

Lowy Institute Paper 06

balancing act

TAIWAN'S CROSS-STRAIT CHALLENGE

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Executive summary

Taiwan is in the middle of a deep social transformation that is redefining the way its people identify themselves, how it sees its place in the world and, most urgently, its relationship with China. Taiwan's metamorphosis, and China's reaction to it, are making it more difficult to maintain peace across the Taiwan Strait. Washington and its regional allies, including Australia, need to understand these changes better and to incorporate responses to them into their policies.

Taiwan's society is deeply split over its proper relationship with China. From 1945 to the mid-1990s, reunification with China under Taiwan's terms was the only official line. It was underpinned by the Kuomintang Party's authoritarian rule and its control over Taiwan's early democratisation. The ruling party enforced the view that socially and politically Taiwan and China were one. Chen Shui-bian's surprise win in the 2000 presidential elections and the rise of his Democratic Progressive Party to become the largest party in the legislature changed this equation. It introduced the idea of Taiwanese independence into the political mainstream.

Responding to Taiwan's social transformation, both major parties now focus on enhancing Taiwan's identity as a political and social entity separate from China. The people of Taiwan increasingly define themselves against China. The central political question for Taiwanese politics is how this sense of separateness can best be asserted while maintaining harmonious relations with Washington and peaceful ones with China.

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Taiwan's two elections in 2004 reflected the islands' deep divisions. In March 2004, after a campaign celebrating Taiwan's separate identity, Chen was re-elected as president, winning 11 % more of the popular vote than he had in 2000. Yet, in December, the Kuomintang-led opposition retained control of the legislature after warning that Chen and his party risked Taiwan's future by aggravating China and Washington. Even so, the Democratic Progressive Party-led alliance's share of the popular vote grew from 41 % in 2001 to 46 % in 2004. Taiwan's 2004 election results clearly reflect a society marked by indecision.

For the outside world, the way this indecision resolves itself will be critical. Taiwan may yet decide to push more aggressively for independence, thereby increasing the chances of a war no-one wants. The sustainability of the cross-strait status quo is increasingly uncertain.

Taiwan's delicately poised political situation makes maintaining peace across the Taiwan Strait more difficult in three ways.

First, China, worried that it is 'losing' Taiwan, is increasing its diplomatic efforts to isolate Taiwan internationally and is heightening its preparations for taking the islands by force. Its hardening attitude, in turn, strengthens Taiwan's thirst for separation from China.

Second, both sides of the strait are increasingly focussing on their divergent final solutions to cross-strait tensions rather than on the interest each of them has in a continuation of the present indeterminate situation and peaceful delay. The strong commercial interests both sides have in the pragmatic acceptance of current realities are undermined by the political focus on final solutions.

This concentration on final solutions has also had important implications for Washington's policies. In contrast to the 1970s and 1980s, when the United States, with the support of its allies, formulated a series of balancing legal and political commitments collectively known as the 'cross-strait status quo' that enshrined peaceful delay, its policy pronouncements have in practice become increasingly reactive.

Third, Taiwan's social transformation, marked by the rise of the Democratic Progressive Party, has limited the influence of foreign governments — even Washington — in Taipei. Taiwan's assertive push for self-identification and its rejection of reunification as a final

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solution is increasingly putting it at odds with the United States and its regional allies, all of whom have growing interests in harmonious relations with China. Taiwan's heated domestic debate over cross-strait relations and its fear of international isolation make it more sensitive to foreign comments on cross-strait relations and more defensive in its response. Foreign influence on Taiwan's cross-strait policies is weakening and is increasingly vulnerable to the strong tides of the domestic political debate.

The policy approaches of other governments need to be adjusted to take these three problems into account or they will risk becoming counterproductive.

Taiwan's 2004 elections delivered a divided government that will likely be unable to make any grand gestures towards either independence or friendlier relations with China.

The next national election in Taiwan will not take place until 2008. During this three-year lull, both major parties will be preoccupied by factional fighting and the need to select new leaders. They will have fewer incentives to play domestic politics with the cross-strait situation. This provides Washington and its regional allies with an opportunity to move beyond simply responding to Beijing's and Taipei's focus on final solutions towards reviving and strengthening the focus on pragmatic peaceful delay.

This report offers three policy recommendations on how to do this:

- 1. Canberra, Washington and other supporters of the cross-strait status quo should tailor their diplomatic expressions to minimise the chances of mixed messages being sent to Taipei or Beijing.**

This recommendation addresses all three problems identified above. Recent comments in Beijing by Washington and Canberra have generated nationalist backlashes in Taipei and have raised concerns that these governments are tilting towards China. Beijing's and Taipei's focus on divergent final solutions and Taiwan's heated political environment increase the chances that foreign comments on cross-strait relations will

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be (deliberately or not) misconstrued. To minimise this risk, comments by outside governments in reaction to Beijing's or Taipei's promotion of final solutions should always be premised on a reaffirmation of the status quo and the benefits of peaceful delay. In line with the status quo, they should avoid direct mention of final solutions. This is particularly true for comments made in Beijing and Taipei. Misread comments intensify cross-strait tensions rather than cool them.

2. Countries outside the Beijing–Washington–Taipei strategic triangle with concerns over the future of the cross-strait status quo should issue a joint statement supporting it.

This recommendation speaks directly to the second problem and calls for Washington's allies to take a more active role in reviving the cross-strait status quo. Over the past 20 years, a growing number of countries have developed deeper interests in the maintenance of peace across the Taiwan Strait. An official expression of this shared concern would help support the cross-strait status quo by adding a new, multilateral dimension to the international pressure on both Beijing and Taipei and would help ease, without complicating, Washington's largely unilateral conflict management burden.

A new multilateral dimension to the status quo would help refocus the cross-strait debate towards the security stake the international community has in continuing peaceful delay. It would also enable the participating governments to clarify to their own societies, Washington and both sides of the straits just what a declaration of formal independence in Taiwan would mean for support for Taiwan's peaceful development and what an unprovoked Chinese attack on Taiwan would mean for support for the 'One China' principle.

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3. Washington should issue a similar official document stating the limits to its present policy of strategic ambiguity.

This would be Washington's first addition to the formal documentation on the cross-strait status quo since 1982. With such a statement, Washington could reassert its leading role in managing cross-strait tensions and help refocus the debate onto the issues of broader regional security.

It would help recast domestic debates in China and Taiwan over cross-strait tensions and correct the slanted interpretations each side makes of Washington's position. As with the joint statement, this document could touch on what a declaration of formal independence in Taiwan would mean for support for Taiwan's peaceful development and what an unprovoked Chinese attack on Taiwan would mean for the One China principle.

These policy recommendations would work best as a package of coordinated policy but each is worthy of consideration in its own right. All aim to reinforce the important interests others have in the peaceful management of the conflict between China and Taiwan. The status quo has served the Asia Pacific well for over three decades but it needs reviving. The next three years offer Washington and its regional allies an unusual opportunity to accomplish this. If this period is not used effectively, worries over cross-strait tensions will grow at the same time that foreign governments' ability to manage them declines.

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List of acronyms

ASEM	Asia–Europe Meeting
CCP	Chinese Communist Party
DPP	Democratic Progressive Party (Minjindang)
KMT	Kuomintang (Guomintang)
NP	New Party
PFP	People First Party
RoC	Republic of China
SIPRI	Stockholm International Peace Research Institute
TSU	Taiwan Solidarity Union
WUFI	World United Formosans for Independence

Chapter 1

Balancing act

Taiwan's¹ democratisation and the ethnic identity question at its heart are casting serious new doubts on the sustainability of the cross-strait status quo and its crucial contribution to Asia Pacific security. In Taiwan, reunification with a one-party communist China² is no longer a domestic political option nor is the 'one country, two systems' framework promoted by Beijing and in place in Hong Kong and Macau. Taiwan's political debate today is over *de facto* independence versus *de jure* independence.³ The acrimonious tones of Taiwan's most recent presidential and legislative elections reflect Taiwan's deepening angst over its conflicting desires for continued cross-strait calm and for greater self-identification. The fact that both elections were very close reflects how evenly split Taiwanese society and even Taiwanese individuals are over balancing these goals.

The rapid shift in Taiwanese political debate from reunification to 'independence' is being driven by deeper social forces favouring a new Taiwan identity and a break with its Kuomintang-dominated Sino-cultural authoritarian past. These deeper identity questions are the principal determinants of Taiwan's present unresolved political situation.

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Both of Taiwan's directly elected presidents have succeeded by running on campaigns pushing a more assertive, separate identity for Taiwan. This has entrenched these identity questions at the core of Taiwan's democracy. Success breeds imitation. Taiwan's relationship with China is the major issue in this new politics of identity. The cross-strait status quo that has helped maintain peace is being overtaken by Taiwan's debate over its future political status. The most important external policy issue at the core of Taiwan's survival and regional peace is being redefined by social change and its domestic political manifestations.

Beijing's leaders have been taken aback by Taiwan's rapid social and political change. They have responded to the rise of pro-independence forces in Taiwan by sabre rattling and a concerted diplomatic effort to reinforce the international acceptance of its One China principle. Beijing has launched military training exercises simulating an invasion of Taiwan and has pressured for a shorter deadline for Taiwan's reunification on Beijing's terms. China's tone is now more aggressive than Mao Zedong's ruminations of being able to wait a century for reunification or Deng Xiaoping's patient approach of peaceful reunification. Recently, former Chinese President Jiang Zemin publicly called for the 'Taiwan issue' to be finalised on China's terms by 2020.⁴

China's rapid economic development and growing diplomatic stature enhances Beijing's interests in reunification and its ability to apply pressure on other countries to actively clarify their support for Beijing's One China principle. Losing Taiwan would be domestically devastating for the rulers of China, and any foreign country supporting Taiwan in a cross-strait conflict, even if only symbolically, would earn Beijing's deep enmity. Beijing's inability to predict or guide Taiwan's political change is enhancing the attractiveness of the military option and shortening Beijing's patience with the cross-strait status quo that it judges is permitting Taiwan to drift away.

Cross-strait status quo defined

The phrase 'cross-strait status quo' is a technical term. It does not (and should not) simply refer to the current state of affairs. It is used by Washington, Taipei and Beijing as shorthand for the series of unilateral

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and bilateral documents and the policy commitments that underlie them that together define this triangular relationship. This Paper will only use this technical definition and will discuss these documents in detail. The cross-strait status quo was established by Washington with the aim of managing the cross-strait conflict peacefully in the interests of regional security. From its inception the cross-strait status quo has been primarily about helping guarantee regional security. It has never been about providing a final solution to the conflict. The fact that a series of official documents was required to establish and maintain the cross-strait status quo underpins its delicate nature and its importance. The cross-strait status quo will only change when these documents are changed, superseded or ignored.

Historically, the cross-strait status quo is the second phase of the triangular relationship between Washington, Taipei and Beijing that evolved between the conclusion of the Chinese civil war in the late 1940s and the onset of the Korean War in the early 1950s. The civil war brought the Communist Party to power in Beijing and limited the fleeing Kuomintang to power in Taiwan. However, once trapped in Taiwan, the Chiang Kai-shek administration continued to claim that the Kuomintang was the true representative of China, fighting Beijing's foreign scourge of communism. The Kuomintang ruled out the idea of 'two Chinas' or 'one China, one Taiwan' insisting, as Beijing does today, that Chinese sovereignty is indivisible.

The Korean War deepened Washington's Cold War interests in Northeast Asia and solidified Washington's support for the defence of Taiwan and its anti-communist regime. In the first phase of cross-strait relations, Washington and the United Nations backed Taipei's One China principle and Washington signed a mutual defence treaty⁵ with Taiwan. During this period, Washington pursued a policy of strategic clarity in favour of Taipei's One China policy, and against Beijing's policy of 'revolutionary liberation' (annexation) of Taiwan under its competing One China policy.

In 1971, the United Nations voted to transfer the China seat from Taiwan (the Republic of China) to mainland China (the People's Republic of China) and to endorse Beijing's One China policy. In 1972,

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spurred on by the Sino-Soviet split and the impracticality of Taiwan's One China claim, the United States also officially acknowledged Beijing's One China policy. This policy change triggered the second phase of the triangular relations codified as the cross-strait status quo. At the core of this second phase has been the simultaneous acknowledgement by Washington and its regional allies (like Australia) of Beijing's One China policy, and active support for Taiwan to live in peace and security until both sides of the strait could peacefully agree on a final political solution to their conflicting sovereignty claims. This purposefully leaves a question mark over if and when the United States would intervene in a cross-strait conflict and is referred to as the policy of 'strategic ambiguity'.

For countries outside the Beijing–Washington–Taipei triangle, their primary policy goal in supporting the cross-strait status quo is to help prevent conflict between China and Taiwan or policy changes that might increase the chance of conflict. Washington's commitment to support only mutually agreed, peaceful change, Beijing's pursuit of reunification by non-forceful means and Taipei's acceptance of its present ambiguous diplomatic existence are at the heart of the cross-strait status quo and its ability to satisfy this policy goal. Each is a necessary but insufficient condition of the cross-strait status quo.

