

The Evolution of the Institutional Structure of Taipei's Mainland Policy Making Since the 1980s

Vincent Wei-cheng Wang

1987 was a watershed year in Taiwan's political history, in which both its domestic politics and external relations underwent far-reaching and irreversible transformations. Prior to this, Taiwan had been gradually shedding its legacy as a Cold War security state. Internally, the Kuomintang (KMT, or Chinese Nationalist Party) maintained political dominance while presiding over an economic miracle. Externally, President Chiang Ching-kuo in 1979 adopted a "three no's" policy (i.e. no contact, no negotiation and no compromise) for dealing with mainland China in response to the establishment of diplomatic relations between Washington and Beijing. Yet, internal and external challenges to the *ancien régime* persuaded Chiang that the best response would be to liberalize Taiwan's polity and policies. On 15 July 1987, the Republic of China (ROC) government announced

the termination of the martial law, which had been in force in Taiwan for 38 years and had prevented the full development of a constitutional democracy. This decision trailblazed the subsequent rapid democratic transformation in Taiwan — a subject other scholars have amply explored elsewhere.

However, another decision Chiang made during his final days proved equally (if not more) important: allowing ROC citizens to visit their relatives on the mainland. Ostensibly out of humanitarian considerations (because those soldiers who had arrived with his father, the former Nationalist leader Chiang Kai-shek, from the mainland in 1949 were, by then, reaching an advanced age or dying off), Chiang's 2 November 1987 decision was the turning point in modern cross-Straits exchanges. Initially beginning as a trickle (family reunions), cross-Straits relations have grown into a multifaceted and complex torrent since the 1980s.

Take just one aspect — trade, for example. According to Taiwanese customs statistics, in 1991 Taiwan–mainland China trade was barely US\$293.3 million; but by 2008, the two-way trade had grown exponentially to US\$98.3 billion — a 335-fold increase — with Taiwan exporting US\$66.9 billion to China and importing US\$31.4 billion from China.¹ Mainland China is now Taiwan's largest trading partner, accounting for 26.2% of Taiwan's exports and 13.1% of Taiwan's imports in 2008.² Today's level of economic interdependence is a far cry from that of the “three no's” era. Against such a backdrop and in trying to manage the security externalities emanating from “trading with enemies,”³ Taipei has, since the 1980s, significantly modified its policy toward the mainland and has concomitantly established an institutional structure of decision making for dealing with the mainland.

This chapter examines Taipei's institutional structure for its mainland policy making. It is divided into four sections. The first section provides an overview of Taipei's mainland policy: the basic premises, key documents and operating approaches. The second section examines the key institutions involved in the making and implementation of Taipei's mainland policy. The third section explores the role of key think tanks and other research organizations that occasionally provide

policy advice to the government. A conclusion is presented in the final section.

1. OVERVIEW OF TAIPEI'S POLICY TOWARD MAINLAND CHINA

Taipei began to adjust its policy toward mainland China in the mid-to-late 1980s, changing from the defensive and passive “three no’s” policy to a more complex sequential policy that sought to balance security challenges, economic opportunities and democratic processes. The new policy can be characterized as being based on the premise of “one China, two governments”: conceptually, it envisions a future unified country that includes the mainland; but before that happens, Taiwan and the mainland are to be treated as two separate jurisdictions, and their relationship is to be pragmatically conducted. This characterization can be succinctly examined through several key policy and legal documents, as discussed below.

The ROC Constitution (1947)⁴ establishes a “one China” constitutional order. Article 4 specifies that the ROC’s territory should be based on existing boundaries; it can only be changed by resolutions of the National Assembly (NA). Article 1 makes clear the nature of this country: guided by (Dr. Sun Yat-sen’s) Three Principles of the People, the ROC is a democratic republic of the people, by the people and for the people. Article 2 declares that the ROC’s sovereignty belongs to its people as a whole, while Article 25 states that the NA represents the people in exercising political power. Thus, with the reality of two separate governing authorities in Taiwan and in the mainland since 1949 that practice different sociopolitical systems, at the highest level, Taiwan’s mainland policy envisions a unified and democratic country in an unspecified (presumably distant) future. However, given the sharp differences between the two sides and the fact that the NA was abolished in 2005, these principles represent arguably lofty aspirations.

The *Guidelines for National Unification* (GNU)⁵ — passed on 23 February 1991 by the National Unification Council (NUC) (see below) when Lee Teng-hui was the ROC President, but declared

“ceased to apply” on 27 February 2006 by former President Chen Shui-bian — once provided the highest guiding principles for Taiwan’s policy toward the mainland. Its goal was to establish a democratic, free and equitably prosperous China; this was consistent with the ROC Constitution. It embraced four principles:

- (1) Both the mainland and Taiwan areas are parts of Chinese territory.
- (2) The unification of China should be for the welfare of all its people and not be subject to partisan conflict.
- (3) China’s unification should aim at promoting Chinese culture, safeguarding human dignity, guaranteeing fundamental human rights, and practicing democracy and the rule of law.
- (4) The timing and manner of China’s unification should first respect the rights and interests of the people in the Taiwan area, and protect their security and welfare. It should be achieved in gradual phases under the principles of reason, peace, parity and reciprocity.

The most notable aspect of the GNU was that it established a three-phase sequential process — an approach that belies a delicate balance, amidst a democratic setting, between ideals and realities, economic benefits and security threats. In the *short term* (a phase of exchanges and reciprocity), it calls for enhancing understanding through exchanges between the two sides of the Straits and eliminating hostility through reciprocity, as well as establishing a mutually benign relationship by not endangering each other’s security and stability and not denying the other’s existence as a political entity. It also calls for the establishment of an order for exchanges across the Straits by drawing up regulations and setting up intermediary organizations so as to protect people’s rights and interests on both sides of the Straits, and the gradual easing of various restrictions and expansion of people-to-people contacts. Moreover, it calls on the two sides to embark upon reforms (economic reform and democratic rule of law in the mainland, and constitutional reform in Taiwan), end the state of hostility, solve all disputes through peaceful means under the

principle of “one China,” and respect rather than reject each other in the international community, so as to move toward the (next) phase of mutual trust and cooperation.

In the *medium term* (a phase of mutual trust and cooperation), the two sides of the Straits should establish official communication channels on an equal footing, open the “three links” (direct postal, transport and commercial links), jointly develop the southeastern coastal area of the Chinese mainland and then gradually extend this development to other areas of the mainland in order to narrow the gap in living standards between the two sides, work together and assist each other in taking part in international organizations and activities, and promote mutual visits by high-ranking officials on both sides to create favorable conditions for consultation and unification.

In the *long term* (the final phase of consultation and unification), a consultative organization for unification should be established through which both sides — in accordance with the will of the people in both the mainland and Taiwan areas, and while adhering to the goals of democracy, economic freedom, social justice and nationalization of the armed forces — jointly discuss the grand task of unification and map out a constitutional system to establish a democratic, free and equitably prosperous China.

