch a high-intensity conflict on the ground. From the Taiwanese point of view, without air superiority and effective control of the sea, the PLA cannot launch amphibious landing operations and sustain a ground war on the island of Taiwan. Therefore, the Taiwanese view is that if they can survive the initial attack, the advantage will shift to them.

Parallel projections of what is essentially the same scenario in the opening stage of a PLA attack cause the PRC and Taiwan to come to completely different conclusions. What is for the PRC a model of effective military operation is from the Taiwanese perspective a high risk one with heavy costs to bear in follow-on operations for their opponent. Needless to say, there is a reason why wars occur: miscalculation. If the PRC does not think it can take Taiwan, it will not try. If Taiwan does not think it can survive an attack, it will seek to avoid a confrontation.

Three levels of full-scale invasion

This chapter attempts to look into operational stages of a full scale war of both the attacker and the defender. Furthermore, the war scenario analysis in this chapter has not taken into account the option of a PLA attempt to seize the offshore islands. This factor has been excluded because such an operation will reduce PLA's war effort in destroying strategic targets on Taiwan and cannot secure for the PRC a regime change in Taiwan or a favourable peace or political settlement. Nor does this analysis take into account the U.S. or international intervention in the process. Although strong international reactions against China over an unprovoked invasion of Taiwan will be inevitable, the nature and effect of such reactions cannot be meaningfully predicted without regard to the specific circumstances of the time.

The analysis in the rest of the chapter is based on three basic strategic options that could stand alone or be melded into a combined strategy:

- level A: a sudden, overwhelming attack on the critical strategic and military targets using air power and special forces designed to force a rapid conclusion to the war;

- level B: an effective naval blockade of major ports, to be followed by an extended air campaign designed to cripple Taiwan economically and militarily; and
- level C: an amphibious landing to facilitate a multi-divisional armoured and mechanized attack on the political centre.¹

Finally, as each side thinks it can win, this chapter also tries to assess core operational problems that are rooted in the nature of their respective war machines.

Despite the fact that there has not been any major actual military hostilities in the Taiwan Strait since 1958, the possibility of the PRC launching a military invasion or attack against Taiwan must not be dismissed. Taiwan's concern of a military threat from the PRC could materialize, given the PRC's historical, political, and strategic views and its repeated assertion that it reserves the right to use force against Taiwan.

The Communist regime in Beijing considers Taiwan a renegade province of China. It takes the view that Taiwan was separated from and kept out of the control of the mainland government as a result of a stalemate in the civil war, against which the PRC could not break because of American intervention.

Ever since the Communists gained control of mainland China, the Beijing government has (as explained in Chapter 4) adopted a two-prong policy, alternating or combining a peaceful offensive with the threat to use force to seek Taiwan's (re)unification with the mainland. Unification (or reunification) with Taiwan is considered a key historical task and responsibility by successive communist leaderships.

Even though the ROC government had formally ended 'the period of mobilization against the communist rebellion' and thus ended, in ROC law, the existence of a state of civil war, and recognized the PRC's legitimacy over the mainland, Beijing still sees Taiwan as a renegade province. It continues to refuse to negotiate on an equal footing with Taiwan for a peaceful settlement. Politically, the PRC's views have also hardened. In the earlier part of the 1990s, governments on both sides of the Strait tried to find sufficient common ground over the idea of 'one China' to build mutual trust and facilitate increasing interaction in order to promote mutual economic benefits and preserve peace and stability. However the confidence-building efforts were suspended or abandoned by Beijing after it came to doubt the ROC's real political and diplomatic agenda since 1995. Taipei was suspected of promoting

independence. As a result, Beijing moved the use of military coercion up its political agenda over Taiwan.

In strategic terms Beijing considers Taiwan and the sea lane of communication in the Taiwan Strait vitally important to China's economic development and national security. Chinese strategic planners are keen to pre-empt US and Japanese involvement in the Taiwan Strait. From their point of view, should Taiwan permanently separate from China and become an independent sovereignty state, it will immediately open the door for the US and Japan to maintain a military presence in the Taiwan Strait, and thus compromise China's vital national interest.

Given these three major concerns, constant military pressures over Taiwan cannot be avoided. Furthermore, Beijing will be tempted to use force against Taiwan, as demonstrated by the 1995/96 missile exercises and the 1999 intimidation, should Taiwan, as it were, push for outright independence.

The kind of military threat that Beijing may pose against Taiwan will be guided by its effort to establish capabilities for winning a local war under hi-tech conditions. Under this military strategic principle, the PLA will focus upon the enhancement of 'pre-emptive strike' and 'quick strike' capabilities, and lay emphasis on improving tactics, combat skills, and technology in order to achieve air superiority and control of the sea in the Taiwan Strait.

Level A: air attack²

To launch a sudden, overwhelming air strike over Taiwan, the PLA Air Force needs to achieve capabilities of conducting precision bombing over critical Taiwanese military and strategic targets such as command, control and communication centres, radar and early warning stations, air force bases, air defence systems, key railway and road links, critical power supply systems, and oil and ordnance depots. It must disrupt the Taiwanese command and control system early in the campaign and sufficiently in order to reduce the Taiwanese leadership's ability to organize and direct a coherent resistance.

For this purpose the PRC recently devoted impressive resources, either through self-development or by acquiring from abroad (mainly Russia), to secure certain weapon systems and advanced technology. They include notably the Su-27, Su-30 MMK, FB-7A, and J-10 fighter bombers, cruise missile technology, laser-guided and satellite-guided munitions technology, and military space technology (see Table 8.1a and b). However, this enhancement of its advanced air strike capability

is still in its early stage. It is insufficient to accomplish the PRC's war objectives in the near future.

Beijing could speed up modernization of its air power further if it should choose to do so. Currently the PRC has deployed approximately four hundred DF-15 and DF-11 Short Range Ballistic Missiles (SRBMs) in coastal provinces facing Taiwan. The number of SRBMs could be increased within a short time frame, though its effectiveness against critical military and strategic assets is questionable (see Table 8.2). Lessons learned in the Gulf War (1991/92) proved Iraqi Scud SRBMs could not effectively destroy military and strategic targets though they could demoralize the population. In the case of Taiwan Chinese SRBMs may cause damage in some larger targets such as air force bases, but they cannot destroy Taiwanese Command and Control systems. Therefore, if the PRC is anxious to win an air war against Taiwan, it will have to work very hard to achieve air superiority over Taiwan similar to what the US enjoyed in its air campaigns since the end of the Cold War.

Taiwanese counterattack: stay low and hide deep

The Taiwanese's main task is to protect their command and control system from being disabled by PRC air strikes. For this purpose the ROC armed forces countermeasures are based on two elements. The first is to strengthen the protection of the critical command, control and communication centres. The other is to modernize and improve its air defence system.

To achieve the first objective, the ROC armed forces have introduced the multi-billion US dollar 'Resolute Project' (Bo Sheng) to integrate the command, control, and communication systems of the three services, to enhance the electro countermeasure (ECM) and electro counter counter measure (ECCM) ability of C4ISR, and to consolidate infrastructure in protecting those command and control assets. The consolidation and improvement effort are not only meant to make those assets survive precision air strikes, but also to enhance their capability to survive an electromagnetic strike and cyber warfare.³

For the second objective, the ROC air defence relies mainly on complementing its Air Force's Chang Wang (Strengthen Net) system by the Navy's Da Chen system to direct air defence missile batteries and radar stations in countering air strikes. The Chang Wang system offers full automation and integration of C3I in an air defence network consisting of a chain of twenty-eight radar stations distributed throughout Taiwan, the Pescadores, Pratas, Quemoy, Matsu, and Tong-Yin Islands.

Table 8.1a PRC's main foreign weapon systems/platforms acquired between 1990 and 2001

<i>Type of Weapon System/Platform</i>	<i>Purpose</i>	<i>Source</i>	<i>Quantity</i>	<i>Time imported</i>	<i>Remarks</i>
SU-27SK	Air Superiority	Russia	26	1992	License production of 200 SU-27MK (J-11) started in late 1998; 27 units delivered to PLAAF 6 SU-27UBK delivered in 1992-1996
SU-27UBK			24	1996	
			55	1997	
		Russia	12	2000/12	
			16	2001	
SU-30MMK	Air superiority Air-surface Air-ground attack	Russia	50	2000-2001/ 12	Equipped with NOOIVE radar firing AA-12 missiles; with two targets lock on; also freeing KH-29/31/41/59 ASMS; and with air refuelling capability
PL-8 (Python 3)	SRAAM	Israel	Unknown	1990	Technology transfer and in mass production
AA-10 (R-27 T/R) Alamo	MRAAM (Semi active)	Russia	144	1992	Technology transfer; and in mass production
AA-11(R-73) Adder	SRAAM	Russia	576	1992	Including T/R/ET/ER/AE/EM 6 types, and already equipped by J-8IIM
AA-12 (R-77) Adder	MRAAM (radar guided)	Russia	100	2000	Similar to US AIM-120 AMRAAM
KH-29 LITE	TV/LASER Guided ASM	Russia	Unknown	2000	Similar to US AGM-65 and French AS-30

Table 8.1a PRC's main foreign weapon systems/platforms acquired between 1990 and 2001 – *Continued*

<i>Type of Weapon System/Platform</i>	<i>Purpose</i>	<i>Source</i>	<i>Quantity</i>	<i>Time imported</i>	<i>Remarks</i>
KH-31141A/P A: anti-ship P: anti-radiation	ASM ARM	Russia	Unknown	1996	KH-31 (AS-17 Krypton) KH-41 (3M80E Moskit)
KH-59M (AS-18, KAZOO)	Long range TE guided ASM	Russia	Unknown	2000	Range: 200km 705lb HE warhead or 618lb cluster warhead; indigenous production and deployment in 2003
SA-15(TOR-MI)	Mobile SAM	Russia	13 20 13	1997 1999 2000	Copied and reproduced by the PLA as HQ-17
S-300PMU	SAM system	Russia	4 regiment	1993	Similar to US Patriot PAC-1
S-300PMU-1	SAM system	Russia	unknown	1996	Similar to US Patriot PAC-2 with potential anti cruise missile and ATBM capabilities
Sovremennyy Destroyer (956A)	Sea control/ anti carrier	Russia	2 2	2000/2001 2004/2005	Equipped with SS-N-22 Supersonic SSMS
Kilo sub (Type 877& 636)	Under sea or anti-submarine	Russia	2 2 2	1995 1998 TBD	With AIP capability; can launch SA-N-8 SAM
SS-N-22 Sunburn (Moskit) SSM	Supersonic anti-ship	Russia	96	2000	Already acquired extended range (160km) type 3M80E

Table 8.1a PRC's main foreign weapon systems/platforms acquired between 1990 and 2001 – *Continued*

<i>Type of Weapon System/Platform</i>	<i>Purpose</i>	<i>Source</i>	<i>Quantity</i>	<i>Time imported</i>	<i>Remarks</i>
SA-N-7	Medium range SAM (ship)	Russia		2001	Deployed on two Sovremennys
Crotale	Ship SAM	Russia	1	1990	Copied by the PLAN; and deployed on Luda, Luh class frigates and destroyers; reproduced as FM-80M SAM
IL-76	Long range Transport	Russia	10 12	1993 2000	For airborne corps
AS-532 Puma	Helicopter (transport)	Russia	6	1985	
BMP-3	Airborne Operation	Russia	70 200	1993 1997	
T-72 MI MBT	Ground combat	Russia		1993	
Sarin (nerve gas)	Chemical warfare	Russia		1993	

Source: CAPS PLA Database, February 2002.