This package of commitments was sustained until recently by the fact that both sides of the strait had reunification as their ultimate policy aim. Both agreed that there was One China, they simply vehemently disagreed over what kind of China it should be and which side was its rightful political voice. The military inability of either Beijing or Taipei to subjugate the other side and the United States' overwhelming force projection capabilities has underpinned the cross-strait status quo. China's rising force projection capabilities and global position and Taiwan's domestic political change are now throwing this into question. Maintaining the cross-strait status quo is now much trickier and much more important.

Washington and its allies are concerned by any moves in Taiwan that aggravate Beijing and undermine its belief that it can, eventually, peacefully achieve reunification on its terms. Taipei is concerned

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that Washington's commitment to defending Taiwan against Chinese aggression and attempts to isolate Taiwan further may be flagging. Washington and its allies are concerned with Chinese moves to prioritise a military approach to reunification. Beijing is concerned with Washington's commitment to the defence of Taiwan and the use of the 'Taiwan issue' as a proxy for containing China.⁶

Australia on edge

The new uncertainties swirling around the cross-strait status quo are particularly worrying for America's main allies in the Asia Pacific: Japan, South Korea and Australia. Australia has long feared that the Taiwan issue could force it to choose between two core national interests; its alliance with the United States and harmonious relations with China.⁷ The rapid integration of the Australian and Chinese economies — China is now Australia's second largest export market after Japan — and China's willingness to consider a preferential trade deal have deepened Australia's concerns that its interests are not derailed by tensions in the Taiwan Strait. In 2003, trade with China equalled 10.5 % of Australian international trade; trade with Taiwan only amounted to 3 %. Trade with China expanded by close to 12 % in 2003; trade with Taiwan fell by more than 12 %.⁸ During his October 2003 visit to Australia, Chinese President Hu Jintao noted that "The Chinese government and people look to Australia to play a constructive role in China's peaceful reunification."⁹

During his August 2004 stop-over in Beijing, Alexander Downer (Australian Minister for Foreign Affairs) declared that Australia-China relations are the "best ever". He also questioned the automaticity of Australia's support for the United States in the event of a conflict over Taiwan.¹⁰ Australia's extremely close and dependent security relationship with the United States, however, means that refusing a potential request by the Americans for support over Taiwan would be an extremely difficult, epochal decision. Deputy Secretary of State Richard Armitage noted in Sydney on 17 August 2001 in response to a question on a cross-strait conflict that:

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if the Australian Government made a decision — in the terrible event the United States was involved in a conflict — that it was not their interest to participate at some level, then we would have to take a look at where we are after the dust has settled. But as I say, I think the overwhelming view from the United States is that it is hard to imagine a military action of any sort here by the United States, which wouldn't, in large measure, also be in Australia's interest.¹¹

Australia has an intense and deepening interest in the maintenance of the cross-strait status quo so that Australia is never put in the position of having to answer Armitage's challenge.¹²

Paper outline

Given the new challenges to the cross-strait status quo and the regional and global need to maintain it, this Paper sets out to offer a practical way to maintain the cross-strait status quo and discourage China and Taiwan from a conflict that nobody wants. The Paper looks at how domestic political change in Taiwan has added a new danger to the cross-strait status quo and a new, if narrow, window of opportunity to revive it.

The rest of Chapter 1 describes the origins, policy and legal pillars of the cross-strait status quo. Chapter 2, using Taiwan's recent elections as background, addresses how democratisation has changed Taiwan's political system to the permanent detriment of previously dominant pro-reunification forces and Taiwan's support for the One China principle. Chapter 3 analyses the deeper social trends in Taiwan driving this political change and the electoral incentives they create. Chapter 4 concludes by looking at the feasibility of reviving the fraying cross-strait status quo and the policy steps Canberra and Washington can take in support of this necessary reaffirmation.

Cross-strait status quo pillars

The durability of the cross-strait status quo, despite the almost total lack of communication between the two adversaries, has been maintained by a series of unilateral legal and policy documents and bilateral ones

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between Washington and Beijing or Taipei. The cross-strait status quo is not defined by any one of these documents but by all of them and, importantly, by their contradictions. None of these documents is between Beijing and Taipei and their historical sequencing reflects China's rising power and Washington's efforts to minimise the chances for adventurism or miscalculation by Beijing or Taipei. A clear understanding of these documentary pillars is important as they are continually referred to by each of the three governments to justify its position and criticise actions by the other two.

Washington's position

On 21 April 2004, the United States Assistant Secretary for East Asian and Pacific Affairs, James A Kelly reiterated in congressional testimony the five core principles underlying Washington's post-1972 management of the cross-strait status quo and identified the five documents that underpin its policy of strategic ambiguity. Kelly's testimony echoed President Bush's public statements in December 2003, during the early heat of Taiwan's presidential election campaign, that the United States opposed any unilateral moves by either side of the strait that might undermine the cross-strait status quo.¹³

Kelly¹⁴ identified the following core principles:

- Commitment to Washington's One China policy.
- No support for Taiwan independence or unilateral moves that would change the status quo.
- Beijing should not use force or the threat of force against Taiwan. Taipei should exercise prudence in managing all aspects of cross-strait relations.
- Continuing the sale of appropriate defensive military equipment to Taiwan.
- Maintaining the capacity of the United States to resist any resort to force or other forms of coercion against Taiwan.

Kelly cited five documents as the basis for these core principles. The first document is the 28 February 1972 Joint Communiqué between

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Washington and Beijing stemming from President Nixon's visit to China to meet Chairman Mao Zedong.¹⁵ It marked, to the grave concern of Taipei, Washington's re-engagement with Beijing and set the stage for the United States' formal diplomatic recognition of the People's Republic of China. In the communiqué, Washington acknowledged Beijing's One China principle and promised to endeavour to withdraw all military troops and installations from Taiwan when tensions eased.¹⁶ The communiqué followed quickly from the passage in the United Nations of Resolution 2758 which transferred the China seat in the General Assembly and on the Security Council from the Republic of China (Taiwan) to the People's Republic of China (China). Washington failed in its simultaneous bid for a resolution creating a new General Assembly seat for Taiwan.

The second joint communiqué between Washington and Beijing mentioned as the second core document by Kelly was released on 15 December 1978 and established official diplomatic relations. In this communiqué Washington recognised, "the Government of the People's Republic of China as the sole legal Government of China" while indicating it would maintain unofficial relations with Taiwan. The second joint communiqué followed swiftly from Washington's notice to Taipei that it was unilaterally terminating the 1955 mutual defence treaty, which had been the basis of Washington's previous policy of strategic clarity in favour of Taiwan.

Taipei and its many supporters on Capitol Hill in Washington felt betrayed by this shift in policy. In response, the United States' Congress passed the *Taiwan Relations Act* signed by President Carter on 10 April 1979.¹⁷ This replaced the defunct mutual defence treaty and became the core document for the Washington–Taipei side of the cross-strait status quo and Washington's policy of strategic ambiguity.

This Act defined the new defence relationship between Washington and Taipei. Unlike the 1955 mutual defence treaty, the Act does not obligate the United States to defend Taiwan but it does state that it is American policy to "maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people of Taiwan". It

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also reiterates that the United States' official recognition of China "rests upon the expectation that the future of Taiwan will be determined by peaceful means". In this vein, American officials have continually noted how Beijing has refused to rule out forced reunification, placing this expectation under threat.

The Act permits the United States to provide Taiwan with arms of a defensive character and tasks the president and Congress to determine the defensive needs of Taiwan and how to best meet them. Kelly in his 21 April 2004 testimony to the House International Relations Committee repeated the strategic assumption behind these defence-related sections of the Act by noting that "a secure Taiwan is more capable of engaging in political interaction and dialogue"¹⁸ with China. The Act both redefined relations between Taiwan and the United States and balanced reassurances (not guarantees) to Taipei of continued American defence support with warnings to Beijing against forceful reunification. The Act as a whole helped assuage Taipei's shock over losing Washington's official recognition and the binding mutual defence treaty.

The final two documents mentioned by Kelly follow a similar pattern of counterbalancing each other and being released in quick succession. On 17 August 1982 the third joint communiqué between the United States and China responded to Beijing's concerns over the *Taiwan Relations Act*.¹⁹ It reaffirmed the two earlier joint communiqués and clarified Washington's position of arms sales to Taiwan by promising to gradually reduce arms sales to Taiwan, "leading over a period of time to a final resolution".

Washington balanced this by releasing in the previous month the 'Six Assurances' to Taiwan. Assistant Secretary of State John H Holdridge delivered these 'assurances' directly to the president of Taiwan at the behest of President Reagan. In these assurances,²⁰ Washington promised not to alter the *Taiwan Relations Act* or set a date for the end of arms sales. Reagan further promised that Washington would not mediate between Taiwan and China, force Taiwan to negotiate with China or formally recognise Chinese sovereignty over Taiwan.

While not carrying the weight of legislation or a diplomatic communiqué, Washington continues to use the Six Assurances as

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part of the documentary basis for its cross-strait policy of strategic ambiguity. In his testimony to Congress, Kelly mentioned the three joint communiqués and the *Taiwan Relations Act* as the basis for the United States' One China policy. He only referred to the Six Assurances as embodying the American position of not being a direct mediator in cross-strait relations. The Six Assurances are Washington's strongest declaration of support for Taiwan following the termination of the mutual defence treaty in the weakest documentary form.

These five documents form the basis for the United States policy underpinning the cross-strait status quo. They balance acknowledgement of China's One China principle against support for Taiwan's right to peace and security. They also contain some important contradictions. Each side of the strait and its supporters use the documents that are most favourable to them as the filter through which to evaluate and criticise Washington's actions. The documents underscore Washington's central role in constructing and maintaining the cross-strait status quo as a means of peacefully managing tensions between Taipei and Beijing.

Beijing's position

Beijing's position on Taiwan has remained constant: Taiwan is part of the People's Republic of China and reunification will occur on Beijing's terms. What has changed over time has been Beijing's approach to reunification. It has shifted from the revolutionary liberation of Taiwan through force in the 1950s and 1960s (when China did not have the necessary force projection capabilities to achieve this) to an interregnum with some peaceful overtures in the 1970s under Chou Enlai (aka Zhou Enlai) to the present policy of peaceful reunification under the one country, two systems that took root under Deng Xiaoping. Three Chinese documents outline the present approach and its limits. These all came out after Washington's documents discussed above. Beijing's cross-strait status quo documents criticise Washington's policy of strategic ambiguity and respond to perceived changes in Taipei's position on cross-strait relations.

The first document is the White Paper on *The Taiwan Question and the Reunification of China* released by the Taiwan Affairs Office of the

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State Council in August 1993.²¹ It begins by tying the Taiwan question to China's modern history of 'humiliation', division and foreign intervention, arguing that the 'Taiwan problem' is the greatest remaining hurdle to China's historical redemption. It reiterates in strong terms that China regained complete sovereignty over Taiwan at the end of World War II with the defeat of Japan and the surrender of its colonies. Hence, cross-strait relations are solely an internal Chinese matter.

After interpreting the first two joint communiqués between Washington and China to mean that Washington supports (not simply acknowledges) Beijing's One China principle,²² the White Paper criticises Washington for continuing to sell arms to Taiwan, claiming this is illegal and contravenes the third joint communiqué. The White Paper calls on Washington to shift to a policy of strategic clarity in favour of Beijing by removing itself from the picture. It is a Chinese demand for Washington to terminate the cross-strait status quo in favour of China.

Addressing Taiwan directly, the White Paper categorically rules out full independence for Taiwan or efforts to use either the 'Two Germanies'²³ or 'Two Koreas' models as guides to a final cross-strait solution. In defining the one country (ruled by Beijing), two systems framework for Taiwan, this document promises a receptive Taiwan a high level of autonomy and the ability to maintain its separate economic and political system for a long, unspecified, time. Taiwan would be granted the status of a special administrative zone.

The White Paper goes further and reiterates an earlier policy statement for initial talks to "be held on an equal footing between ruling Parties on each side of the Strait, namely, the Chinese Communist Party and the Kuomintang". This 'olive branch' was a key element in China's attempt to recast its approach to the Taiwan issue in more positive and cooperative tones and to set the agenda for final solution negotiations. Taipei rejected this offer in accordance with the Kuomintang's 'three nos' on cross-strait policy — no communication, no negotiation, no compromise.

The first White Paper was released on the heels of the historic '1992 consensus' between the two ostensibly non-official 'track two' cross-strait institutions, Taipei's Straits Exchange Foundation (SEF) and Beijing's Association for Relations across the Taiwan Strait (ARATS).

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These negotiations were the first ‘official’ talks between the two sides since the Chinese civil war and raised hopes of a peaceful final solution. The two organisations agreed on a compromise formula where both sides accepted the One China principle and acknowledged each other’s different interpretations of this principle. This formula became known as the 1992 consensus.²⁴ This led to the first meeting of the heads of these organisations in Singapore in 1993. However, at the same time that cross-strait relations were thawing, Beijing was growing increasingly worried over the push by President Lee Teng-hui (Taiwan’s first elected president and head of the Kuomintang) for a more assertive foreign policy and the parallel rise of the Democratic Progressive Party, which questioned Taiwan’s future commitment to this compromise.²⁵

On 30 January 1995 President Jiang Zemin announced an eight point proposal for peaceful reunification. By endorsing it he put his personal stamp on Deng Xiaoping’s peaceful reunification/one country, two systems approach and on the track-two talks.²⁶ His proposal came after the most intense period of cross-strait bilateral negotiations between the two track-two organisations nominated by Beijing and Taipei. In contrast to the White Paper, President Jiang’s eight points addressed Taiwan only and did not touch on Sino–American relations or contradictions in Washington’s policy of strategic ambiguity.