Since there was no official contact between the two sides of the Straits and each side had its own legal system, Taipei promulgated the *Act Governing Relations Between the Peoples of the Taiwan Area and the Mainland Area* on 31 July 1992 to regulate the economic, social and cultural relations between the peoples of the two sides and to provide a legal framework for handling issues or disputes arising from cross-Straits exchanges.⁶ Although it has been modified many times over the years (most recently on 8 June 2009), the statute remains an important law in Taiwan's policy toward the mainland.

The Act's basic concept is “one country, two areas.” The “one country” refers to the Republic of China, while the “two areas” refer to the “Taiwan area” (i.e. areas under the ROC's jurisdiction, such as Taiwan, Penghu, Kinmen, Matsu and other offshore islands) and the “mainland area” (defined as ROC territory other than the Taiwan area).⁷ Acknowledging the political realities since 1949, the statute

incorporates the theory of conflict of laws to distinguish, for the purposes of rights and duties, “people of the Taiwan area” (those who have established household residency in the Taiwan area) from “people of the mainland area” (those who have residency in the mainland area).⁸ It also authorizes the Executive Yuan (the Cabinet) to establish or designate organizations or to delegate civilian/private bodies so as to deal with matters arising from exchanges between the peoples of the two areas, including marriage, inheritance and crimes (exemption from double jeopardy).

It is this premise of “one country, two areas” that enables Taipei to claim to remain committed to the vision or aspiration articulated in the Constitution and the GNU, while simultaneously legally implementing the necessary controls or restrictions over the movement of people, capital and goods across the Straits to safeguard national security. In order to accomplish these two seemingly contradictory goals in its mainland policy, soon after the 1987 historic openings, Taipei began to construct an institutional structure to formulate and implement its policies toward the mainland.

2. CONSTRUCTION OF A NEW DECISION-MAKING STRUCTURE FOR MAINLAND POLICY

Seeing as many aspects of mainland policy pertain to national security, the Constitution grants the President power over this part; whereas the Executive Yuan and relevant government agencies under it are responsible for implementing all of the other aspects. Consequently, Taipei’s mainland policy-making institutional structure consists of many actors.

Before the current structure was established in 1990–91, Taipei initially had only an ad hoc system for dealing with the mainland. When the government lifted the travel ban to mainland China in 1987, it was still during the period of “Mobilization and Suppression of Communists.” Because the two sides were technically still in a state of hostility, officials of the two sides could not meet; nor was it feasible to immediately form a designated “civilian” body to handle issues arising from cross-Straits exchanges. Considering the humanitarian

nature of the Red Cross organization and its lower political profile, Taipei initially asked the ROC Red Cross Society to add an internal "mainland visit service section" in order to assist on such matters as the Taiwan people's visits to the mainland, the mainland people's visits to Taiwan, family reunions, the search for missing persons, mail delivery and remittance.⁹ This ad hoc arrangement lasted until July 1991, two months after Taipei had formally abolished the *Temporary Provisions During the Period of Mobilization and Suppression of Communists*, when the precursor to today's National Immigration Agency took over travel management.¹⁰

The increasing magnitude and complexity of cross-Straits exchanges quickly overwhelmed these initial arrangements. The need for a dedicated government agency to make and implement policies toward the mainland became apparently urgent. In August 1988, the Executive Yuan formed an inter-agency task force on mainland affairs to coordinate the various government agencies' mainland-related tasks.¹¹ However, the increasing demands of mainland affairs on the task force necessitated a separate government agency, staffed by full-time personnel, that was dedicated exclusively to mainland affairs.

In January 1991, the Mainland Affairs Council (MAC) was created; henceforth, the MAC became the government's exclusive institution for dealing with mainland affairs. A few months prior to the establishment of the MAC, in October 1990, President Lee Teng-hui, under the President's Office, had also formed a task force named the National Unification Council (NUC) to search for a consensus and provide advice on the development of cross-Straits relations (to be further discussed later).

Since there was no official contact between the two sides of the Straits, which prevented the exercise of government authority, it became necessary for the government to delegate or authorize a nominally non-governmental body to serve as an intermediary. In November 1990, the Straits Exchange Foundation (SEF) was established with funding from the government and the private sector. The SEF is the only institution designated by the Executive Yuan to handle affairs relating to dealings between the peoples of the Taiwan area and the mainland area, as per Article 4 of the *Act Governing*

*Relations Between People of the Taiwan Area and the Mainland Area.*¹²

With the establishment of the NUC, the MAC and the SEF in 1990–91, Taiwan’s institutional structure for its policy making regarding the mainland became largely complete. The NUC provides high-level directions and seeks political consensus; the MAC formulates and implements policies toward the mainland; and the SEF, acting on behalf of and with authorization from the government, handles routine and technical matters arising from cross-Straits exchanges. Figure 9.1 summarizes the ROC’s overall structure for its mainland policy formulation and implementation.

In response to Taiwan’s institutional reorganization, Beijing also revamped its system for dealing with Taiwan. In 1991, the State Council Taiwan Affairs Office (SCTAO) and the party’s Central Committee Taiwan Affairs Office (CCTAO) merged and thereafter operated as a single unit with the same staff, albeit still with two names (see Chapter 8). In December 1991, following Taipei’s establishment of the SEF as an authorized “private” intermediary, Beijing formed its counterpart — the Association for Relations Across the Taiwan Straits (ARATS).¹³ With this reorganization on both sides, Taipei and Beijing thus established their respective systems for conducting cross-Straits relations.

Having given the above overview, I will now discuss in more detail the most important institutions that are involved in Taipei’s policy making regarding the mainland. Generally speaking, the decision-making structure regarding the mainland involves policy formulation, policy implementation, research and analysis. Because mainland affairs pertain to national security, the President’s Office is an important player. As head of state, the President represents the country externally and, as stated in the Constitution, commands the armed forces. The *Additional Articles of the Constitution*, which modified the 1947 Constitution, gives the President further power to issue emergency decrees (by the resolution of the Executive Yuan) and take all necessary measures in order to avert any imminent danger that would affect the security of the State or the people or to cope with any serious financial or economic crisis.¹⁴ A military crisis in the Taiwan Straits would be plausibly one such example.