Table 8.1b PRC's indigenous advanced weapon system development

<i>Type</i>	<i>Status</i>	<i>Tech. source of origin</i>	<i>Remarks</i>
JB-3 Recon. Satellite	Operational	Self-developed	real time, all weather image satellite SAR resolution: -10m 3 deployed
FF Early warning Satellite	Due to be operational	Self-developed	launched in January 2000 at Xichan launch site infrared high resolution tracking theatre missile and mobile targets
BD GPS Satellite	Experimental	Self-developed	1st BD GPS Sat. launched in Oct. 2000 (Xichan) 2nd BD GPS Sat. launched in Dec. 2000 (Xichan) additional 2 BD GPS due to be launched 2001-2002
DFH-3 Communication Satellite	Operational	Self-developed	1st launched in April 1974 37 DFH-3 launched in last 25 years planning to deploy 30-50 units 2001-2005
JL-2 SLBM	Two tests completed	Self-developed	possibly fitted with 3-5 MIRVs with range at 8000km
DF-5 ICBM	Operational	Self-developed	range 12000km 5MT nuclear warhead
DF-31 IRBM/ICBM	Due to be operational in 2003	Self-developed	range 8000km possibly with MIRV mobile launch

Table 8.1b PRC's indigenous advanced weapon system development – *Continued*

<i>Type</i>	<i>Status</i>	<i>Tech. source of origin</i>	<i>Remarks</i>
DF-41 ICBM	Developing	Self-developed	range 12000km MIRVS mobile launched
092 Xia SSBN	Operational	Self-developed	possible 2 in service armed with 12 JL-T SLBM(2MT)
093 Han SSN	Operational	Self-developed	5 in service can launch C-801/2 SSM
094 SSBN	Reportedly launched in Jan-2001	Self-developed	equipped with 16 JL-2 SLBM planned to launch 4-6 094 SSBM before 2015
M-7 SAM/SRBM	Operational	Self-developed	modified HQ-2J range:300km
DF-11 (M-11) SRBM	Operational	Self-developed	range:180–300km GPS+INS terminal guidance with decoy dispenser solid fuel, mobile launched, single warhead
YJ-63 LACM	Testing	Israel, Russia tech. assistance	CEP: 5m(upgrade type)-15m (standard) range: 600(standard)-1300km(upgrade) INS+GPS+TERCOM; due to be deployed in 2003

Table 8.1b PRC's indigenous advanced weapon system development – *Continued*

<i>Type</i>	<i>Status</i>	<i>Tech. source of origin</i>	<i>Remarks</i>
HQ-9	Operational	Self-developed	Supersonic SSM believed incorporating Russian SS-N-22 technologies Ranges 160-200km
J-10 Fighter	Testing	Israel, Russia tech. assistance	collaboration with IAI import AL-31FN turbofan(Russia) prototype test May in 1998
J-8IIM Interceptor	Operational	J-8II Upgrade	with ZHUK-8II radar (Russia) Compatible with AA-10 MRAAM Fly by wire (FBW)
FC-1 Light fighter	Testing	Joint developed with Pakistan	overhaul J-7 design EL/M2032 radar (Israel) multi-purpose
EMP Neutron Bomb	Operational Operational	Self-developed Self-developed	disabling C ⁴ ISR
WS-2 MLRS	Operational	Reverse engineering Russia system	range: over 200km diameter: 406mm

Source: CAPS PLA Database, February 2002

Table 8.2 PLA MRBM/SRBMs/LACMs in service and under development

Type	DF-21 (MRBM)	DF-15 (M9)	DF-11 (M11)	C Cruise missile (YJ-63)
Length	10–7m	9.1m	7.5m	Un unknown
Diameter	1.4m	1.0m	0.88m	Un unknown
Weight	14,700kg	6,200kg	4,000–5,000kg	Un unknown
Warhead	600kg, Nuclear capable (single-multiple)	500kg (single), Nuclear capable	800kg (single), Nuclear capable	0–500kg
Guidance	INS	INS with terminal control	INS with terminal control	IN INS, terrain mapping, & satellite position
Propulsion	2 stage solid fuel rocket	2 stage solid fuel rocket	2 stage solid fuel rocket	2 stage solid fuel/ turbofan rocket/engine
Range	1,800–2,700km	600km	280–300km	0–2500km
CEP	500m	150–300m	300–500m	unknown
Date of Operation	1985	1992	1993	March 2005

Sources: *Studies of Chinese Communism*, Vol. 30, No. 10, 15 Oct. 1996, 90–99; *Studies of Chinese Communism*, Vol. 30, No. 12, 15 Dec. 1996, 98–101.

It constitutes the core of a rudimentary unified command and control air defence network in the three services, and is enhanced by locally developed software programmes that enable the automatic selection of the most appropriate weapons and calculation of the best trajectory and best target engagement time. The Navy's Da Chen system is meant to provide fleet air defence. It is not linked to or integrated with the Chang Wang system.⁴ Both systems suffer from being able to direct the air defence systems against fighter aircraft but not against SRBMs or cruise missile attacks.

The ROC's missile batteries are made up mainly of the American Hawk system, as well as the locally developed Tien Kong I and II systems. With the acquisition of three batteries of Patriot PAC2-plus in 1997, Taiwan began to possess a limited capability in missile defence. In order to protect itself against SRBM attacks from the PRC, Taiwan is seeking early warning radar from the US, six batteries of Patriot PAC 3 or the more advanced THAAD air defence system, and the Aegis based naval air defence system. Taiwan is also hoping to secure the Link 16 data link package to improve its air defence, a request that was approved by the US in July 2002.⁵ The Link 16 data link package will consolidate the integration of the Early Warning Radar, E-2T AWACS, Chang Wang, Da Chen and the Army's air defence missile batteries. The local Chung-Shan Institute of Science and technology, a defence research and development unit, is also in the process of upgrading the Tien Kong II missile to the Tien Kong III anti-missile system. Tien Kong III was successfully test-fired in 2001/2002. It is believed to be ready for operational deployment in the near future. In addition, Taiwan is seeking satellite technology to enhance its capability to detect pre-emptive strikes from the PRC. The National Science Research Council has, for example, contracted the French satellite builder Matra to assemble the Hwa Wei (China Defence) II photo reconnaissance satellite for monitoring PLA activities in the coastal regions of the Chinese mainland. Hwa Wei II will have the capacity to relay real time images of 1-2 meter diameter to Taiwan's command and control system providing more reliable intelligence for analyzing the PLA's readiness for war.⁶ An unconfirmed report suggests the ROC NSB has also established satellite intelligence links with the American National Security Agency (NSA) in monitoring PLA movements.⁷ Once these capabilities are all operational, the ROC armed forces will have greatly enhanced air defence capability.

However, Taiwan still lacks an effective missile defence system to intercept the PRC's SRBMs reliably. To fill this gap, the Ministry of

National Defence (MND) seeks the Naval Area Defense (NAD) system based on the Aegis equipped Arleigh Burke class destroyers. Although this request has not been accepted by the US, the latter has offered four Kidd class destroyers equipped with the New Threat Upgrade and Standard II air defence systems instead. Once delivered and deployed the Kidd class destroyers will provide a much more effective air defence for the ROC Navy. Nevertheless, the ROC will continue to secure the Aegis system, because without it Taiwan feels it will still lack a sufficiently effective defence against China's SRBM strikes.⁸

In terms of protecting its valuable advanced fighter aircraft from PRC air strikes, the ROCAF has strengthened the protection of air force bases in the western coastal region. New hangars and tunnels which can withstand precision bombing have been constructed. In addition, two relatively recent air force bases with hardened underground shelters were constructed in eastern Taiwan in the early 1990s. Surrounded and protected by mountains, these bases can shelter at least one third of the fighter aircraft currently in service. If and when required the air-force's Mirage 2000-5 interceptors and F-16 multi-role fighters can be deployed in these well-protected bases and continue to fight for air superiority.⁹

In order to fend off the PRC's pre-emptive air strikes, the ROC armed forces are currently working closely with the US military to enhance their joint operation command, control, communication, and intelligence system (C4ISR). Under 'Resolute Project II', the joint operation combining the existing Da Chen, Chang Wang, and Bo Sheng into an integrated command and control system will be created to provide fast and direct links between the High Command and basic combat units to ensure rapid responses to the changing war situation.¹⁰ This joint operation command and control system will be protected by electronic countermeasures and electronic counter countermeasures devices to enhance capability against electromagnetic attacks.

Challenges to air attack

The challenge to the PRC's air attack is whether it can rule the sky over Taiwan. To achieve this, the PLAAF must effectively destroy most of Taiwan's key air defence assets, command and control centres, and most of the air force bases. In order to do so, defence planners in Beijing must gain the element of surprise which requires the PLA to compromise the Taiwanese advanced early warning and surveillance systems, C4ISR, and communication networks. In addition, it has to fend off successfully the more sophisticated and advanced US surveil-

lance and intelligence gathering systems and cut off communication and intelligence links between US and ROC armed forces. Without achieving these objectives, the effect of a PLA air attack will be limited.

To the Taiwanese, the challenge will be the preservation of its scarce and valuable air defence assets as well as sustaining its command, control, and joint operation networks while countering massive air attacks. Equally importantly the leadership in Taiwan will have to maintain confidence and order in Taiwan after SRBM bombardments. The resilience of the general public and willingness to live life as normal as possible are also critical to ensure their defence forces can launch effective counterattacks and regain air superiority.

Level B: blockade

A naval blockade is a reasonable war scenario immediately after initial air attacks. It would be a logical step to take in preparing the ground for PLA amphibious and airborne operations. A blockade also serves the purpose of cutting off outside assistance by closing Taiwan's oceanic lines of communication and supplies.

A possible PRC blockade will be conducted mainly by submarines which will be used to lay mines at crucial waterways near harbours such as, Kaohsiung, Keelung, Suao and the Tsoying naval base. The PLA Navy's 40 or so diesel-electric submarines, which are equipped with mines and missiles, will be deployed for such tasks.

Taiwanese counter blockade and anti-submarine warfare (ASW) capability

Since 1992 the ROC Navy has put increasing emphasis on anti-submarine warfare capability to counter and to deter a blockade. Several billion dollars worth of ASW weapon systems and platforms have been purchased from the US. They include 28 S-70C(M) anti-submarine helicopters, eight Knox-class frigates, and four minesweepers. To further enhance the ROC Navy's ASW capability, the Bush administration further approved the sale of large quantity of naval systems and platforms in April 2001. They include eight diesel-electric submarines, twelve P-3C Orion ASW aircraft, four Kidd class destroyers, and eight CH-53 minesweeping helicopters. These newly approved ASW systems will form the backbone of ROC Navy's ASW capability in next 10–20 years.¹¹ Deployed with previously acquired ASW systems these new weapons will greatly enhance Taiwan's ASW capability not only in the vicinity of waterways to key harbours but also in the general region of

the Taiwan Strait and its neighbouring waters. Furthermore, despite the fact that US shipyards no longer build diesel-electric submarines, the Bush administration is committed to help Taiwan procure eight modern submarines, possibly from allies in Europe. The first of these submarines may be delivered to Taiwan before 2010.

Challenges to blockade

To China, a successful blockade of Taiwan will require pre-empting or foiling a counteroffensive and/or an amphibious attack against its naval bases from the Taiwanese. For these purposes, submarines alone would not be adequate. A blockade must therefore be backed up by air superiority in order to neutralize Taiwan's ability to counterattack and cut off its badly needed supply of materiel and other essentials from abroad.

The Taiwanese have an objective which is practically the exact opposite. It is to pre-empt or destroy a PRC amphibious attack, for which it would have to either destroy the PLA bases for such an operation by launching amphibious attacks on them or destroy the PLA invasion fleet in the Strait. To be able to do either or both effectively, the Taiwanese would need to neutralize a PLA blockade using submarines as the main instrument.

Level C: amphibious and airborne operations

Amphibious and airborne operations will require successes in the initial air attacks and the naval blockade. They would only be launched on the assumption that Taiwan's capability to resist had already been severely degraded.

Scenarios A and B above have in fact been constructed on the basis of two key hypotheses. They are that the ROC's direct command and control capability would be shattered by air attacks, and once this has happened Taiwan's forces would be unable and/or unwilling to resist stubbornly. An amphibious assault would be carried out with hovercraft and wing-in-ground effect landing craft (WIGELC) which could ferry 10,000–15,000 marines and special operation forces and their hardware. An airborne operation would most probably involve the PLA's 15th Airborne Corps dropping, in the first instance, three regiments of airborne troops from their newly acquired Russian made IL-76 Candid transports to attack one of the air force bases in western Taiwan.¹² The objective of the initial amphibious and airborne operations is to secure suitable landing sites to enable large number of

ground forces and heavy equipment to be deployed. Once this objective has been achieved, a decisive ground attack would follow.

