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5

Dynamic Stability in Beijing-Taipei Relations

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The Need for Peace and Stability

While the term "dynamic stability" used in the title of this chapter may appear to suggest the presence of a considerable degree of instability or element of crisis in cross-strait relations that might evolve into a direct conflict or perhaps even military confrontation, this is not really the case. The concept rather describes a situation that appears dangerous, but, as the author will argue, is actually not so threatening. The reason for this is that various considerations restrain all the players from pushing their demands too far. This is true even though both Beijing and Taipei adhere to certain non-negotiable positions that make resolving the standoff virtually impossible.

Maintaining peace in the Taiwan Strait is certainly not only in the interests of Taiwan, but is to the advantage of China for a host of reasons (though Chinese leaders, especially the military brass, often suggest otherwise). In addition, all the neighboring Asian countries and the international community likewise consider tranquility in the Taiwan Strait desirable, if not vital, to a peaceful region and world.

There are at least three sets of arguments that can be made for the so-called Taiwan Strait "flashpoint" (as many students of strategic issues call

the area, suggesting an explosive or tinderbox condition) being, rather than a tinderbox, a situation of dynamic stability. The author will elaborate on these points below.

First, China needs a peaceful environment both internally and externally to sustain its impressive twenty-plus years of economic growth. Moreover, to Chinese leaders China's economic miracle is far from over. They want the country to continue to grow and become a rich country. A stable, or at least more predictable, cross-strait relationship will indeed enable Chinese leaders to continue to focus on China's domestic matters, especially its prospering, but in many ways fragile, economy. It will also help Chinese leaders rein in China's hawkish military leaders and dampen their demands for bigger budgets and more arms, which take money away from development projects.

Furthermore, a stable relationship across the Taiwan Strait, especially if it is under China's contrived and sometimes seemingly insincere efforts, will certainly help boost China's image among Taiwan's populace and help further woo investments from the island, which totaled US$177.5 billion in March 2001.[1] Trade (due to the imbalance in Taiwan's favor) has a secondary desirable effect: It encourages Taiwan's investment in China. It has other important benefits and notably has increased markedly in recent years.

Second, leaders in Taiwan face a similar situation. While it is true that the Kuomintang (KMT) in recent years has become more localized, and the Republic of China has been "Taiwanized" under Lee Teng-hui and Chen Shui-bian, no key leader in Taiwan, including perhaps most of all, President Chen, can afford to let cross-strait relations deteriorate beyond repair. As opinion polls have repeatedly shown, the people, regardless of their views on independence or unification, want a stable cross-strait relationship.[2]

In fact, most people in Taiwan (the very large majority according to many polls conducted over a long period of time) prefer to keep the status quo. Most do not favor or support independence. Most do not oppose negotiations with China even though they do not favor unification, at least in the near term. What they do insist on, however, is negotiating with the mainland on an equal footing, at least in a comparative sense; in other words, keeping the nation's sovereignty if and until they decide otherwise. They demand

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the right to choose. Most important, in the context of Taiwan's current politics, they do not want President Chen to provoke a risky or unnecessary conflict with China.

The ruling Democratic Progressive Party (DPP) and the shrewd, legally trained President Chen both know where the limits are in dealing with Beijing and what the majority wants. Chen's situation is not unlike Jiang Zemin's. And like his predecessor Lee Teng-hui, Chen also thinks he can take advantage of a stable relationship between the two sides to consolidate his power at home. Chen likewise understands that he must not waste time and energy quarreling with China and needs to concentrate on resolving the immediate domestic economic and political problems currently plaguing Taiwan. This simple fact helps explain, at least in part, why he declared the so-called "four-nos and one-without" (*si bu yi meiyou*) in his inauguration speech on May 20, 2000.[3]

Adding pressure on President Chen not to create any new fiction in the cross-strait relationship is his realization that Taiwan's economy, now in a serious recession, depends even more on good relations with China. Chen is understandably under duress from business leaders and those aware of the state of the economy to seek some sort of rapprochement with China. The consensus reached in the Economic Development Conference in August 2001 is a case in point. The delegates advised the government to scrap the "go slow, be patient" (*jie ji yong ren*) policy, which Chen inherited from Lee's reign, toward China. Chen accepted this recommendation among others.

Also, to avoid being depicted as the troublemaker either by the United States or China, as Lee was frequently called, Chen has to show his goodwill and flexibility in dealing with the People's Republic of China. Chen has to demonstrate his sincerity by seeking a rapprochement with China on the one hand, while not giving up his principles or pro-independence ideology on the other. It is true that Chen is "sandwiched from within and without" as observers in Taiwan often say; hence, he cannot antagonize Beijing and thus provoke a confrontation. Chen is walking on a tight rope while trying to mold himself into a so-called new "middle-of-the-road" leader, as he has promised to do.[4]

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Third is the U.S. factor. Although often criticized for its lack of consistency in its policy towards China, the United States' China policy as it relates to Taiwan has shown a good deal of consistency over the years. U.S. policy toward Taiwan (in the context of United States-China policy) is founded on the three Communiqués of 1972, 1978, 1982 and the Taiwan Relations Act of 1979. The four "pillars" of U.S. policy toward both China and Taiwan can be best summarized as: first, there is but one China; second, Taiwan is part of China; and third, the U.S. demands a peaceful resolution of the "Taiwan issue" and seeks to encourage cross-strait dialogues.[5] Out of consideration of its own national interests and what it considers a just policy, what the U.S. will not tolerate is either side altering the dynamic status quo unilaterally, especially by non-peaceful means.