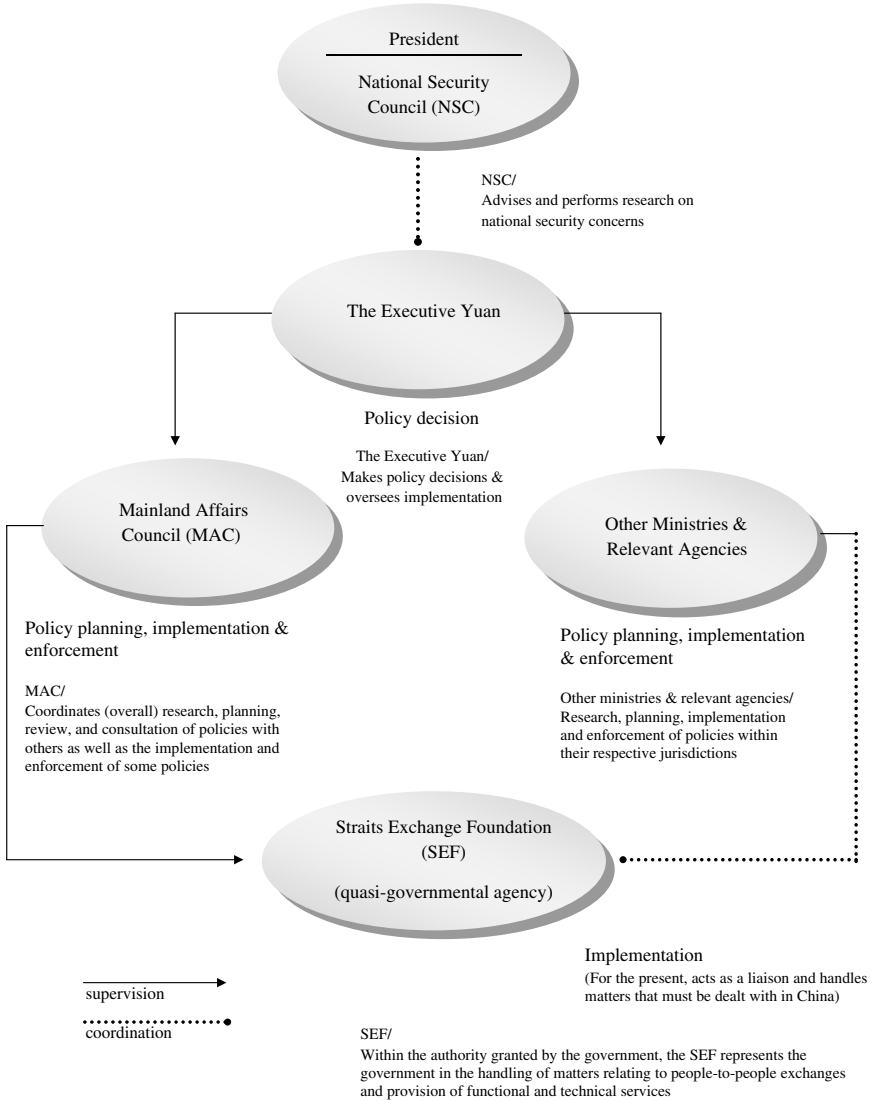


Figure 9.1. Overall Structure of the ROC's Mainland Policy Formulation and Implementation

Source: Mainland Affairs Council, <http://www.mac.gov.tw/ct.asp?xItem=49583&ctNode=5902&mp=3/> (accessed on 1 March 2010).

The National Security Council (NSC) is the ROC's institution in charge of national security and is the President's most important advisory body on key national security matters. As such, the NSC is attached directly under the President's Office. According to the NSC's *Organic Law* (2003), "national security" pertains to issues relating to national defense, foreign relations, cross-Straits relations, and national calamities or crises. The President is the NSC Chair, but the person who is really in charge is the Secretary-General (SG). The NSC SG is usually a seasoned general, intelligence czar or foreign policy expert, and serves similar functions as the American National Security Advisor to the US President. While the President typically picks a competent confidant for the job, the NSC SG can sometimes play an outsized role due to the President's trust in them and their experience. For example, Chiu Yi-jen, one of the Democratic Progressive Party (DPP)'s top strategists who twice served as the NSC SG during the Chen Shui-bian administration, was widely considered the brainchild behind some of Chen's controversial policies, such as a campaign strategy predicated on cross-Straits tensions or the so-called "wildfire diplomacy" to ardently compete with the PRC for diplomatic recognition.¹⁵ Conversely, Su Chi — who coined the phrase "1992 Consensus," which became the basis for the resumption of cross-Straits dialogue after 2008 — was a key architect of the Ma Ying-jeou administration's conciliatory policies, such as "diplomatic truce."¹⁶ In addition to the SG, there are usually 3 Deputy SGs and 5–7 Advising Counselors, each devoted to a key portfolio (e.g. cross-Straits relations, relations with the US/Japan/Southeast Asia, and economic relations). Together, these senior officials advise the President on a regular basis. The membership of the NSC encompasses all important top officials, including the Vice President; the Premier and Vice Premiers; the Ministers of the Interior, Foreign Affairs, Defense, Treasury and Economic Affairs; the Chairman of the MAC; the Chairman of the Joint Chiefs of Staff; the NSC SG; and the Director of the National Security Bureau.

To carry out its work, the NSC relies on the intelligence and expertise provided by its subsidiary, the National Security Bureau

(NSB). Often called “Taiwan’s CIA,” the NSB performs three main missions: analyzing security information, providing secret service and conducting counter-espionage. The NSB coordinates, supervises and supports the intelligence-gathering work of various organizations, such as the Military Intelligence Bureau (the equivalent of America’s Defense Intelligence Agency) and the Bureau of Investigation (“Taiwan’s FBI”). The NSB conducts both open-source and classified work. The Second Department of the NSB’s Intelligence Operation Division is devoted to “intelligence about mainland area.”¹⁷

In addition to regular institutions such as the NSC (and its subsidiary NSB), the President’s Office, over the years, has also established ad hoc task forces to advise on China-related policies. Two in particular — the National Unification Council (NUC) and the Cross-Party Small Group (CPSG) — are noteworthy, due to their political symbolism to the zeitgeist of a given epoch.

The National Unification Council (NUC), as briefly mentioned earlier, was part of the founding infrastructure (1990–91) of Taipei’s institution building for its mainland policy. The NUC was founded in October 1990 as a presidential task force to “study and advise regarding important policy directions on national unification on the basis of liberty and democracy.”¹⁸ The NUC exuded official commitment: the President served as the NUC Chairman; while the Vice President, the Premier and a prominent non-KMT politician served as the Vice Chairmen. The 25–31 NUC members were appointed by the President and consisted of a wide array of leaders from all walks of life. The NUC also appointed several reputable scholars of ethnic Chinese origin as researchers. The NUC’s most important accomplishment was to pass the *Guidelines for National Unification* (GNU) on 23 February 1991 (see above).¹⁹ Although the NUC was supposed to hold meetings once every month, it only met for a total of 14 times (the last time being on 8 April 1999). During his term as President (2000–08), Chen Shui-bian never convened the NUC and its annual budget was slashed to a merely symbolic NT\$1,000 (US\$30). On 27 February 2006, the NUC “ceased to function.”²⁰ It is fair to say that the NUC was the institutional evidence — and the

GNU, the aspirational summary — of the KMT government's/ Lee Teng-hui administration's policy toward the mainland.

As a party officially espousing Taiwan independence (i.e. the establishment of a sovereign, independent Republic of Taiwan),²¹ the DPP does not share the KMT's vision of the ultimate political relationship between Taiwan and the mainland. Therefore, when Chen Shui-bian came to power in 2000, all eyes were on his approach toward cross-Straits relations. While espousing his (and his party's) vision that Taiwan and China were separate countries, he nonetheless sought to reassure the various quarters. Externally, for example, he pledged “four nots and one no” in his inauguration speech.²² Internally, while he eschewed the NUC, he elected to form his own high-level task force on policy toward the mainland, known as the Cross-Party Small Group (CPSG).