Taiwanese counterattack

In assessing Taiwan's ability to counterattack in such circumstances, one needs to work on the assumption that sufficient of its command and control system survived the initial air attacks, its ground forces have managed to remain in combat formation, their mobility remains undamaged, and they remain loyal to Taiwanese political leadership. However, it is assumed that most of Taiwan's air defence system would be compromised, and its Marine Corps unable to launch counter amphibious attacks as a result of an effective PLA blockade. In other words, Taiwan's control and command system functioned well enough to be able to direct ground forces to counterattack quickly against the small PLA landing forces on the ground.

Taiwan's ground forces have undergone major streamlining and restructuring since the late 1990s. As a result its first line land force has been reorganized into twenty composite brigades equipped and trained to conduct two dimensional operations. Each brigade is constituted by five to eight thousand soldiers, and is equipped with good transportation and communication gears, its own logistic support network, air defence systems such as the Stingers shoulder launched missiles, artilleries, armour units, and mobile radar systems. It is also supported by OH-58D survey helicopters, AH-1W Cobra assault helicopters, and AH-64D Apache Longbow attack helicopters. All of them are equipped with TOW (tube launched optically tracked wire-guided) and Hellfire anti-tank missiles. Each brigade is a formidable and effective unit against a lightly armed landing force on the ground. Taiwan's ability to counter-attack on the ground is also enhanced by the deployment of CH-47 heavy-lift helicopters, which should enable the rapid deployment and reinforcement of individual brigades. Quick and effective restoration of the command and control system, and the ability to direct the remaining air defence and air force assets to support ground counterattacks are key to defeating the PLA landing forces and driving them offshore.

Residual issues in war scenario

What has been put forward in the war scenario analysis above represents the most likely way for the conduct of war between two sides of the Taiwan Strait. Other scenarios can be constructed and there can be

numerous variations within a basic scenario. The three levels of combat operation outlined in this chapter can in fact take place in sequence or simultaneously. It depends on the assessment of offensive/defensive capabilities by those concerned and what political objectives are set for the forces.

In the event of a full scale invasion by the PLA in the period between 2005 and 2010, it can deploy 800–1000 SRBMs and cruise missiles and over 200 advanced fighters/bombers (Su 27s and Su 30 MMKs), which will be given the tasks of destroying military strongholds as well as command and control systems. The PLA will also be able to deploy over 40 diesel-electric submarines to blockade the Taiwan Strait, and 30,000 airborne and special forces to attack key political, economic and military targets in Taiwan. If it is the intention of the PRC to pre-empt international intervention and secure a political settlement at its terms quickly, it is highly likely that the PLA will be ordered to launch simultaneous air, sea and land attacks against Taiwan. The war can be a short and decisive one if PLA missile and air attacks can successfully destroy Taiwan's key defence assets and command and control systems, and thus cause a breakdown in morale or the will to fight and compel the political leadership in Taiwan to accept Beijing's terms. However, if Taiwan's military assets can largely survive the PLA's initial all out attack, it can employ its effective air defence system to regain control over its airspace. This will frustrate the PRC's wish for a short war and will provide scope for the international community to intervene.

What one must never lose sight of is how unpredictable wars are except in one sense. An all out war between two sides of the Taiwan Strait will be very costly and can fundamentally change the security and strategic scene in East Asia.

Notes

1. According to the ROC Ministry of National Defence, Taiwan's most likely military threats from the PRC include:
 - Military intimidation, including large scale exercises close to Taiwan, enhancing psychological harassment, and/or missile exercises near Taiwan aimed at creating maximum economic and social disturbances.
 - Limited military action to force a political settlement, which may include air attacks, sea blockade, missile attacks on strategic targets, and attacking/occupying some of the offshore islands.
 - All out invasion under high-tech conditions, which includes air attacks, naval blockade, and amphibious landing operations

These are standard war game scenarios practiced by the ROC armed forces. 'Assessment of Models of PRC's Invasion on Taiwan', a report

given by Minister of National Defence Tang Fei, at National Defence Committee, Legislative Yuan, *Legislative Gazette*, vol. 88, no. 55-2, 15 Dec. 1999, 387–396.

2. This air attack scenario is made after taking into account the advanced technology and weapon systems China had developed and acquired from Russia and other countries, the lessons the PLA reportedly gained from the US air campaigns in Kosovo and in the Gulf war, as well as new air war tactics developed by the PLAAF. According to the intelligence department of the ROC's Ministry of National Defence, the PLA Air Force conducted a major exercise of an attack air group (AG) in its full order of battle and supported by a support air group (SG) for the first time in July 2002. The AG was composed of frontline fighters, and attacked the mock enemy at intervals of 180–300 seconds in cooperation with the SG. The SG was a composite group made up of reconnaissance, air defence suppression, electronic jamming, and AWACS units, and it carried out its missions at intervals of 120 seconds. According to an intelligence officer of the MND, the PLA has already completed precise location surveys of the five military air fields and four air-defence missile bases in Taiwan's western coastal areas and had fed precise positioning data for these military facilities into its fighter-borne computers. See ET Today.com, 14 September 2002, <http://www.ettoday.com/2002/09/14/303-135/331.htm>
3. See Part 2: National Security and Defence Policy, Chapter 4: *National Defence Policy and Military Strategy* in Ministry of National Defence *National Defence Report 2002, Rep. of China* (Taipei: 2002), 71–2.
4. See Andrew N.D. Yang, 'Taiwan's Defence Capabilities' in Greg Austin (ed.), *Missile Diplomacy and Taiwan's Future: Innovations in Politics and Military Power* (Canberra: Strategic and Defence Studies Centre, Research School of Pacific and Asian Studies, Australian National University, 1997, 151–2.
5. See *United Daily News*, 12 July 2002, 12.
6. According to National Science Research Council, the Hwa Wei Satellite project is conducted by the Office of Space and Satellite Programs NSRC and began in 1996. Meant mainly for scientific research purposes, the Hwa Wei II Satellite focuses on agriculture survey and remote sensing of the earth. However the dual use image technology can be used for military purposes. The satellite is scheduled to be launched in late 2003. See 'The Report on C4ISR Capability and Evaluation of National Military Science and Technology Policies', Technology and Information Committee, Legislative Yuan, in *Legislative Gazette*, vol. 88, no. 28, 29 May 1999, 182–3.
7. *Next Magazine* (weekly) of Taiwan published a lengthy report on the intelligence cooperation between Taiwan NSB and US NSA through satellite linkage in Nov. 2001. The disclosed sensitive information has never been confirmed by both agencies. See *Next Magazine*, 8 Nov. 2001, 36–40
8. On 17 Aug. 2002, Premier Yu shyi-kun announced that ROC government will spend \$700 billion Taiwan from 2006 to 2016 on defence acquisition; the priority goes to acquiring Aegis platforms. See *Freedom Daily*, 18 Aug. 2002, 4.
9. The ROC Air Force constructed a new Chia Shang Air Force Base in Hwalian, eastern Taiwan in early 1990s. It is surrounded by high mountains

and faces the eastern Pacific Ocean. The geographic conditions makes it difficult to attack from the air from forces based on mainland China. I made a visit to Chia Shang Base in 1998, and saw huge underground hangars inside the mountain.

10. See *China Times*, 12 Aug. 2002, 1.
11. Ibid., *Legislative Gazette*, vol. 88, no. 55-2, 391–2.
12. Mei Ling, 'PLA's amphibious landing capability development', in *Studies on Chinese Communism*, vol. 35. no. 4, 15 Apr. 2001, 55–64.

9

Peace Proposal One: The China Commonwealth Model

Tai-chun Kuo and Ramon H. Myers

Why have Taiwan Strait negotiations been frozen?

The people of Taiwan are bitterly divided about their future. A growing number affirm what we will refer to as Taiwan nationalism, arguing that Taiwan already is a sovereign nation, the ROC and, therefore, should have a state-to-state relationship with the PRC. With the view that Taiwan is not part of China, they claim the ethnicity of Taiwanese, not Chinese. Some even want to change the name of the country to Taiwan or the Republic of Taiwan. The DPP, elected in March 2000 to govern Taiwan, represents these sentiments and ideas.

Aside from a small group that believes Taiwan is part of China and that the ROC and PRC should be united, a large group, certainly more than half the population, does not want any radical political change in cross-strait relations. Although it is not clear whether this group believes that Taiwan is part of China, many recognize the reality of Taiwan's historical relationship with the China mainland and support engagement with the Beijing regime. They also believe they are Taiwanese *and* Chinese. They want Taiwan to develop a co-operative relationship with the PRC regime and thus persuade Beijing's leaders not to use force to unify China. For many of this group, engaging with China does not mean betraying Taiwan or the instant unification of China. Rather, they advocate developing mutual understanding and co-operation, realizing that China's unification must be solved by future generations. Many in this group also believe that China's unification would be possible were the PRC to democratize and become prosperous. For example, in 2000 Premier Tang Fei, in the Legislative Yuan said, 'if, in the future, there is a new, prosperous, and democratic China, I doubt we would have any reason to reject unification'.¹

These two visions – Taiwan going it alone and reconciliation with China – are bitterly dividing Taiwan's society. This was not always the case. In the 1991 election (in which Taiwan's people elected a new National Assembly to revise the ROC constitution), some 90 per cent of the people voted for Kuomintang candidates who endorsed the long-term unification with China, thus rejecting the DPP candidates who advocated that Taiwan separate from China. More than a decade later, it is unclear what percentage of Taiwan's people still believe that Taiwan is part of China.

Negotiations between the ROC and PRC have been frozen for the last three years for three reasons. First, President Chen has repeatedly said that he would not enter negotiations with Beijing's leaders under the 'one China' principle or return to the consensus reached in 1992 that negotiations be conducted on the basis of each side adhering to different interpretations of that principle. (On several occasions PRC vice-premier Qian Qichen offered the Taiwan authorities the opportunity to negotiate under the 'one China' principle as equals without insisting that the PRC has a sovereign claim to Taiwan. But President Chen's government rejected that major concession. Secondly, Beijing believes that President Chen has been quietly promoting Taiwan nationalism by removing symbols of Taiwan's close relationship with the China mainland, such as pictures and statues of Chiang Kai-shek. School textbooks have also been rewritten to promote Taiwan nationalism.

Third, President Chen is unwilling to assure Beijing that the unification of China will ever be discussed. Thus, Beijing's leaders are convinced that President Chen, his party, and administration are intent on separating Taiwan from China. Beijing has repeatedly warned the Taiwan authorities it will use force if the government declares its independence from China.

Can there be a peaceful resolution to the deadlock?

One possibility in the near future that might compel the leaders of Taiwan to talk to Beijing's leaders under the principle of one China is that influential and powerful entrepreneurs and interest groups could bring their influence to bear to change Taiwan's China policy. Taiwan's economic growth has slowed dramatically in the last two years, and the expanding China market continues to attract Taiwan's business firms and workers. As more Taiwanese feel poorer rather than richer, they feel that their economic future is with the growing China mainland market economy. These views could influence the presidential

election of March 2004, for if Taiwan's people elect the political opposition – the Kuomintang and the People's First Party (Qinmindang) – Taiwan and mainland China's representatives probably would soon begin a dialogue.

Taiwan's citizens can readily change their voting preferences. If the large majority who believes they are Taiwanese and Chinese perceive that the PRC is improving people's living standards and that the Chinese Communist Party is trying to reform its behaviour, they will support building a long-term co-operative relationship with the PRC.

The presidential election of 2004 will determine whether the people will continue to support the DPP or elect the opposition that is more likely to favour dialogue with the PRC leadership using the principle of one China. If President Chen is re-elected, the United States might intervene to prevent Taiwan's current drift toward independence. Deeply committed to eliminating world terrorist networks and replacing regimes alleged to have weapons of mass destruction, neither a Republican nor Democratic administration in Washington would tolerate a conflict in the Taiwan Strait provoked by a nationalist Taiwan government.