The eight points rejected President Lee Teng-hui’s more assertive diplomacy and reaffirmed the non-negotiable status of Beijing’s One China principle. They called for negotiations to end the state of hostilities and noted that political differences should not hinder closer economic ties, and especially the establishment of the ‘three direct links’ of postage (communications), transport and trade. The eight point proposal reiterated the ethnic bond between China and Taiwan through the traditions of Chinese culture, which includes ethnic minorities, and the consequent rule that Chinese should not fight each other (*zhongguoren bu da zhongguoren*). At the same time that Beijing was emphasising ethnicity as the common bond across the strait (as discussed in Chapter 3), Taiwan’s changing ethnic identity was at the core of Taiwan’s political shift away from reunification with China.

The final Chinese core document is the February 2000 White Paper,

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*The One-China Principle and the Taiwan Issue.*²⁷ As with the eight point proposal, the second White Paper principally responded to political changes in Taiwan. It reflected Beijing's growing anger at Lee Teng-hui's leadership and fears for Taiwan's commitment to Chiang Kai-shek's One China principle. The White Paper baldly states that, "Lee Teng-hui has become the general representative of Taiwan's separatist forces, a saboteur of the stability of the Taiwan Strait, a stumbling block preventing the development of relations between China and the United States, and a troublemaker for peace and stability in the Asia-Pacific region." This document was a call for Taiwan to return to its unquestioning support for reunification.

It was a direct challenge to Lee Teng-hui's policy shift in 1999 to seeing cross-strait relations as "state-to-state or at least special nation-to-nation relations".²⁸ These comments by Lee also led Beijing to cancel the informal cross-strait negotiations started in 1992. The White Paper went further and noted that peaceful reunification is premised on Taiwan's active commitment to reunification. The document repeated in stronger terms China's view of the illegal nature of Washington's continued arms sales to Taiwan and Washington's role in delaying peaceful reunification on Beijing's terms. The tone of the second White Paper is much firmer than its predecessor and is critical of both Taipei and Washington.

Beijing's worry over domestic political change in Taiwan has deepened significantly since the February 2000 White Paper with the coming to power of Chen Shui-bian in May 2000. With President Chen's successful re-election in March 2004 and his commitment to constitutional reform, Beijing has begun to seriously consider adding a fourth document to its 1979 peaceful reunification/one country, two systems approach.²⁹

A draft reunification law written by a Taiwan-born, China-based legal academic Zhou Qing would require China to conquer Taiwan if Taiwan declared full independence. The draft law while providing no timetable, states that continuing obstruction by Taiwan of Beijing's reunification policy would require reunification through non-peaceful means. It provides for the one country, two systems formula for Taiwan if reunification is

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achieved peacefully. However, if it is achieved forcefully, the law simply offers Taiwan the one country part of the formula. In December 2004, China's National People's Congress added an 'anti-secession' law to its March legislative agenda.

As with the 2000 White Paper, the anti-secession law hardens China's cross-strait position. If passed, it would enshrine the military option for reunification as a legal requirement if reunification is not achieved soon through peaceful means. Combined with Jiang Zemin's support for a resolution by 2020, Beijing is setting the groundwork for abandoning the cross-strait status quo in favour of forced reunification. Since 1979 and the second joint communiqué, Beijing's One China principle has hardened in reaction to Taiwan's domestic political change and China's growing military power.

Beijing sees the *Taiwan Relations Act* and continued American arms sales to Taiwan as contravening the basis of post-1979 Sino-American diplomatic relations. To maintain its balancing role in the strait by selling Taiwan the necessary defensive military supplies, Washington is pushing Taipei to buy more advanced weapons. In other words, if Washington is to maintain its balancing role, it must aggravate what China sees as an anti-China contradiction in its cross-strait policy in an environment of growing Chinese power and waning patience over Taiwan. The two White Papers and the eight point proposal support the cross-strait status quo; the anti-secession law may threaten it.

Taipei's position

Taiwan has the unique position within the strategic triangle of being the only one under direct military threat. Unlike China, Taiwan also boasts a strong lobby group supporting its position within the United States. Beijing has largely tried to influence Washington through its official diplomacy. The strongest pro-Taiwan force influencing Washington emanates from Capitol Hill. The *Taiwan Relations Act* was a congressional initiative forced on President Carter who pondered vetoing it.³⁰ Many argue that Washington, especially under a Democratic administration, balances two competing cross-strait policies, the executive's geo-strategic policy leaning towards China and Congress' ideological one supporting Taiwan.³¹

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The bipartisan pro-Taiwan lobby in Congress is buttressed by a strong pro-Taiwan lobby within the Republican Party and right wing think tanks like the Heritage Foundation. These pro-Taiwan voices in the United States support Taiwan for its espousal of capitalism and democracy and contrast this with China's communist authoritarianism. They see Taiwan and the United States as bound together by 'an alliance of values' in the words of the present director of the American Institute in Taiwan, Douglas Paal.³²

These voices have kept the Taiwan issue and its links to the moral assertions of American foreign policy in the public arena. They push for a stronger defence of Taiwan and criticise the perceived pro-Beijing elements in Washington's cross-strait policy. Their criticisms became the most heated during the second Clinton administration when it was felt that President Clinton was unilaterally changing the terms of the cross-strait status quo against the interests of Taiwan. Clinton was heavily criticised for discussing Washington's One China policy without mentioning the first two joint communiqués qualifier that the United States simply acknowledges (not accepts) Beijing's One China principle.

In 1998, during his visit to Shanghai, Clinton went further and issued his 'three nos'; no support for Taiwan independence, no recognition of two Chinas or One China and a separate Taiwan, and no support for Taiwan's membership in international organisations requiring statehood.³³ Pro-Taiwan voices claimed this contravened the *Taiwan Relations Act* and the policy of strategic ambiguity. The Heritage Foundation contended that this slight change in wording and the three nos played a central role in the 2000 White Paper's more hawkish tone.³⁴ Reagan's Secretary of Defense Caspar Weinberger went further, charging the Clinton administration with appeasing China and not learning the lessons of World War II.³⁵

In 1999, the pro-Taiwan attacks on the Clinton administration in the Republican-controlled Congress reached a crescendo when the House of Representatives overwhelmingly passed the House bill proposing the *Taiwan Security Enhancement Act*. The House bill called on Washington to shift its cross-strait policy significantly back in favour of Taiwan. Republican Senator Jesse Helms as chair of the

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Senate Foreign Relations Committee tabled the corresponding Senate bill. Clinton, in response, promised to veto the legislation. Ironically, Taiwan's newly elected President Chen Shui-bian eventually asked the American Senate not to consider the bill due to Taiwan's concerns over its effects on the cross-strait status quo. The Act died. This Act was the closest Washington's pro-Taiwan forces have come to changing the documentary basis for Washington's present cross-strait policy since the *Taiwan Relations Act*. While it failed, it showed the partisan power of Taiwan's voice in Washington.

Within Taiwan, the most important documents in support of the cross-strait status quo are the Constitution with its 1991 amendments, the 1991 Guidelines for National Unification, and the 1994 White Paper. The latter two are direct responses to Beijing's shift towards peaceful reunification on Beijing's terms. These documents track Taipei's changing perception of relations with China and its responses to Beijing's own cross-strait declarations. They reflect Taiwan's gradual shift from Chiang Kai-shek's solitary and unrealistic focus on cross-strait unification under Taipei to Taiwan's open-ended existence as a separate political entity.

This change in Taiwan's cross-strait policy has been driven internally by democratisation that has favoured a stronger focus on Taiwan as a separate political entity and externally by the Sino-American détente that largely ended the dream of unification.³⁶ China's cross-strait status quo documents reflect Beijing's appreciation of its rising influence and ability to settle future cross-strait relations on its terms. Taiwan's documents recognise the impracticality of cross-strait unification on Taipei's terms at any time in the foreseeable future.

The Constitution of the Republic of China was adopted on 25 December 1946 when the Kuomintang still ruled China but was under severe threat from Mao Zedong and the Communist Party of China.³⁷ This Constitution followed the Kuomintang over the Taiwan Strait creating the odd situation where a constitution covering all of China is only valid in Taiwan. Constitutionally, Taiwan island is a province while the offshore islands of Kinmen and Matsu are under the Fujian province, a province now ruled by Beijing.³⁸ The Constitution also

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provides for the National Assembly to include delegates from Tibet, promises to respect Mongolia's system of local self-government and mandates the free flow of commodities throughout all of China. The Constitution enshrines Taiwan's national flag and official name (the Republic of China).

With Taiwan's move to democracy, the Constitution had to be changed to establish working rules for elections in Taiwan alone. In May 1991, 10 additional articles were added to recognise that Taiwan and the mainland were politically divided and to establish the legal bases for the election of the National Assembly and Second Legislative Yuan. The division between the Mainland (communist) Area and the Taiwan (free) Area³⁹ was constitutionally recognised for the first time.

Lee then reoriented the Taiwan state to reflect this new approach to cross-strait relations that recognised cross-strait division and Taiwan's inability to achieve unification in the foreseeable future. In 1990, the then recently appointed president, Lee Teng-hui, took a key step away from Chiang Kai-shek's hard line unification policy used domestically to legitimise the Kuomintang's repressive authoritarianism. He announced the end of the period of national mobilisation against 'communist' China.⁴⁰ Taiwan was no longer in an official state of war-readiness.

Lee established the National Unification Council under the President's Office to come up with unification guidelines to embody the change from a military to a long-term political approach to cross-strait relations and the final goal of unification. In January 1991, Taiwan's government established the cabinet-level Mainland Affairs Council to coordinate cross-strait relations. It also established the track-two Straits Exchange Foundation (SEF) as the vehicle for cross-strait negotiations with its Beijing track-two peer, the Association for Relations across the Taiwan Strait (ARATS).

The National Unification Council's Guidelines for National Unification came out in early 1991.⁴¹ The guidelines do not carry the weight of law. They reaffirm Taipei's One China policy and its basis in Taiwan's claim to be the true representatives of China. They state that unification should promote Chinese democracy and respect for human rights and the rule of law while respecting the rights and interests of Taiwan's people.

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The guidelines envisage a three-stage process for unification beginning with confidence-building cross-strait exchanges. The second stage is premised on political reform in the “Mainland Area” towards democracy and the rule of law. The guidelines clearly indicate that once (and only once) China becomes sufficiently similar to Taiwan, the second stage of official communication between the two sides of the strait can commence. In the final stage, a joint committee is envisaged to discuss unification based on Taipei’s terms. The three-stage process for unification, the lack of any indication of timing and the reliance on democratic political reform in China clearly reflect Taiwan’s shift to seeing unification only as a long-term potential goal.

The Guidelines for National Unification were quickly followed in mid-1992 by the *Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area*.⁴² The Act defines the “Taiwan Area” as “Taiwan, Penghu, Kinmen, Matsu, and any other area under the effective control of the Government”, while the “Mainland Area” is defined as “the territory of the Republic of China outside the Taiwan Area”. The Act differentiates between individuals with household registrations in the “Taiwan Area” and registrations in the “Mainland Area”, *de facto* treating these as the bases for separate citizenships. It bans people from holding passports from the two “political entities” simultaneously and established the rules for Mainland household registrants to apply for permanent residency in Taiwan. These permanent residency provisions reaffirmed the Kuomintang’s policy shift to viewing cross-strait unification only as a very long-term possibility and the party’s increasing focus on redefining Taiwan as a separate political entity.

In 1994, in response to Beijing’s promotion of peaceful reunification/one country, two systems, Taiwan’s new Mainland Affairs Council issued its own White Paper, *Relations across the Taiwan Strait*.⁴³ This document rebutted Beijing’s 1993 White Paper by setting out Taipei’s view of Chinese history and the cross-strait division, and its plans for unification. Reiterating Taiwan’s One China principle, the 1994 document stated that the cross-strait division “stems essentially from the influence of the international political situation and an alien ideology, which eventually took the form of a struggle between the ‘China of the

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Three Principles of the People⁴⁴ which is founded on Chinese culture, and ‘Communist China’ rooted in Marxism”.

While Beijing’s 1993 White Paper relied on international law to support its One China principle, Taipei’s 1994 White Paper rested its case on Taiwan’s democratic credentials and economic freedom. The paper set out the Kuomintang’s belief that unification is only acceptable to the people of Taiwan if China transforms into a democracy. Foreshadowing the future, the paper warned that, together, Taiwan’s democratisation and China’s threats against Taiwan would strengthen ‘separatist’ forces in Taiwan and undermine the goal of peaceful unification.