There are compelling reasons for these policies. First, tensions across the Taiwan Strait in recent years have repeatedly reminded Americans of the need to handle the so-called "Taiwan issue" with extreme care or risk being dragged into an unexpected war with China. Yet, Taiwan's security is America's "grave concern," as explicitly written in the Taiwan Relations Act. It is, in short, America's responsibility. The U.S. cannot afford to offer Taiwan a blank check and let it provoke a confrontation with China; yet if Washington were to fail to live up to its obligations to Taiwan, U.S. relations with other countries and its credibility in East Asia and probably throughout the world would be sullied beyond repair.

Second, the U.S. needs China's huge potential market and cooperation on a host of international matters. This is more true since September 11. For years, although people have been debating the merits of strategic clarity, tactical ambiguity and/or vice versa toward China, it has been obvious that a stable cross-strait relationship is an advantage to the U.S. not only in terms of its national interests, but also to regional security. Hence, it is a first priority of the Unites Stated to avoid the emergence of a power imbalance and the concomitant instability in the Taiwan Strait it will cause.

The above factors, among several other minor ones, will restrain all members of the "triangle"—Taiwan, China and the U.S.—from destabilizing relations across the Taiwan Strait. All of the players understand there is an invisible line, or limit, beyond which they cannot go and tension has to be kept down. At the same time, however, the interwoven internal and external

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factors on both sides are making even the maintenance of the status quo extremely difficult, if not impossible.

Looking at the situation in longer terms, while the danger of war is not so imminent as some have suggested, it is still real. The situation may fly out of control if something is not done. The best way to achieve a rapprochement is, of course, through dialogue and contacts, which all three players seem genuinely keen to embark on. But, since both rival regimes have set certain preconditions that make it impossible to recommence talks, there is a current impasse that is unlikely to see any breakthrough in the near future. The big question is: What are the salient obstacles and possible solutions?

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Opposing Principles Espoused by Beijing and Taipei

The one-China principle is the cornerstone of China's cross-strait policy. For Beijing, Taiwan is part of China. China's sovereignty and territorial integrity are non-negotiable; thus, Beijing has in the past and seeks at the present to thwart any Taiwanese move toward independence. Chinese leaders want, furthermore, to secure Taiwan's promise in principle that it will implement unification. How and when unification is undertaken is negotiable, they say, but Taipei should agree upon the principle of eventual unification.

Otherwise, say officials in China, there is no basis for the resumption of talks; nor can cross-strait relations be amicable. Furthermore, since Taiwan is China's territory it is simply inconceivable to Beijing that any dialogue, or political talks, between the two sides be defined as negotiations between two sovereign nation-states.

To Beijing, Deng Xiaoping's "one country, two systems" formula must serve as a basis for talks and for Taiwan's eventual reunification with China.[6] Jiang Zemin's "eight points" elaborate on China's definition of one country, two systems. To Chinese leaders, Jiang's points also constitute a new soft approach toward Taiwan. They are reasonable and, in fact, conciliatory. Beijing refuses to give up the right to use force and sees this as reasonable inasmuch as the problem is a "domestic" one, and "foreign forces" have and are interfering. As Beijing has always argued, the military pressure applied to Taiwan is not aimed at the average people on Taiwan, but should

be interpreted as preventive measures to keep in check foreign interference and a few advocates of Taiwan independence.

The only "concession" Beijing has made so far is the "one China, different interpretations" consensus, reached between China and Taiwan when representatives of the two sides met in Hong Kong and talked in 1992.[7] "One China," whether in the future tense or progressive tense, is the non-negotiable principle. Different interpretations, however, exemplify Beijing's tolerance and/or its willingness to face the reality that its political authority does not exist in Taiwan.

In other words, China's one-China principle is non-negotiable, but its meaning, especially the different views of this principle in Taiwan and China, is something that can be discussed. Presumably, in the future China will keep this policy and Beijing will make concessions in allowing different views (or definitions of "China"), but will not budge regarding acceptance of the principle. Without admitting or accepting this starting point, China has argued, the substance of international agreements reached during and after China's entry into the United Nations in 1971 would be nullified. Quite naturally, China, under no circumstances, will be able to accept these consequences and thus entertain any direct and meaningful official talks if the principle itself is not accepted (even though not defined) first.[8] To define its view more specifically, Beijing insists that the People's Republic of China is the sole legal representative of China in the international arena, but will refrain from saying this during meetings and talks with Taiwan.[9]

It will "negotiate" with Taipei as if it were a nation-state, but it will not allow talks or meetings to be defined this way. It will take no action in response to Taipei's claim that it possesses national sovereignty, but it will not allow it to do so in any forum where Beijing's representatives are present nor allow Taipei to participate in any international organization that presumes the sovereignty of its members. These are its rules.