Established on 14 August 2000 by a presidential order, the CPSG was charged to “consolidate people's consensus, enhance harmony among ethnic communities, safeguard peace in the Taiwan Strait, and develop cross-Strait relations.”²³ The Convener (Chair) was Dr. Yuan-tseh Lee, a chemistry Nobel laureate and former President of Academia Sinica who had provided an important last-minute endorsement of Chen in the 2000 presidential election. The task force consisted of 22 prominent individuals from the two major parties, business and academia. Its most important contribution was its 26 November 2000 conclusion of the “Three Acknowledgments and Four Recommendations.” Specifically, the “Three Acknowledgments” were as follows:

- (1) The current reality of the two sides of the Straits is the result of historical evolution.
- (2) The Republic of China and the People's Republic of China do not belong to each other, nor do they represent each other. The ROC has established a democratic system. Changing the status quo must go through democratic processes and obtain the people's consent.
- (3) The people are the *raison d'être* of the state. The goal of the state is to protect the people's security and welfare. The two sides of

the Straits (are blessed with) geographic proximity and linguistic-cultural similarities. The peoples of the two sides can enjoy long-term mutual interests.

The “Four Recommendations” were as follows:

- (1) In accordance with the ROC Constitution, improve cross-Straits relations, deal with cross-Straits disputes, and respond to the other side's “one China” policy.
- (2) Form new institutions or adjust existing institutions, so as to continuously integrate the opinions of various political parties and all walks of life on national development and cross-Straits relations.
- (3) Urge the PRC government to respect the ROC's international dignity and living space, renounce the threat of use of force and together discuss a peace agreement, so as to win over the Taiwan people's confidence and thus create a win-win situation between the two sides.
- (4) Proclaim to the world that the ROC government and people are committed to the values of peace, democracy and prosperity in contributing to the international society. Based on the same values, the ROC is willing to, through its utmost sincerity and patience, construct a new cross-Straits relationship.²⁴

Comparing the NUC and the CPSG, one finds that both the KMT and the DPP presidents employed the same tactic of forming an ad hoc or extra-legal task force to politically endorse their visions of and approaches toward cross-Straits relations. The respective recommendations produced by these high-level bodies — the GNU and the “Three Acknowledgments and Four Recommendations” — provide insightful angles for analyzing each party's or administration's cross-Straits policy. This observation highlights the uncertainty or unpredictability in Taipei's cross-Straits policy at the highest ideational level, and reflects the fact that presently in Taiwan there is still no consensus on Taiwan's ultimate future relationship with the mainland (although there is a high degree of consensus on

maintaining the status quo for now).²⁵ However, it is more important to examine the *similarities* in the two parties' approaches. In particular, while each party symbolically or officially espoused its ultimate goal (unification for the KMT and independence for the DPP), both parties understood the importance of maintaining the status quo (the preference among most Taiwanese), balancing security threats and economic benefits, and ensuring a democratic process (seeking bipartisan consensus and legislative oversight as well as proceeding prudently).

After the KMT regained power in 2008, there was speculation as to whether Ma Ying-jeou would resurrect the NUC, revive the GNU, or rescind Chen's orders on both. That he did none of those things reveals his caution in stirring up political sensitivities. Yet unlike his predecessors, he has not formed his own presidential task force on mainland policy. Since his administration has placed a priority on improving cross-Straits relations, whether he will eventually create his own institutional imprimatur to help advance cross-Straits dialogue to higher (and presumably more difficult) stages (for example, confidence-building measures or a peace accord)²⁶ will be interesting to observe. As a tactic, however, it would not be precedent-setting and may even be politically advisable as part of an elite-settlement process.²⁷

Notwithstanding the fluctuations that may exist in Taipei's aspirational- or ideational-level policy guidelines, Taiwan's cross-Straits policy has become more institutionalized and predictable, thus facilitating cross-Straits exchanges. This is due to three reasons: the growing profile of the MAC, the expanding role of intermediary organizations such as the SEF, and the resumption of cross-Straits dialogue (SEF-ARATS talks). In other words, at the operational level Taipei's mainland policy shows a high degree of *continuity*, which is crucially but not entirely due to these institutional enhancements. There are still limitations.

The Executive Yuan is Taiwan's Cabinet. It is responsible for making and implementing general policies regarding the mainland. During the decision-making process, the various ministries or government agencies involved provide their own staffing support, while the

MAC (see below) coordinates and evaluates proposals made by these bodies on behalf of the Executive Yuan. Once the Executive Yuan makes its decisions regarding policies, the decisions are then given to various ministries and agencies for implementation.

The MAC is a Cabinet-level ministry devoted specifically to issues regarding the Chinese mainland, Hong Kong and Macao. Its Chinese counterpart is the SCTAO. It is responsible for the research, planning, evaluation and coordination of the overall mainland policy and mainland affairs. It also carries out the implementation of certain inter-ministerial tasks. Constitutionally, it answers to the Legislative Yuan, Taiwan's Parliament. As briefly discussed earlier, the MAC was established in 1991 to replace and upgrade Taiwan's previously ad hoc system for dealing with the mainland. The MAC is responsible for overall research, planning, review and coordination of China policy and affairs, as well as the implementation of specific inter-ministerial programs. It coordinates the various ministries' work pertaining to the mainland, and supervises and directs the subnational governments and intermediary organizations delegated to handle mainland-related matters.

The MAC consists of seven functional departments (policy planning, cultural and educational affairs, economic affairs, legal affairs, Hong Kong and Macao affairs, information and liaison, and secretariat); three support offices (personnel, accounting and civil service ethics); the Bureau of Hong Kong Affairs, which operates a representative office in Hong Kong called the China Travel Service; and the Office of Macao Affairs, which operates a representative office in Macao called the Taipei Economic and Cultural Center. Figure 9.2 summarizes the organizational structure of the MAC.²⁸

The Premier appoints 17–27 commissioners to the MAC. The MAC commissioners' meetings take place once a month, chaired by the MAC Chairman.²⁹ Other than its regular staff, the MAC can recruit scholars and experts as unpaid advisory counselors to provide advice and expertise. These experts also meet once a month, chaired by the MAC Chairman.³⁰ To facilitate routine inter-ministerial coordination on mainland policy, the MAC Vice Chairman convenes a monthly meeting with the deputy ministers or division