Therefore, new initiatives from either Taipei or Beijing must be forthcoming to resolve the current impasse. Such initiatives should be a creative application of the PRC's 'one country, two systems' formula to demonstrate to the Taiwan people that, unlike the Macao and Hong Kong model, Taiwan and mainland China would develop a co-operative relationship based upon different principles but leading ultimately to China's unification. Because Macao and Hong Kong were colonies, the negotiations to decolonize were conducted between Beijing, Portugal, and the United Kingdom. Those agreements made Macao and Hong Kong special administrative regions having a high degree of autonomy, subject only to the final oversight of the National People's Congress. Taiwan is not a colony but a sovereign state recognized by twenty-seven sovereign nations. The ROC constitution empowers the people to practise democracy and guarantees their natural rights. A long period of co-operation will be required for Taiwan and the China mainland to build confidence and trust before they can agree upon China's unification. How can such a co-operative political relationship be built that will nurture the conditions that make the unification of China a reality?

Our modest proposal below encourages Taipei and Beijing's leaders to think about creating a new political union. Under this arrangement the two sides would realize benefits that would accumulate over time

to build trust and confidence while helping to lay the foundations for peace and prosperity in the Asia-Pacific region.

A China Commonwealth

What is a China Commonwealth? It would be a political union of the PRC (including the PRC's special administrative regions) and Taiwan. China and Taiwan would become equal partners of a one China made up of the territories currently controlled by the ROC and the PRC. The formation of this political union, or China Commonwealth would, it is hoped, achieve the following results.

First, under this political union, the partners would have equal status and thus respect each other's sovereignty and national constitution. Second, the ROC and PRC could take steps to demilitarize gradually the Taiwan Strait and the territories on each side. Third, such a commonwealth would enable the ROC to become a neutral state, thus avoid joining any alliance system. Fourth, a China Commonwealth would integrate China's and Taiwan's market economies. Fifth, a China Commonwealth would make it possible for Taiwan to participate in international organizations and have normal relations with other states. Finally, the China Commonwealth would satisfy the aspirations of the leaders and people of the PRC to build a one China represented by a new political union.

The China Commonwealth, however, would not designate the ROC as a region or province and the PRC as the centre or vice versa. This political union would be neither a military or political alliance aimed at other nations or their alliances nor an economic union that threatens the European Economic Union or any particular country. Finally, this political union would not be designed to isolate the ROC from other nations or bar it from participating in international organizations

How will the members of the China Commonwealth benefit? First, this political union represents the first phase toward reunifying China, helping expunge the past humiliations suffered by the PRC from foreign imperialism. Secondly, the China Commonwealth can eliminate the costly weapons purchased by the ROC and PRC, enabling the ROC to become a neutral country without military alliances and not taking sides between East and West. Thirdly, the China Commonwealth would provide a way for both partners to become a productive powerhouse in the world economy. Finally, under the China Commonwealth the people of Taiwan could be satisfied that they were respected as a sovereign, independent nation.

Creating a China Commonwealth

How to design a China Commonwealth?

First, there must be a China Commonwealth Constitution that connects with the ROC and PRC constitutions and obviates either regime from changing its constitution. Every effort must be made to come up with maximum incentives for members to commit to the China Commonwealth Constitution.

Second, the China Commonwealth would be an evolving political union that will satisfy the expectations and needs of the peoples of the ROC and PRC. Each stage must have rules and incentives for both parties to achieve the goals set forth above.

Thirdly, the China Commonwealth rules should provide guidelines as to how members co-operate while interacting with other states and international organizations, making the vision of one China more tangible and realistic. Meanwhile, other nations and international organizations would gradually give the ROC the same benefits and obligations that they now accord to the PRC.

Finally, this political union would commit both members to establishing, implementing, and enforcing the China Commonwealth to discourage behaviour that might encourage exiting from the political union.

Conclusion

It is hoped that our ideas will encourage discussion among leaders and elite in the ROC and PRC about how a political framework for negotiations can be initiated and be sustained. We are not suggesting that one side impose its will on the other. We believe that without new political union, conflict is inevitable. Yet such a union need not imply that one regime capitulates to the other. It is in the interests of both regimes to make major concessions and remain sensitive to their mutual fears. Only prolonged negotiations between the ROC and the PRC can resolve their differences.

Beijing leaders should not reject the concept of a China Commonwealth out of hand. They must realize that the one-country, two-system model adopted by Hong Kong and Macao is unacceptable to the people in Taiwan. For the PRC, the China Commonwealth concept commits both parties to unification that might take one or more generations to achieve but that, with prolonged peace and prosperity in Asia and the Pacific region, can be achieved.

Under a China Commonwealth, the ROC leaders and people need no longer fear that the PRC could threaten their nation or way of life. The ROC will gradually enter the international community and join international organizations, and those in Taiwan eager to refer to Taiwan as their country will be free to do so.

To create the China Commonwealth presents many challenges. The PRC leaders will need to reform their political system as to efficiently govern provinces and sub-central governmental units. The ROC will be challenged to consolidate its democracy and upgrade its economy. As a nation not allied with any other military power, the ROC can set an example of neutrality that could promote the demilitarization of East Asia. Meanwhile, the ROC would remain connected with the West, in particular the United States, through trade and the exchange of peoples and ideas. At the same time, the ROC would serve as a bridge between the West and the PRC, thus contributing to the peace and prosperity of the region.

Note

1. *Lienhebao (The United Daily)*, 5 July 2000, 2.

10

Peace Proposal Two: The Chinese Union Model¹

Steve Tsang

Crux of the matter

The most important factors that determine whether there is war or peace between the PRC and Taiwan are the domestic politics of the two sides across the Taiwan Strait. This is not to underestimate the importance of the external factors, such as the role of the United States or the changing international environment. Such an assessment is merely based on a recognition that the future of Taiwan is a highly emotionally charged issue for leaders on both sides of the Strait, and it is one that can potentially lead to the fall from power of any leader seen to mishandle it badly. While hard-nose realist calculation on both sides of the Strait will determine policy towards the other most of the time, in the event of a full blown crisis that will involve the large scale use of force the emotional factor and considerations over political survival of the leadership of the day are likely to distort seriously the policy making process. While the governments on both sides of the Strait clearly prefer not to see a military conflict, the danger of a military confrontation remains a real possibility.

The political reality is that the PRC government will not accept any outcome that will imply the permanent separation of Taiwan from the mainland of China, and is ultimately prepared to use military force to pre-empt or stop such a development whatever the costs involved. As far as the making of the PRC's Taiwan policy is concerned it does not really matter whether its claim is justified or strongly based on the grounds of international law, history, ethnicity or even geography, even though Chinese policy-makers prefer to and indeed routinely reiterate this claim in order to seize the moral high ground. The PRC government's determination to secure Taiwan's return to mother China or

to prevent its achievement of formal independence is, for all practical purposes, unshakeable unless unforeseen events were to cause a fundamental change in the nature of the regime and the system of government on the Chinese mainland.

The nature of cross Strait relations will change if a truly democratic government that upholds the rule of law were to emerge in the PRC. However, it is not by any means certain that even the replacement of a communist party controlled government by an elected one will remove the strong irredentism prevailing in the PRC. Nor is it certain that a regime change in the PRC will result in the creation of a democratic government that upholds the rule of law. The security of Taiwan, the continued entrenchment of democracy and respect for human rights in Taiwan, and peace across the Strait are matters far too important for anyone to indulge in fantasies about a regime change in the PRC. One must therefore work on the basis that the current political system and the imperatives that drive policies in the PRC will continue in the foreseeable future.

Since Communism *de facto* ceased to function as the state ideology in the PRC a decade ago, nationalism of the nineteenth century European nation state variant has emerged as the dominant ideological force in the politics of the PRC. As demonstrated by the popular reactions to the accidental American bombing of the Chinese Embassy in Belgrade in June 1999 and to the EP-3/F-8 aircraft incident off Hainan in April 2001, the PRC leadership's hands are, to an extent, tied by this rising force of nationalism. The weaker the central leadership is in Beijing, the more will nationalism impose a limit to its room for manoeuvre over policy towards the status of Taiwan. The prospect that any central leadership in the foreseeable future will be stronger than that led by Deng Xiaoping is so slim that it is negligible. The continued dominance of nationalism as a force in Chinese politics should therefore be recognized.

What this points to is a simple and harsh political reality. The PRC government will use force to secure the return of Taiwan if necessary even though the costs involved may appear prohibitive in the assessments of academics, military analysts and government officials outside of the PRC.² The position taken by various Chinese leaders since 2000, including the moderate Premier Zhu Rongji, that the PRC will not allow the status quo to continue indefinitely though no time-frame for a solution has as yet been decided should be taken seriously. In order to ensure the PRC will not need to choose the military option in the coming decade, particularly after the Olympic games in 2008, when

the military balance across the Strait is likely to have tipped to favour the PLA, it is necessary to enable the PRC leadership to feel that Taiwan is not moving irreversibly towards permanent separation from mother China.

Just as irredentism ultimately drives the PRC's Taiwan policy, the momentum of democratization within Taiwan has imposed basic constraints on Taiwan's Mainland policy. Democratization has produced a political situation in Taiwan in which its people justifiably expect to enjoy the right to determine their future, though this does not necessarily imply they will choose independence. The people of Taiwan are understandably sensitive over this in light of their history of the last four centuries. Until the success of democratization meant the people of Taiwan became master of their own territory within the last decade, they felt they themselves and their ancestors were treated as either colonial subjects or second class citizens by governments founded by outsiders, be they Spanish, Dutch, Manchu, Japanese or the old Kuomintang authoritarian regime. Whether international law, history, ethnicity or geography should prove Taiwan to be an integral part of China or not, it is not politically viable to decide the future of Taiwan without the people of Taiwan exercising their democratic right to decide on a matter of such fundamental importance to themselves.

A second and equally important constraint on Taiwan's Mainland policy is that a democratically elected government in Taipei must respect the reality that there is as yet no consensus on the issue of independence or unification. The only option that regularly receives the endorsement of a clear and large majority is to maintain the status quo in the political relationship across the Taiwan Strait.³ No political party in power in Taiwan, whatever its political persuasion, will risk its electoral mandate by adopting a policy towards the Mainland that will provoke an electoral backlash. This implies that no government in Taipei will accept the 'one country, two systems' model for unification proposed by Beijing unless such an idea can make itself acceptable to the electorate of Taiwan.

What these two political imperatives in Taiwan point towards is the reality that the government in Taipei has little incentive to start negotiations with Beijing over the future of Taiwan. This applies particularly strongly to the current government under President Chen Shui-bian and the DPP. It is one thing for the current government in Taipei to work to improve practical arrangements for cross-Strait exchanges that are economically beneficial to both sides of the Strait. It is a different matter as far as political dialogue is concerned. Unless President Chen

or his DPP dominated government feels the opening of such a dialogue, in whatever form and through whatever channel, will bring political benefits to them they will prefer to keep the status quo to any change that may unleash forces of the unknown. Despite its many positive qualities democratic politics is driven by immediate or very short term considerations, and the policy of Chen and the DPP government to focus on improving non-political relations is understandable.

In light of the main driving forces in the domestic politics of the PRC and Taiwan, it appears that an insurmountable gap exists between the two sides preventing a solution that will be mutually acceptable. Indeed, a satisfactory solution from Beijing's view, that Taiwan accepts its 'one China principle' and the 'one country, two systems' model in return for a unification that will allow Taiwan enjoy a degree of autonomy even higher than that enjoyed by the Hong Kong Special Administrative Region, is completely unacceptable to Taipei. Likewise, Taipei's insistence that any negotiation to a peaceful settlement can only be undertaken without any precondition or a public commitment on Taiwan's part to accept the 'one China principle' is utterly objectionable to Beijing. In other words, whatever solution for the future of Taiwan that is satisfactory to the government in Beijing will not be satisfactory to the government in Taipei, and vice versa.

Notwithstanding this apparently insurmountable gap it is vitally important to both sides of the Strait that a compromise is found to preempt a military confrontation in the next decade or two. Given the direction of political development in the PRC and its concern that Taiwan is drifting steadily towards permanent separation if not outright independence, it is doubtful that it will refrain from doing whatever it takes to prevent its perceived Taiwanese drift from passing the invisible point of no return.

A proposal for peace

The only possible compromise solution is one that will fall short of being satisfactory to either Beijing or Taipei but will be tolerable or acceptable to both. This is not impossible as the bottom line of both can in fact be respected provided both are willing to exercise a sufficient degree of flexibility over how this is to be achieved.⁴

Beijing's bottom line is the 'one China principle'. The 'one country, two systems' or Hong Kong model is merely its preferred means to turn this principle into reality. If Beijing's leadership can and will recognize that its Hong Kong model has no hope of being accepted in Taiwan

but the 'one China principle' can nevertheless be maintained, it will open a window of opportunity for a compromise. This is not just wishful thinking as Beijing's 'one country two systems' policy applied in Hong Kong was in fact originally devised to deal with Taiwan.