This challenging scenario is what we face today. Lee Teng-hui’s own political transformation over the question of reunification, and the rise of the Democratic Progressive Party, reflect the power of the social forces behind Taiwan’s changing perceptions of relations with China and the benefits for Taiwan’s politicians in stoking them. Despite Chen Shui-bian’s triumphs over the Kuomintang, Taipei officially still stands by the Guidelines for National Unification as the basis for its cross-strait policy. To assuage worries over the impact on the cross-strait status quo of his shock win in 2000, President Chen in his inauguration speech issued his ‘five nos’ in relation to Taiwan’s cross-strait position,

Therefore as long as the CCP [Chinese Communist Party] regime has no intention to use military force against Taiwan, I pledge during my term in office, I will not declare independence, I will not change the national title (Republic of China), I will not push forth the inclusion off ‘state-to-state’ description in the Constitution, and I will not promote a referendum to change the status quo in regard to the question of independence or unification. Furthermore, there is no question of abolishing the Guidelines for National Unification and the National Unification Council.⁴⁵

After a campaign win in which he trumpeted Taiwan’s separate political identity, President Chen reaffirmed these cross-strait promises following his re-election in March 2004.⁴⁶ As it stands now, the

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Kuomintang-created National Guidelines for Unification still represent Taiwan's official position on the question of unification. President Chen has indicated that his call during the 2004 presidential and legislative elections for a new Taiwan constitution will not address issues of Taiwanese sovereignty such as Taiwan's official name or flag.⁴⁷ His two inauguration speeches provide his strongest backing for Taiwan's continuing commitment to the cross-strait status quo. Washington applied great pressure on Taipei to ensure that both inauguration speeches reaffirmed such a commitment. The question remains how strong this commitment is.

Taiwan's political system is the social arena in which this commitment, upon which important matters of regional security rest, is being repeatedly tested. Chen's re-election after a populist campaign highlighting Taiwan's separateness from China cast doubt on this commitment. Chen's and the Democratic Progressive Party's setback in the December 2004 election on the other hand raised questions about the political mileage to be gained from threatening this commitment too overtly.

Chapter 2

Pressing in: party politics and Taiwan's contracting political spectrum

During 2004 a deeply divided electorate in Taiwan was poised between a desire to assert Taiwan's separate political and cultural identity, more pragmatic concerns over cross-strait tensions and mundane economic and social issues. The deep acrimony of Taiwan's two election campaigns in 2004 and the contrasting results for the major parties can be seen as a reflection of these disparate desires. Chen's re-election as president in March 2004 was the first time the Democratic Progressive Party and the independence-leaning pan-green alliance⁴⁸ it heads won a majority of the vote. Many observers felt that this signalled Taiwan's irreversible progress to full independence and the growing irrelevance of the Kuomintang and its pan-blue alliance.

Yet the legislative elections in December 2004 redeemed the Kuomintang, which gained 11 more seats in the 225 seat legislature and with the other pan-blue parties retained control of the legislature. The pan-blue alliance led by the Kuomintang ran a cautionary campaign against President Chen's promotion of comprehensive constitutional

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reform. They implied that his policies posed a risk to Taiwan's economy and cross-strait relations. This campaign hit a nerve, and the pan-blue alliance led by the Kuomintang won a majority of votes cast. Taiwan's cohabitation between a pan-green president and a pan-blue legislature and the political gridlock it has caused mirrors Taiwan's social gridlock over the islands' future and the problems this creates for the cross-strait status quo.

How did Taiwan's domestic politics get to this point and why does it matter? For most onlookers, politics in Taiwan is the proverbial riddle wrapped up in an enigma. Characterisations of the islands' political process range from teetering dictatorship to frontier democracy; it seems everyone's depiction is different. This lack of clarity stems from the speed and form of political change that has occurred in Taiwan, particularly over the last decade or so. Like many of the so-called 'third-wave' democracies that emerged in the late 1980s and early 1990s such as the Philippines, South Korea and Thailand,⁴⁹ Taiwan's political process remains a work in progress, and therefore difficult to categorise.

To appreciate why Taiwan is edging away from the cross-strait status quo, it is vital to evaluate the domestic political realignment occurring on the islands. This is not about formal rules and political institutions but, befitting a democratising polity, about Taiwan's dynamic political parties; who they represent, how they interact, what they stand for, and where the future will take them. Taiwan's party political spectrum is 'pressing in' or contracting, leaving voters in the new democracy with starker choices and the cross-strait status quo with a narrower, less predictable consensual basis in the islands' rapidly evolving political process. Taiwan's political and social change is reshaping its commitment to the cross-strait status quo more quickly, more clearly and in a more threatening manner than is its deep integration with China's booming economy.

Chapter 2 proceeds in four sections. The first section considers the somewhat peculiar nature of Taiwan's traditional political spectrum — one based on relations with China — and demonstrates how this has pressed in on itself in recent times. The second section examines how the islands' various political parties position themselves on this

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shrinking spectrum. The third section of this chapter looks at the central dynamic of the contemporary party system, that is the two major parties' struggle to capture the middle ground and define what that constitutes within Taiwan's more 'compressed' political spectrum. The final section assesses the implications of these changes for the cross-strait status quo.

Taiwan's contracting political spectrum

As the main theorists of party systems⁵⁰ have all noted, party politics in all political systems invariably turn on one primary axis. For most political systems in the West, this tends to be a left—right axis concerning wealth redistribution (for example, Labor and the Coalition in Australia), with debate centring on the level of individual versus collective responsibility for people's livelihoods. Alternative axes do occasionally come into play (for example, environmental politics and Green parties) but only as a supplement to the main axis, never as an equal.

This general rule of thumb holds true in Taiwan as well. In Taiwan, the main axis is externally derived, and concerned with the islands' sovereignty and their relationship to their sibling rival, the People's Republic of China (China). A secondary axis concerning social policy and liberal reform of state institutions exists, but received little attention in the most recent elections. However, the pan-green's lack of success in December 2004 legislative elections may lead President Chen to refocus attention on economic and social policy issues in preparation for the next elections in 2008. In the early period of Taiwan's democratisation process the main axis figured as an often-stylised debate between those who favoured reunification and those who favoured independence from China. In the formal political arena, the legislative and executive representatives of, respectively, the dominant Kuomintang (*Guomindang* or KMT, which ruled through authoritarian means from the late 1940s) and the opposition Democratic Progressive Party (*Minjindang* or DPP, and prior to 1986, a loose confederation of anti-KMT forces known as the *dangwai*) opposed each other on this axis.

Box 1: Democracy's beginnings

While it is not the purpose of this study to delve too deeply into Taiwan's 'great transition', a few comments on the broader process of political change are warranted. Depending on where you start and finish the story, Taiwan's democratisation process covers some of the 1970s, all of the 1980s, and most of the 1990s. Key events included:

- the Kaohsiung Incident of 1979 (where police clashed with protestors in a crackdown on the headquarters of the *Formosa Magazine*, an anti-government publication);
- the decision to lift martial law in 1987 (which confirmed the rights of free speech and due process in the courts);
- the constitutional conventions of the early 1990s and the abolition of the so-called Temporary Provisions for the Period of Communist Rebellion (which occasioned the return of elections for all political offices); and
- the first direct presidential election in 1996.⁵¹

Seeking to explain Taiwan's democratic transition, analysts have come up with a range of arguments including:

- economic rationalist ones about the demand for political opening following the rapid rise in Taiwanese living standards after the 1960s;
- arguments about the KMT regime's long-term need to attach a sense of social legitimacy to its decisions; and
- 'pure' politics arguments about the strategic interaction between the KMT and the DPP (or prior to 1986, the dangwai).

The final one has proved the most popular, both in Taiwan and elsewhere. More than the others, it gives a crucial role to party politics in Taiwan's democratisation, a position that best accords with empirical observation, and is broadly in line with this chapter.

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The origins of this divide have deep historical roots, and include the KMT's loss of control of the Mainland in the Chinese civil war and the flight to Taiwan in the late 1940s. The Republic of China's (Taiwan's) loss of diplomatic recognition from the United Nations, the United States and a host of other countries and international agencies compounded this sense of humiliation and victimisation. Political opening in Taiwan grew on the back of this deepening external dilemma and the loss of guaranteed American support against China. This internal process of political opening found its clearest expression in the traditional reunification versus independence debate that has coloured every aspect of the democratisation process and Taiwan's changing identity.

After the mid-1990s, however, this situation began to change, and, after 2000, to change radically. In a manner that begs comparison with the narrowing of economic debate in the West since the late 1980s, Taiwan's political debate has contracted and turned in on itself. Mainstream political debate in Taiwan is now conducted along an axis that ranges between *de facto* and *de jure* independence, and what this implies for the islands' political and social development. Reunification, as a political goal with immediate social resonance and practical implications for policy, is all but dead. While the December 2004 legislative elections slowed down the political momentum towards *de jure* independence, it dealt a much more serious blow to those seen to support reunification.⁵²

The turf that Taiwan's political parties now fight to control is anchored in the simple idea that the islands should remain divorced from China for the foreseeable future.⁵³ As a party-political goal, *de facto* independence is typically cast as a description of Taiwan's present circumstances (the islands' separation from China since the late 1940s and Taipei's centralised control over Taiwan). This is the status quo in Taiwan's domestic political speak. *De jure* independence refers to the establishment or enforcement of rules and principles that would legitimise *de facto* independence. It means Taiwan's formal separation from China would be established through changes to the 1946 Constitution and international law. This is the position of change in Taiwan's domestic politics.

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The contraction of Taiwan's main political axis has been driven by several intertwined factors, including the changing ethnic and national identity of the people in Taiwan. We will explore this latter theme in Chapter 3. Crucially, however, a series of purely political factors may have spelled the death of the reunification position. Since the early 1990s, Taiwan's most successful politicians have leveraged these factors to entrench their leadership positions and the new political axis. They played the key role in entrenching the axis to which all politicians must now respond.

Externally, China's direct and indirect posturing toward Taiwan since 1995 has undermined Taiwan's confidence that China would treat it peaceably and sincerely in the event of reunification. China's missile tests conducted in August 1995 and March 1996 (the last of these on the eve of Taiwan's first presidential election) brought home for many people in Taiwan the reality of the Chinese military threat and the hollowness of its peaceful reunification rhetoric. While Beijing has avoided such extreme gestures toward the islands since, the events of 1995–1996 have proven difficult to forget. China's increasing missile threat (some 700 missiles deployed and aimed at the islands, with 50–75 new missiles added annually), the periodic finger-waving of various leaders and the fact that China's annual defence spending has more than doubled since 1997 have only served to add more fuel to the fire.⁵⁴

The negative sentiments generated in Taiwan by this sabre rattling have been reinforced by Beijing's handling of Hong Kong under the 'one country, two systems' framework, a reunification model expressly designed by the Chinese authorities with Taiwan in mind. For many on Taiwan (and Hong Kong), Beijing's efforts from 2002 to secure the passage of an anti-subversion law in Hong Kong was proof positive that the model was much more about 'one country' than 'two systems'.⁵⁵ China's actions have provided Taiwan's politicians with a wealth of material to push for a separate Taiwan identity to defend Taiwan's democracy and to undercut any opponents' calls for closer, more cooperative relations with Beijing.

Internally, the vicissitudes of the islands' democratisation process have also worked against any reunification agenda. Democracy, by its

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very nature, hates constraints that are not democratically derived. The enlargement of the franchise in Western democracies was as much a story about making consistent the principle of 'one vote, one value' as struggles hard fought and won by disenfranchised groups. Into the late 1990s, one of the few remaining constraints on Taiwan's democratic process was the prospect of forced reunification with China. In the same way that democratic consistency dictated legislative and executive elections follow the lifting of martial law, reunification with the authoritarian regime across the strait and external calls for limits on Taiwan's democratisation have become less and less acceptable. Democratisation has energised discussions of cross-strait relations in Taiwan, but has limited the number of domestically feasible final solutions.

The 'defensive referendum' coincident with the presidential election in March 2004, and the rebuff to China implied by this initiative, was, in part, the culmination of this democratic reform process and not simply the result of short-term political manipulation by President Chen Shui-bian and the DPP. The referendum contained two questions, both fairly innocuous compared with some early drafts.⁵⁶ The first asked whether Taiwan should strengthen its defences if China refused to remove the stockpile of missiles currently aimed at the islands. The second question asked voters whether Taiwan's government should seek cross-strait talks concerning the establishment of a new 'cross-strait framework for peace and stability'. In the event, only around 45 % of registered voters participated in the two ballot issues (7,452,340 and 7,444,148 respectively), so neither took effect. To be valid under Taiwan's new referendum law, at least 50 % of registered voters must participate. However, of those who did participate, 92 % voted 'yes' to both questions.

From the earliest days of Taiwan's democratisation movement, political reform has been associated with something called 'independence', or at least political autonomy. Nationalism and nation-building are often the midwife of democracy — witness the American and French revolutions — and the key personalities in Taiwan's democratisation story all have resorted to island political symbols to sell their wares. This is certainly the case for high profile figures such

as the DPP's Peng Min-ming, Shi Ming-teh, and Chen Shui-bian as well as the KMT's Lee Teng-hui and lately Lien Chan who famously kissed Taiwan's turf during the March 2004 presidential campaign. During Taiwan's authoritarian period, Chinese political symbols dominated. Today symbols that express Taiwan's separate identity dominate and are used by all mainstream politicians, especially during election campaigns. Associations with Taiwan attract votes, associations with China do not.