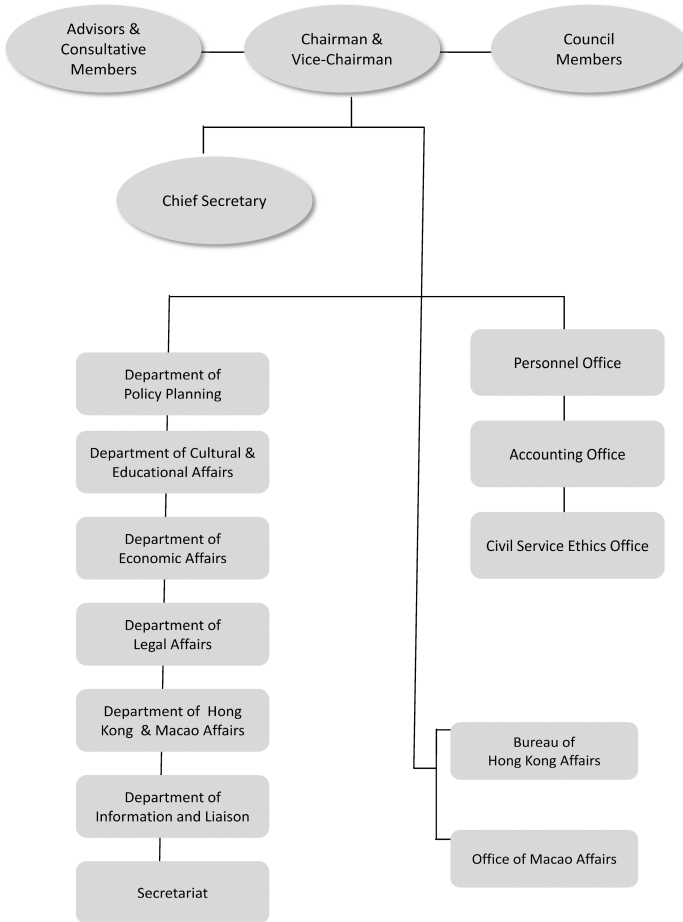


Figure 9.2. Organizational Chart of the Mainland Affairs Council

Source: Mainland Affairs Council, <http://www.mac.gov.tw/ct.asp?xItem=53440&ctNode=5903&mp=3/> (accessed on 1 March 2010).

chiefs of relevant ministries and agencies.³¹ Thanks to the recent reorganization of the Executive Yuan, beginning in 2012, the MAC will take over missions previously belonging to the Mongolian and Tibetan Affairs Commission.

One rough indicator of the MAC's growing stature is that most of its nine chairmen so far have typically gained further political

prominence from that position. For example, the third chairman, Vincent Siew, is now the ROC Vice President. Su Chi, the fifth chairman, was the NSC SG under the Ma administration until early 2010. The sixth chairwoman, Tsai Ing-wen, is now the Chairwoman of the DPP and a potential presidential candidate for 2012. The seventh chairman, Joseph Jau-shieh Wu, was Taiwan's representative (ambassador) to the US in 2007–08.³²

Although the MAC plays a critical role in Taiwan's mainland policy, due to the complex and encompassing nature of mainland affairs, other government agencies are also involved, depending on the nature of a particular issue area. Each ministry or agency is responsible for the research, planning and implementation of those aspects of mainland policy that are within their respective jurisdictions. For example, the Ministry of Transportation and Communications (MOTC) and the Ministry of National Defense (MND) played important roles in the establishment of direct air links and the designation of flight paths across the Taiwan Straits. The Ministry of Economic Affairs (MOEA), especially the Bureau of International Trade under it, played a crucial role in the negotiations leading up to the signing of the Economic Cooperation Framework Agreement (ECFA).

A few words are in order before I discuss the final key organization in Taiwan's mainland policy-making institutional structure: the SEF. First, various players within the government, military and political parties are also involved in certain specific aspects of Taipei's mainland policy; however, they play minor (or specialized) roles compared to the MAC, the NSC and the SEF. Furthermore, as a result of democratization and rotation of power, Taiwan's decision-making process has become more professionalized and non-politicized, so it is not possible to measure these "minor" organizations' influence on Taiwan's mainland policy in the same way analysts can talk about the party's (Chinese Communist Party) or the military's (People's Liberation Army) important role in Beijing's Taiwan policy. Nevertheless, I will single out several notable operational players so as to provide a more complete picture.

The National Immigration Agency (NIA) under the Ministry of the Interior (MOI) is responsible for immigration, entry and exit

security, border services, citizenship, visas, and registration of foreigners transiting the “free area of the Republic of China” — a political and legal term synonymous with the term “Taiwan area” used in the *Act Governing Relations Between the Peoples of the Taiwan Area and the Mainland Area* (see above). It regulates the categories and quotas under which mainland people can come to Taiwan, including visiting family members, seeing sick relatives, paying their last respects to deceased relatives, participating in exchange activities, residing and seeking permanent residency, and (since 2008) taking part in organized tours from the mainland.³³ A conservative bureaucracy, the NIA claims that its “progressively open” policy toward mainland residents is necessitated by security needs.

The Bureau of Investigation under the Ministry of Justice is the nation’s main crime investigation and counter-espionage agency, much like America’s FBI. One of its two main missions is to “safeguard national security” (the other is to investigate and solve serious crimes), which includes “preventing infiltration by Chinese Communists” and “research on cross-Strait relations.”³⁴

On the military side, the Ministry of National Defense (MND) and the Joint Chiefs of Staff have primary responsibility for protecting the nation’s security in the traditional military sense. Despite the improvement in cross-Straits relations, the PRC has not renounced the use of force or lessened its military pressure against Taiwan; consequently, Taiwan’s military needs to constantly assess the threats facing the nation. This includes an analysis of key trends in China’s military modernization, intelligence on China’s military leaders and units, and the development of capabilities and doctrines necessary for coping with China’s military threats. The Bureau of Military Intelligence (BMI) is responsible for early-warning intelligence collection and analysis at strategic levels.³⁵ To obtain “human intelligence,” the BMI sends agents to work in China. Taiwan’s J2 — the Office of the Deputy Chief of General Staff (DCGS) for Intelligence — is “responsible for the armed forces’ intelligence efforts, including policy formulation and implementation, collection, processing, application of intelligence, provision of intelligence guidance, mapping and topography, weather forecast, military counter

intelligence, liaison and protocol, and military diplomacy.”³⁶ Collecting and analyzing intelligence on the Chinese armed forces and top leaders is one of its main tasks. In response to China's increased emphasis on electronics and information warfare (IW) in its military doctrine, Taiwan's J4 was revamped and upgraded to the Office of the DCGS for Communications, Electronics and Information in 2002. The office is responsible for “the policy-making, planning and implementation of programs of military communications, electronic warfare, C⁴ISR and information warfare.”³⁷ Taiwan now has an electronic warfare unit under this DCGS.

All of the above specialized agencies play certain roles in their respective areas. However, their contributions to the mainland policy are generally indirect and confined, as they are mediated through and represented by their superiors (e.g. the MND and the MOI) at the level of the NSC or the MAC.

Second, unlike the PRC which duplicates the Taiwan affairs offices (TAOs) at all levels of subnational governments so as to ensure consistency in the government's policy regarding Taiwan, Taipei has no such vertical duplication of the MAC. Instead, local governments implement the mainland policy made by the central government.

Turning our attention to the non-governmental actors, the Straits Exchange Foundation (SEF) is unquestionably the most important one, but hardly the only one. Previous discussions have pointed out a real need for private intermediary organizations that are entrusted with public authority in facilitating cross-Straits exchanges, because neither government is able to directly exercise public authority in the handling of issues arising from cross-Straits exchanges or establish an official representative office in each other's capital. In November 1990, the SEF was established with funding provided by the government and the private sector to serve this very function. In December 1991, Beijing established a similar body, the ARATS, as an interlocutor to the SEF. The creation of the SEF-ARATS communication channel marked a new stage in cross-Straits relations since 1949.

