

Cross-Strait Relations in the 21st Century: More Integration, More Alienation?

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Three forces are currently working towards integrating the two sides of the Taiwan Strait. The first can be referred to as the cultural integration theorem, which argues that the people of Taiwan and China are of the same ancestry, sharing the same culture, language, customs, and traditions. Their common culture is considered important in the new world order in which the old forces of ideology and power alignment have given way to the cultural factor as the most vital determinant of the new order.¹ The cultural thesis is reinforced by the collapse of the socialist system that culminated in the fall of the former Soviet Union and its cohorts in Eastern Europe, resulting in what Francis Fukuyama termed the “end of history.” The end of the socialist system as a viable model for economic as well as political development has revived the old conviction that there is indeed the possibility of a systemic and institutional convergence between the two diametrically divergent systems across the Taiwan Strait, engaged till now in a fierce competition of ideologies and development strategies.

The second force of integration is that of economics. Extracted from the European Union experience, this hypothesis argues that economic integration can ramify and generate spillover effects, and

¹ Samuel P. Huntington, *The Clash of Civilizations: Remaking of World Order* (NY: Touchtone Book, 1996), p. 125.

exchanges can over time move to higher levels, and a more integrated community will emerge. Although whether a political community without borders will ultimately surface remains debatable, the European Union has come a long way in bringing uniformity to previously divergent nations in areas such as finance, law, and defense.

The third force of integration is political. It is believed that as China grows in power, nations and subnational regions in the continental vicinity will be sucked into its orbit and become satellites. As of now, China is fast becoming a dominant regional power, and it is not inconceivable that China may one day surpass Japan as the largest economy in the world next only to the US. In fact, reports already conducted by major international financial institutions using new statistical methods have come up with the conclusion that China's economy is by now larger than Japan's.

Evidence seems to substantiate the view of integrationists. While there was barely contact of any kind between the two sides during the early 1980s, by the end of the last century business and other exchanges have multiplied: two-way trade amounted to a whopping US\$ 30 billion in 2000, while Taiwan businessmen have poured roughly US\$ 60 billion of money into the Chinese market. Between January and July 2001, Taiwanese people took more than two million trips to the mainland. Over 22 million such trips have been made across the Strait since 1988 (see Table 1). It is reported that over

Table 1. Cross-Strait Exchanges in the Past Decade

Year	Trade (US\$ million)	Taiwan investment on the mainland (US\$ million)*	Two-way telephone calls	Taiwanese visits to the mainland
1990	5160	844	8,830,093	948,000
1993	15,097	3139	47,958,683	1,526,969
1996	23,787	3475	96,497,184	1,733,897
1999	25,835	2599	178,328,419	2,584,648
2000	31,233	2296	206,652,715	3,108,650

* According to statistics released by mainland China customs.

Source: *Cross-Strait Economic Statistics Monthly* (Taipei), No. 108 (August 2001).

300,000 Taiwanese have settled in the Shanghai metropolitan area alone. The channel across the Taiwan Strait has become one of the busiest in the world as trade, personnel, and venture capital flow from one side to another.

Pummeled by the island's unprecedented economic woes, President Chen Shui-bian convened a cabinet-level Economic Development Advisory Conference in August 2001. The month-long conference ended with a move to replace the old restrictive "no haste, be patient" policy, formulated by former President Lee Teng-hui in 1996 to prevent Taiwan from being overly dependent on the mainland market,² with an "active opening and effective management" policy. Overall, 332 proposals were made, including suggestions on taxation and finance reforms. Among them, 36 items were aimed at developing closer economic ties with the mainland, with the most significant one being the lifting of the US\$ 50 million cap on single investments in mainland China and the limit on total investments there by listed companies. The conference also urged the government to actively pursue direct trade, transport, and postal links (the so-called "three direct links") with the mainland.³

² Chen's motive was basically economic. Eighteen months after Chen's inauguration, Taiwan's economy is still whacked by the worst recession since the KMT government resettled its capital here after World War II. Stock prices have dropped almost 50% since the DPP became the ruling party, the New Taiwan Dollar has depreciated to the lowest rate in 17 years, unemployment has surged to an all-time high of 5.3%, and the real estate market has plunged precipitously. Domestic business tycoons such as Morris Chang, chairman of the world's largest chipmaker, Taiwan Semiconductor Manufacturing Company, announced that he now sees the mainland market as "irresistible." Well-known multinational corporations with interests in Taiwan such as Dell Computer have heightened the anxiety by suggesting that unless the problem of direct shipping is resolved, they are going to relocate their Taiwan headquarters to either Hong Kong or the mainland. Under these circumstances and in preparation for the crucial election to renew parliament and local administrators (which was held at the end of 2001), the Chen administration decided to convene the meeting. About Chen's policy towards China, see Chien-min Chao, "DPP's Factional Politics and Taiwan Independence," *Journal of Contemporary China*, forthcoming.

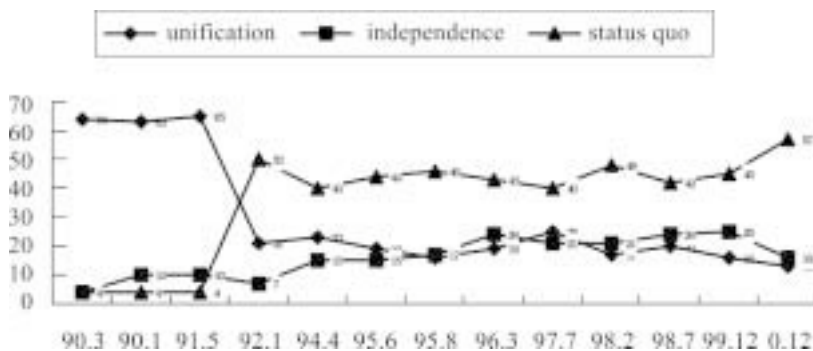
³ *Zhongguo shibao*, August 28, 2001, p. 1.

A few months later, the Democratic Progressive Party (DPP) decided to elevate the "Resolution on the Future of Taiwan," passed in 1999 in which the Republic of China (ROC) was affirmed officially for the first time by the party as a sovereign entity, on par with the "Taiwan independence clause,"⁴ passed and incorporated in the party platform in 1991. These developments have supported the integration argument that obstacles are indeed being swept aside as commercial concerns make their way into the arena heretofore dominated by political and security considerations. It is believed now that because the two entities have since joined the WTO, bilateral trade and commercial ties will be further strengthened.