Party positions

Taiwan's parliament, the Legislative Yuan, is currently home to five main political parties — the New Party (NP), the People First Party (PFP), the KMT, the DPP, and the Taiwan Solidarity Union (TSU) — in addition to a handful of quasi-affiliated legislators and independents.⁵⁷ In August 2004, the legislature passed a statute that will downsize the institution — from 225 seats to 113 — and introduce single-member constituencies from 2008. Most observers expect that the initiative will have little independent impact on the political make-up of the Legislative Yuan, merely shrink its size. It is hoped though that the change in voting system will lessen party factionalism. The provision for simultaneous presidential and legislative elections will also reduce the number of national elections in Taiwan, which invariably raise the temperature of cross-strait relations. Since 2001, the parties in the Legislative Yuan generally divide into two groupings, the 'pan-blues' and 'pan-greens' with each group marking out positions on the *de facto/de jure* independence axis.

The pan-blues have maintained a narrow majority since 2001 despite expectations that the KMT's loss of the presidency would trigger a pan-blue loss in the legislature. Taiwan's voters both in 2001 and 2004 preferred to check the DPP's executive power by voting in an opposition-controlled legislature despite the political gridlock 'cohabitation' creates. The independents, currently 10 in all, can also be divided into pan-blue and green sympathisers, although their allegiances have been known to change abruptly. 'Independent' legislator Sissy Chen is a classic example. Despite once being a radical member of the DPP, Sissy Chen

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now has a reputation for being the forward defence line of the pan-blue camp. Generally speaking, however, discipline among the major parties is relatively tight. Party allegiance in Taiwan is more similar to parliamentary systems of government like those in the United Kingdom and Australia than presidential systems like those in the Philippines or South Korea where party alignment tends to be looser.⁵⁸ Party allegiance is the key to the pan-blues' ability to thwart the executive in the legislature despite only holding a small majority.

Table 2.1: Taiwan's presidential results

	March 2004	March 2000
Turnout	80.3%	70.2%
Pan-green vote	50.1%	39.3%
Chen	50.1%	39.3%
Pan-blue vote	49.9%	59.9%
Lien	49.9%	23.1%
Soong	—	36.8%

Source: Taiwan Central Election Commission

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Table 2.2: Taiwan's Legislative Yuan results

	December 2004	December 2001	December 1998
Turnout	59.2 %	66.2 %	68.1 %
	Seats	Seats	Seats
Pan-green	101	100	70
DPP	89	87	70
TSU	12	13	—
Pan-blue	114	115	134
KMT	79	68	123
PFP	34	46	—
NP	1	1	11
Independents	10	10	21
Total	225	225	225

Source: Taiwan Central Election Commission

The pan-blues include the NP, the PFP and the KMT. Together they constitute the flag bearers for a continuation of Taiwan's *de facto* independence from China and opposition to moves towards *de jure* independence. The NP, with just one seat in the Legislative Yuan, is

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the only representative voice that comes close to calling for immediate reunification, but envisages a cross-strait union significantly weaker than anything China has offered to date. Asked for details of this in an interview in June 2004, the solitary lawmaker talked of a framework considerably looser than either the Hong Kong or Macau examples, or the sketchy proposal put forward by the Chinese president in 1995 discussed in Chapter 1.

The PFP, with 34 seats, nominally calls for reunification with China, but puts no time limit on this goal and in the interim makes public appeals for conciliation and calm on the cross-strait issue. This position reflects Taiwan's 1994 White Paper. The PFP, along with the NP, maintains a support base that is predominantly Mainlander in origin; those residents of the islands and their descendants who retreated to Taiwan along with Chiang Kai-shek in the late 1940s. It is also generally considered conservative on social issues. The PFP's chairman and founder is James Soong, a one-time Mainlander heavyweight within the KMT who ran a maverick presidential campaign in 2000 when he failed to receive the KMT's nomination for president.

Among the pan-blues, the KMT, with 79 seats in the Legislative Yuan, is the least cohesive on cross-strait relations and *de facto* versus *de jure* independence. The small non-mainstream wing of the KMT has a position very similar to the PFP, and competes with the PFP for a largely Mainlander support base. In December 2004, the PFP lost 12 seats and the KMT won 11 more seats, suggesting the KMT may be winning this competition. On social policy, it is likewise innately conservative.

The outlook of the mainstream wing of the party (consisting of a mixture of ethnic Taiwanese, the Hakka ethnic minority, representatives with close links to KMT 'local factions',⁵⁹ and a substantial number of people who owe their position to the internal career structure of the party machine, such as its current chairman Lien Chan) is almost indistinguishable from more moderate thinking within the DPP. During the December 2004 campaign, the KMT ran on a platform supporting constitutional reform as did the DPP, but claiming their reforms would be less threatening to China and thus to Taiwan. After the DPP's lack of success in the campaign, many DPP

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(light green) moderates, echoing the KMT line, claimed that Chen's referendum proposals were too extreme.

The KMT's divided outlook on the issue of cross-strait relations intensified through the latter half of the 1990s, but was kept under control by the party's wealth and residual authoritarian influence in Taiwan society. The party built up an impressive armoury of powers during the authoritarian years (monopolising everything from childcare centres to research foundations to the media), and retains assets estimated at somewhere from US\$2–16 billion.⁶⁰ These levers for party unity and commitment are weakening as Chen and the DPP work to undercut them. December 2004's fillip for the KMT may mute these internal rumblings temporarily but the lack of a consensus party line on cross-strait relations remains a divisive problem for the KMT.

The pan-greens include the DPP and TSU, and coalesce around the pursuit of *de jure* independence from China. The DPP, currently the largest parliamentary party with 89 seats, is split between soft (light green) and hard line (dark green) proponents of the *de jure* independence ideal. Soft line proponents call for eventual *de jure* independence, but put no time limit on this goal and insist that it can only occur when Taiwan reaches a consensus on the issue (this shares some interesting strategic similarities with the cross-strait policy of the PFP and the KMT mainstream). The soft end of the DPP is occasionally portrayed as the party's pragmatic 'head', and is dependent on middle-class professionals and business people for its voter base. It includes among its ranks the Justice Alliance, a grouping of DPP members with an interest in legal reform and best known as President Chen's faction. Other key soft line groupings include the Welfare Alliance, the traditional home of DPP thinking on social policy and the partial source of its progressive, liberal political persona.

Hard line proponents of the *de jure* independence goal, with the DPP's New Wave faction, its largest faction, at the centre, insist on the active pursuit of *de jure* independence from China. Vice President Annette Lu often voices policy positions in line with this faction. The New Wave faction presents itself as the conscience or 'heart' of the DPP, and was the faction initially responsible for the inclusion of the independence clause⁶¹ in the party's constitution. (The so-called 'New Wave coup' of the

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early 1990s eventually drove a number of moderates such as Hsu Hsin-liang and Shih Min-teh from the party.) Partly as a matter of political expediency, the DPP's dark green proponents of *de jure* independence have taken a back seat in the affairs of government not directly germane to cross-strait relations which is often their sole passion.

Like the DPP hard liners, the TSU with 12 seats in the legislature also insists on the immediate pursuit of *de jure* legal independence from China. Both groupings draw their electoral support from an uneasy amalgamation of ethnic Taiwanese (mostly from the south of the main island), blue-collar voters, local factions, intellectuals and Taiwanese business people. This generates surreptitious conflict between the two around election time. Unlike the DPP, the TSU often sees the pursuit of the *de jure* independence goal as their one and only concern, and subordinates all other policy considerations to this goal. It also has a unique and somewhat peculiar reputation for attracting wealthy benefactors, which in turn attracts a style of party member who is both highly motivated and instrumentalist in the best tradition of the KMT machine men. Much of this can be explained in terms of the personal vagaries and residual influence of the party's self-styled 'spiritual leader,' former KMT president Lee Teng-hui.

Box 2: KMT's erosion

KMT, once the only political authority in Taiwan, holds a special place in the birth of all the other parties. This is probably not that surprising for the pan-blue camp. The New Party (NP) is so-called because it broke away from the KMT in 1993 after the KMT's move away from Chiang Kai-Shek's unification policy; taking a significant slice of the latter's 'non-mainstream faction' with it in the process. The PFP was established in 2000 by popular ex-KMT maverick, James Soong. Like the NP, the PFP 'liberated' a sizeable bloc of KMT members upon formation; however, it has done considerably better than the NP at the polls. Both the PFP and the NP justified their splits by arguing that the KMT, seduced by the growth of the DPP, was drifting away from its origins.

The NP is now actively considering rejoining the KMT while the KMT and PFP have warily been testing the waters of a merger since James Soong chose to run as Lien Chan's vice-presidential candidate for the March 2004 presidential election. The PFP's loss of 12 seats in the December 2004 legislative elections strengthens the KMT's hand and may force the PFP to rejoin the KMT or risk losing more of its supporters to the KMT.

To some degree, the impact of the KMT's propensity to 'spin off' nascent parties also applies to the pan-green camp. A solid core of TSU legislators and organisers owe their political education to earlier membership in the KMT. Also, as noted above, the organisation's mentor, Lee Teng-hui, was a one-time KMT president himself. The DPP has links to the KMT as well. A number of leaders in the *dangwai* movement such as Hsu Hsin-liang were formerly KMT technocrats and local politicians. Comparatively speaking, however, such links are weak. Time spent in prison as a victim of KMT oppression has always facilitated promotion and influence in the DPP more effectively than time spent acquiring leadership skills as a KMT-anointed elite.

Scramble for the centre

The key dynamic that characterises the party system in Taiwan in the contemporary era is a struggle to capture the median ground and define or redefine what constitutes Taiwan's founding myth in a political environment devoid of a legitimate agenda for reunification. It is a struggle that is focussed on the two largest players: the DPP and the KMT. For the moment, this renders the NP, the PFP and the TSU largely reactive or opportunistic agents in the formal political process on the disappearing extremes of the political spectrum.

Broadly speaking, over the last decade the DPP vote has solidified and advanced into new constituencies while the KMT's has eroded, ending its aura of invincibility.⁶² The first open legislative elections were held in 1992 and this resulted in 31 % of the primary vote going to the DPP, and 53 % to the KMT. In the 2001 legislative election, the DPP's electoral support increased to 39 %, while KMT support shrank to 30 %. While detailed figures are not available for the 2004 legislative elections, pan-green parties increased their total vote from 41 to 46 %. Pan-blue parties came in at about 50 %.

A similar but clearer pattern is observable in successive presidential races. In 1996, the year of Taiwan's first direct presidential election, the DPP's support was an unthreatening 21 %, while the KMT under Lee Teng-hui picked up 54 %. In the 2004 presidential election, the DPP gained 50.1 % of the popular vote while the KMT, under a joint ticket with the PFP, came in just behind with 49.9 % of valid votes cast.⁶³

The scramble for the centre has been deeply influenced by a legislative voting system, the single non-transferable vote (SNTV) system, which interacts with the media to encourage personalities, and heated disputes both within and between parties. Factions are the rule and factional fights are often deeper and more decisive than inter-party competition. This splintering tendency is an inherent trait of the SNTV voting system — observable in Japan before 1994 when the system was finally replaced — and has been the common bane of Taiwan's party whips and election strategists since the start of democratisation. The universal disdain for the system was a major reason for the bipartisan decision to abandon it in August 2004.

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For the DPP, crafting the middle ground in recent years has been intimately tied to its domestication as a party in power. Since Chen Shui-bian's election win in March 2000, the DPP has gradually reconstructed itself as a professional policy machine. During its many years in opposition, the DPP was fundamentally ambivalent about the level of legitimacy it attached to the institutions and symbols of the state and had few representatives in foreign capitals. Many party members saw the Republic of China state institutions as representing KMT authoritarianism, Mainlander domination and an unwanted legal tie to China. It now seeks overseas contacts and works within the established machinery of the state.

In large measure, the DPP's domestication has been driven top-down and in a particularistic fashion from the presidential office. President Chen's charismatic style of leadership and a gagging of hard line independence advocates within the DPP have increased the party's appeal to Taiwan's political mainstream and disaffected KMT voters. The *de jure* independence agenda has become an election tool in this context; pulled out strategically and periodically when it will win a ballot (for example, the 2004 presidential race). Before shifting election tack to running a populist nationalist campaign highlighted by the referenda, President Chen trailed the KMT's Lien Chan by up to 17% in the polls.⁶⁴ The shift was a very successful episode of political product differentiation for Chen.

December 2004's legislative election results offer a cautionary note that the overuse of this populist tactic can backfire and alienate many undecided voters. Chen's last-minute announcement that state firms and overseas offices should replace Taipei, China and the Republic of China with Taiwan in their official names annoyed many light blue and light green voters. The announcement was viewed as an unnecessarily provocative step. The State Department's immediate criticism of this announcement that it unilaterally changed Taiwan's status fed into these criticisms and supported the KMT's line about the recklessness of President Chen and the DPP. The nationalist card needs to be played carefully to be effective.