The SEF plays a crucial role in Taiwan's mainland affairs and complements government work. This can be seen in three aspects: (1) its relationship with the government, (2) its financing, and (3) its

personnel and organization. First, the SEF is the only institution designated by the Executive Yuan to handle affairs relating to dealings between the peoples of the Taiwan area and the mainland area, as per Article 4 of the *Act Governing Relations Between People of the Taiwan Area and the Mainland Area*.³⁸ Though technically a private organization, the SEF is funded by the government and controlled by the MAC to manage and coordinate affairs; as such, the SEF serves an important role in the government's mainland work. It maintains two types of relationships with the government. One is *supervisory*, that is, between the supervisor and the supervised. Because the work delegated to the SEF by the government pertains to public authority, and because the government supplies most of the SEF's funding, the MAC has the authority to direct and supervise the SEF, pursuant to Article 32 of the *Civil Code* and Article 2 of the *Organic Act for the Mainland Affairs Council*. The other type of relationship is *contractual*. The SEF may be viewed as a contractor governed by a special contractual arrangement. With the obligations and responsibilities between the MAC and the SEF set in contractual terms, the SEF must report to the MAC for work conducted under the contractual arrangement.³⁹ Since the SEF is involved in the practical implementation of government policies toward the mainland, it also occasionally provides practical advice to the government.

The second aspect of the government's influence over the SEF is that most (about 75%) of the SEF's funding comes from the government.⁴⁰ According to the SEF charter, the foundation's income may come from several sources, including interest derived from the endowment, fees charged for performing contractual services for the government, donations from the government or the private sector, and fees for citizen services (e.g. authentication of PRC-issued documents).⁴¹

The third aspect to ensure complementarities between the government and the SEF can be seen in the SEF's personnel and organization. The founding SEF Chairman was Koo Chen-fu (1990–2005), who maintained close relationships with the upper echelons of the KMT. Koo and his ARATS counterpart, Wang Daohan, a mentor to former Chinese leader Jiang Zemin, conducted

the historic Koo–Wang talks for the first time in 1993 in Singapore, with agreements being signed between the SEF and the ARATS. The current SEF Chairman is Chiang Pin-kung, who is also the Vice Chairman of the KMT. In fact, there have been many crossovers in personnel between the SEF and the MAC. For example, the current SEF Vice Chairman and Secretary-General, Kao Koong-lian, was formerly the MAC Vice Chairman and at one point was the MAC's Acting Chairman.⁴² Liu Te-hsun, the current MAC Deputy Minister since 2002, was concurrently the SEF Vice Chairman and Secretary-General in 2004–05.⁴³ Another key official who has served in both the SEF and the MAC is Shi Hwei-you.⁴⁴ Several MAC officials at the division-chief level have served previously or concurrently at the SEF, and vice versa. Indeed, the organizational structure of the SEF, as shown in Figure 9.3, resembles that of the MAC. This “organizational parallelism” between the MAC and the SEF facilitates the exchanges in personnel and the fidelity of policy implementation.

Since the SEF's and the ARATS' founding in 1990 and 1991, respectively, the two sides of the Taiwan Straits have conducted a series of technical and functional negotiations, and have signed various agreements.⁴⁵ In particular, the SEF–ARATS negotiations were more successful in 1991–95 and 2008–, as evidenced by the agreements signed at the “summit meetings” between both sides during these two periods. In contrast, from 1995 to 2008, the SEF–ARATS mechanism was suspended due to Beijing's strong reaction against former President Lee Teng-hui's 1995 visit to his alma mater, Cornell University. Table 9.1 summarizes the major agreements signed between the SEF and the ARATS.

A detailed examination of cross-Straits agreements is beyond the scope of this chapter. However, several general remarks are needed. First, as the titles of the various concluded agreements suggest, the two intermediary institutions have been able to conduct negotiations on behalf of their respective governments on functional and technical issues. The two sides used to differ on the sequence of political and functional talks: initially, the mainland side insisted that Taiwan accept the “one China” principle as a precondition for cross-Straits negotiations, whereas Taiwan preferred to proceed first

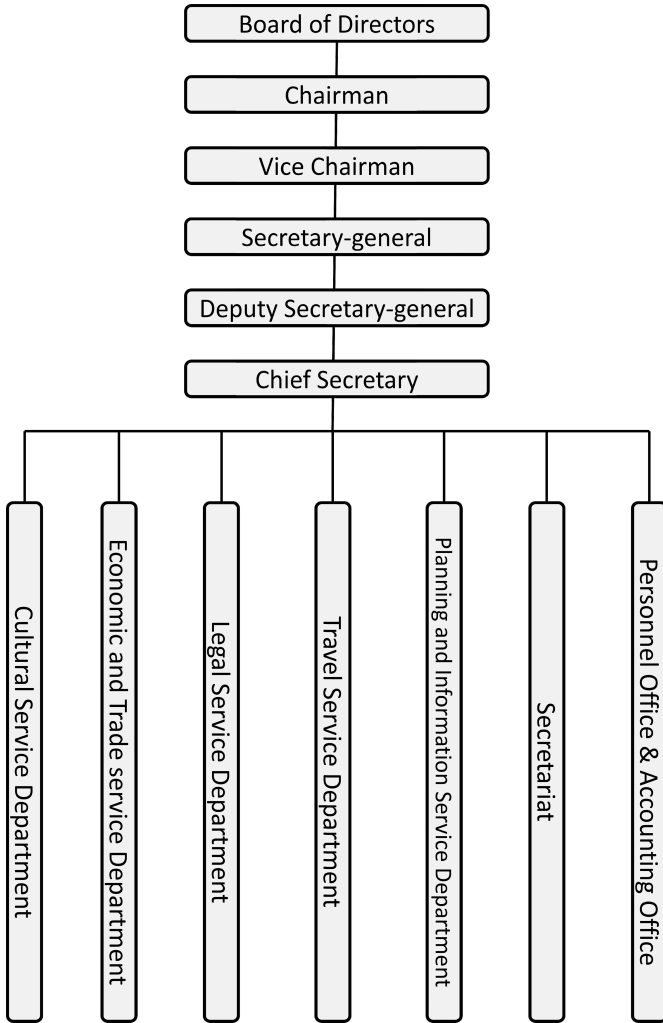


Figure 9.3. The Straits Exchange Foundation

Source: Straits Exchange Foundation, <http://www.sef.org.tw/ct.asp?xItem=48844&CtNode=3989&mp=300/> (accessed on 20 February 2010).

with functional issues and postpone political negotiations. The impasse was fudged by a term of art the two sides agreed upon in their October 1992 meeting in Hong Kong, whereby the two sides would express different understandings of “one China.” Beijing

Table 9.1. Summary of Important Cross-Straits Agreements Signed Between SEF and ARATS

Name of Meeting	Date	Place	Agreements Signed
Koo–Wang talks	27–29 April 1993	Singapore	The two sides signed four agreements: (1) the Agreement on the Use and Verification of Certificates of Authentication Across the Taiwan Straits; (2) the Agreement on Matters Concerning Inquiry and Compensation for [Lost] Registered Mail Across the Taiwan Straits; (3) the Agreement on the System for Contacts and Meetings Between the SEF and the ARATS; and (4) the Joint Agreement of the Koo–Wang Talks.
First Chiang–Chen talks	11–14 June 2008	Beijing	The SEF and the ARATS officially restored mechanisms for institutionalized dialogue and negotiations. The two sides signed two agreements: (1) the Minutes of Talks on Cross-Strait Charter Flights; and (2) the Cross-Strait Agreement on Travel by Mainland Residents to Taiwan.
Second Chiang–Chen talks	7–11 November 2008	Taipei	The two sides signed four agreements: (1) the Cross-Strait Air Transport Agreement; (2) the Cross-Strait Sea Transport Agreement; (3) the Cross-Strait Postal Service Agreement; and (4) the Cross-Strait Food Safety Agreement.