To put this in perspective and help students of cross-strait relations understand the intricacies of the matter, we need to be aware of China's negotiation style and tactics. As Mao used to remark, "We should be firm in principle; we should also have all the flexibility permissible and necessary for carrying out our principles."[10] "Strategically we should despise all our enemies, while tactically we should take them all seriously."[11] We may

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thus. suspect that seeking to establish the strategic high ground at the outset and insisting that the Taiwan issue be resolved within the framework set up by the People's Republic of China constitutes a "higher strategic perspective."

Discussing China's policy of seeking the high ground before negotiations, it should be noted that while the West uses a rule-setting approach to deal with China, Beijing employs agenda-setting tactics to frame Taiwan discussions. From China's point of view, if Taiwan wants to negotiate, or resume talks with Beijing, then it should at least accept the basic principle set by Beijing. By doing this, China can use the one-China principle and the non-interference (in its domestic affairs) policy to block foreigners—especially the U.S. and Japan—from "interfering" in the "Taiwan issue."

Here it is useful to distinguish the different nuances of the situation as seen from Taiwan, China and the United States. While Beijing insists on the so-called one-China "principle," the U.S. sticks to its one-China "policy," and Taiwan adheres to the one-China policy—the date to be decided later and if the people of Taiwan want it. For Beijing, the "Taiwan issue" should, and can only, be resolved by the Chinese themselves.

Beijing's view in this case may be said to be founded on the view that without foreign encouragement and recognition, Taiwan's de jure independence will become meaningless while its de facto independence will lead nowhere. Taiwan can easily be tamed or intimidated at Beijing's will if it is without foreign support, be it moral or logistic.

Its refusal to renounce the use of force serves to create a box or parameter within which discussions on Taiwan should be kept. From Beijing's perspective, the missile crises of 1995 and 1996 convinced both the U.S. and Japan, the two major powers Beijing believes to support the Taiwan independence movement, the former overtly and the latter covertly, that China's determination to use force against Taiwan if it declares independence was real. That China was prepared to shed blood, if necessary and if the United States and Japan should try to move Taiwan away from the one-China framework, was the message from Beijing. To an extent, Beijing made its position clear. Its actions certainly served to remind the U.S. and other countries that China is serious about its sovereignty and territorial integrity. Once the possibility of foreign interference and hence Taiwan's

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inching towards independence is diminished, or terminated, everything can be opened for discussion, was the rest of the message.

From Taiwan's perspective, however, the one-China principle is something that should not be treated as a first principle. As some have pointed out, though China wants negotiations to be based on or to begin from a seemingly harmless abstract principle, there is nothing to stop it from enlarging the interpretation of this (one-China) principle in the future to suit its own interests.[12] Many in Taiwan feel that talks should focus on the practical resolutions to problems rather than agreeing on first principles. Only in this way can anything be accomplished. Also as a starting point something, no matter how small, should be accomplished. In other words, to Taipei, negotiations have some tangible result. Future negotiations should thus build on the accomplishments of past ones.

There are indeed other views reflecting Taiwan's pluralist society. Some in Taiwan insist the one-China principle impinges on Taiwan's sovereignty, dignity and security.[13] Annette Lu, the vocal and pro-independence vice president, pointed out on August 15, 2001, that to accept the one-China principle and the 1992 consensus means that Taiwan will fall into Beijing's trap.[14] Sooner or later then, Taiwan will be at Beijing's mercy according to this view.

Obviously sensing that the one-China principle is or could be a ploy, Chen Shui-bian and his government have so far refused to touch on the sensitive issue except to say it can be discussed. Translating this into tactics, the Chen government declares that Taiwan's independence is a possible future solution to the cross-strait impasse. It is thus an instrument to counterbalance both China's principles and its threats. Certainly Chen and the DPP want to keep this "back door" (the choice for independence) open for Taiwan and will not make any real commitment to reunification.

Taipei's negativity may hence be described as: "One China" (*yi ge zhong guo*) is an "issue" (*yi ti*) for discussion, but not a principle (*yuan ze*) as demanded by China. With regard to the 1992 consensus. reached between Taiwan and China, Chen's government insists that there was only a "1992 spirit" (*jing shen*) instead of a "consensus." (*gong shi*). At best, there was only a consensus that there was no consensus. When the KMT was still in power, it emphasized the "different interpretations" (*ge zi biao*

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shu) part instead of the "one-China principle" contained in the 1992 agreement. But for Chen's government, even the idea of different interpretations is not acceptable and thus has to be discarded.