There have been significant exceptions to this rule of trotting out *de jure* independence only during election periods — Chen's 'one country

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on either side of the strait' statement in July 2002 after Nauru's switch of diplomatic recognition to China is a case in point — but these statements do not have the status of policy. By and large, the DPP's overall cross-strait agenda has been subsumed beneath Chen's 'five nos' policy first announced at his inauguration speech in May 2000 and reiterated at his second inauguration in May 2004. It runs in tandem with a basic if begrudging understanding of the benefits to be had from qualified support for the cross-strait status quo and Taiwan's continued economic integration with China.

There are important questions to be asked about the personal commitment of President Chen to the Republic of China state apparatus and the sincerity of his ostensibly moderate line (at least for the DPP) on cross-strait relations. The 2004 presidential campaign saw some fierce rhetoric, and, perhaps more troubling, the use of a so-called 'defensive referendum' to appropriate popular opinion on cross-strait tensions for electoral purposes. At the same time, Chen advanced a proposal for rewriting the Constitution. These initiatives have remained fresh on the agenda because Chen was in election mode throughout 2004, and the DPP hard liners like Annette Lu were allowed more latitude for the duration. This effect has been boosted by the disputation of the ballot that followed the March 20 presidential race and the continuing claim by pan-blue forces that the outcome was invalid. The question in this context becomes less one of what Chen thinks and wants from cross-strait relations, and more one about his ability and continued interests in reining in the hard line elements within his party. December 2004's results should help Chen rein in these elements especially as the DPP did not lose many dark green voters to the TSU.

It is important to stress, purely from a good governance perspective, that the present constitution needs serious attention. Aside from the thorny issue of national identity and sovereignty, there are outstanding problems related to voting age and eligibility, the rights of minorities and women, the number of legislative seats, the conduct of elections and the right of recall, and the role of referendums and judicial review in the political process. Most important, however, is the issue of institutional powers. Under most presidential systems, the president has the right

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to veto legislation cleared by the legislature. Under parliamentary/Westminster systems, the prime minister or premier has the power to dissolve the legislature. In Taiwan's combined, 'French model' political system, however, the president has no such veto power, and the premier can only request a dissolution of the legislature when a no-confidence motion has been passed. Constitutional reform has been on the top of Taiwan's political agenda since the late 1980s due to these problems.

Reflecting this structural problem, since the DPP's Chen came to power in 2000, Taiwan's political system has led to an unresolvable gridlock. Over the last five years the pan-blue dominated legislature has blocked a raft of bills brought down by the Chen administration without fear of veto or parliamentary dissolution.⁶⁵ The pan-blue dominated legislature is stalling the passage of an \$18 billion dollar arms purchase package from the United States that Chen and Washington are pushing hard as necessary to maintain the cross-strait status quo.⁶⁶ On this issue, the DPP is arguing against the KMT in favour of the cross-strait status quo and good relations with Washington. This gridlock also effectively blocks Chen's constitutional reform agenda unless the DPP and KMT can agree on a common set of reforms. While Washington is deeply annoyed about the gridlock over arms purchases, it is likely to be quite happy about the constitutional reform one.

Echoing the DPP's evolution, the KMT's campaign to define and secure the middle ground has been associated with a project to 'normalise' the party. It has aimed to tone down residual authoritarian elements, and remake the KMT into a political machine dedicated to winning democratic elections and creating policy. This project was forced on the KMT as a result of its loss of the presidency in March 2000 and it remains a long way from complete. The net result has been organisational and tactical schizophrenia, and the gradual erosion of votes and personnel to the PFP on the one hand, and the DPP and TSU on the other.

Organisationally, the upper reaches of the KMT retain a rigid Leninist command structure with policy and appointment powers residing in the chairman (currently Lien Chan) and the Central Standing Committee. The party at the local and regional level, however, is an unsteady mix of genuinely democratic elements and entrenched, paternalistic 'local

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factions'. The latter are typically headed up by 'vote bosses' who command significant financial resources around election time. The going rate for a KMT vote in Taichung during the March 2004 presidential election was estimated to be worth anywhere between NT\$5,000 and NT\$20,000 (roughly A\$200–800), depending on which regional vote boss your *huji* (family residence) fell under. Such activity is anathema to the new generation of KMT leaders such as Ma Ying-jeou and Wan Jin-pyng at the forefront of normalising the party. For the most part however, these individuals have proved powerless. The continual hold of the vote bosses on the party machinery deeply taints the image of the party in general.

Tactically, in the last half decade, the KMT has campaigned at various elections on a platform of cross-strait conciliation. The presidential election in March 2004 saw a repeat of this performance. It is a compromise position that attempts to combine the policy outlooks of the party's increasingly fractured non-mainstream and mainstream wings (and, when they work in concert, the PFP as well). As an election strategy, it easily falls prey to charges of appeasement from the DPP and TSU, especially when Beijing obliges with an ill-timed bout of sabre rattling. As a result, the party has expended considerable energy during election campaigns trying to divert attention away from the main axis.

During the March 2004 presidential election, it launched a total of 21 policy papers on matters as diverse as women's issues and fiscal reform. Most of this material, however, was completely ignored by the media who slavishly followed Chen's simple message of '*ai Taiwan*' ('love Taiwan' and, by implication, resist domination by China). The December 2004 legislative elections, however, saw the KMT take President Chen's constitutional reform agenda and its implications for cross-strait relations head on and win the day. To win elections, the KMT must situate itself squarely on the primary voting axis, not try to avoid it.

Implications for the status quo

The contraction of the political spectrum in Taiwan has three critical implications for the cross-strait status quo. Together, these amount to an active erosion of the institution domestically, and could ultimately result in calls for its replacement. It is important to emphasise that *this*

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hasn't happened yet. However, how much longer the externally oriented cross-strait status quo will retain voters' interest in the contemporary political environment is open to question. Taiwan's political system is becoming less susceptible to foreign pressure in support of the cross-strait status quo, especially if this pressure is phrased negatively.

First, at an abstract level, popular acceptance and redefinition of the status quo within Taiwan rests upon the simultaneous *potential* for the islands to either reunite with China or become a fully independent state, depending on the wishes of Taiwan's people (if only, for either option, at some distant point in the future). While the cross-strait status quo has fundamental elements that give it a stable and enduring character (as discussed in Chapter 1), it is by no means a concrete resolution of the outstanding issues between Taiwan and China. The cross-strait status quo is 'unfinished business'. The clear element of choice implied in a political spectrum that includes Taiwan either rejoining a democratic China or severing all ties highlights this reality and gives it credence within Taiwan. Conversely, insofar as reunification is not a legitimate political option in Taiwan, and the only choices available in the public arena are variations on a common theme of 'independence', the cross-strait status quo is likely to be conceptually marginalised.

There is some evidence to suggest that this is already starting to occur. Popular support for the status quo as indicated in opinion polls is consistently high at somewhere between 70–80 % of the population, and this can be traced back almost 20 years in Taiwan. More recently, however, pollsters have begun to warn that the support figures have lost much of their original meaning. Comments in the analysis section of a poll taken in late April 2004 by the Election Studies Center at National Chengchi University are indicative:

Those who, for whatever reason, preferred to maintain the status quo amounted to 78.4% [in the April 2004 survey], a figure that has varied only slightly in recent years. The significance of this number... cannot be interpreted with certainty, however, inasmuch as public understanding of what 'the status quo' means is changing. Previously, it meant neither unifying with

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China nor declaring the establishment of a Republic of Taiwan (RoC). Now, more and more, it has come to mean simply the official status of the RoC as understood by the president and other elected national leaders⁶⁷

Table 2.3: Party preferences on cross-strait relations

Party identification	Independence	Conditional*	Unification
PFP	10.0 %	48.7%	41.3 %
KMT	11.6 %	50.2%	38.2 %
DPP	53.0 %	42.2%	4.8 %
TSU	63.6 %	31.8%	4.5 %
Non-aligned	23.2 %	46.7%	27.3 %

Source: Niou (2004)

*Conditional reflects those voters polled who would consider supporting independence or unification in the future if conditions such as the Chinese military threat, US support for Taiwan, etc change.

Increasingly, Taiwan's pollsters have focussed on gradients or subcategories of the status quo as defined by respondents' declared positions on the main political axis, their ethnicity and/or their voting behaviour. There is an emerging perception that the cross-strait status quo, on its own, no longer is the front of Taiwan people's minds. The status quo is transforming into an internally oriented statement of Taiwan's political identity rather than an externally oriented compromise with China.

Taiwan's political elite is becoming locked into an intensely inward-looking, esoteric dialogue about the meaning, practice and desirability of 'independence', often overlaying a range of other policy and political

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debates.⁶⁸ Some of this dialogue has an almost metaphysical quality. Consider this extract from a live TV debate between pan-blue and pan-green legislators and party officials in mid-2003, just after the TSU's Lee Teng-hui openly declared that, in his opinion, the “the Republic of China no longer exists” (*Zhonghua Minguo yijing bu zunzai*). The show (‘2100 Call-In’ moderated by the popular figure Lee Tao) rates among the highest of Taiwan's myriad talk-back programs, and is one of the few places, even including the Legislative Yuan, where the political elite directly debate each other on the future of Taiwan.⁶⁹

PPF participant to TSU participant:

‘Do you accept the existence of the Republic of China?’

TSU participant:

‘Taiwan is a sovereign, independent country and its name is the Republic of China.’

PPF participant:

‘Does that mean that you accept the existence of the Republic of China, and is it an independent country?’

TSU participant to PPF participant:

‘Taiwan is independent under the Republic of China constitution. Do you accept the existence of Taiwan?’⁷⁰

In this introspective environment the status quo is used as a domestic political football to support either side's version of an independent Taiwan. For the pan-blues, the KMT and its sibling parties are the status quo. Only they are in a position — ideologically, historically and in terms of practical skill in government — to manage cross-strait relations and guarantee *de facto* independent Taiwan's survival. A vote against the KMT and its political partners is, a priori, a vote against the status quo. The KMT hammered away on this point during the December 2004 legislative elections to tap into Taiwan society's pragmatic support for the status quo.

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For the pan-greens, the status quo starts with the bold assumption that Taiwan is a sovereign independent state. It often finishes with the assertion that the cross-strait relationship is forever 'changing' due to forces beyond Taiwan's control and against Taiwan's interests. Increasing Chinese antagonism and American vacillation are presented as the primary culprits. Overall it must be stressed that the cross-strait status quo gets only passing consideration by Taiwan's political parties, and it is wrong to attempt some kind of schematic analysis of them based on their varying approaches to it. The cross-strait status quo is a sideline in the domestic debate that is squarely focussed on the islands' sovereignty.

Finally, the contraction of the main political axis has all but eradicated any pragmatic constituency in Taiwan that could make a case for the cross-strait status quo as a public good in and of itself. No-one among the political elite in Taiwan would dare admit that the Constitution and its unification symbols are based on a legal fiction about a greater China guided by Sun Yat-sen's philosophy but is key to sustaining international support for Taiwan and its survival. What is seen as common sense to many outside observers is political taboo in Taiwan.

For the KMT and the pan-blue side this would be tantamount to an admission that unification on Taipei's terms has never been a feasible policy. For the DPP and its pan-green allies, open acceptance of such a pragmatic statement would deprive them of a successful election strategy based on local nationalism that is bolstered by outside, especially Chinese, criticism. Both sides of politics in Taiwan have strong incentives to avoid a pragmatic (and for that matter earnest) domestic reading of the cross-strait status quo and its benefits for Taiwan in the public arena. Ironically, in private this is precisely what most politicians fall back on. This theme occasionally emerged during interviews in Taipei when our party-political interlocutors let down their guard.

There is an acute shortage of public entrepreneurs outside the political realm who might effectively advocate and broker the case for pragmatism. The academy is particularly notable for its silence on the issue. Taiwan's numerous scholarly foundations — the Taipei Society, the Taiwan New Century Foundation, the National Cultural Association, and so on — while well intended, have had a hard time rising above

the political fray. This is even more the case for the islands' thriving community of think tanks. Truly independent institutes, among which we might include Andrew Yang's Council of Advanced Policy Studies, are few and far between, and typically starved for funds.

Summing up

The contraction of the political spectrum in Taiwan is undermining the islands' commitment to the cross-strait status quo. This process, however, has not run its logical course and policy outcomes are not fully pre-determined. Taiwan's political leaders, including President Chen, still feel obliged to justify their respective cross-strait policies in terms of the cross-strait status quo. Certainly the voting public still talk in terms of something they call the 'status quo', even if its meaning is not clear and not in line with external perceptions of the status quo. Just how long the idea will retain resonance, however, is the matter of contention. It is possible that at some time in the foreseeable future, Taiwan's political elite will launch a unilateral (and likely futile) effort to reinvent the islands' external circumstances by pursuing *de jure* independence. How Washington and Beijing would react to this is still uncertain, as would be the reaction of those in Taiwan who do not support *de jure* independence.

As a purely domestic political phenomenon, Taiwan's gradual move away from the cross-strait status quo is rationally conceived and has parallels with other societies at other times. Quebecois nationalism since the 1967 Quiet Revolution has defined Quebec's main political axis as one spanning the status quo of provincial autonomy within a weak Canadian federation and *de jure* independence, with status quo supporters painted as reactionary. For those outside Quebec, as with Taiwan, it is hard to see what Quebec would gain from *de jure* independence and easy to see what Quebec, and Canada, would lose. Nationalism is an intensely domestic phenomenon that is hard for outsiders to fathom or shape around the edges effectively.

