

A Proposal for Taipei and Beijing

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From its earliest days, the Chinese Communist Party has used "experimental areas" to test out new policies and refine them. In 1979, Deng Xiaoping opened up China by developing four Special Economic Zones, or SEZs, along the southern coast, introducing policies and practices that were eventually extended to other parts of the country. On relations between Beijing and Taipei, both sides should act with similar boldness and foresight and draw on this spirit of experimentation to break the stalemate in cross-strait relations.

Deng's invention of SEZs offers the germ of an idea that could move cross-strait ties beyond their current dangerous impasse. The timing for bold thinking may be good. The evidence is that Taiwan authorities may be flexible enough to embrace an idea such as that outlined below. And with Beijing's leaders looking for a way out of their Taiwan tangle, there may be flexibility on the mainland as well. As for Washington, there is a need to be more proactive in promoting cross-strait cooperation, while avoiding the losing proposition of becoming a mediator.

Beijing and Taipei should consider establishing two "Taiwan Strait Special Economic Zones." One could be on the mainland coast (perhaps somewhere between Shanghai and Xiamen) and the other on Taiwan. The zones would permit

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investment by companies on both sides of the strait. Each would be administered by a nongovernmental authority with a board of directors composed of an equal number of directors from each side. The authority, perhaps modelled on the Port Authority of New York and New Jersey, which jointly administers ports, airports and a commuter rail line in both states, would be responsible for zone governance in all but foreign relations and defence matters. Incidentally, Premier Zhu Rongji, when he was still mayor of Shanghai, showed great interest in the port-authority model for internal economic development during a visit to America.

Zone authorities would be responsible for building and managing new ports and airports, managing existing infra-

structure and services in the zone and assuring internal security, efficiency and future growth. Between the two zones there would be full cross-strait communications, transport, trade and financial links. Also, the zones would provide a venue and mechanism for cross-strait cooperation in various fields, especially in high technology, the Internet and service industries. If the experiment were successful in terms of fostering mutual confidence and economic benefit, additional zones could be opened or existing ones expanded.

For both sides of the Taiwan Strait, such an approach would have a number of benefits, not the least of which would be that both societies would become involved in actually building the kind of linkages and cooperation compatible with increasingly close association across the strait. At the same time, this enhanced cooperation would not force either side to accept formulations with respect to sovereignty that currently are politically unacceptable and therefore infeasible.

For the mainland, the advantages of this approach include: a tangible expression of a China that is growing closer together, not drifting apart; better access for mainlanders and investors to Taiwan; and the reciprocal establishment of the "three links" (communications, transport and trade across the strait). Most important of all, it would show a degree of flexibility and innovation on Beijing's part that would inspire a positive response in Taiwan.

The advantages for Taiwan are equally obvious. First, its people would play a role in the governance of the zones that did not entail unequal status. Moreover, Taiwan authorities would have confidence that cross-strait exchange and communication would not damage the island's security. Finally, the development of such zones would inspire confidence among foreign investors in both Taiwan and the mainland that the cross-strait situation was improving.

While there are, doubtless, difficulties that both sides would have translating this broad proposal into a tangible course of action, the dangers of the present course—as opposed to the opportunities for a win-win step forward such as suggested—more than justify the effort. The alternative to a new approach is further instability and possibly a bloody conflict across the Taiwan Strait. And for America, which must necessarily be involved in such a proposal, the alternative is the ever-present danger that it will be dragged into the wrong war, at the wrong time, in the wrong place. ■