If its policy towards Hong Kong since the Anglo-Chinese negotiations over Hong Kong's future started in 1982 is any guide, Beijing's approach can be summed up in terms of exercising maximum flexibility within a rigid framework.⁵ Whether it is over Taiwan or Hong Kong the rigid framework is that of upholding the sovereignty of China and making sure the Communist Party will continue to stay in power in the PRC. As long as this rigid framework is allowed to stay in place, Beijing has demonstrated its preparedness to exercise greater flexibility than most analysts gave it credit prior to 1997 to make the Hong Kong experiment work. The PRC leadership has repeatedly stressed that it would be prepared to allow even greater scope of autonomy to entice Taiwan to rejoin mother China. This should not be dismissed off hand. Instead it should be taken seriously as the window of opportunity to find a sustainable basis for peace across the Taiwan Strait.

The real essence of the 'one China principle' is to prevent Taiwan from moving irreversibly towards independence and to ensure Taiwan will eventually rejoin mother China. Overt pressure from China on Taiwan insisting on Taiwan accepting this principle as a precondition to open talks will only backfire. It will only make China appear oppressive and provoke a Taiwanese reaction against what they will see as an repressive attempt to deny them the right to self-determination. Given Taiwan's geographical location, military capabilities and the sympathy it, as a democracy, enjoys in the democratic West, Taiwan will not accept what the people of Hong Kong had to accept in the Sino-British negotiations of the 1980s.

Even if the experience of Hong Kong as a Special Administrative Region will eventually prove attractive to the people of Taiwan it will not happen until decades have passed to give this experiment credibility. Beijing's hope of using Hong Kong as an inducement to Taiwan for unification is unrealistic. In contrast, as long as the government in Taipei will engage in political negotiations with Beijing for the future of Taiwan, with unification in a mutually acceptable form included as the preferred outcome, the 'one China principle' will be upheld. As long as the two sides are engaged in such negotiations there is no question of Taiwan moving irreversibly towards permanent separation, however long the negotiations may take to reach an agreement acceptable to both sides.

Taipei's bottom line is that its people must have the right to decide their own future in an open, fair and democratic manner. If this condition will be met, the solution will invariably imply one that will inspire sufficient confidence among the people of Taiwan that their deeply cherished democracy and way of life will be maintained. This can only happen if the Taiwanese will feel that they will not end up in a position less advantageous than the current situation. If a credible agreement can be reached with Beijing to deliver such a result it is not impossible that the people of Taiwan will choose not to seek formal independence. In other words, provided any agreement to be reached between Taipei and Beijing will be subject to a referendum in Taiwan and will require a three-quarters majority to be valid, accepting unification as a preferred though not pre-determined outcome of cross-Strait negotiations should not breach Taiwan's bottom line.

A necessary condition for a compromise between China and Taiwan to be reached is the acceptance by the government and people on both sides that the alternative is so horrific and damaging that it must be avoided. The Taiwanese side need to accept that even if they can defend Taiwan, with or without American military intervention, much of Taiwan's infrastructure and the basis for its economic miracle will be destroyed. Likewise, Beijing has to accept that even if it can take Taiwan by force successfully, the devastation of Taiwan and possibly some of its own cities on the east coast of China will almost certainly deal a fatal blow to its economic reforms. Victory can only be achieved by the destruction of a key locomotive for China's economic growth that is Taiwan. War and the damages which Taiwanese investors on the mainland will suffer in the process are also likely to lead to serious repercussions. They would almost certainly severely disrupt the flow of Western and overseas Chinese capital into China and gravely undermine the conditions responsible for China's rapid economic growth. This is an eventuality which would seriously threaten the Communist Party's ability to stay in power once the euphoria of a successful military campaign has subsided, as the prize, a prosperous and affluent Taiwan will have been reduced to an economic dependency of the mainland.

The following is a proposal to find sufficient common ground to enable the two sides to start a dialogue which will eventually lead to a sustainable peace across the Taiwan Strait. It seeks to strike a balance between the interests of both sides so that accepting this proposal will not made either side worse off than at present. What will be needed is a sufficiently board-minded understanding of how both sides' interests

can be enhanced by giving up something desirable but not in fact available in exchange for something tangible. This can only be achieved in the overall balance of the package and will require a certain give and take on specific provisions, some of which will on their own appear to offend the sensitivity of one or the other.

A compromise package like this is likely to require, for example, Taiwan accepting not to challenge the PRC's foreign policy in the international community in return for it being admitted to the international community as a member in its own right and being able to establish normal diplomatic relations with other countries. In a similar vein Taipei will need a sufficient sense of realism to see that for it to give up what it likes to see in terms of an American military commitment to help it defend itself is not worse than removing the cause for Taiwan to need American protection in the first place, particularly since the US will not, in any event, commit itself to defend Taiwan unconditionally. Likewise, Beijing will have to accept that unless the package will be approved by a referendum in Taiwan, however lengthy this process may be, it will not secure unification with Taiwan, as an unprovoked attack on Taiwan will almost certainly lead to American intervention.

This proposal will set out in general terms how a final agreement that will uphold the 'one China principle' on the one hand, and the right of the people of Taiwan to determine their own future on the other may look like. This is meant to provide a general picture to illustrate that such a compromise is reachable though every provision in such a scheme will need to have its finer details painstakingly negotiated and agreed by the two governments concerned and approved by two parallel referenda on both sides of the Strait.

The upholding of the final agreement will ideally require an authority above both sides to enforce it impartially. However, given that there is no higher authority than a sovereign state which can serve this function, the sanctity of this agreement ultimately have to depend on self-interest of both sides requiring them not to break it. Thus the final agreement must be fully acceptable to both sides, and they must also recognize and accept that, once the agreement has come into force its violation will not simply put the clock back. In such an eventuality it will almost certainly escalate to the use of force if any breach is not rectified by a new compromise. The deterrence against violation lies in how unacceptably high the cost of a war will be for both sides though it would be short of mutually assured destruction. In light of this harsh reality and the fact that an agreement along the line of this proposal

will only be accepted if the governments on both sides prefer not to resort to war and all which it entails, it should provide a sufficiently long period of co-operation to reduce mistrust. In the long term this should help to entrench the mechanism to resolve their differences through negotiation and compromise within the institutional framework envisaged.

Before the two governments can agree to enter into formal negotiations with a view to reach an agreement, it will be essential for both sides to have 'talks about talks' in order to break down the deep distrust they have of each other built up over more than half a century of separation and hostility.

Basis for a long term future together

This proposal is for both sides to agree that there is no need to define what 'one China' means before they start negotiation.⁶ It will require Beijing to accept a formal commitment by Taipei to commit itself not to seek independence as long as the two sides are engaged in negotiations in lieu of accepting the 'one China principle' as a precondition for talks. For its part Taipei will undertake to open and continue negotiations with Beijing until an agreement can be reached. The substance of what 'one China' should mean is to be based on the result of the negotiations. Both sides will commit themselves not to use force as long as negotiations continue. No time scale should be imposed as an agreement unacceptable to either side will not remove the cause for a military confrontation, and as long as the two sides are negotiating there will be no declaration of independence by Taiwan. This should meet Beijing's basic requirement as negotiations will not give Taipei greater scope for independence than the status quo. Likewise, it should be politically acceptable in Taiwan as it will remove the military threat and Taiwan will not in any major way be worse off while negotiations continue.

A Chinese union

The basis for negotiating for unification should be for a Chinese Union or a United States of China or another description acceptable to both sides in an analogy to a marriage. This should, in principle, be acceptable to Beijing, as its top leaders like President Jiang Zemin himself publicly confirmed that as long as it was for upholding one China 'any issue could be discussed' with Taiwan. This should also met President Chen Shui-bian's position that the 'one China principle' can be a subject for negotiations though not as a precondition for opening negotiations.

For simplicity this chapter uses the Chinese Union as a tentative name for a united China. It should be constituted by the two governments across the Taiwan Strait upholding the principle that there is but one China though both can have diplomatic representations overseas and conduct relations with the rest of the world without violating this principle. In looking at the sovereignty issue this can be seen in comparison to that in a marriage. While a married couple (or the Chinese Union) together will share 'sovereignty' as a unit, the husband and the wife (or the two constituent Chinese states of the PRC and Taiwan) can by mutual agreement and understanding still function as 'sovereign' individuals to the outside world without infringing on the 'sovereignty' of the marriage (or the Chinese Union) even though one partner in the marriage (or the PRC) may, because of its size, play a more dominant role. It is a matter for the two constituent Chinese states to decide, of their own free will, whether they will in the future wish to convert such a union of equal partners into a single unitary or federal state or something that is as yet undefined. The basic idea is to reach an agreement along the following lines:

- That the governments and peoples on both sides of the Taiwan Strait are committed, in light of their common ancestry and cultural heritage, to uphold the unity of China as one country with a name, such as the Chinese Union, to be agreed through negotiations.
- That this commitment is to be entered by both sides freely and as equal partners, with both parties agreeing that they are in no way subordinate to the other in the management of all domestic affairs within their own territorial boundaries.
- That the existing boundaries will be respected and border control instituted though they will not be deemed to be international boundaries.
- That the People's Republic of China, as a member of the Chinese Union, will have its own capital in Beijing, and its government will be called the 'Central People's Government of the Chinese Union' or 'the Chinese Government' in short.
- That Taiwan, as a member of the Chinese Union, will have its own capital in Taipei, and its government will be styled 'the Taiwan Government of the Chinese Union' or 'the Chinese Taiwan Government' in short.
- That both sides of the Chinese Union undertake not to change the existing political, judicial, economic and social systems, and ways of life within the other's territorial domain.

- That both governments of the Chinese Union are prohibited from interfering into the domestic affairs of the other, which includes a ban on either government criticizing the other on any domestic matter be it the handling of human rights, political reforms, economic and social policies, or the way by which governments are changed within their own territorial boundaries.
- That the two sides will maintain their separate taxation regimes and neither will be required to make financial contribution to the other.
- That a supreme National Political Council of the Chinese Union will be created, on the basis of satisfactory negotiations, to function as a consultative body between the two constituent governments. It is to be constituted by equal number of representatives nominated by the two governments. Its chair person is to be elected by and from among members of the Council for one year, though there is no limit to how many terms one person can be re-elected. The Chair person is responsible for setting the agenda but does not have the right to vote should voting to resolve a dispute become necessary. Styled 'Chairman of the Chinese Union' holder of this office will also serve as the symbolic head of the Chinese Union without any executive power.
- That the National Political Council of the Chinese Union is not an organ of power but an organ for consultation and for resolving any dispute between the two governments of the Chinese Union. It should meet periodically as required for consultation though not less frequently than once every month. Its meetings should be held alternatively in Beijing and in Taipei.
- That the Chinese Government will acknowledge and accept the right for Chinese Taiwan to maintain diplomatic, consular and other representations overseas and in international or regional organizations in the name of 'Taiwan of the Chinese Union' or 'Chinese Taiwan' in short.
- That the Chinese Taiwan Government will acknowledge and accept that the Chinese Government will take the lead in the Chinese Union in the handling of foreign policy requiring Taipei and its diplomatic and other missions overseas never, as a matter of principle and under any circumstances, criticize, attack or otherwise undermine the position or policy of the Chinese Government in any dispute which the latter may have with any foreign government or international or regional organisation, or to vote against it in international or regional organizations. As long as this principle is not breached, the Chinese Taiwan government enjoy full freedom

in the conduct of diplomatic and other relations with other countries, international bodies and regional organizations.