It is not surprising that the increasing military threat Taiwan faces from China, and the islands' democratic development would, *in almost any situation*, give rise to nationalist sentiment and a questioning of

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the established political order. If only the calculation were this simple. Taiwan's move away from the status quo is also being driven by the redefinition of what it means to be 'Taiwanese' with Taiwan's most successful politicians leading the way. Taiwan's 'culture wars' add a unique dimension to the status quo debate that is seldom canvassed by external observers. The volatility of the policy mix produced by this social conflict should give pause to those who treat Taiwan as a passive inhabitant of its external environment, uniquely sensitive to outside pressures to adhere to it. Similarly, it challenges the widely held view propagated by Beijing and others that Taiwan's people are the unknowing victims, whose lives are at risk from political manipulators seeking personal power.

Chapter 3

Fractured visions: Taiwan's identity struggle

Taiwan is an increasingly divided society. It is not a critically divided nation along the lines of Northern Ireland, the former Yugoslavia, Rwanda and other powder-keg republics.⁷¹ Taiwan lacks the religious fervour, hatred of democracy and popular gun ownership to be placed in this category. The bad and good extremes of this fracturing were most recently on display in the aftermath of the 2004 presidential election. Hundreds of thousands of Taiwan's people took to the streets to protest what KMT presidential aspirant Lien Chan called an "invalid and unfair election". While, for the most part, violence was avoided in this show of opposition to President Chen Shui-bian's wafer-thin victory hours after an assassination attempt, tolerance and respect for due process were in short supply. Despite a relatively open process of legal review, there remains a sizeable proportion of the population who still refuse to accept Chen's presidency as legitimate. The pan-blue controlled legislature has also set up a 'truth commission' to look into the March 2004 election, promising to keep this divisive issue in the headlines and undermine any bipartisan spirit.

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The passionate sense of purpose that informed this protest movement is inextricably linked to Taiwan's unfolding process of social identification. Politics in Taiwan today is not just about 'who wins, who loses and why'. It is a broad based and intense struggle over what vision of themselves Taiwan's people should uphold to each other and the outside world. It speaks to the most basic question all political communities must answer to remain as one: 'Who are we?' This identity struggle is important because it threatens to weaken any residual social legitimacy that the cross-strait status quo retains within Taiwan. While these identity questions drive the contraction of Taiwan's political spectrum discussed in the previous chapter, they themselves cannot be reduced to a simple political calculation. Political parties and political entrepreneurs play a central role in this struggle, but at a basic or even primordial level, it has a life of its own. This is exactly why politicians and political parties have addressed it in their electoral campaigns.

Chapter 3 proceeds in five sections. The first section looks at how Taiwan's identity questions have multiplied and fractured in the last decades. The second and third sections consider the subjective contours of this dynamic process and map out the various ethnic and national identities that individuals and groups in Taiwan have chosen for themselves. The fourth section investigates the impact of cross-strait economic integration on Taiwan's identity struggle, and reaches the counterintuitive conclusion that it has increased the sense of difference that Taiwanese feel among themselves and between Taiwan and China. The final section of the chapter analyses the implications of Taiwan's divided socio-political environment for the cross-strait status quo.

Who are the people of Taiwan?

How do the people of Taiwan see themselves? If you ask an Australian or American 'Who are you?' you are likely to hear a family of identities along with a strong identification with Australia or America as a nation and culture. This was once the case in Taiwan also. In the early years of the islands' political opening (mid-1980s), many if not most people on

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the islands would unequivocally refer to themselves as Chinese, both a subjective statement of their ethnicity and a factual comment on their citizenship (that is, of the Republic of China).

Things have changed radically since then. During the 1990s, the preferred title was Taiwanese–Chinese, and this still carries cachet. These days, however, if you ask about someone's identity, you may hear one of the many derivations of hyphenated-Taiwanese (Chinese–Taiwanese, Mainlander–Taiwanese, Hakka–Taiwanese, native–Taiwanese and even 'new–Taiwanese'), or the somewhat more ambiguous tags of just Taiwanese, Mainlander, Hakka or even indigenous (which may or may not encapsulate both citizenship and ethnicity). Self-reference to an unqualified 'Chinese' ethnic and national identity, though not unknown, is decreasing rapidly.

This multiplication and splintering of identity in Taiwan is poorly represented in the survey data, largely because these categories gain and lose meaning over time.⁷² There are subjective differences in emphasis as well; the distinction between a Taiwanese–Chinese and a Chinese–Taiwanese identity, for example, is subtle and idiosyncratic. However, for the person concerned, it may be definitive. Various surveys⁷³ however, all show a broad shift toward some kind of plural identity in Taiwan. According to some survey data, people who now say 'I am both Taiwanese and Chinese' could be as high as 60 % of the population (perhaps as much as six times what it was in the mid-1980s). While it is wise to treat this research with some reservations, the graphical representation below by the Center for Electoral Studies gives a taste of the powerful trends involved.

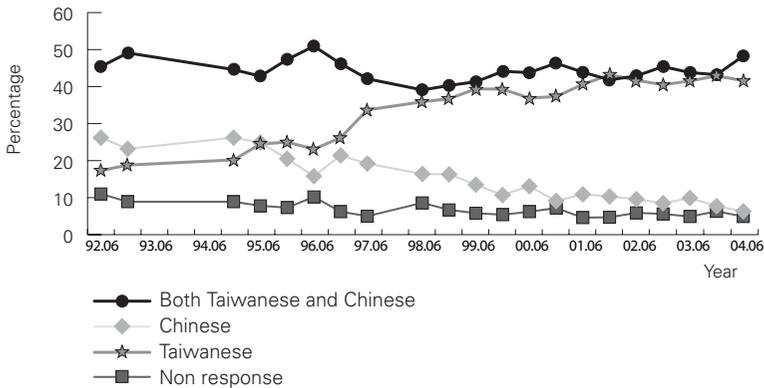
The reason for the shift is complex and includes many of the factors covered elsewhere in this Paper. Among the most important are Taiwan's democratisation process and the growing military threat from China. At a purely socio-political and cultural level, however, the multiplication and splintering of identity is linked to one deceptively simple and negative question: *Who aren't the people of Taiwan?* Taiwan's identification process is one of internal and external comparison; a jostling for an exclusive and comforting cultural space in a socio-political environment that for many people is increasingly insecure and unjust.

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China has become the all-inclusive threatening ‘other’ which binds Taiwan’s people and their various identities together.⁷⁴ While creating some semblance of internal unity, and perhaps mitigating the extremes of Taiwan’s identity politics, this offers Beijing and supporters of the cross-strait status quo little to celebrate.

Figure 3.1

Changes in the Taiwanese/Chinese identity of Taiwanese as tracked in surveys by the Election Study Center, NCCU (1992–2004)



Source: Center for Election Studies, National Chengchi University, Taipei, Taiwan⁷⁵

Competing ethnic identities⁷⁶

Contemporary society in Taiwan is divided among several self-identifying ethnic groups.⁷⁷ Numerically, the largest group on the islands is the Taiwanese or Hoklo ethnic group (in Mandarin *Taiwanren* or *benshengren*, literally ‘Taiwan person’ or ‘person from this province’) with about 14.5 million people. They speak the southern Minnan dialect of the Chinese language as their native tongue, and are descendants of immigrants from Fujian province who came over to Taiwan in the late Ming and early Qing dynasties (17th century). Excluded from politics for the greater part of their 400-year history, most recently in the period of KMT authoritarian rule, the Taiwanese have traditionally held a preeminent position in the local economy and among Taiwan

businesses investing overseas. They are located in all of Taiwan's 22 counties, but are disproportionately represented in the south. Chen Shui-bian, Taiwan's current president, is Hoklo, and voter support for the pan-green parties is strongest from among this group.

Ethnic Taiwanese identification gains particular meaning from one historical event that has gained increased resonance in the last decade or so: the so-called 'February 28 Incident' of 1947 (known locally as 2-28). This event, occurring early in the life of KMT dominance over the islands, saw somewhere between 20-40,000 Taiwanese murdered at the hands of a vindictive and largely incompetent KMT provincial governor, Chen Yi. It set the tone for the KMT's reign of 'White Terror' during the 1950s and 1960s, and, by virtue of almost eliminating the indigenous intelligentsia, facilitated KMT control over the islands, and its imposition of the One China policy. In 1995, former KMT president Lee Teng-hui, born in Taiwan, apologised on behalf of the KMT and government for the incident, and established a reparations fund.⁷⁸ Since then, 2-28 has been declared a national holiday.

The second largest group on the islands, with about 5.1 million people, is the Mainlander ethnic group (in Mandarin, *waishengren* or 'person from an outside province'). They often speak Mandarin, the national language, as their native tongue, and are direct descendants or original members of Chiang Kai-shek's refugee regime that fled to Taiwan in the late 1940s. During the authoritarian years and for some time after, Mainlanders dominated the institutions of the state and the KMT itself. They remain strongly represented in the military and the educational system. A disproportionate number of Mainlanders live in Taipei city. James Soong, chairman of the PFP, is a Mainlander, and as a group they tend to support the pan-blue parties (especially the PFP and the NP).

Over the course of the 1990s, as public discussion of ethnic Taiwanese grievances became commonplace, many Mainlanders came to resent the suggestion that they were collectively responsible for the excesses of the authoritarian years, and that they were 'privileged' members of contemporary Taiwan society. They pointed to their own list of social injustices, including the plight of the so-called 'old soldiers'. These men had fought for the KMT on the Mainland, and at the end of the civil war,

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many left behind family and friends who were subsequently persecuted by the Communist Party. Most lived out their days in quasi-slum areas of Taipei and, like many ethnic Taiwanese, were politically as well as materially disenfranchised.

The third largest group is the Hakka community (*kejiaren* in Mandarin; literally, ‘guest person’) with just short of four million people. Many speak the Hakka dialect of Chinese (a southern language group fairly close to Cantonese), and can trace their ancestral roots to a mix of 17th century immigrants and the 1940s refugees. The Hakka have a reputation for conservatism and steadfast community identity. They are over-represented in leadership roles in business, politics and the educational sector. Geographically, they are concentrated in and around the northern growth cities of Xinzhu and Taoyuan. Former president Lee Teng-hui hails from the Hakka community. Traditionally the Hakka have backed the pan-blue parties, but like Lee himself, this pattern has changed significantly in recent years. In the March 2004 presidential poll, Hakka support for Chen Shui-bian was as high as 70 % in some areas.

A key rallying point for the Hakka in recent times has been the issue of language policy. During the authoritarian years, the KMT regime actively encouraged the use of Mandarin in public life and penalised the use of other Chinese dialects. Largely because of their smaller numbers, this policy most profoundly affected the Hakka. Today, many if not most Hakka youth cannot speak their mother tongue. Many Hakka claim that attempts by the government since the mid-1990s to introduce Hakka language and cultural traditions into the school curriculum have been a case of window dressing for votes.

The last major ethnic group on the islands is the aboriginal population with about half a million people (in Mandarin *yuanzumin*, or ‘original inhabitants’). There are nine official tribal groupings of aborigines, and they speak a variety of non-Sinic languages thought to be Austronesian (Malayo–Polynesian) in origin. Bearing the brunt of a history of chauvinism and exclusion by various colonial overlords, they have gradually come to reside in some of the least hospitable parts of the islands. They are over-represented in most of Taiwan’s

negative social indicators (infant mortality, unemployment, substance abuse, etc). Traditionally they vote pan-blue, but as with the Hakka community, the pan-greens have made inroads into this community in recent years. The state under DPP influence has promoted Taiwan's Austronesian roots as part of its drive to remove the vestiges of KMT's authoritarian Sino-centric rule and to enhance and historicise Taiwan's separate identity.

It must be emphasised that the dividing lines between Taiwan's so-called 'four great ethnic groups' are anything but clear. Inter-marriage and international travel have created a sizable pool of people with mixed backgrounds. It is difficult to comment with any certainty as to the political persuasion of this cross-cutting group; however, for many, their political and social role in Taiwan is increasingly marginalised or even fraught. Lien Chan, the current chairman of the KMT, is a case in point. While born in Taiwan (in fact, in Tainan, the same home town as President Chen), Lien spent most of his childhood in China before returning to Taiwan in the late 1940s. To this day, he speaks Minnan with a Mandarin accent. This makes him an easy target for those intent on questioning his commitment to Taiwan and his stance on cross-strait relations.

Competing national identities

Taiwan's national identities are not simply political extensions of the islands' ethnic make-up. Taiwan's different ethnic identities certainly do feed into the clash over national identification, but the reverse is also true. The key feature of the islands' process of national identification is, as with Taiwan's ethnic labeling, mutual and multiple definition. The end result is another overlay of division and insecurity within Taiwan society that is increasingly mitigated only by the presence of China as the quintessential 'other' from which everyone can agree to differentiate themselves. National identity usually refers to sentiments and bonds that people feel for their own country or national group, and is supported with forceful political claims and policy preferences.⁷⁹ In Taiwan, many of these claims and preferences are filtered through the islands' political parties: see also Chapter 2.