Just as the integrationists are celebrating their cause, the gap between the two sides seems to be widening. Even as Taiwan is ditching its conservative economic policy and making two-way exchanges and communications easier, and while at the same time the DPP is softening its rigid position on the issue of Taiwan independence, Beijing declined to allow former ROC Vice President Lee Yuan-tsu to participate in the Asia-Pacific Economic Cooperation (APEC) summit meeting held in Shanghai in October 2001, proving that a simple meeting of leaders between these two arch rivals is still difficult.⁵ Indeed, it has been seven years since representatives of the two semiofficial organizations—Taiwan's Strait Exchange Foundation (SEF) and the People's Republic of China (PRC) counterpart, the Association of Relations across the Strait of Taiwan (ARATS), which were created by the two governments in 1990

⁴ *Zhongguo shibao* (Taipei), October 22, 2001, p. 1.

⁵ Taiwan had hoped that President Chen Shui-bian would be allowed to participate in the meeting, but the plan was abandoned as Beijing rejected the idea. Lee Yuan-tsu was named on Chen's behalf and a new title as advisor of economic development was added to better suit the nature of the APEC meetings; however, that was to no avail. See *Zhongguo shibao*, October 22, 2001, p. 1.



Note: Respondents questioned in surveys conducted before October 1992 were asked to express their opinions on the questions of Taiwan's independence or unification. After that date, however, a third option "status quo" was added to the questionnaire.

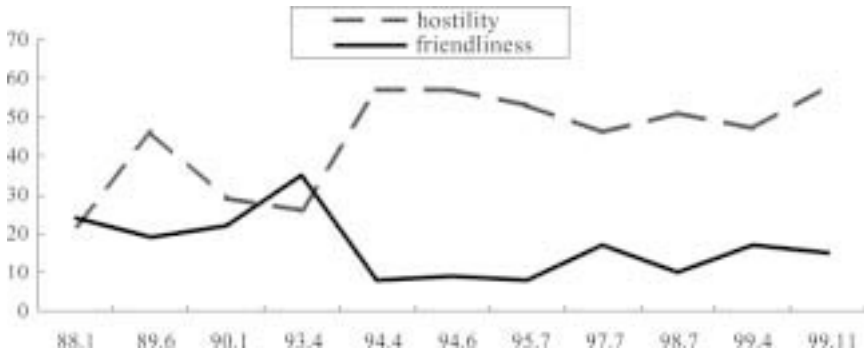
Source: Survey Center, *The United Daily News*.

Figure 1. Taiwan Residents' Attitude towards the Future

and 1991, respectively, to deal with problems arising from the increased wave of interaction—last met.⁶

In the past few years, an increasing number of Taiwanese have become disenchanted with the Beijing authority and have shown their displeasure by rejecting unification as a possible solution (see Figures 1 and 2). It seems that the two sides have differences not only in sovereignty and representation, but also in defining the meanings of democracy, liberty, and human rights. After over one century of separation, Taiwan and mainland China have grown accustomed to discordant political values and orientations. Immersed in the newly transplanted Western-style democratic values, Taiwan has seen the growth of its full-fledged civil society with individualism

⁶ Representatives from the two organizations met in Singapore in April 1993 for the first time since the Chinese Civil War. Among the agreements reached at the meeting was one to institutionalize the meetings between the two institutions. They followed through with that agreement the next year. However, after former ROC President Lee Teng-hui made a trip to Cornell University in June 1995, all contacts have been cut off. Koo Chen-fu, head of Taiwan's SEF, did travel to Shanghai in 1998 to meet with Wang Daohang, head of the ARATS, but did so in an unofficial capacity.



Source: Survey Center, *The United Daily News*.

Figure 2. Taiwan Residents' Perception of Cross-Strait Relations

at its core. Mainland China, on the other hand, is laden with a history of contemporary imperialist abuses and remnants of a collective mindset left by years of practicing socialism.

This article intends to explain the seemingly paradoxical developments in the two sides' association. I will first illustrate the discordant trends and then proceed to account for this unusual bilateral relationship. My research will argue that the discordance is rooted primarily in the growing divergent political cultures that have been developing across the Strait. Not only is a political cultural gap widening following a regime transition for both societies that began in the 1980s, causing them to see things with political implications differently, but a similar gap also exists within their own society, deriving from the same transition and thus making it hard for one side to make concessions to the other. These cultural gaps offset the positive effects generated by physical integration and are thus pulling the bilateral relationship towards the other end of the spectrum.

INTEGRATION, RAMIFICATION, AND SPILLOVER

Ever since Taiwan opened the door to allow its citizens to visit their families on the mainland in 1987, Cross-Strait contacts

have shot up enormously. Two-way annual trade (conducted largely illegally) amounted to a mere US\$ 460 million in 1981, but expanded to US\$ 30 billion in 2000, an increase of nearly 70 times. Taiwanese businessmen knew nothing about investment on the mainland in the early 1980s, but by the end of last century they had dumped US\$ 17 billion into PRC ventures, according to statistics released by the ROC Ministry of Economics. That figure could in fact be three times as much if mainland China sources are to be trusted, while even some private sources put that figure at a whopping US\$ 100 billion. Whatever the number, the huge leap in trade can be seen in the 22 million excursions to the PRC that have been taken by Taiwanese over the last decade, with a good proportion of them conducting business there.

There does seem to be a certain degree of reciprocity when Taipei and Beijing interact with each other in this new era. Beijing reversed its Cold War hostility and unveiled in 1979 for the first time a policy—A Temporary Provision to Promote Trade with Taiwan—to engage Taiwan by nonviolent means. A while later, a similar regulation was pronounced, granting goods made in Taiwan the status of “domestic products,” and waiving their duties. As a result, Taiwan eased its restrictions over the goods made in China and transported via Hong Kong and Macao. In a move to court Taiwan investors, the PRC’s State Council passed a “Regulation Concerning Investment from Taiwan Compatriots” in July 1988. Barely a month later, Taiwan began formulating a policy to engage her arch rival and granted residents of both places the right to travel to the other side of the Strait. Statute governing relations between peoples of the Taiwan area and the mainland area was passed in November 1990.

As the integration theory suggests, economic and trade exchanges between the two sides of the Taiwan Strait have indeed ramified and spilled over to other areas. In order to expatriate immigrants crossing the Taiwan Strait and entering Taiwan illegally, representatives of the two Red Cross Associations, authorized by their respective governments, met in September 1990 for the first

time to find a solution.⁷ A month later, President Lee Teng-hui invited representatives from all political parties to form the National Unification Council and enacted the National Unification Guidelines.