More accurately, Taiwan's starting point (or high ground) is the right of peoples to self-determination. DPP leaders, and Chen himself, have long cited this principle or right as stated in the Atlantic Charter and the United Nations' Charter. They often assert that World War II was fought for this right. Some say that this principle should have been applied in 1945 and was not, and a bloody revolt in February 1947 was the consequence. They called for self-determination during the period of KMT rule; and, it seems they won in March 2000. They do not intend to abandon their "sacred right" now.

President Chen and the DPP also invoke the "privilege" of Taiwan being a democracy. This they inherited from the previous government. What this means is that Taiwan has democratized and thus deserves to be regarded as a special or "good nation" for its domestic accomplishments and accorded the right in terms of its international situation and its relationship with China to decide its own future.

Translating this into a policy regarding seeking an improvement in cross-strait relations, for Taiwan, everything is negotiable and Taiwan is ready to talk with China as long as there is no precondition.[15] Chen Shui-bian also believes his policy of "no provocation and no irritation" has worked, and he is confident of subsequently pursuing better cross-strait relations and breaking the stalemate.[16] He could either be terribly wrong or too naïve to believe such a complicated issue can be resolved easily like that. Yet, for Chen, Taiwan is not afraid of negotiating. It wants to do so from a superior moral position while at the same time maintaining a gentle, non-aggressive approach without compromising its sovereignty and dignity. Is this realistic? It is difficult to say.

Some in Taiwan have long thought time is on Taiwan's side. Those who believed this to be so adopted a strategy of delaying, for as long as possible, the negotiating process while waiting for favorable changes (*yi tuo dai bian*) to take place. Some say it was a process of trading time for space (*yi shi jian huan qu kong jian*). But things are different now. Many believe Taiwan is instead now racing against time. If time is not on its side, some

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say Taiwan must be determined to struggle to gain some kind of comparative advantage and to seize the initiative in the event of any encounter with China. However, Taiwan's bottom line at this moment is: Do not irritate China and provoke a confrontation; show as much "goodwill" as is not costly.

The logic behind Taiwan's behavior is that Taiwan is hoping that China might either become weaker and disintegrate, or become more democratic and rational. Mounting internal and external pressures in China may weaken the regime. Chinese officials could even see China facing anarchy and breaking up. Alternatively, China will survive, but its leaders will pursue stabilizing policies and will avoid trouble with or over Taiwan. In either case, Taiwan will benefit and will be able to start negotiations with China from a position of strength, whether for unification or independence. Second, with time, Taiwan is hoping for greater acceptance of its cause by the world community. With international moral support, and especially U.S. logistic assistance, Taiwan can be more confident about standing up to China.

In the meantime, the Taiwan government is also making efforts culturally to alienate the populace from China further, thus paving the way for Taiwan's eventual independence. China has sensed the danger of the so-called Taiwan "cultural independence" (*wen hau tai du*) movement, and it has mobilized the media, officials and scholars alike to criticize this tendency. However, China finds it difficult to suppress this movement at will because Taiwan is not within its reach or under its jurisdiction. Beijing thus worries that if the Taiwan issue remains unsettled indefinitely, when the old generation fades away and the younger generation has less emotional attachment to China, Taiwan might gradually drift away. This tendency might help explain Beijing's strong sense of impatience and eagerness to resolve this matter at an earlier date.

To sum up, the principles and policies adopted by both parties are clear. Although both claim everything is negotiable and both are ready for discussion, neither is willing to give up their seemingly reasonable and moral principles. China's condition for starting negotiations is Taiwan's return to the one-China principle, but Taiwan's is based on no precondition at all. From Taiwan's perspective, China is using the "rule and agenda setting" approaches to corner Taiwan into accepting the one-China principle; for its

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part, Taiwan is determined to break out of China's stranglehold at all costs. While Taiwan is taking a less provocative approach to deal with China, it has no intention of discarding its dignity and sovereignty easily.

The deadlock has thus arisen and remains to this day. Both sides are unlikely to resolve the stalemate unless each changes its way of thinking about the principles each holds. Alternatively, as time goes by and the balance of power tilts to one side, one or the other may be forced by circumstances to compromise.

Before concluding this section, we can use a metaphor to illustrate how complex the situation is. The relationship between Taiwan and China is like an unequal boxing game. In terms of sheer size and population, while China is the heavyweight boxer, Taiwan is only a lightweight competitor. Theoretically, the two should not be put together to fight in the game, but they are. While China wants to set up the rules and agendas of the game, and the so-called one-China principle is like the ring, Taiwan has sensed that if it continues to fight against China within the one-China framework, it will certainly lose. Thus the "one-China" trap must be broken by any means. This can probably explain why, during the fight, China sometimes sees Taiwan jump outside the ring and refuse to return to the "unfair framework." But from China's perspective, if there is no such consensus, or at least "understanding," no matter whether it is fair or not, then there is no game (dialogue or negotiations) at all.