- That consular protection will be provided by the respective governments though either side will offer such protection to the other's citizens in the event that the other government is not represented in the foreign city or territory concerned.
- That the two sides are prohibited from using force against the other.
- That the armed forces on both sides of the Taiwan Strait be re-organized into the Defence Forces of the Chinese Union, to be constituted by the PLA and the Taiwan Defence Force. The PLA will be re-designated 'the PLA of the Chinese Union' in full and 'the PLA' in short. Taiwan's armed forces will be re-designated 'The Taiwan Defence Force of the Chinese Union' in full or 'The Taiwan Defence Force' in short. The two constitute parts of the Defence Forces of the Chinese Union will maintain their own separate existence and command structures.
- That a supreme National Defence Council of the Chinese Union will be created on the basis of satisfactory negotiations to function as a co-ordinating body for the two constituent defence forces. As a co-ordinating body the National Defence Council will not be an organ of power.
- That military deployments, joint exercises, defence planning and such related matters are to be co-ordinated by the National Defence Council.
- That both the PLA and the Taiwan Defence Force will have the right to procure defensive military equipment from whatever sources, both domestically within the Chinese Union and outside it as appropriate.
- That the Taiwan Defence Force will not be used for any internal security role in the Chinese Union outside of Taiwan, and the PLA will not be used for any internal security role in Taiwan.
- That the current front line between the armed forces of the two sides, including the islands of Jinmen and Matsu, be de-militarized.
- That the agreement reached by the two governments to form the Chinese Union be put to two separate referenda in Taiwan and on mainland China, for which popular support of 75 per cent of those voting from both sides will be required for the agreement to be ratified, thereupon both governments will undertake the necessary measures to entrench the agreement to their respective constitutions.
- That a failure to secure 75 per cent support in either referenda will require the two governments to reopen negotiations until an

agreement accepted by 75 per cent of the people voting in referenda in both constituent parts of the Chinese Union can be reached. There will be no restriction on the number of occasions when the electorate on either side can send a draft agreement back for re-negotiation.

- That any change to the agreement for the constitution of the Chinese Union in the future will require the support of 75 per cent of support by both sides in two separate referenda.
- That the two constituent parts of the Chinese Union will choose, immediately after the agreement has been duly ratified, entirely on their own initiatives and as part of the agreement, to deposit the agreement at the United Nations, as both a demonstration to the other party its commitment to respect the terms of this document, and as an example to show the rest of the international community a constructive way for resolving long standing and apparently intractable problems caused by the division of a nation.

Opening negotiations and interim arrangements

The two governments on both sides of the Strait are urged to commence preliminary talks to reach an understanding that something along the line of the proposal above will in principle be acceptable to them. The objective is to clarify and assure each other that they can engage in negotiations without breaching their respective bottom lines. As far as Beijing is concerned it is that the basic requirement of its 'one China principle' can in substance be met by locking Taiwan into negotiations that will pre-empt any move towards independence. To Taipei, the critical issue is to assure its people that entering into negotiations with a commitment to continue until reaching an agreement acceptable to them will not mean going down a slippery slope leading eventually to the Communist Party's take-over and domination of Taiwan. Indeed, opening negotiations with Beijing on the basis outline above will pre-empt an attack from China and yet allow them to reserve the right to decide their own future by a referendum.

As soon as the two sides can reach a preliminary understanding on the basis to conduct negotiations on the political and constitutional issues for the formation of a Chinese Union, parallel but separate negotiations should be started to improve bilateral ties, exchanges, business activities, and other non-political relations. Such negotiations to enhance non-political or practical links and understanding should be conducted by both sides with separate negotiating teams. Progress in such negotiations should not be held hostage to the political talks.

Agreements reached on specific subjects should be implemented as soon as practicable for both sides.

Once the main political negotiations have commenced, both governments will cease their diplomatic tug of war. This means on the one hand Taipei will suspend its campaign for full membership of the UN or other international and regional organizations. It will also be required to stop seeking to establish diplomatic relations with states with which it does not currently enjoy diplomatic ties. This also means on the other hand that Beijing will cease to obstruct Taipei being represented in international organizations, including the UN, either as an observer (with the right to speak though not to vote) or as an associate member in the name of Chinese Taiwan or Chinese Taipei. Beijing will also be required to refrain from enticing those countries that have diplomatic relations with Taiwan from switching recognition. The issues of Taiwan's full membership of international organizations and diplomatic representation in countries with which it does not currently enjoy diplomatic relations are to be decided on the basis of the proposed political negotiations between the two governments.

Both governments are also urged to commit formally that they will continue in negotiations for a mutually acceptable agreement. Until such an agreement is reached Taiwan will commit itself not to declare independence and China will commit itself not to use force.

The proposed parallel negotiations, at both the political/constitutional level and at the non-political/practical level are to be conducted by the two Chinese governments themselves. No foreign power is to be involved in the negotiations though a third country or Hong Kong may provide the venue for the preliminary talks to bridge the gap for opening formal negotiations. The main political and the parallel non-political negotiations should be conducted in Beijing and Taipei alternatively.

Notes

1. The author would like to thank the Taiwan Studies Programme at St Antony's College for supporting work on this chapter, and the *American Asian Review* for permission to reproduce in this chapter an essentially similar paper which appeared in the fourth issue of volume 20 of the *Review*.
2. An insightful analysis of whether China can take Taiwan by force is Michael O'Hanlon, 'Can China Conquer Taiwan?', *International Security*, vol. 25, no. 2 (Fall, 2000).
3. The Mainland Affairs Council of the ROC Government collates and reproduces the results of the main opinion surveys conducted independently in

Taiwan. This information is readily available on the internet (<http://www.mac.gov.tw/english/POS>). In general terms about 85% favour maintaining the status quo, including those who prefer independence ultimately and for unification later.

4. See Chapter 4 for a detailed analysis of China's bottom line, and Chapter 5 for Taiwan's bottom line.
5. I have examined in detail China's policy of exercising maximum flexibility in a rigid framework in Steve Tsang, *Hong Kong: An Appointment With China* (London: I.B. Tauris, 1997), particularly 132–155.
6. A less well developed version of this proposal appeared in Steve Tsang, 'China and Taiwan: A Proposal for Peace', *Security Dialogue*, vol. 31, no. 3, (Sept. 2000), 332–5.

Index

Page references for figures and tables are in *italics*

- 9–11 34, 101–2, 113, 124, 162, 163
 1992 consensus 45, 71, 74n, 134, 190
- Aashi Weekly* 79
- aborigines 58, 59
- academia 27, 29
- Academy of Military Sciences (China) 152
- Acer 89
- Acheson, Dean 117
- active opening and effective management 105
- acupuncture techniques 151
- Aegis advanced combat system 159, 160, 181, 182
- air attack 147, 169, 170, 172–3, 186, 187n
 challenges 182–3
 Taiwanese counterattack 173, 181–2
- air force 152–3
- airborne operations 184–5, 186
- aircraft carriers 153–4, 161–3, 165n
- Albright, Madeleine 122
- amphibious operations 154–5, 170, 171, 184–5, 186
- anti-submarine warfare (ASW)
 capability 183–4
- Arleigh Burke-class destroyers 159, 160–1, 182
- armed forces 205
see also People's Liberation Army
- arms race 11, 150–1
- arms sales
 to China 152, 153, 155
 to Taiwan 32, 80, 124, 128, 130, 132, 133, 148, 156–7, 158, 159–61, 183, 184
- Asahi Shimbun* 79
- Asian Games 80
- assassin's mace 151
- Association of Relations Across the Taiwan Strait (ARATS) 42n, 45, 64, 68, 82–3, 84
- asymmetric warfare 150–1
- Beijing 28, 203
- beiqin yishi* 59
- Belgrade embassy bombing 30, 96, 196
- bentuhua* 6, 146
- Beview BE-200s 155
- blockade 147, 159, 169, 170, 171, 183, 186
 challenges to 184
 Taiwanese counter blockade and ASW capability 183–4
- Bo Sheng 173, 182
- Britain 3, 7, 8, 12, 191
- buduicheng zhanzheng* 150–1
- bureaucracy 27–8
- Bush, George H.W. 112, 136, 156–7
- Bush, George W.
 China policy 71, 100, 112–13
 foreign policy values 108
 and Jiang 37–8, 127
 one China 142n, 143n
 Taiwan policy 32, 34, 93, 100, 101, 123–6, 127, 128–9, 136–7, 149
- businesspeople 88–90, 95, 102, 108
- C4ISR 158, 173, 182
- Cairo Conference 2
- Cairo Declaration 2, 115, 116
- Carter, Jimmy 136
- CCP *see* Chinese Communist Party
- CCPCC-GO 21, 24
- CEIB 158

- Central Foreign Affairs Leading Small Group (CCP-CFA-LSG) 20, 21, 26
- Central Military Commission 20, 21, 23, 26, 152, 155
- Central Military Commission of the CCP (CCP-CMC) 23
- Century's First Voyage, The* (Chen) 66
- Chang Chun-hsiung 66
- Chang, John (Chang Xiaoyan) 68–9, 87–8
- Chang Jung-fa 57
- Chang Jung-feng 70
- Chang, Morris 87
- Chang Wang 173, 181, 182
- chaoxian jian* 151–2
- charter flights 32
- Chen Qimao 91
- Chen Shui-bian 5, 14, 15, 27, 126, 196–7
- China policy 47, 49, 103–5, 109
- China's policy towards 32–8, 84–7
- creeping independence 41n, 130, 146
- and DPP 66
- election 99, 130, 145
- five no 43n
- Iraq war 102
- National Security Council 64
- one China 190, 202
- one country on each side 28, 30, 38n, 107–8, 137
- power 67, 69–72
- proposed US visit 127, 135, 140n
- and Tsai's study group 49–50
- US policy towards 122–3
- US transit 124
- Chen Yi 115–16
- Chen Yunlin 23, 32, 92
- Chia Shang Air Force Base 187–8n
- Chiang Ching-kuo 6, 50, 51, 88, 144
- Chiang Kai-shek 2–3, 6, 17n, 115, 116, 190
- Chien, Eugene 70, 76n
- China 1
- Bush administration 123–6
- calculations behind use of force 161–3
- Chen 32–6, 122–3
- China Commonwealth model 192–4
- Chinese Union model 200–7
- coercive strategy 11, 12–13, 128, 186–7n
- as great power 99–100
- historical context 1–4
- invasion circumstances 144–6
- invasion plans 168–70
- invasion scenarios 146–8, 149–56, 170–3, 181–6
- nationalism 78–81
- Nixon/Kissinger opening 118–20
- one China 198–9
- peace proposals 13–16, 190–2
- policy-making 20–32, 22, 25
- political consensus with Taiwan 107–8
- prospects of co-existence 102–5
- Taiwan policy 7–9, 19, 36–8, 77–8, 93–6, 195–8
- Taiwan Strait crisis 5
- Taiwan's economic dependence on 105–7
- Taiwan's policy towards 45–73, 99, 108–9
- two-pronged strategy 81–4
- unification 5–6
- US policy towards 10–11, 111–13, 117
- and US Taiwan policy 128–9, 130–7, 159
- use of term 71, 72
- wait-and-see policy 84–93
- weapons systems and platforms 174–6, 177–9, 180
- China Commonwealth 192–4
- Chinese Communist Party 2, 199
- centralizing mechanisms 21, 24
- Jiang 20
- KMT negotiations 91
- military and government 21–4
- and PLA 30–2
- Ye's talks proposal 78–9
- see also* Central Military Commission of the CCP; General Office of the CCP's Central Committee; Politburo; Secretariat