In 1991, Taipei created the SEF to be its intermediary and liaison in its new engagement policy with China. After a few months of hesitation, Beijing followed suit by forming its own organization, the ARATS. Thus, a new era was ushered in, and in the next few years, the two former arch enemies engaged in over two dozen rounds of negotiation,⁸ culminating in the historical summit meeting between Koo Chen-fu and Wang Daohan, heads of SEF and ARATS, respectively, in Singapore in April 1993. Two accords were reached at the meeting, marking the first documents conceded by the two governments since the Civil War in the 1940s. Working meetings of various levels between the two front organizations were also discussed and institutionalized.⁹ What was more important was that SEF and ARATS agreed to “orally express the ‘one-China principle’ respectively” before the Singapore meeting.¹⁰ Before the century

⁷ In May 1986, a China Airlines cargo plane was hijacked to mainland China, and representatives of the airline met with a delegation from mainland China's China Air at Hong Kong to work out a solution. That meeting was indeed the first for the two sides since 1949. However, the September 1990 negotiation was the first initiated and monitored by the two governments. See Wu An-chia, *Taihai liangan kuanxi de huigu yu qianzhan* [Retrospection and Future Prospects of the Cross-Strait Relations] (Taipei: Yongye Publishing Co., 1996), pp. 81–93.

⁸ Chien-min Chao, “Liangan shiwuxing tanpan jinyan pingxi: jianlun zhonggon dueitai juece tixi” [An Analysis of Cross-Strait Negotiations and Beijing's Decision-making Mechanism on Taiwan Affairs], *Wenti yu yanjiu* [Issues and Studies] (Taipei) (November 1995), pp. 11–23.

⁹ Strait Exchange Foundation (ed.), *Koo-Wang huiyan jiyao* [A Documentary of Koo-Wang Meeting] (Taipei: 1993); Chao, “Liangan shiwuxing tanpan jinyan pingxi: jianlun zhonggon dueitai juece tixi,” pp. 11–23.

¹⁰ Chien-min Chao, *Lianan huton yu waijiao jinzhong* [Cross-Strait Interaction and Diplomatic Competition] (Taipei: Yongye Publishing Co., 1992), p. 28. Beijing recanted by suggesting that no such agreement was reached, possibly after President Lee made a trip to Cornell University in June 1995. However, after the DPP won the presidency in 2000, Beijing reinvigorated its call for reverting to the agreement.

ended, the two sides even tested the waters of the possibility of holding their first political negotiation since their split in 1949.¹¹

These facts attest to the following realities: First, ever since former President Chiang Ching-kuo relaxed restrictions in 1987 and allowed ROC citizens to travel to the mainland on humanitarian grounds, bilateral relations between Taiwan and mainland China have changed both in quantity and quality. Economic and trade exchanges have ramified and spilled over into areas of culture, news media, tourism, and even politics. As contacts increased, pressure began to mount, and officials became closely involved in the so-called “private” meetings between the two semiofficial organizations, SEF and ARATS. If the trend is to continue, it is not unlikely that official channels of communication may get activated. It is even argued that if every Taiwanese visitor meets three mainlanders, and those three share their experiences with their relatives and friends, 200 million mainlanders will be exposed to the Taiwan experience.¹² If popular culture in the form of pop music, movies, and novels is to be included, then the impact generated by the opening of contacts will be even more astounding.

The second reality is that because the ideologies and strategies of development adopted by the two governments have varied in the past, and the level of economic development is not the same, the two economies are in fact highly complementary to each other. The adoption of the Stalinist command economy model, implemented in the first half of the 1950s, led the mainland to pursue heavy and defense industries at the expense of light industries. On the other hand, as a small island whose development has been highly dependent on international markets, Taiwan has made light industries its priority. Furthermore, after three decades of self-imposed isolation,

¹¹ Chien-min Chao, “Weilai liangan zhengzhi huitan: beijing, xuqiu, wenti” [Cross-Strait Negotiations on Political Issues: Background, Demands, and Problems], *Zhengzhi kexue luncong* [Edited Works on Political Science] (Taipei) (December 1999), pp. 247–259.

¹² Gary Klintworth, *New Taiwan, New China: Taiwan's Changing Role in the Asia-Pacific Region* (NY: St. Martin's Press, 1995), p. 179.

China desperately needs managers and professionals to take care of its fledgling market economy. Bonded by a common history, culture, and language and equipped with the know-how of a modern market economy, Taiwan is poised to be the beachhead that many multinational corporations in the West desire when initiating commercial connections with mainland China.

The third point is that the end of the Cold War and the advent of democracy in Taiwan have greatly enhanced the prospect of a possible convergence of institutions and belief systems between Taiwan and the mainland. The displacement of the KMT's authoritarian regime has brought Taiwan into line with the third wave of democracy witnessed in the international community since the 1980s. Although Beijing remains hostile to the mechanism of western-style checks and balances, a more diversified civil society does seem to be in the making.¹³ It is quite possible that people on both sides of the Taiwan Strait may find themselves in agreement one day with the way their respective political institutions and basic value systems are structured.

It is also no secret that helping mainland China to become more accustomed and receptive to the values of an open society has been a vital consideration for Taiwan's policymakers when deliberating policies concerning the mainland.¹⁴ This expectation has no doubt been helped with Taiwan adopting more open mainland policies. Some even argue that rather than Taiwan and Hong Kong being drawn into the new economic orbit tacked by the mainland, it is China's southern regions that are actually being assimilated by forces emanating from Hong Kong and Taiwan.¹⁵

¹³ See, for example, Larry Diamond and Ramon H. Myers, "Introduction: Elections and Democracy in Greater China," *The China Quarterly* (July 2000), pp. 365–386; Shu-Yun Ma, "The Chinese Discourse on Civil Society," *The China Quarterly*, No. 137 (March 1994), pp. 180–193; Mary G. Mazur, "Public Space for Memory in Contemporary Civil Society: Freedom to Learn from the Mirror of the Past?" *The China Quarterly*, No. 160 (December 1999), pp. 1019–1035.

¹⁴ Klintworth, *New Taiwan, New China*, pp. 174–175.

¹⁵ *Ibid.*, p. 187.

The increased economic integration and cooperation across the Taiwan Strait area have been facilitated by the congeniality of a common culture and geographic proximity. Samuel P. Huntington argues that the new global politics is being reconfigured along cultural lines, where cultural identity is the central factor shaping a country's associations and antagonisms. Citizens and countries with different cultures are coming apart, and alignments defined by ideology and power politics are giving way to alignments defined by culture and civilizations. Cultural commonality facilitates cooperation and cohesion among people whereas cultural differences promote cleavages and conflicts. As a result, people rally to those with similar ancestry, religion, language, values, and institutions, and distance themselves from those with different ones. Consequently, the relation of culture to regionalism is apparent in economic integration. In the end, Huntington contends that cultural identity is the reason behind the increasing orientation towards being involved in and dependent on mainland China by the three lesser Chinas (Taiwan, Hong Kong, and Singapore) and the overseas Chinese communities in Southeast Asia.¹⁶

Huntington has a very solid point. The rise of the PRC's economy, along with the achievements realized by Hong Kong and Taiwan (two of the four Asian dragons), have prompted some to envision an enlarged Chinese economic community to rival the North American Free Trade Zone and the European Union. The economic compatibility of the three Chinese communities has induced some to address this possible alliance as the "golden economic triangle."¹⁷ Among the names proposed are: the Chinese Economic Grouping, the Chinese Common Market, Asian-Chinese Common Market, China Economic Circle, Southern China Economic Community, the Greater China Economic Circle, the Chinese Economic Circle, the Greater China Co-prosperity Sphere, Greater

¹⁶ Huntington, *The Clash of Civilizations: Remaking of World Order*, pp. 125–135.