The U.S. role in the game is similar to that of the referee. While America should guarantee the game will proceed fairly and smoothly, it in fact is more inclined to help Taiwan, the underdog in the game. For some Americans, Taiwan is a role model of democracy, although there is still more to come. The U.S. can feel proud of Taiwan because America helped plant the seeds a long time ago and China can emulate Taiwan in the future. Also, Taiwan's survival and prosperity can be a useful lever to balance China's threat if it grows out of control; thus, the referee is willing to help Taiwan on the one hand, but it also finds itself framed by the rules of the game, the one-China principle, on the other. The U.S., in fact, finds itself put in a very awkward position and understands there is really no solution to this stalemate in sight.

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Different Approaches Employed By Both Parties

With regard to their respective principles both China and Taiwan have "dug in," refusing to budge. Both, however, also understand that whether it is to break the stalemate, or to counterbalance domestic and external pressures, or even to put on a display of goodwill and sincerity, they will have to adjust their approaches and exercise flexibility from time to time.

It is more than obvious to any sensible Chinese leader that Taiwan's unification with the motherland is as desirable as it is compelling; but it is also unrealistic at this time. Some understand this and admit, in private, that a premature unification will be a disaster for both Taiwan and China. Some Chinese scholars even agree that as long as Taiwan remains in China's sphere (meaning essentially that Taiwan does not seek a de jure separation from China), its presence and its experiences in pursuing democracy can be an asset for China's future.[17] Furthermore, there would be capital flight, a massive refugee situation (with people from Taiwan fleeing) and other negative events occuring if China were to attempt to force Taiwan's unification now. Beijing would surely have difficulties ruling Taiwan and likely Taiwan would be seen throughout the world as a human rights concern. Hence, there are many downsides in China's gaining Taiwan too soon.

However, in the face of demands for independence in Taiwan and pressures on the government in China, China's topmost priority now is to prevent Taiwan from going independent and ultimately (at least going through the motions) to effect reunification (*fang du zhong yu cu tong*). It has to act when it is challenged or when it perceives a challenge (again in light of domestic politics and the views of the military and the hard-line left in China).

The issuance of the White Paper in 2000, which caught the major parties by surprise, at least in words pressured Taiwan to enter into negotiations at an earlier date. This suggests that Beijing's patience has limits. (See Appendix II.)[18] Its issuance came less than two months before Taiwan's presidential election. Beijing intended to minimize Chen Shui-bian's chance of winning the election.[19] It mirrored the fact that some Chinese leaders perceived that time was not on China's side in the matter. It failed and Chen was elected.

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In August 2000 and March 2001, Chinese vice premier Qian Qichen (also the deputy director of the Taiwan Affairs Leading Group, a government agency in charge of Taiwan affairs), said twice that there was but one China and both Taiwan and the mainland are part of China, adding that China's sovereignty and territory were inseparable. With these statements, some argued that Qian implicitly sent an important signal to the Taiwanese authorities.[20] Qian was implying that Beijing was willing to treat Taiwan on a more equal footing, although Beijing still insisted that the People's Republic of China is the sole legal representative of China in the world. What is significant is that Beijing deliberately avoided using terms that would make Taiwan feel humiliated and was in fact extending a friendly overture to Taiwan. People generally believed this was as far as Beijing would go. Some even argued that the ball was now in Taiwan's court.[21]

In addition to other political considerations, Beijing has concluded that unlike certain pro-independence fundamentalists who have strong ideological inclinations, Chen Shui-bian is a political opportunist, and therefore constant pressure can keep him in check. However, if the pressure is lifted, Chen will drift back to his previous pro-independence mode. From Beijing's point of view, the pressure, such as military intimidation and efforts to keep Taiwan diplomatically isolated, has to be serious, or be perceived as serious, or it will become counterproductive. On the other hand, if the pressure is too heavy and is seen as unreasonable, Beijing will encounter a backlash in Taiwan and from the international community. In a sense then for China, pressuring Taiwan is like playing a sophisticated game of pull and haul, although it has already won the upper hand.

As of the fall of 2001, Beijing has adopted a wait-and-see policy toward Chen and his administration. The term employed was: to "listen to what he says and observe what he does" (*ting qi yan guan qi xing*). To people who were familiar with this Chinese idiom, they understood the terms "listen to what Chen says" and "observe what Chen does" as one thing. But in Communist dialectics, the idiom can be two different things. As some local news reports have suggested, China has already heard all Chen's words (gestures of goodwill) in the past one and a half years and the first stage is now over. What Beijing is waiting for is Chen's deeds. In other words, good

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words are not enough; Chen has to take some real actions to convince Beijing he really means business.

Chen, however, is reluctant to do so for various reasons. As stated earlier, Chen's hands are tied. Fundamentalists in the DPP, mainly the New Tide faction, are very upset about Chen's policy adjustments. Although Chen vowed that his administration and policies would reflect the general will of the populace, and he was going to take the so-called "new middle road" (*xin zong jian lu xian*), he has drifted from one side to another on the issue of cross-strait relations. The decision to cease the construction of the Fourth Nuclear Plant was an example, and the statement of "Long Live Taiwan Independence"(*tai du wan sui*) in front of a pro-independence group was another. People in Taiwan, not to speak of those across the Taiwan Strait, easily got confused.