- Chinese Communist Party Central Committee 83–4
- Chinese People's Political Consultative Conference 39n
- Chinese Union 16, 200–7
- chingchin* reform program 158
- chingshih* reforms 158
- Christopher, Warren 121
- Chung-Shan Institute of Science and Technology 181
- Churchill, Winston 115
- CIA 152
- Clausewitz, Carl von 168
- Clinton, Bill 37, 120, 136
- arms sales 157, 158
- China policy 112, 113, 121, 123
- and Lee 7–8, 122
- three no 46, 68, 100–1, 121–2
- CMC 20, 21, 23, 26, 152, 155
- coercive strategy 37, 82, 93, 96, 130, 186–7n, 196–7
- doomsday scenario 128
- Taiwan Strait crisis 31, 83, 94
- US response 120
- wait-and-see policy 86, 87
- White Paper 84–5
- Cold War 4–5, 10, 120
- command, control, communication and intelligence system 158, 173, 182
- command and control systems 173, 181, 182, 185, 186
- commonwealth framework 16, 192–4
- Communications, Electronics and Information Bureau (Taiwan) 158
- Communist Party *see* Chinese Communist Party
- Compal Electronics 91
- computers 91
- Congress 127
- core leadership 20–1, 24, 25–6
- Cox Commission 151
- CPPCC 39n
- creeping independence 19, 41n, 123, 125, 130, 146
- Crotale 176
- cruise missiles 153, 160, 162, 172, 180, 181, 186
- cultural integration 105
- Cultural Revolution 24–5, 29, 31
- currency 146
- Da Chen 173, 181, 182
- data links 158, 161, 181
- demilitarization 133, 192, 205
- Democratic Progressive Party (DPP) 14, 69, 99, 196–7
- China policy 54, 57, 58, 108, 109
- China's policy towards 88
- independent fundamentalists 38
- in Legislative Yuan 70, 71, 87, 95
- policy-making 66, 67
- Resolution on Taiwan's Future 47, 48–9, 49, 103, 107
- sense of crisis 34–5
- Taiwan nationalism 189
- visas 37
- weaknesses 35–6
- democratization
- China 29, 196
- Taiwan 1, 5–6, 10, 45, 50–1, 52, 53–4, 55, 56, 57–8, 103, 106, 112, 120, 196, 197
- Deng Xiaoping 8, 31, 77, 196
- one country, two systems 7, 79
- policy-making 22, 23, 24, 25, 26
- DF-11 SRBMs 173
- DF-15 SRBMs 173
- dianxie* 151
- economic integration 36, 42–3n, 102, 104, 126, 190
- China Commonwealth model 192
- Chinese policy 14, 15, 16, 27, 147
- Taiwanese challenges 105–7
- Taiwanese companies 57
- Taiwanese policy 15–16
- and unification 163
- economy
- China 100
- Taiwan 51
- education 29, 96
- eight-point proposal (Jiang) 27, 79, 83, 91, 133, 134
- Eisenhower, Dwight D. 5, 117
- elections, Taiwan 51, 52, 53, 84–5, 145, 190–1

- electro counter counter measure (ECCM) 173, 182
- electro countermeasure (ECM) 173, 182
- electro-magnetic pulse (EMP) 149–50, 159
- electronic warfare 158
- embassy bombing 30, 96, 196
- EP-3 incident 30, 34, 113, 123–4, 196
- ethnicity 58–9, 60, 61, 61, 63, 106, 114, 189
- Evergreen Group 89
- Executive Yuan 158

- F-16 fighters 156–7, 182
- FB-7A planes 172
- five no (Chen) 35, 43n, 70
- force *see* coercive strategy; invasion
- Foreign Affairs Office of the State Council 23
- Formosa 71
see also Taiwan
- Formosa Group 89
- four exchanges 79
- France 157

- Garrett Aviation 157
- General Armament Department (China) 152
- General Logistics Department (China) 152
- General Office of the CCP's Central Committee 21, 24
- General Staff Department (China) 152
- globalization 99, 105
- glo-calization 105
- go slow, be patient 47, 68, 89, 105
- Grace Semiconductor Manufacturing Corp 90–1
- Great Leap Forward 29
- ground forces 155, 157–8, 185
- Guangzhou 27
- guided democracy 50
- Guidelines for National Unification 104
- Gulf War 173
- guowuyuan waishi bangongshi* 23

- Hainan Island 123
- Hakkas 58, 59
- Han Chinese 1–2, 58
- Hankuang 17 158
- Harpoon land attack cruise missiles 160
- Hawk system 181
- helicopters 185
- high speed anti-radiation (HARM) missiles 160, 161, 167n
- Hong Kong 7, 8, 15, 191, 193, 198–9, 207
- Hongli Bandaoti Gongsì 90–1
- hovercraft 184
- Howaldswerke-Deutsche Werft (HDW) 161
- Hsieh, Frank 66, 70, 75n
- Hsinchu industrial park 89
- Hsu Li-nung 92
- Hsu Li-teh 80
- Hu Jintao 9, 30, 32, 39n, 96, 109
and Chen 72, 75n
policy-making 20–1
- Hu Yaobang 29
- Huang Bin, General 161–2
- Huang Kun-huei 68–9
- human rights 6
- Hwa Wei II 181, 187n

- ICBMs 177, 178
- identity 58–9, 60, 61, 61, 63, 106, 114, 189
- independence 19
Chen 14, 32, 41n, 72
Chinese policy 34, 35–6, 77, 94, 144, 145, 195–6
Taiwanese public opinion 58, 62, 63, 107, 197
US policy 46, 101, 114, 119, 133, 137, 138–9n
- Indigenous Defence Fighter (IDF) 156, 157
- information operations (IO) 152
- information warfare (IW) 152
- institutional convergence 22–4
- institutions
China 19, 20–4
Taiwan 64–7
- integration 105, 107

- see also* economic integration
- integrative proposal 70–1, 74n
- international context 9–13, 99–100, 108
- International Institute for Strategic Studies 152
- international space
- China Commonwealth model 16, 192, 193
 - Chinese policy 134
 - Chinese Union model 207
 - US policy 46, 114, 127, 135, 140n
- invasion 170–2, 186
- air attack 172–3, 187n
 - amphibious and airborne operations 184–5
 - blockade 183–4
 - calculations behind 161–3
 - challenges to air attack 182–3
 - circumstances 145–6
 - costs 200, 201
 - scenarios 11, 14, 146–8, 149–56, 185–6
 - Taiwanese counterattack 173, 181–2
 - Taiwan's defence capability 156–61
 - US response 11, 148–9
- investment 47, 68, 89–90, 105–6
- Iraq war 32, 101, 102
- Israel 174
- J-10 fighter bombers 172
- jammer 153
- Japan
- China policy 100
 - China's policy towards 79–80
 - predicted response to invasion 12, 172
 - Taiwan 2–4, 115–16, 138n
 - US policy towards 100
- Jiang Mianheng 90–1
- Jiang Zemin 90
- and Bush 37–8, 101, 124–5
 - eight-point proposal 27, 79, 83, 91, 109, 133, 134
 - legitimacy crisis 77
 - military 31
 - modernization plan 85
 - policy-making 19, 20, 22, 23, 24, 25–6, 28
 - power path 67
 - Taiwan policy 7–9, 32, 83–4, 96, 202
 - US visit 121–2, 127
 - wait-and-see policy 86
 - and Wang 84
- Jinmen 5, 81, 173, 205
- joint direct attack munitions (JDAM) 160
- Kanwa Information Center 155
- Kaohsiung 183
- Keelung 183
- Kelly, James 125
- Kennedy, John F. 117
- Kidd class destroyers 159, 160–1, 166n, 182, 183
- kiko* 79–80
- killer blow weapons 151
- Kissinger, Henry A. 118–19, 121
- Koo Chen-fu 46, 47, 82–3, 84, 143n
- Koo-Wang talks 46, 82–3, 84, 130, 135, 143n
- Korea 2, 12
- see also* North Korea; South Korea
- Korean War 117
- Kuomintang (KMT)
- CCP negotiations 91
 - China policy 54, 58
 - in Legislative Yuan 70, 87, 95
 - one China 107, 120
 - one country on either side 107–8
 - and People First Party 34
 - PPF alliance 49
 - policy-making 65–6, 67
 - special state-to-state relations 69
 - Tsai's study group 49–50
 - US policy 54
 - Ye's talks proposal 78–9
- Lafayette class frigates 157
- laser-guided munitions technology 172
- leadership, China 20–1
- Leading Small Group for Foreign Affairs 23

- Leading Small Group for Taiwan Affairs 23–4
- Leading Small Groups 20, 24, 39n
- leapfrogging over techniques 151
- Lee Teng-hui 51
 - Aashi Weekly* interview 79–80
 - and business community 57
 - and Chen 49
 - go slow, be patient 89
 - Hiroshima Asian Games 80
 - and KMT 66
 - National Security Council 64
 - new Taiwanese 6
 - one China, different interpretations 47
 - planned US visit 125, 128
 - power 67–9, 70
 - presidential election 8
 - pro-independence moves 32, 33, 35, 71
 - secret channel 45
 - special state-to-state relations 15, 28, 41n, 47, 48–9, 49, 84, 108, 130, 153
 - Taiwan Strait crisis 45
 - Tsai's study group 49–50
 - US policy towards 120–2
 - US visit 7–8, 28, 54, 81, 83, 130
- Legislative Yuan (LY) 51, 64, 65, 66–8, 69, 87, 95
 - elections 71, 74n
- legitimacy 77, 78
- Li Jiaquan 80–1
- Li Peng 67
- Li Zhaoxing 126
- liangshou celue* 81–4, 86, 87, 96
- Lin Chan 66, 67
- lift capability 154–5
- Lin Cho-shui 61
- Lin Yang-kang 67, 92
- lingdao hexing* 20–1, 24, 25–6
- local inputs 27, 28
- Los Angeles 150
- Los Angeles Times* 152
- Louis, Victor 144
- Lu, Annette 66, 109
- Luhai class destroyers 153
- Macao 153, 191, 193
- MacArthur, General Douglas 3
- Mainland *see* China
- Mainland Affairs Council (MAC) 45, 50
 - opinion surveys 54, 55, 56, 59, 61, 61, 62, 63, 107, 207–8n
 - policy-making 64, 65, 66
- mainlanders 58, 59
- Mao Zedong 2, 7, 39n
 - military 30, 31
 - policy-making 22, 24, 26
 - Taiwan policy 77
 - and US 118
- Matra 181
- Matsu 173, 205
- media
 - China 29–30, 37, 40n
 - Japan 79–80
 - Taiwan 69, 75n, 106
- military (China) *see* People's Liberation Army
- military coercion *see* coercive strategy
- military space technology 172
- Ming dynasty 1–2
- mini-links 32
- Ministry of Foreign Affairs (China) 27, 93
- Ministry of National Defence (MND) (Taiwan) 181–2
- Mirage 2000-5 interceptors 157, 182
- missile defence 128, 159, 181–2
- missiles
 - China 5, 149–50, 153, 154, 159, 162, 173, 177–9, 180, 186
 - Taiwan 181
- Modernization 16, 85, 96
- Nanjing (Nanking) 3
- Nanjing Military Region 146
- National Assembly (Taiwan) 51, 69
- National Chengchi University, Election Study Centre 59, 60, 61
- National Defence Council of the Chinese Union 205
- National Defence University (China) 152

- 'National Guidelines for Unification' (Taiwan) 5
- National People's Congress (NPC) (China) 39n, 78
- National Political Council of the Chinese Union 204
- National Science Research Council (Taiwan) 181
- National Security Bureau (NSB) (Taiwan) 64, 65, 181
- National Security Council (NSC) (Taiwan) 50, 64–5, 68
- National Security Council (US) 116
- National Unification Council (NUC) (Taiwan) 104, 120, 123
- nationalism
 - China 8, 77–81, 93, 96, 196
 - Taiwan 189, 190
- native Taiwanese 58, 59
- nativization 6, 146
- Naval Area Defense (NAD) system 150, 159, 181–2
- naval blockade *see* blockade
- Netherlands 156
- neutrality 192
- neutron bombs 179
- New Middle Line 104
- new paradigm 69, 70, 71
- New Party 87
- new three sentences 32
- New York Times* 89–90
- Nixon, Richard M. 111, 114, 118
- no haste, be patient
 - see* go slow, be patient
- North Korea 100, 117, 129
- Nuclear Posture Review (NPR) 32, 125, 126
- nuclear power plants 70, 76n
- nuclear weapons 32, 125, 142n, 179
- Olympic games 30, 162, 196
- one China 34, 73n, 133, 171, 198–9
 - 1992 consensus 45
 - Bush 125, 127, 142n, 143n
 - Chen 104–5, 190
 - China Commonwealth model 192
 - Chinese re-interpretation 91–3, 102–3
 - Chinese Union model 201, 202, 206
 - DPP rejection 104
 - Lee 120
 - Qian 32
 - Taiwanese policy 48, 198
 - US policy 37, 114, 128, 129, 135
 - wait-and-see policy 86
 - White Paper 145
- one China, different interpretations 47, 73n
- One-China Principle and the Taiwan Issue, The* (White Paper) 8, 28, 84–5, 128, 142n, 145, 164n
- one country on each side 15, 28, 30, 32, 38n, 47, 107–8, 137
- one country, two systems 7, 13, 15, 79, 107, 191, 193, 197, 198–9
- opinion surveys 54, 55, 56, 59, 61, 61, 62, 63, 107, 207–8n
- overlapping personalities 22, 24
- P-3 Orions 160
- paramount leader 20–1, 24, 25–6
- party *see* Chinese Communist Party
- passports 71, 146
- Patriot PAC2-plus 181
- PBSC 21, 24, 26
- Peace and Development Research Centre (China) 83
- peace proposals 9, 16, 190–2
 - China Commonwealth model 192–4
 - Chinese Union model 200–7
 - frozen negotiations 189–90
- peaceful offensive 31, 82–4, 86, 87, 92–4, 96
- Peng Ming-min 67
- Penghus 121
- Pentagon 125, 157, 158
- People First Party (PFP) 34, 49, 87, 107–8
 - see also* Qinmingdang
- People's Daily* 30
- People's Liberation Army Air Force (PLAAF) 152–3, 155, 182–3
- People's Liberation Army Navy (PLAN) 153–4, 155
- People's Liberation Army (PLA) 14