¹⁷ Jian Zheyuan, *Jueqizhong de jinji jinshanjiao* [A Rising Golden Economic Triangle: Mainland China, Hong Kong, and Taiwan] (Taipei: Yongye Publishing Co., 1994).

Cultural and Economic Community, the Chinese Economic Unity, Southern China Economic Region, and the Chinese Economic Coordinated System.¹⁸

LIMITATIONS OF THE INTEGRATION THEORY

It is evident that the integrationists have been quite successful in accounting for the recent expansion of exchanges in the Taiwan Strait area. Nevertheless, there are constraints in their application. Figures 1–3 vividly illustrate the centrifugal forces that have been working against the trend of integration. While integration has increased steadily, alienation too has been growing correspondingly. It would not be surprising to see that a similar trend is shaping the perceptions among the people on the other side of the Strait. The gradual integration of the two economies and the shared cultural lineage have not been able to bring closer the minds of the people separated by the narrow channel of water, nor have they been able to generate enough ramification and spillover effects to elevate contacts beyond the economic and humanistic spheres. As commercial ties are getting stronger, political ties are stagnant and in some cases even retrenching.

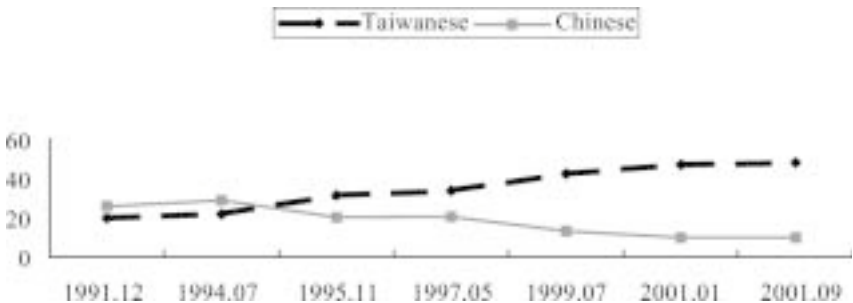


Figure 3. Changes in Taiwanese Identity

¹⁸ Wu, *Taihai liangan kuansi de huigu yu qianzhan*, pp. 166–167.

Bucking economic and commercial trends, the mood for unification on Taiwan's side of the Strait has dropped by a gigantic 50% in the past decade (Figure 1). The number of Taiwanese with a negative perception of bilateral relations has tripled (Figure 2), and the number of those who would identify themselves as "Taiwanese" has gone up from less than 20 to nearly 50%, while those acknowledging themselves as "Chinese" have dwindled to a single digit, from a height of nearly 30% (Figure 3). The integration theory faces challenge when applied to Taiwan/mainland China relations.

One first notices that the common identity that the two sides share is crumbling. The democratization of Taiwan and the reform of the Stalinist socialist system in the PRC have not only transformed the two varying despotic political structures, but have also forged new identities and consciousness [*zhizhu yishi*] amid destruction of the old belief systems on which some shared consensus was based.¹⁹ From Taipei's perspective, the contrast of the two entities is culturally reinforced as a more participant political culture on the island is emerging, as opposed to the subject political culture that is still dominant in China.²⁰ This newly surfaced divergence is exacerbated by the confrontation over sovereignty that the two have been unable to shake off over the past decades.

The concepts of China and Chinese culture are being increasingly regarded as irrelevant or even "alien" by the people of Taiwan.²¹ People on the two sides are becoming more and more detached

¹⁹ Chien-min Chao, "Taiwan zhuti yishi he zhongkuo dalu minzhu zhuyi de dui kang" [A Confrontation between Taiwan's Sense of Selfness versus Mainland China's Nationalism], *Zhongguo dalu yanjiu* [Mainland China Studies] (Taipei), Vol. 41, No. 1 (January 1998), pp. 54–71.

²⁰ By subject political culture, Almond and Verba meant to suggest that there is a high frequency of orientation towards a differentiated political system and towards the output aspects of the systems, but orientations toward specifically input objects, and towards the self as an active participant, approach zero. See Gabriel A. Almond and Sidney Verba, *The Civic Culture* (Princeton: Princeton University Press, 1963), p. 19.

²¹ In campaigning for the Taiwan Solidarity Union (TSU) candidates running for the Legislative Yuan and local administrators at the end of 2001, former President Lee Teng-hui constantly used the term "alien regime" in referring to the KMT.

from each other. For example, when in 1991 the PRC was whacked by the Yangtze river in one of the worst floods it had seen, the people of Taiwan responded by helping the flood victims.²² However, when Taiwan suffered one of its worst natural disasters in history after a 7.0+ earthquake struck on September 21, 1999 (in which over 2000 people died), Beijing responded by engaging in a war of words with Taipei, warning international humanitarian agencies that all relief materials for the island must pass through mainland China.²³ Complaints about lack of compassion by the PRC were also voiced when Taiwan was hit by a typhoon that crawled slowly over the island for over three days in the summer of 2001, causing the worst flood of the last century. Similarly, the people of Taiwan showed very little enthusiasm when Beijing was awarded the 2008 Olympic Games, an event that brought hundreds of thousands of mainlanders to the streets to celebrate.

It was quite evident that the relative good relations at the turn of the 1990s were headed for a tailspin by mid-1990s. The PRC's firing of missiles over the waters near Taiwan on the eve of Taiwan's first direct presidential election in March 1996 and the subsequent *wengong wuhe* (which literally means to attack by pen and intimidate by force) by Beijing to suppress what it saw as an inclination to Taiwan independence—promoted first by former President Lee Teng-hui and then his successor, President Chen Shui-bian—were only tips of the iceberg. A lack of concern and affection may also be the reason for the lack of progress in cross-Strait negotiations. After two accords, one to authenticate official documents and the other to

²² Taiwan donated US\$ 30 million in cash and relief goods for the flood victims. See *Zhongguo shibao*, October 30, 1991, p. 2.