Partly because of the ongoing power struggle in Taiwan, and partly because of the upcoming power transition on the mainland, Beijing is in no hurry to resume talks with Taiwan. Beijing also wants to avoid giving the impression (to the outside world) that Chen's recent policy of showing good-will with no substance is acceptable. China has no intention of helping Chen. To wait until Chen bends under both internal and external pressures from within and without, or until there is a reason to make a policy change, apparently serves Beijing's interests best.

Again viewed from the perspective of the People's Republic of China's approach to such situations, China can be seen as employing united front tactics against Taiwan: to strive for the support of the majority against the minority; to distinguish the main from the secondary enemies; and "to use tomorrow's enemy against today's enemy." This explains why Beijing distinguishes Chen Shui-bian's personal views from the policy adopted by his government, and separates Chen's views from that of DPP fundamentalists. By doing this, China provides both sides a way out of the current stalemate, not only for itself but for Taiwan as well. Chinese leaders can postpone taking action on the "Taiwan issue" by explaining to those who want a more aggressive policy that the conditions (the correlation of forces) are not yet right. They can give Chen the chance and/or press him to break further from his past and certain elements in his party.

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At the same time, Beijing is using Taiwanese civilians, businessmen and entrepreneurs to apply pressure on the Chen government. For example, China has refrained from dealing directly with Taiwan's central authority and instead has increased its contacts with local officials and legislators from Taiwan. Beijing has tacitly scaled down the role played by Taiwan's semi-official Straits Exchange Foundation and strengthened contact with non-official Taiwan organizations. On the economic front, although Beijing is making every effort to woo Taiwanese entrepreneurs, it does not hide its displeasure towards, and has made it known its intolerance of, pro-independence Taiwan businessmen.

In short, China's intent is to divide and conquer. Externally, in its view, as long as the one-China principle becomes a norm accepted by the important players, Taiwan's independence will lead nowhere. Internally, Beijing employs united tactics against Taiwan: separating the political elite from the mass, distinguishing local (government) from the central, using businessmen to lobby government officials, and showing its apparent goodwill. By doing this, Beijing hopes to force Taiwan into negotiations from a weak position. Then it can resolve the unification problem once and for all.

What are Taiwan's counter-responses? Chen is walking on a tightrope, on the one hand trying to balance the differences within his party and on the other appeasing an apprehensive public. Chen does not have the luxury of irritating China and alienating America. Thus Chen has taken to making very accommodating statements. In addition to his inaugural speech last May (Appendix IV), Chen announced the possible "integration" of Taiwan and China in the long run on the eve of Chinese Lunar New Year in February 2001.[22] That was ostensibly as far as he could go. Although it remains unclear what he meant by integration, he has repeatedly made statements that sound good and make it appear he is willing to talk and that relations with China are stable and unthreatening and may even be improved in the near future.[23]

Where will the president go with this? Over the last one and a half years, however, Chen has been seriously bogged down by internal problems. In many respects he is still trying to consolidate power. Due largely to the lack of experience, limited depth and breadth of knowledge, and inter-

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ference from the opposition, Chen and his administration do not have the ability to deal with China. Although some suspect he might want to use a breakthrough in cross-strait relations as a diversion or ploy, there is no evidence to show that he and his government will be able to do anything meaningful to improve cross-strait relations. The DPP has no intention to revise fundamental tenets of its pro-independence party line. Chen will not admit he is Chinese. He will not convene the National Unification Council.[24] In short, there is not much room left for Chen to maneuver. Or so it would seem.

However, on many occasions in the past Chen has shown that he was able to make adjustments and compromises when necessary or when the price was right. Chen has appeared to be very "flexible," at least in words, and has never hesitated to raise trial balloons. Politically, he does not rule out the possibility of establishing a confederation or a commonwealth to deal with the tension between the two sides.[25] Economically, a common market arrangement has been proposed by former premier Vincent Siew and supported by President Chen. It seems a good idea on the surface.[26] But in reality, it might not lead to anything better in cross-strait relations. As far as Taiwan's political spectrum is concerned, if we describe pro-unification as right and pro-independence as left, the evidence suggests that Chen is trying to move to the center, or at least the center-left, in order to win the support of the majority while placating the left.

Currently, Chen is hoping that Beijing will eventually agree—voluntarily or not—to put aside its demands that he accept the one-China principle (or allow it to be a point of discussion rather than a prerequisite of talks) and resume dialogue. Based on the outlook, negotiating style, and domestic constraints facing the Chinese Communist Party, it is highly unlikely that Chen will see his dream come true. Although critical of the KMT's mainland policies when he was in the opposition camp, Chen is employing many of their tactics now that he is in power. Tactically, like his predecessor, Chen favors an indirect, incremental approach to dealing with China. In addition, he insists on a foreign guarantor, central-to-central and local-to-local governmental dealings, and putting economics before politics. With the three mini links (*xiao san tong*) and increased exchanges at city levels, Chen

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hopes for more contacts with the mainland if the response from China is favorable. [27]

Although playing with words and showing a lot of superficial goodwill without actually committing to anything substantial, Chen understands the importance of confidence building. He and his prime minister even mention the possibility of establishing some sort of interim agreements with the mainland.[28] The recent announcement of "vigorous liberalization and effective management" implies that his government is going to take concrete steps to abolish the "be patient, go slow" (*jie ji yong ren*) policy soon,[29] and the three direct links will be implemented gradually early next year.