- People's Liberation Army
 (PLA)—*continued*
 budget 146
 calculations behind use of force 161–3
 and CCP 30–2
 Chinese Union model 205
 invasion 186
 military options 149–56
 party and government 21–4
 Pentagon 32
 professionalization 40n
 Taiwan Strait crisis 81
- People's Republic of China *see* China
- Perry-class frigates 156
- Pescadores 173
- policy-making
 China 19–38, 22, 25, 163
 Taiwan 64–72
- Politburo 21
- Politburo Standing Committee 21, 24, 26
- political integration 105
- political parties 64, 65–6, 67, 69, 95
see also Chinese Communist Party;
 Democratic Progressive Party;
 Kuomintang; New Party; People
 First Party
- political union *see* unification
- Portugal 191
- Potsdam Declaration (1945) 2, 115
- Powell, Colin 124
- pragmatism 50, 78, 85, 93–4
- Pratas 173
- PRC *see* China
- Premier (Taiwan) 64, 66, 69
- Presidency (Taiwan) 64, 65, 66, 67–72
- presidential elections 51, 52, 53, 67, 84–5, 89, 145, 190–1
- professionalization 26, 31, 40n
- public opinion 54, 55, 56, 59, 61, 61, 62, 63, 107, 207–8n
- Qian Qichen 83, 87
 and DPP 88
 new three sentences 32
 one China 42n, 92, 93, 102–3, 104, 190
 policy-making 23
 three noes 121–2
- Qiao Shi 67
- Qinmindang 34, 49, 87, 107–8
see also People First Party
- Quadrennial Defense Review* (QDR) (US) 32, 41n
- Quemoy 5, 81, 173, 205
- Randt, Clark 126
- Reagan, Ronald 112, 130, 136
- reining in the horse to avert falling off the cliff 37
- Republic of China Air Force (ROCAF) 182
- Republic of China (ROC) 3, 4, 115–16
 use of term 49, 71, 72, 74n, 121, 146
see also Taiwan
- Resolute Project 173, 182
- Resolution on Taiwan's Future (DPP) 47, 48–9, 49, 103, 107
- reunification *see* unification
- Revolution in Military Affairs (RMA) 150
- Roosevelt, Franklin D. 115
- Russia 100
 arms sales 152, 153, 155, 157, 172, 174, 175, 176
see also Soviet Union
- San Francisco Treaty 3
- santong* 36, 37, 41–2n, 79, 104
- Sarin 176
- SARS 127
- sashou jian* 151
- satellite technology 172, 177, 181, 187n
- SC *see* State Council
- SCFAO 23
- scholarly inputs 29
- SCTAO 28, 83, 84–6
- Secretariat 21, 24, 25, 29, 39n
- SEF 42n, 45, 64, 68, 73n, 82, 84
- self-determination 1, 5–6, 200, 201
- Sentaro, Shiba 79
- separatism *see* independence
- September 11 34, 101–2, 113, 124, 162, 163

- service sector 90
 severe acute respiratory syndrome 127
 Shanghai 27, 28, 39–40n, 90
 Shanghai American Studies Center 40n
 Shanghai Communiqué 114, 119, 138n
 Shiba, Ryotaro 79
 Short Range Ballistic Missiles 173, 178, 180, 181, 186
 Siew, Vincent 66, 87
 silicon wafers 89, 90–1
siliu 79
 Sino-Japanese War, 1894 2
 six assurances 125–6, 127, 133–4, 141n
 Snow, Edgar 2
 Soong, James 87, 145
 South Korea 53, 100
 sovereignty 1, 13, 109, 115–16
 China Commonwealth model 192
 Chinese policy 3, 103, 199
 Chinese Union model 203
 Taiwanese policy 3, 6, 47, 48, 103, 107
 US policy 80, 117, 118–19
 see also independence; one China; unification
 Soviet Union 111, 112, 115, 118, 120, 144
 see also Russia
 Sovremenny class destroyers 153, 175
 special operations forces 155, 169, 170
 special state-to-state relations 15, 47, 48–9, 49, 74n, 108, 130
 Chen's reaffirmation 41n, 72
 Chinese response 28, 84, 153
 Lee's pronouncement 68–9, 76n
 secret fund 64
 US response 122
 sports shoes industry 88–9
 SRBMs 173, 178, 180, 181, 186
 SS/N-22 Moskit 161, 165n
 see also Sunburn missiles
 stabilization fund 148
 State Council 21, 29
 White Paper 8, 28, 84–5, 128, 142n, 145, 164n
 State Council Taiwan Affairs Office 28, 83, 84–6
 Steering Committee for Mainland Work 65–6
 Strait Exchange Foundation 42n, 45, 64, 68, 73n, 82, 84
 strategic ambiguity 32, 149
 strategic clarity 32
 Strengthen Net 173, 181, 182
 Suao 183
 submarines 154, 156, 159, 160, 183–4, 186
 Sukhoi-27s (Su-27s) 152, 157, 172, 174, 186
 Sukhoi-30 MKKs (Su-30 MMKs) 152–3, 172, 174, 186
 Sun Yat-sen 146
 Sunburn missiles 161, 165n, 175
 Taipei 3, 203
 Taiwan 1
 amphibious and airborne operations 184–5
 amphibious and airborne operations counterattack 185
 blockade 183
 Bush administration 123–6
 challenges 105–8
 China Commonwealth model 192–4
 China policy 5–6, 45–7, 48–9, 49–50, 73, 99, 108–9, 195–8
 Chinese policy towards 19–38, 22, 25, 77–93
 Chinese Union model 200–7
 Chinese/Taiwanese identity 58–9, 60, 61, 61, 63
 counter blockade and ASW capability 183–4
 counterattack 169, 170, 173, 181–2, 183
 defence ability 156–61
 domestic context 50–1, 52, 53–4, 55, 56, 57–8
 historical context 1–4
 international context 9–13
 invasion scenarios 170–3, 186

Taiwan—continued

- Japanese policy towards 79–80
- military threats 186–7n
- nationalism 189, 190
- and Nixon/Kissinger opening 118–20
- one China 198–9
- origins of US role 115–18
- peace proposals 190–2
- peaceful solutions 13–16
- policy-making 65–72, 72
- presidential election 30
- prospects of co-existence 102–5
- self-determination 200
- unification or independence 62, 63
- US policy towards 79, 80–1, 100–2, 126–9, 130–7, 148–9
- use of term 71, 72, 146
- Taiwan Affairs Leading Small Group (TALSG) 20, 26
- Taiwan Affairs Office 28, 83, 84–6
- Taiwan Defence Force 205
- Taiwan Kiko* (Sentaro) 79
- Taiwan Relations Act (US) 80, 101, 125, 127, 141n, 148, 156, 157, 159
- Taiwan Solidarity Union 49
- Taiwan Strait crisis 19, 27, 28, 35, 139–40n
 - PLA military exercises 31, 81, 83, 94
 - stabilization fund 148
 - Taiwan's China policy 46–7
 - US response 121, 149
- Tang Fei 66, 189
- Tang Shubei 92
- Tang Yiau-ming 70, 76n, 125, 126
- tanka* 79–80
- THAAD air defence system 181
- Theatre Missile Defence (TMD) 128, 159
- three closeness 30
- three links 36, 37, 41–2n, 79, 104
- three no 46, 68, 100–1, 121–2
 - see also* independence;
 - international space
- Tiananmen Square 112
- Tien Kong I, II and III 181
- Tiger Corps 158
- Time* 90
- Tong-yin Islands 173
- TRA *see* Taiwan Relations Act
- trade 89, 105, 107, 130
- travel 32, 63, 130
- Truman, Harry S. 115, 117
- trump card 151
- Tsai Ing-wen 47, 49–50, 68, 70, 74n
- Tsai, Michael 159
- Tsoying 160–1, 183
- TSU 49
- two-pronged strategy 81–4, 86, 87, 96
- two states theory *see* special state-to-state relations
- underdog complex 59, 68
- unification
 - China Commonwealth model 192–4
 - Chinese policy 7, 77, 78–9, 81–4, 195–6
 - Chinese Union model 202–7
 - and economic integration 163
 - eight points proposal 109
 - peace proposals 190–2
 - Taiwanese policy 5–6, 9
 - Taiwanese public opinion 58, 62, 63, 107, 189–90, 197
 - US policy 114, 119
 - see also* invasion
- United Daily News 59, 61, 61
- united front 7, 34, 37, 87, 88, 89, 95
- United Kingdom 3, 7, 8, 12, 191
- United Nations 9, 117
- United States 1, 10–12
 - arms sales 82, 156–7, 159–61, 181, 183, 184
 - Belgrade embassy bombing 30, 96, 196
 - Bush administration 123–6
 - and Chen 122–3
 - China policy 71, 93, 100, 108, 111–13
 - China's policy towards 27–8, 37–8, 79, 80–1
 - Chinese military threat 150
 - Chinese policy 27–8
 - Cold War 4–5

- future policy 130–7
 historical context 3
 Hu 20–1
 and Lee 7–8, 120–2
 military commitment 148–9,
 158–9, 182–3, 201
 Nixon/Kissinger opening 118–20
 origins of Taiwan role 115–18
 predicted response to invasion
 150, 161–3, 172
 Taiwan policy 32–3, 34–5, 37,
 41n, 100–2, 106, 107, 108, 111,
 113–15, 126–9, 147, 191
 Taiwan Strait crisis 46
 Taiwan's policy towards 54, 57
 unlimited warfare 151–2
 USSR *see* Soviet Union

 Varyag aircraft carrier 153
 Vice President (Taiwan) 64, 66

 wait-and-see policy 84–93, 94–5
 Wan Li 40n
 Wang Daohan 28, 46, 82–3, 84, 87,
 92–3, 143n
 Wang, Winston (Wang Wen-yang)
 89, 90–1
 Wang Yung-ching 57, 89, 90
 Wang Zaoguo 23
 war gaming 163
 war *see* invasion
 warfare without boundaries 151–2
Washington Post 157
Washington Times 132
wayue techniques 151
 weapons of mass destruction 151

see also nuclear weapons
 Wen Ho Lee 151
 White Paper 8, 28, 84–5, 128, 142n,
 145, 164n
 wing-in-ground effect landing craft
 (WIGELC) 155, 184
 Wolfowitz, Paul 108, 125
 Working Group on Mainland Affairs
 45
 World Health Organization 127
 World Trade Organization (WTO)
 57, 90, 99
 Wu Po-Hsiung 87

 Xiao Wanchang 66, 87
xin san ju 32
 Xiong Guangkai 23
 Xu Yongyue 23
xuanya lema 37

 Yang Liu-sen 64
 Ye Jiangying 78–9
 Yen Ching-chang 70
yi bian, yi guo 15, 28, 30, 32, 38n,
 47, 107–8, 137
 You Ji 94
 Yu Shyi-kun 66

 Zhang Mingming 88
 Zhao Ziyang 29
 Zheng Chenggong 2
zhonggong zhongyang waishi lingdao
xiaozu 20, 21, 26
 Zhou Enlai 118–19
 Zhou Mingwei 28, 40n
 Zhu Rongji 8, 31, 67, 85, 196