²³ Beijing donated, through the Red Cross, US\$ 500,000 and prepared to send a team of experts for assistance. However, Taipei took the money and refused entry of the rescue team. Moreover, Taipei accused Beijing of rejecting the Russians to use its airspace for the rescue effort and forced a Jordanian rescue plane to wait for a day. At the same time, mainland China's foreign minister thanking the world for providing help on Taiwan's behalf also angered Taipei. See *Zhongyang ribao* (Taipei), October 22, 1999, p. 14; *Zhiyou shibao* (Taipei), October 16, 1999, p. 4.

verify registered mail, were signed at the 1993 Koo-Wang meeting between SEF and ARAFTS, negotiations failed to produce any tangible results. Not even talks over fishing disputes and the expatriation of criminals, deemed by both as crucial, yielded any results.²⁴ It has been increasingly apparent to the mainland that an increase in exchanges may not necessarily lead to an ultimate political union.

The second thing one notices is that the principles and code of conduct developed under the framework of the integration theory are based primarily on experiences extracted from interactions among sovereign states, which are not necessarily suitable in the handling of problems deriving from the division of sovereignty. Taipei and Beijing have been engaged in a diplomatic tussle over the issue of “one China” for the past half a century. As Taipei is drawing less reverberation for its cause,²⁵ it is less willing to play along in the losing battle, because its diplomatic maneuverability is being strangled day by day. Fewer people on this side of the Strait see the utility of fighting to keep the “one China.”

A third observation is that although the integration theory (derived from the cooperative experiences of the Common Market in western Europe) does not preclude an ultimate political amalgamation, it is not an aim in itself. This is utterly different from the kind of interaction that is conducted between two parts of a divided state in which the principle of indivisibility of sovereignty is

²⁴ Chao, “Taiwan zhuti yishi he zhongguo dalu minzhu zhuyi de duikang,” pp. 54–71.

²⁵ The ROC is recognized by only 27 countries now (mostly poor and small), as opposed to over 70 countries that supported the island regime before the ROC was forced out of the United Nations in 1972. See Chien-min Chao, “Balance Sheet: Lee Teng-hui’s Performance in Diplomacy,” in Chien-min Chao and Bruce Dickson (eds), *Lee Teng-hui’s Legacy: Democratic Consolidation and Foreign Affairs* (NY: M.E. Sharpe, forthcoming). At the same time, in a move further restraining Taipei’s foreign space, former US President Bill Clinton declared a new “three nos policy” while making a trip to China in 1998: that his country would not support Taiwan independence; one China, one Taiwan; and the US will not support Taiwan’s quest for membership in international organizations with statehood as a requirement.

often proclaimed as the most sacrosanct credo in a non-zero-sum game. The difference in the nature of the conflict has led to different solutions. While the resolution of conflicts under the integration theory relies on compromises and reconciliation, the resolution of the same conflicts for a divided state is often composed of boycotts, intimidation, and even the use of brute force.

The reason for the detachment is due in large part to the emergence of a new genre of political culture after a long period of separation. People living on both sides tend to interpret political phenomena differently. One can take the negotiations as a prime example. As a highly commercialized society accustomed to a Western style of bargaining philosophy, Taiwan has had difficulties with the kind of bargaining honed by a culture of despotic collectivism.

The two sides also differ in almost everything, ranging from the nature, process, and agenda of any mediation. Taipei wants to begin with issues more negotiable and leave tough political disagreements to a later date when solutions are easier to come by. Therefore, issues like fishing disputes, expatriation of criminals and illegal immigrants, and investment agreements have shown priority. However, for Beijing, agreeing to enter into these kinds of negotiations with Taipei must be premised on the condition that they will lead to political negotiations over the issue of unification.

When Koo Chen-fu went to Shanghai in October 1998 to meet with Wang Daohang in an effort to revive suspended negotiations, the move was seen as a turnaround in Taipei's attitude, and Beijing billed it as "the first time that the two sides had sat down to discuss political issues."²⁶ To carry on the spirit of negotiation, the two top negotiators agreed that Wang would return a visit to Taipei in due time. The agenda that they arranged for a possible future visit by Wang were: political and economic dialogue, ways to facilitate contacts between the two semiofficial institutions, assisting in the protection and safety of Taiwanese businessmen on the mainland

²⁶ Tang Shubei, former Vice Chairman of the ARATS, made this point in an interview. See *Zhongguo shibao*, December 26, 1998, p. 14.

for individual cases, and a Wang Daohang visit to Taiwan in due time. According to Taipei's understanding, there was no ranking order among the four subjects, but Beijing insisted that the political and economic dialogues should precede Wang's visit and that "due time" meant only after the dialogues had proceeded well with tangible results.²⁷ For Taipei, all the discussions were predicated on the visit of Wang.

To show its sincerity about the visit, Taipei briefly flirted with the idea of a "peace accord" as a response to Beijing's call for "an end to hostility in the Taiwan Strait" area. Beneath a superficial resemblance lies a huge difference between these two political agendas. In Taipei's view, a peace accord was called for, so that Beijing would renounce the use of force in resolving differences with Taiwan; while for Beijing, "an end to hostility" meant Taiwan should end its independence drive and accept the "one-China" principle.

THE NEW TAIWANESE DOCTRINE AND CONSENSUS BUILDING

The different developmental ideologies and strategies that the two sides have adopted since their separation in 1949 have helped to create two very divergent political cultural identities across the Taiwan Strait. The capitalist development strategy that Taiwan undertook has laid the foundation for a belief system embedded in liberalism and individualism, while the socialist development strategy on the mainland has churned out a mentality with collectivism and nationalism at its core. However, the regime transitions that started in both places at the turn of the 1980s have not only fundamentally altered the nature of the previous regimes, but also resulted in the creation of two dual societies afflicted by a torn cultural identity. For Taiwan, the problem with the split identity is ethnically driven in which the three largest ethnic groups—the Fukienese, Hakka (the two are jointly labeled Taiwanese), and the mainlanders—have shown

²⁷ *Ibid.*

significant differences over major political issues. For China, the bifurcation is basically a continuation of the century-old debate over where the country is heading and the role traditional Chinese culture should play. While the former needs to continue to build up a consensus among the major ethnic subgroups, the latter must effectively search through the heap of Chinese history and socialist tradition in search of a new cultural identity.

As a former colony of imperialist Japan and ruled for a long time by a group of KMT elites who emigrated from the mainland, Taiwan has had problems with harmonizing its own cultural multiplicity. The discordance was earlier heightened by the February 28, 1947 incident in which thousands of Taiwanese were slaughtered by the first government installed by the KMT after the Japanese withdrew in 1945. The incident was primarily rooted in a conflict of cultures—an elite culture fomented by the mainlanders who fled to Taiwan after the Civil War and who took control of all major political resources versus a mass culture which had been molded by many immigrants who had come to Taiwan much earlier.