What Next?

Given China's and Taiwan's current positions, the question needs to be asked: Will cross-strait talks ever be resumed? And if they are, will they be productive? To answer these questions, at least four major factors must be considered.

First is the matter of the evolution of Taiwan's domestic politics. So far, the Chen administration has encountered challenges from both within and without, both politically and economically. For months before the December 2001 parliamentary election, campaigning took much of his time and attention. Now he is running for another presidential term in 2004. His chances for re-election will be bleak if he is unable to revive the stumbling economy and secure political rapprochement with the opposition.

The election in December 2001 has created a new political environment in many ways. The competition among the opposition parties and between them and the ruling DPP is serious but also complex. Lee Teng-hui's decision to support the Taiwan Solidarity Union makes the Taiwan political scene even more complicated and unpredictable. Lee promised to help stabilize Taiwan's domestic politics so that President Chen could concentrate on the revival of its troubled economy. But this seemed a mission impossible and still does. Lee became a source of influence but also controversy. It is widely perceived that his influence will diminish in coming months.

This adds another element of unpredictability to Taiwan's politics. It is difficult for the Chen administration to resist Lee's help. Lee has money,

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friends, and influence. But Chinese leaders in Beijing dislike Lee, and using Lee's assistance will likely make cross-strait relations more tenuous. The depth of Lee's influence and how long it will last are also meaningful questions. Although it is still premature to make predictions on the outcome and subsequent effects of the December election, it is widely perceived that even after the election, Taiwan's political and economic situations will not be improved much in the short run.

On China's part, Beijing is unlikely to agree to any talks with Taiwan given the current situation. Chinese leaders want to avoid being seen as endorsing Chen's current policy and thus helping him. China will thus most likely take a "hands off" and "wait and see" approach, at least until the power struggle in Taiwan is settled. People sometimes joked that in the 1970s when China was indulged in political turmoil, the Cultural Revolution, Taiwan concentrated on economic development. Now the trend is somewhat reversed. While China is determined to pursue further economic growth, Taiwan has fallen into a divisive and enervating political power struggle. China thus feels time, at least in this regard, is more or less on its side.

Taiwan does not see the situation this way. The power transition in China is seen as a serious problem and one likely to contribute to Taiwan's reluctance to enter into any dialogue with Beijing at this stage. Taipei wants to be certain any agreements reached will be followed. From Taiwan's point of view, the leadership succession in China will not be completed until late 2002. After that a new group of fourth generation leaders will need time to consolidate their power and formulate their own policies (perhaps new ones) toward Taiwan. Even after this is done leaders in Zhongnanhai may have less energy to deal with the Taiwan issue than current leaders. Thus, Taiwan does not expect any meaningful talks with the Chinese side any time soon. That explains in part why Taiwan has so far only shown goodwill, but has taken no concrete action.

Then there is America's role. The new Bush administration's China policy is still evolving. Both Washington and Beijing have been testing the water to see how far they can go. Although no drastic change of U.S. policies toward China or Taiwan is in the offing, the tone and emphasis are quite different from that of the Clinton administration. The discussions on

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arms sales to Taiwan in April were important indicators to measure the future relationship among the three parties. A better and stabilized relation between Washington and Beijing, without being at the expense of Taiwan, has helped reduce tension across the Taiwan Strait. However, if U.S.-China relations further sour, then tension across the Strait will increase and the possibility of resuming talks will be out of the question.

It is generally perceived that the Bush administration has and will continue to treat Taiwan with more respect and dignity than the Clinton administration. It will not resurrect Clinton's "three nos" policies to Taiwan again. Nor will it openly oppose Taiwan's efforts to re-enter the United Nations. But U.S. policy toward both China and Taiwan will eventually move away from a pro-Taiwan tilt back to "normal." Washington cannot pursue an unbalanced hostile policy toward China without good reason. A non-cooperative and hostile China provoked by the U.S. will also cause more problems than Washington wants to consider. A better relationship between China and Washington will also serve Taiwan's interests, but Taiwan should be aware of the danger.

Fourth, Taiwan's and China's memberships in the World Trade Organization will affect their bilateral relations. Taiwan's policies, both formal and informal that have inhibited relations with China, will have to be reconsidered and generally scrapped. All contacts across the Strait will drastically increase. Beijing and Taipei will have to start direct economic negotiations, which in turn might help thaw the present cool-off. China is likely to seize the opportunity to push the door of exchanges even wider and sooner. Although no direct impact on political negotiations is envisaged, the atmosphere in general will become more conducive for talks to resume.