(Continued)

Table 9.1. (Continued)

Name of Meeting	Date	Place	Agreements Signed
Third Chiang–Chen talks	25–29 April 2009	Nanjing	The two sides signed three agreements: (1) the Agreement on Joint Cross-Strait Crime-Fighting and Mutual Judicial Assistance; (2) the Cross-Strait Financial Cooperation Agreement; and (3) the Supplementary Agreement on Cross-Strait Air Transport.
Fourth Chiang–Chen talks	21–25 December 2009	Taichung	The two sides signed three agreements: (1) the Cross-Strait Agreement on Cooperation in Inspection and Quarantine of Agricultural Products; (2) the Cross-Strait Agreement on Cooperation in Respect of Standards, Metrology, Inspection and Accreditation; and (3) the Cross-Strait Agreement on Cooperation in Fishing Crew Affairs.

Source: Straits Exchange Foundation, <http://www.scf.org.tw/lp.asp?CtNode=4382&CtUnit=2567&BaseDSD=21&cmp=300&nowPage=1&pagesize=15/> (accessed on 17 February 2010); texts of agreements provided to the author, courtesy of the Mainland Affairs Council.

maintained that the two sides verbally expressed their commitment to the “one China” principle, but agreed not to insist that Taipei accept its political definition of “one China” in functional negotiations. Taipei maintained that, although both sides were committed to “one China,” each side had its own interpretation of the term; for Taipei, this meant the ROC. Years later, in 2000, the then-MAC Chairman Su Chi coined the phrase “1992 Consensus” as a shorthand to summarize the “one China, each side with its own interpretation” formula, which essentially was an “agreement to disagree.”⁴⁶ Since then, the two sides have shown pragmatism in their negotiations, using words that reflect a tacit acknowledgment of each other’s effective jurisdiction without formally recognizing the other side’s sovereignty (for example, the titles of all agreements bear the heading “Cross-Strait”). However, as the “low-hanging fruits” (i.e. easily agreeable functional and technical cooperation) are almost exhausted and subsequent negotiations promise to be more complex and political, it is only a matter of time before the two sides will need to reach an agreement on the political meaning of “one China.”

Second, “the 1991 system” (SEF–ARATS) has provided a useful communication channel. But, the effectiveness of this mechanism has been subject to fluctuations in the overall political relationship between the two sides. Beijing suspended this dialogue in 1995 in the aftermath of Lee’s US visit; and this dialogue was not restored until 2008, after the KMT returned to power and accepted the “1992 Consensus,” which Beijing considered satisfactory. Increasingly, working-level officials from both sides have been able to meet and negotiate directly in the capacity as “advisors” or “experts” to the SEF or the ARATS. However, this does not mean that the SEF–ARATS channel is the only mechanism. In fact, during the 1995–2008 period, officials from the two sides were able to improvise on other modalities. For example, a few weeks before Hong Kong’s handover to China, the Taiwan–Hong Kong shipping agreement was concluded between Taiwan’s and Hong Kong’s shipping associations with authorization from both the Taipei and Beijing governments. Several private organizations, whose leadership maintained

good high-level relationships, partially took over some services that the SEF used to provide to Taiwanese businessmen in China (for example, the China Taiwanese Businessmen Development Promotion Association headed by John Chang, and the Chinese Cultural and Economic Association headed by Chang Ping-chao). Indeed, there has been a plethora of private organizations (interest groups of some sort) whose missions pertain to cross-Straits exchanges.⁴⁷ With the restoration of the SEF–ARATS dialogue mechanism, cross-Straits exchanges promise to be more institutionalized and effective. Nonetheless, semi- or quasi-official exchanges (as performed by the SEF and the ARATS) will eventually be replaced by official exchanges — a prospect Taipei and Beijing must envision.

Understanding Taipei's mainland policy formulation also requires a brief introduction to the think tanks and research organizations whose missions include the analysis of mainland affairs.

3. THINK TANKS, POLICY STUDY CENTERS AND ACADEMIC INSTITUTIONS

As cross-Straits exchanges increase and intensify, so does the need to understand major developments on the mainland. Government policy making also relies on the information and professional expertise of the scholarly community. Think tanks can be defined as “public policy research, analysis and engagement institutions that generate policy-oriented research, analysis and advice on domestic and international issues that enables policymakers and the public to make informed decisions about public policy issues.”⁴⁸ Generally speaking, in Taiwan think tanks can be distinguished by their funding sources and institutional affiliations.

The first type is organized as foundations or legal persons, with primary funding support provided by government sources. The Chung-Hua Institution for Economic Research (CIER) was established in 1979 in the aftermath of the severance of diplomatic ties between the US and the ROC. With seed money of NT\$1 billion (90% from the government budget, mainly from the Economic Council for Planning and Development, and 10% from the private

sector), the CIER conducts high-quality policy-oriented research on domestic and foreign economies. Its First Institute is charged with research on the mainland economy.⁴⁹ It publishes a Chinese bimonthly, *Economic Prospect*, as well as policy papers and monographs. Its researchers have produced a number of white papers arguing the case for the ECFA.⁵⁰

Founded in 1997, the Prospect Foundation is a "private scholarly institution devoted to the study of cross-Strait relations and international relations."⁵¹ It maintains a small research staff (whereby the Research Division analyzes mainland and international conditions, and conducts strategic and security studies), and is governed by a board consisting of a dozen or so academics in the international relations and cross-Straits fields. It publishes two journals, *Prospect Foundation Quarterly* (in Chinese) and *Prospect Journal* (in English), in addition to monographs. It also holds conferences and seminars, hosts international and mainland visitors, and conducts exchanges with international think tanks.⁵²

The Foundation on Asia-Pacific Peace Studies, a somewhat similar organization, was founded in 2008 with funding from "interests derived from endowment, fees from contract studies, and other legal incomes." Its four research groups study China's politics and foreign policy, China's military, China's economy and society, and cross-Straits relations.⁵³ Governed by a board consisting of ten academics in the field, the Foundation publishes a monthly journal and monographs, sponsors small conferences, and hosts visitors. Both the Prospect Foundation and the Foundation on Asia-Pacific Peace Studies, which were merged in mid-2010, probably receive funding support from government agencies that have an interest in scholarly analysis on the mainland.