Most of the one million mainlanders who followed Chiang Kai-shek to Taiwan were teachers, factory owners, engineers, technicians, merchants, bankers, scholars, and professionals. They filled the gap in managerial skills for industrialization purposes, because Japan had purposely left the island under an “agricultural Taiwan” policy. The wave of immigration from China also provided the “seed money” as well as entrepreneurs for Taiwan’s initial import-substitution manufacturing industry. For the ordinary Taiwanese, after having suffered many years of Japanese colonialism during which they were treated as second-class citizens, and then having experienced the February 28 incident, politics by that time had become prohibitively distant. Memories of the Japanese colonial past, such as the infamous Japanese military police, still loomed large. The land reform proposed by the KMT government and the island’s subsequent industrialization kept people encapsulated in the commercial arena for decades to come.

The end of KMT authoritarian rule and the advent of democracy by the end of the 20th century were more than just a simple transition of power from old-guard mainlander politicians to a new

breed of Taiwanese elites who had lived on the island longer than their predecessors. With the changeover of power, a new cultural identity was forged. Gradually, what had been suppressed previously is now coming out into the open. The myth of “one China”, imposed by the mainlander ruling elites, has been sidelined during this cultural renaissance, as evidenced by the remolding of a new cultural identity that has been a vital part of the democratization process initiated by former President Lee Teng-hui. This explains why “indigenization” has been an indispensable segment of the political process in the past decade. Some call this new sense of selfness a “civic doctrine,”²⁸ or the “new Taiwanese doctrine,” as coined by former President Lee.²⁹

Affected by a Western liberalist tradition against a backdrop in which small- and medium-sized enterprises (SMEs) constitute the backbone of the island’s economic structure, and aggravated by transitional pains in which a full scale of rule of law has yet to be realized, individual rights and selfness have been unusually exaggerated in Taiwan.³⁰ Family is still important, but social networking between individuals and families has been unremittingly reshaped.

The democratization process that started in the late 1980s has been essentially a redistribution of political resources (see Table 2). In addition to advocating local values, the indigenization process (as it is aptly termed) did manage to heal some of the old wounds inflicted by the ethnic division. The admission of wrongdoing by the KMT government and the recantation of the February 28 incident are but two examples. However, the reconfiguration of the

²⁸ Siew Chuan-chen, *Taiwan xinsiwei: guomin zhuyi* [Taiwan’s New Thinking: Civic Doctrine] (Taipei: Shiyong Publishing Co., 1995), pp. XV–XVII.

²⁹ President Lee coined the term in 1998 during the Taipei mayoral election. It was believed that the invention helped KMT candidate Ma Ying-jeou, a second generation mainlander, in winning the election over DPP opponent Chen Shui-bian, a native Taiwanese.

³⁰ This is evidenced by a recent episode in which a tabloid, the Scoop Weekly, distributed a VCD disk, showing a sexually explicit film of a popular young female politician having an affair with a married man. The owner of the tabloid defended his move by citing press freedom. See all major newspapers on September 18, 2001.

Table 2. Redistribution of Political Resources

Year	President	Vice President	Premier	Vice Premier	Cabinet members	Total (%)
1993						
Taiwanese	1	0	0.5*	0	17	18.5 (54.5%)
Mainlander	0	1	0.5	1	13	15.5 (45.5%)
2001						
Taiwanese	1	1	1	1	35	39 (95%)
Mainlander	0	0	0	0	2	2 (5%)

* Lien Chan, the Premier at that time, was a product of two ethnic groupings.

Sources: The Executive Yuan website, (<http://www.ey.gov.tw/web/index-m4.htm>); *Singtao Ribao* (Hong Kong), February 27, 1993, p. 9.

political map has also opened new fissures unwittingly, with one such by-product being the alienation of the previous ruling class, the mainlanders. The estrangement has worsened with major political parties, particularly the ruling DPP, trying to take advantage of the newly installed democratic procedures in order to reap political benefits by opening ethnic differences. Consequently, major ethnic groups have shown grave differences over political issues, particularly those concerning cross-Strait relations.

While a proportionally significant percentage of mainlanders living in Taiwan are more concerned about a possible attack from mainland China and henceforth more inclined to opt for conciliation when contemplating policies towards Beijing, the island's population of Fukienese and to some extent the Hakka have been less sensitive to that threat and are thus less intimidated by the PRC menace. In a recent survey conducted by the National Chengchi University Election Studies Center, while 37.5% of those with a mainland background expressed support for eventual unification with the mainland, only 16.5% of those with Fukienese (Taiwanese) blood felt the same; by the same token, 17.5% of Taiwanese opted for independence, while a mere 4.1% of mainland Chinese supported the demand. In the same survey, nearly 47% of Fukienese Taiwanese consider themselves "Taiwanese, not Chinese," while only 15.6% of the mainland Chinese concurred. Furthermore, 26.6% of mainland

Chinese identified themselves as “Chinese,” with the number for Fukienese Taiwanese feeling the same way dwindling to 6.5%.³¹ The third major ethnic group, the Hakka, has found itself somewhere in the middle of the two groups on issues of ethnic and national identity.

The ethnic divide does seem to be fluctuating in a reverse V-shaped curve. Spurred by the first transition of power from mainlanders to Taiwanese, the confrontation began to emerge when President Lee was sworn into office in 1988, and it culminated at the first elections for mayor of the two major cities, Taipei and Kaohsiung, and the governor of Taiwan in 1994. Rhetoric that was tuned to appeal to ethnic subgroupings was a common campaign strategy, with candidates identified under different ideological stripes risking their political careers when entering an “enemy camp.” An infamous case in point was the violence that erupted when New Party (with its power base in the northern half of the island) candidates went to Kaohsiung (a southern port city and stronghold of the DPP) to campaign for votes. Politicians belonging to different ideological belief systems had difficulty in even sitting down for a cup of coffee. However, after the initial surge, emotions seemed to have tapered off.

A new cultural identity actually seems to be shaping up, featuring a rising consensus on subjects concerning mainland China—traditionally the most divisive issue in Taiwan’s ethnic confrontation.³² A new sense of a political community seems to be in the making. A more secular culture with less ideological emphasis is in fact discernible.

The first wave of consensus building began when the DPP decided to tone down its Taiwan independence rhetoric—the most controversial issue affecting ethnic harmony.³³ Sensing the reality that the party would not be able to pull off a good outcome in the first direct presidential election (in March 1996) without recasting

³¹ The survey was conducted in October 2001 with 1658 samples collected.