Some other minor but related matters need to be briefly mentioned in this connection. One, the chief negotiators of both sides—Koo Chen-fu, president of the Straits Exchange Foundation (SEF), and his counterpart, Wang Daohan—are in ill health. Should they step down, finding replacements of equal standing and who are familiar with the intricacies of cross-strait relations will not be a simple matter. This may take time and will further hold back the resumption of talks. And, China's success, helped by Taiwan's support, in winning the bid for the 2008 Olympic Games will have some

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positive impact for cross-strait relations. Taiwan strongly believes that becoming host to the sporting event will mean China behaves itself as Taiwan seizes the opportunity to improve its international image and thus diminish the chance of military confrontation between Taiwan and the mainland.

Cross-strait relations are, in conclusion, extremely sensitive and must be examined from a broader perspective. Taiwan's problems are its short-sightedness and inability to view things from a broader strategic perspective. It has refused to face up to the present realities; even if its tactics work well, it can achieve only marginal strategic gains. As for China, whether it adopts a "soft" or "hard" line, the effect on Taiwan will not matter too much. China needs to reach a certain level of rationality, democracy and prosperity before it can appeal to the Taiwanese and tempt them to come to the negotiating table. There is indeed no light at the end of the tunnel. While it is widely acknowledged that starting cross-strait talks is better sooner than later, in reality such a scenario is hard to achieve.

It appears likely that talks will occur eventually and will be fruitful. How the two sides will work out their differences is difficult to say at this juncture. However, in the meantime there is a dynamic stability that will probably ensure peace in the area until a reconciliation can be reached.

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Table 5.1 Past and Present Principles and Approaches Employed by China

PAST

Principles	Approaches
To liberate Taiwan and unify China	By mainly using military means in the 1950s and later emphasizing peaceful liberation in the 1960s and peaceful unification since the 1980s
	By relying on party to party negotiation and adopting a central to local relationship
	By encouraging three direct links since late 1970s

PRESENT

Principles	Approaches
"To unify Taiwan with China peacefully while refusing to renounce the use of force	"By applying constant pressures and employing a "revolutionary dual approach" and "united front" tactics from within and without Taiwan
	By preventing Taiwan from going independent and making it its top priority while at the same time encouraging unification, i.e., making Taiwan's de jure independence unrealistic, and its de facto independence meaningless
To stress Taiwan issue as an internal affair and allow no foreign interference	By emphasizing political negotion, and taking a wait-and-see policy and yet showing Beijing's impatience
	By distinguishing Chen Shui-bian from his party, his words from his deeds, and playing the opposition parties against the ruling DPP
To stick to the one-China principle and the 1992 consensus by being proactive in order to gain strategic initiative	By bypassing and playing down the role of Taiwan's central authority and designated SEF and dealing directly with Taiwan's local governments and other civilian organizations, using a bottom-up approach
	By using civilians to pressure the government, businessmen to lobby the officials, the local to balance the central, and the U.S. to restrain Taiwan
To insist on Deng's "one country, two systems" formula and Jiang's "eight points" proposal	By insisting on the realization of the three direct links and the abolishment of the "go slow, be patient" policy
	By forming a broad united front net and increasing all kinds of contacts and exchanges between people of both sides

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Table 5.2 Past and Present Principles and Approaches Employed by Taiwan

PAST

Principles	Approaches
To recover the mainland and save the compatriots from Communist rule	By using one-third military, and two-thirds political means
	By adopting an anti-communists, but not anti-Chinese stand
	By emphasizing a central to central, government to government relationship
	By getting U.S. support to liberate China
	By insisting on the "three nos" policy

PRESENT

Principles	Approaches
To emphasize, implicitly, a state to state relationship	By raising trial balloons, such as integration, new middle road and confederalism, and promising no unilateral move that might provoke or irritate China
To stress the importance of Taiwan's "security, dignity, sovereignty" and equality between the two sides	By using friendly rhetoric to placate but offering very little substance
To keep international visibility, participate in international organizations and acquire weapons for self-defense	By employing low politics, and incremental approaches to deal with China, aiming to reach interim agreements
To bide time and create space for maneuverability and secure third-party guarantee	By first emphasizing technical, economic, local and indirect exchanges, but requiring all moves and contacts to be approved by the central government
To avoid direct response to the one-China principle and 1992 consensus, but to emphasize different interpretations and the 1992 spirit	By using three mini links and lifting the restrictions as baits
To keep to the DPP party line and the possibility of independence alive, refusing to admit being Chinese or accepting that unification is inevitable	By emphasizing the importance of confidence-building mechanism
	By supporting China's bid for the 2008 Olympics

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Table 5.3 Principles and Approaches Employed by Foreign Powers (especially U.S.A.)

Principles	**Approaches**
To abide by the one-China principle To insist on peaceful resolution To encourage direct dialogues	By employing preventive diplomacy and switching back and forth between strategic ambiguity, tactical clarity, and strategic clarity, tactical ambiguity
To stick to the Three Communiqués and the Taiwan Relations Act To play the role as a power balancer, or moderator	Be selling arms to Taiwan and making sure neither Taiwan nor China can change the dynamic status quo unilaterally

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