The second type is independent think tanks or research organizations that are financially supported by a private conglomerate or foundation. The Institute for National Policy Research (INPR) was established in January 1989, at the initiative of Chang Yung-fa, Chairman of the Evergreen Group and of the Chang Yung-fa Foundation. It was the first completely privately funded public affairs research organization in Taiwan, and thus the first non-partisan think tank. Its research focuses on democratic development

and consolidation, cross-Straits relations, and national security. It has sponsored several high-profile international conferences and has published many policy studies.⁵⁴

The other two important, ostensibly private think tanks are supported by wealthy individuals who have strong ties with those at the top of political parties. The National Policy Foundation (NPF), founded in 2000 after the KMT lost the presidential election to the DPP and became the opposition party, is a think tank attached to the KMT. It was founded with the support of the Lien Chen-tung Foundation (named after the father of Lien Chan, a former KMT Chairman and the KMT's presidential candidate in 2000 and 2004),⁵⁵ and it is believed that the Lien Foundation continues to play an important supporting role today. Consisting of eight research groups and boasting many full-time and contract researchers (including experienced former officials), the NPF prepares policy platforms for the KMT. Su Chi was a former Convener of the National Security Research Group. It publishes the *Taiwan Development Perspective* (in both English and Chinese) and policy monographs.

Founded in 2001 with major financial support from the Chi Mei Group's Hsu Wen-lung, the Taiwan Think Tank conducts policy research for the DPP and seeks to present a Taiwanese voice. Its core research areas include economics and finance, law and politics, sovereignty and international relations, and employment and social issues. Governed by a board, it publishes policy monographs and also sponsors conferences and seminars.⁵⁶

It should be noted that both the KMT and the DPP have their own units dealing with policies regarding the mainland. The KMT's Mainland Affairs Department, now under its Policy Committee, is responsible for gathering information and formulating the party's position on mainland affairs.⁵⁷ The DPP's China Affairs Department is responsible for formulating its position on mainland affairs.

The last category of actors on Taiwan's mainland policy is primarily involved in the creation of knowledge (basic research) about the mainland — namely, research centers and academic institutions. The most important research institute on China is the Institute of International Relations (IIR). Established in 1953 as a government

think tank to provide analysis for high-level government departments, the IIR is Taiwan's largest research institution dedicated to the understanding of international issues. Now an integral part of the National Chengchi University, the IIR's research staff is organized into four divisions: (1) international political and economic relations of North and South America, Europe and Africa; (2) international political and economic relations of Asia, Oceania and the Pacific Rim; (3) the PRC's ideology, politics, law, foreign relations and military affairs; and (4) the PRC's social, economic, cultural and minority affairs.⁵⁸ The IIR is arguably Taiwan's most important platform for international conferences on China. It publishes several well-regarded periodicals, including the English quarterly, *Issues and Studies*, as well as the Chinese quarterlies, *Wenti yu Yanjiu* and *Mainland China Studies*.⁵⁹

In recent years, several Taiwanese universities have established research centers on China to coordinate faculty research (for example, the National Taiwan University's Center for China Studies⁶⁰ and the National Chengchi University's Center for China Studies⁶¹). One initial task was to build data banks.

In the past two decades, several universities have also established academic departments and/or graduate institutes devoted to mainland China studies. The National Chengchi University's Graduate Institute of East Asia Studies is one of the oldest such training institutes.⁶² The Tamkang University's Graduate Institute of China Studies boasts faculty members with real policy experience (e.g. Su Chi).⁶³ The National Sun Yat-sen University's Graduate Institute of Mainland China Studies is newer (1993) and serves southern Taiwan; in 2008, it was merged with another institute to form the Graduate Institute of China and Asia-Pacific Studies.⁶⁴ The Chinese Culture University merged its Graduate Institute of Chinese Studies with the Institute of Sun Yat-sen Studies in the 2009–10 academic year.⁶⁵ These training institutions often form academic linkages with their mainland counterparts, such as student and faculty exchanges. They also occasionally hold conferences, with financial support from the MAC. Their faculty, due to their expertise, is often consulted by the government regarding mainland affairs.

4. CONCLUSION

Taipei began to change its previous defensive policy regarding the mainland in the late 1980s. As part of its liberalization process, Taipei started to engage in person-to-person exchanges with the mainland. After more than four decades of mutual isolation and hostility, cross-Straits exchanges in multiple forms (trade, investment, cultural, social and interpersonal) took huge leaps, overwhelming the initially ad hoc system for handling cross-Straits relations.

In 1990–91, Taiwan established its dedicated institutional structure for its mainland policy. Within this structure, the NUC would provide high-level policy guidelines, the MAC would formulate mainland policy and coordinate inter-ministerial work concerning the mainland, and the semi-private SEF would service cross-Straits exchanges with guidance and supervision from the government. The mainland established its own intermediary organization, the ARATS, in 1991. With the SEF and the ARATS serving as “white gloves” for official contact, cross-Straits exchanges entered a new era. However, political disputes between the two governments occasionally disrupted SEF–ARATS dialogue, which was suspended from 1995 until 2008. Since the restoration of this mechanism in 2008, the two sides have quickly signed a dozen agreements and signed the historic ECFA on 29 June 2010. With the increasing exhaustion of economic, functional and technical issues, both sides will inevitably have to cope with difficult and potentially contentious political and security issues. Although working-level officials on both sides have participated in SEF–ARATS talks as “advisors” or “experts,” such a model may prove inadequate or undesirable for political and security issues. One key obstacle to overcome is the construction of a political meaning of “one China” — which was shelved over technical issues — that is mutually acceptable to both sides.

The mainland’s Taiwan policy-making structure is guided by a clear and unwavering goal (unification) as well as a vertically integrated system dominated by party leadership. In contrast, Taiwan’s mainland policy-making structure works satisfactorily at the working level, but suffers from a lack of bipartisan consensus at the strategic

level regarding the country's future with the mainland. Moreover, as a result of democratization and the emergence and consolidation of "Taiwan identity,"⁶⁶ it may be even more difficult to form a societal consensus on this issue. As both Lee Teng-hui and Chen Shui-bian had employed their respective elite-settlement strategies to seek broad consensus, whether Ma Ying-jeou will do the same remains to be seen.

Over two decades of cross-Straits exchanges have contributed to growing economic interdependence between the two sides and more realistic views of each other, prompting each side to adjust its policy to account for reality on the ground. However, Taiwan's dilemmas remain. How can Taiwan harness the potential economic benefits offered by China while reducing the security threats posed by Beijing? How can Taiwan strengthen cross-Straits exchanges without sacrificing Taiwan's identity and sovereignty? More importantly, as constructivists would surmise, will increased cross-Straits exchanges (social interactions) lead to redefined "national" interests among the elite, a sense of collective identity, a common desire to avoid war, and a normative expectation that both sides will act with restraint when conflicts arise?⁶⁷ Twenty years later, the answer is still not clear. But one thing is certain: compared to the pre-opening-up era, Taiwan's mainland policy is now more pluralistic, realistic and pragmatic, and the pace of change is a permissible topic for public debate.