³² Chao, “Taiwan zhuti yishi he zhongguo dalu minzhu zhuyi de duikang,” pp. 54–71.

³³ Concerning DPP’s transition, see Chao, “DPP’s Factional Politics and Taiwan Independence.”

its independence stance first, the party started to transform itself in the mid-1990s. In the ensuing years, the party underwent an amazing metamorphosis, resulting in what has been called a new type of Taiwan independence movement. The old independence movement based on Taiwanese nationalism was displaced, as the ROC had been transformed into a new democratic polity which many within the party had no problem embracing. This in turn foreordained the passage of the “Resolution of Taiwan’s Future” in 1999, in which the principle that the ROC was a sovereign entity was affirmed officially for the first time in the party’s short history.

During the second major convergence of a value system, consensus was reshaped across the party divide. At the Conference on National Development convened at the end of 1996, all major political parties agreed for the first time to a number of issues concerning the basic fabric of political establishment. They all agreed to the principles of ROC sovereignty and Taiwan’s security being the first priority when contemplating the future of the country. The criterion that any policy agenda should be based on nothing but the principle of “Taiwan first” was upheld without question.

The third and last wave of consensus building came to fruition when President Chen Shui-bian called the previously mentioned Advisory Meeting on Economic Development in August 2000. At the conference, the core of Lee Teng-hui’s mainland policy—the “no haste, be patient” policy—was unanimously cast aside, which was a major turnabout for the ruling DPP. It took a huge economic setback on the island to bring forth a more constructive and forward-looking policy towards mainland China. With the termination of the old policy, the biggest debate in ROC history on constructing a new policy towards the mainland (in the midst of a new era after ending the Cold War-style confrontation) was finally put to an end. From now on, it seems that a more constructive engagement policy will dominate the island’s strategic thinking about its relationship with the PRC. Security has ceased to be the sole concern as was the case in the past.

Despite all these efforts, internal ethnic rivalry still lingers. At the year-end parliamentary election in 2001, instead of campaigning on their own causes, the three major political parties (the KMT, the

DPP, and the PFP) were divided into two forces, the Pan-Green and the Pan-Blue camps, with “indigenization” as the dividing criterion.³⁴ A new party, the Taiwan Solidarity Union (TSU), with former President Lee Teng-hui as its “spiritual leader” and “indigenization” as the core stumping issue, saw itself a victor after winning 13 seats in the 225-seat Legislative Yuan (the parliament).

The founding of the TSU and its prospect of luring some disaffected KMT legislators to join its forces in the future has rekindled tensions. The rise of ethnic confrontation and the threat of bifurcation have reduced the likelihood that the Chen Shui-bian administration will be able to make breakthroughs in the near future in its relations with Beijing. In a move that partly reflects this division, the Government Information Office introduced on December 31, 2001, a new logo for itself (a propaganda agency) with the conspicuous absence of a map of mainland China, and instead showing the national flag of the ROC. In another move, The Ministry of Foreign Affairs in mid-January 2002 began issuing new ROC passports with the English phrase “Issued In Taiwan” at the bottom of the front cover.³⁵ Logically speaking, “Issued In Taiwan” means that Taiwan is just a place in one country (potentially the PRC or ROC) from which the passport can be issued, and it does not mean that Taiwan is in fact its own country. But this no doubt reinforces Beijing’s conviction that Taiwan under the stewardship of Chen Shui-bian is pursuing a policy to “culturally split China.”

CULTURAL CRISIS AND IDENTITY-SEARCHING ON THE MAINLAND

After 20 years of economic reforms, the PRC has quadrupled its GDP. Before this decade ends, it is highly likely that the mainland

³⁴ Pan-Green camp refers to those sympathetic to the cause of the ruling DPP since the party has associated itself with the color green. Pan-Blue represents those close to the cause of the KMT since the party’s emblem is blue. The former accused the latter of being deficient in “indigenization.”

³⁵ “Pursuit of a separate identity may raise political tensions,” *The China Post* (Taipei), January 2, 2002, p. 4.

economy will double again in output. The rapid rise of its economic power has made Beijing more assertive in the international arena. At the same time, as more reforms come about and as the market economy takes hold, elements of orthodox socialism are shrinking accordingly. Amid Jiang Zemin's dramatic proposal to grant communist Party membership to capitalists, in a speech to commemorate the Party's 80th birthday on July 1, 2001, the country's Maoist development strategy has formally become history. As the old socialist value system has disintegrated and a new one based on the capitalist rule of law is in the process of being transplanted wholly, it is evident that there is an ideological and, indeed, cultural void. China is once again searching for an identity—a task unfulfilled since the late Ching dynasty.

As a revolutionary force that has based its legitimacy on the opposition to traditional Chinese culture, it is unlikely that the “feudalistic Four Olds” are to be rehabilitated and installed as the core of the new moral code soon. Although the utility of traditional Chinese culture was widely debated in the 1980s, and relevant publications and discussions have also been on the rise, the focus in the PRC seems to be on critiquing and reevaluating. This also explains why Zhou Zuoren, a writer who was highly critical of traditional Chinese culture three quarter of a century ago, can still command so much attention.³⁶

Economically, China is doing rather well, attracting an unprecedented amount of foreign direct investment. Nonetheless, culturally, it seems to be at the crossroads. After decades of experimentation, socialism seems to be dead in its tracks. For various reasons, capitalist political values continue to be negated, and the attitude towards traditional Chinese culture is ambivalent at best. There certainly is a crisis of cultural identity.

The predicament faced on the mainland originated when traditional Confucianism came under heavy attack with the

³⁶ Liu Dong, “Zhu zuoren: shiqu rujia zhiheng de ‘gerenzhuyi’” [Zhu Zuoren: A Believer of Individualism Unconstrained by the Confucianism], *Ershiyi shiji* [The Twenty-First Century] (Hong Kong), No. 39 (February 1997), pp. 92–106.

introduction of Western influences in the mid-1800s. The frailty of the imperial Ching dynasty in the face of colonial penetration prompted many Chinese to reexamine the value of traditional culture, paving the way for the May Fourth Movement, also known as a “renaissance” in modern China. However, in the decades that followed, none of the three ideological paradigms—liberalism, Marxism, and neoconservatism—that had been introduced as possible ways to salvage the morbid traditional Chinese culture has been cataclysmic enough to reconstruct the citizen’s moral and value underpinning. The failure laid the ground for a kind of material nihilism in which the pursuit of physical satisfaction has emerged as the only sensible goal in the midst of rebuilding a market economy after decades of practicing socialist public ownership system.³⁷ The rise of economic power, the craving for a reincarnation of its ancient hegemonic empire, and anti-Westernism have all converged to give rise to a new “nationalistic cultural nihilism.”

Traditional Chinese culture has long been denounced as feudalism, but owing to a lack of liberal tradition and the meagerness of a middle class, it is difficult to hope for any reception of Western liberalism as a viable substitute anytime soon. The only alternative is to hark back to Chinese and socialist traditions for answers. Unfortunately, the shrinking authority of the central government is worrisome to many and has even prompted some contemporary Chinese writers to welcome back a strong center.³⁸ Others have tried to delve into nonmainstream academic writings in the West to prove that the liberal tradition in the West is losing steam and so a need for institutional innovation in China is justifiable.³⁹ These people have tried to dig deep into Chinese history and socialist practices during Mao’s era to prove that the neosocialist institutional

³⁷ Xu Jilin, “erzhong weiji yu sanzong sichao” [Two Crises and Three Thoughts: History of Thought in the 20th Century China], *zhanlue yu guanli* (Beijing), No. 38 (January 2000), pp. 66–71.

³⁸ Hu Angang, Wang Shaoguang, and Cui Zhiyuan are leading scholars in this school.

³⁹ Cui Zhiyuan, *Erci sixiang jiefang yu zhidu chuangxin* [Second Thought Liberation and Institutional Innovation] (Hong Kong: Oxford Press, 1997).

arrangements are a valid “third way.” As an example, Cui Zhiyuan revisited the works of Fei Xiaotong in his study of Chinese rural areas in the 1940s and came up with the findings that the manufacturing doctrines of division of work and economy of scale developed by Ford Motors are false and that “post-Fordism” was already in existence in China long ago. Cui has a particular taste for “neocollectivism,” and the juxtaposition of collective and private ownerships is being hailed as a “Chinese institutional innovation.”

In the wake of searching for a new cultural identity, collectivism and nationalism have emerged as two key components, arguing that the past practice of public and collective ownerships has already been substituted by “neocollectivism” in which both the collective ownership based on old socialist idealism and a newly transplanted private ownership have been put on par. This is in accordance with the “Chinese reality,” and therefore there is no need to duplicate the Western experiences.⁴⁰ At the same time, events such as the sympathetic attitude that the West extended to the “antirevolutionary” dissidents of the Tiananmen incident in June 1989 and the subsequent sanctions imposed on China, the reversion of Hong Kong to PRC sovereignty, the bombing of the Chinese embassy in Belgrade by US warplanes during the Kosovo war, and the rise of its economic power have all combined to give rise to a new kind of nationalistic sentiment in mainland China. In the face of what it perceives to be America’s hegemonic presence, some have resorted to using “rational nationalism” to fight against the advocacy of “containment of China.”⁴¹ An inner thinking based, to a large extent, on neocollectivism and nationalism not only contradicts the pluralistic culture exuberated by the civil society that has emerged in Taiwan,

⁴⁰ Wang Yin, “Xinjitizhuyi yu zhongkuoteshe de shichang jinji” [Neo-collectivism and Market Economy with Chinese Characteristics], *Ershiyi shiji*, No. 25 (October 1994), pp. 11–14.

⁴¹ Wu Guoguang, “Yi lixing minzhuzhuyi kangheng weidu zhongkuo” [Fight Against Containment of China with Rational Nationalism] *Ershiyi shiji* (April 1996), pp. 25–33; “Zailun lixing minzhuzhuyi” [On Rational Nationalism Again—An Answer to Chen Yan], *Ershiyi shiji* (February 1997), pp. 125–131.

but also makes Beijing less susceptible to making policies deemed conciliatory to Taiwan.

The new US strategy under the younger Bush administration has assigned China a status of “competitor” (at least before the September 11 terrorist attacks on the World Trade Center and the Pentagon⁴²). Subsequent friendly overtures to Taiwan by this administration culminated in the sale of the biggest arms package since 1992, including eight diesel-powered submarines and four Kidd-class destroyers. Such actions have reinforced the misgivings that Beijing has held for a long time that Taiwan is not only politically, but also culturally, a part of the US sphere of influence.

CONCLUDING REMARKS

After over a century of separation, the two sides of the Taiwan Strait have grown into very divergent identities. These two political entities have managed to move forward from the Chinese Civil War and intense hostility towards a state of economic interdependence. Although still highly antagonistic in the political arena, exchanges in the fields of economy, commerce, culture, and tourism have remained unhindered. It is also further generally expected that with the simultaneous accession of both the PRC and Taiwan into the WTO on January 1, 2002, the pace of exchanges should only quicken.

The different development ideologies and strategies chosen by the separate regimes in the past have given rise to two very different cultural subsystems. For Taiwan, this new cultural identity (resulting from interplays of multiethnicity and a mixture of Chinese, Japanese, traditional Taiwanese, and Western influences) emphasizes

⁴² Washington–Beijing relations were further damaged when a PRC jet struck an American surveillance airplane in midair over the sky of South China Sea on April 1, 2001. However, after the September 11 terrorist attack, Bush announced while attending an APEC summit meeting in Shanghai in October that the PRC is not an enemy and the two should strive to develop a “constructive cooperation.”

individualism, an embrace of local values (as opposed to those imported from mainland China), and a growing identification of Taiwan as a political community. This mindset differs tremendously with the collective-minded Chinese way of thinking prevalent on the mainland in which socialism and nationalism, including reclaiming Taiwan back into its fold, have taken the center seat. The chronic political disputes that have hamstrung the two sides in the past half a century and mainland China's heavy-handedness towards the island have contributed to the rise of a sense of alienation that the people of Taiwan feel towards the mainland. The detestation and alienation towards the Beijing regime justify for many here in Taiwan the wish for more autonomy vis-à-vis Beijing, which angers the latter even more.

The identity crisis that the two have suffered, caused by their respective transformation of the ruling regimes in the 1980s, has made their policies less amenable towards each other. While "indigenization," a source of contention within Taiwan, continues to be an element of alienation for the people of Taiwan towards the Beijing regime, the identity crisis on the mainland has also reduced the probability of formatting a more conciliatory policy towards its compatriots across the Strait.

For now, cross-Strait relations are in a state of stalemate. The two cannot come to any agreement, not only on issues with political implications such as the issue of "one-China" policy, but also on nonpolitical issues. There is no reason why the two cannot work together to promote direct transportation and allow tourist and journalistic exchanges. On top of that, Taipei and Beijing have even succeeded in backpedaling from the rare consensus that was reached in 1992. Negotiations between SEF and ARATS have been shut down since 1995, and there seems to be no sign of their resumption. It is increasingly clear that the two need to tackle obstacles from a cultural perspective and overcome the split in their respective cultural identities from within, and then work to form a more congruous belief system between them. Maybe by doing so, a more stable bilateral relationship will show up on the horizon.