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An unadulterated Sino-identity has faded in the contemporary era,⁸⁰ but its strategic use as a counterpoint by the other identity streams, its institutional life in government (particularly the educational sector), and the firm resolve of remaining adherents means that it is extremely unlikely to die off entirely. Once spearheaded by the KMT as a legitimising device to justify authoritarian rule, and as part of the party's historic mission to 'retake the Mainland', the Sino-identity includes symbolic references to:

- the use of Mandarin Chinese and ideographic script;
- the reputed 5,000-year history of Chinese dynastic rule;
- Confucianism;
- the territorial integrity of a greater China that includes the landmass between Xinjiang in the west, Taiwan in the east, Mongolia in the north and Hainan in the south ('all under heaven' or *tianxia*); and
- the key role of the Han ethnic group in Chinese civilisation. All people in Taiwan, save the aboriginal population, can trace their ultimate ancestry to Han China.

Today, few political leaders in Taiwan openly declare their Sino-credentials. A purist version of the Sino-identity is probably now only indulged by the NP and segments of the PFP, largely due to their Mainlander support base. Remaining adherents to the Sino-identity claim that the People's Republic of China's communist experiment has taken the Mainland Area away from a 'real' Chinese social and national vision as stated in the 1994 White Paper. For most of Taiwan's Sinophiles, China's cultural drift is probably reason enough to maintain Taiwan's *de facto* independence vis-à-vis the People's Republic of China, although the rise of ethnic Taiwanese nationalism has driven some old school adherents to zealous displays of cross-strait solidarity.⁸¹

The chief adversary to the Sino-identity in Taiwan is ethnic Taiwanese nationalism, termed here the *bentu* (nativisation) project. The *bentu* project has gained strength in recent years, corresponding

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with the increased political participation of ethnic Taiwanese. This can be traced back to Chiang Ching-kuo's (Chiang Kai-shek's son and Chinese President Deng Xiaoping's classmate in Moscow) rise to power in the 1970s helped by support for him by ethnic Taiwanese KMT members like Lee Teng-hui.

Key cultural and political allusions of the *bentü* project include:

- claims for the importance and distinctiveness of Taiwan's Minnan language and 'nativist' culture;
- portrayal of Taiwan's history as one of foreign occupation and attendant repression (most recently by the KMT regime);
- a claim for the innate right of ethnic Taiwanese to govern the islands, often only thinly veiled as an exclusive ethnic entitlement; and
- a demand that Taiwan become a *de jure* independent nation.

Anecdotally, a sizeable proportion of the population has empathy with a pure version of the *bentü* project.

Politically, the *bentü* project has strong adherents in the TSU and parts of the DPP, although its anti-democratic and racist undertones mean that most senior leaders distance themselves from it. Adherents to the *bentü* worldview hold that China is a completely separate country from Taiwan; as different culturally and politically as any country within the former British Empire. They are major proponents of the Chen administration's so-called 'de-Sinification' policy which spans from 'localising' school textbooks to rooting out Mainland sympathies in the military and Ministry of Foreign Affairs.⁸² The Education Ministry now officially recognizes Sun Yat-sen and the 1911 revolution as part of Chinese history and not Taiwan's history.⁸³ Adherents to this project see any accommodation of China's claim over Taiwan as an infringement of Taiwan's indivisible sovereignty.

The final national identity prevalent in Taiwan is what might best be called 'multi-ethnic island nationalism' (hereafter, 'island nationalism'). The most recent to emerge, it takes as its starting point two propositions:

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1. there are multiple ethnic groups on the islands and they all share a common future; and
2. the measure of legitimacy of any political creed or individual political action is the commitment to ‘Taiwan’, the precise definition of which is usually left up to the individual. This measure was at the centre of Chen’s winning *ai Taiwan* campaign slogan in March 2004. Shih Cheng-feng of the World United Formosans for Independence (WUFI) captures this movement’s essence by stating that,

*The Taiwanese Nation refers to all people who love Taiwan, identify with Taiwan, and are willing to struggle for Taiwan regardless of race, ethnicity, or provincial background; the stress is on loving Taiwan, not the blood and cultural ties of the ‘Chinese nation.’*⁸⁴

Island nationalism borrows cultural symbols pragmatically from both the Sino and *bentu* identities, and combines them in some interesting, if not always credible, ways. This leads adherents of both alternative national identities to often see island nationalism as a bastardisation of their respective visions. For example, many social commentators in Taiwan believe that the Minnan language and culture are *more* authentically Sinic than the northern-influenced social identity now portrayed as ‘Chinese’ (it is common to hear from Taiwanese academics that Minnan was close to the language spoken by Confucius, and that Tang dynasty poetry, often considered the pinnacle of Chinese literature, sounds better when recited in Minnan). With its appeal to multiculturalism and a degree of democratic tolerance, island nationalism has more recently won a significant following among the Hakka and aboriginal communities and those without a linear parentage. President Chen in the 2004 election campaigns celebrated Taiwan’s ‘five ethnic groups’ — Hoklo, Hakka, aborigines, Mainlanders and newly naturalised — and Taiwan’s multicultural nationalism.⁸⁵

Comparable versions of island nationalism currently hold sway within the DPP and the KMT, and the position is usually a fallback for the islands' political leadership — including President Chen Shui-bian, KMT chairman Lien Chan, and former president Lee Teng-hui. Island nationalism is probably closest to the way the majority of people in Taiwan actually see themselves. Adherents are fundamentally ambivalent about Taiwan's relationship with China. Since this group typically includes the islands' decision-making elite, such ambivalence often feeds directly into cross-strait policy. The sidestepping, backtracking and hollow pronouncements associated with the introduction of the so-called 'three links' (trade, communications and travel) with China by both major parties are a case in point. Policy makers from both the KMT and DPP have accepted the basic economic rationale for the direct links for more than a decade. However, residual barriers have not been formally removed due to a fear that the islands would be economically and culturally 'swallowed up' by China.⁸⁶ Island nationalism is an inherently unstable and often reactive identity that promotes a fluid and often reactive cross-strait policy environment within Taiwan.

Cross-strait economics and Taiwan's identity struggle

While acknowledging the splintering of identity within Taiwan, and between Taiwan and China, many commentators suggest that these cleavages are mitigated to a significant degree by Taiwan's increasing economic integration with China.⁸⁷ By hitching a ride on China's impressive growth over the last quarter century, Taiwan has exchanged greater internal social discord for continued prosperity, and autarkic isolation from China for mutual gain.

To an extent this is true, but just as much as cross-strait trade and investment has mitigated the various social divisions on the islands, it also reinforces them. The measures of integration are certainly impressive. Total indirect cross-strait trade for 2003, as calculated by Taiwan's Mainland Affairs Council, was over US\$46 billion, and projections for 2004 suggest it will come in at somewhere between US\$55–60 billion (half-year results amounted to US\$29 billion). Taiwan is the 'winner' from this relationship, with annual surpluses greater than US\$20 billion

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per year over the last half decade. China is now Taiwan's number one trading partner, while Taiwan is China's fourth largest.

Table 3.1: Indirect trade between Taiwan and China
(million US dollars)

Period	Exports	Imports	Total
1993	13,993.1	1,103.6	15,096.7
1994	16,022.5	1,858.7	17,881.2
1995	19,433.8	3,091.4	22,525.2
1996	20,727.3	3,059.8	23,787.1
1997	22,455.2	3,915.4	26,370.6
1998	19,840.9	4,110.5	23,951.4
1999	21,312.5	4,522.2	25,834.7
2000	25,009.9	6,223.3	31,233.2
2001	21,945.7	5,902.2	27,847.9
2002	29,465.0	7,947.7	37,412.5
2003	35,357.7	10,962.0	46,319.7

Source: Adapted from Mainland Affairs Council, *Cross-Strait Economic Statistics Monthly*, No 143 (7 July 2004)

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Informed estimates suggest that Taiwan's stock of investment in China could be as high as US\$100 billion (official and contested statistics on either side of the strait place it between US\$35–40 billion). Taiwan is at the core of China's development process. Taiwan firms, many owned by Hoklo, are responsible for around 40 % of the China's total exports. Some estimates suggest that as much as 65 % of foreign-sourced, high-tech investment in China originates from Taiwan companies. Visits by people from Taiwan to the Mainland were just short of three million last year, and there are thought to be more than one million Republic of China passport holders residing permanently in China.⁸⁸

These figures, representing increased economic interdependence and prosperity between the two sides of the Taiwan Strait, play into the islands' social divisions in two distinct ways. First, when combined with Taiwan's recent and sharp cyclical downturn, cross-strait economic integration has compounded the sense of helplessness and loss of control felt by many disadvantaged groups. Taiwan has seen lacklustre growth since 2001 when the islands suffered their first recession in three decades. Occasioned by the global downturn in the information technology industry (the IT sector constitutes around 20 % of Taiwan output), GDP contracted by 1.62 % in 2001, and grew by a modest 2.55 % in 2002 and only 1.10 % in 2003. Growth in 2004, 3.3 %, was still underwhelming by Taiwan's standards. These figures stand in stark contrast to the 7.5 % average annual growth recorded over the 1990s and China's much higher annual growth rates.

Against this background, it is commonplace to hear a wide variety of people blame China for Taiwan's contemporary economic woes or blame those segments of the Taiwan population that have significant personal or business interests in China. This strategy has the advantage that it can be used by just about everyone. *Bentu* Taiwanese can blame Mainlanders for not loving the islands enough when they visit family in China. Mainlanders can blame predominantly Taiwanese business people for selfishly relocating their companies. Island nationalists can blame everyone else for their own equivocation on cross-strait policy. Taiwan's economic performance since 2001 would have been much worse in the absence of cross-strait economic ties. However,

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in the frenetic environment of Taiwan's identity politics, this gets comparatively little play. Chu Yun-han notes that more individuals in Taiwan lose from integration with China and that these losers — small plot farmers, labour-intensive industries, etc — are concentrated in pan-green bailiwicks.⁸⁹

Second, the increased exposure by individuals from Taiwan to the Mainland that has gone hand-in-hand with cross-strait economic integration has actually reinforced Taiwan's sense of cultural and economic distinctiveness. The research on this topic is not well developed, but anecdotal evidence suggests that the Taiwan people living in China are more likely to emphasise differences with their cross-strait peers than commonalities. Business people straddling the strait, for example, routinely if surreptitiously complain about issues such as the lack of motivation of Chinese workers, the poor attention to quality, the unpredictable regulatory environment, the lack of a transparent and impartial legal system, theft of intellectual property, victimisation by various authorities, and so on. Many Taiwan business people residing in China (estimates suggest as high as 50%) choose to live in the walled compounds that typify the expatriate lifestyle of most other foreign business people working in the country. Schooling for their offspring presents a particular problem. Most are extremely reluctant to have their children educated at local institutions. A large cottage industry in educational services provided by imported teaching staff has built-up alongside Taiwanese residential areas. Legislation passed in Taiwan's parliament in early 2003 belatedly provided official recognition to these operations.⁹⁰

Societies that, from the outside, look remarkably similar are often quite distinct at an interpersonal level and the most likely to encourage expatriates to emphasise these differences. Recent research on the Australian expatriate community, for example, supports the conclusion that people are just as likely to experience 'culture shock' in those countries that are similar to home as in those which are completely alien. In Taiwan, this plays into various negative views of China, so the process has wider and deeper ramifications.

Implications for the cross-strait status quo

The multiplication and splintering of Taiwan's identity has two key implications for the cross-strait status quo. As with the contraction of Taiwan's political spectrum, it erodes the cross-strait status quo as a viable institution for the maintenance of cross-strait stability and regional peace. Unlike the contraction of Taiwan's political spectrum that feeds on and feeds into this splintering of identity, however, the impact of Taiwan's identity politics is less immediate and more subtle.

Taiwan's identity struggle has significantly reduced any broad-based recognition in Taiwan that the two sides of the strait are locked in a common dilemma. Arguably, the cross-strait status quo would work best if there were at least some public acknowledgement by the three parties directly concerned (Taipei, Beijing and Washington) that they have a common interest in avoiding tension, and that they all have an impact on the regional peace guarantee's operation — in the parlance of strategy and defense studies, if a 'security regime' was formed out of the conflict situation.⁹¹

Security regimes can arise in the most inhospitable circumstances. The relationship between the United States and Soviet Union after the Cuban missile crisis is probably the most prominent example in the contemporary era. Although the nuclear standoff that characterised the Cold War certainly became far more intractable after this event, it occurred alongside the basic realisation in both Washington and Moscow that an unlimited military exchange would be unconscionable. Avoiding this outcome, even while building the capacity to wage such a war, became the shared policy goal.

Taiwan's divisive identity politics has made this kind of 'empathy for the devil' extremely difficult. The domestic socio-political environment provides few incentives for individuals and groups to openly declare any common interest with China or to share responsibility for Taiwan's current predicament. On the contrary, there is a tendency among most people to lay blame for the intractability of cross-strait relations on China, Washington or 'other' Taiwanese. Repeatedly in discussions with politicians, officials, academics, policy specialists, journalists and *laobaixing* (common people) the claim is encountered that 'they'

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(the pan-greens, the pan-blues, Chen Shui-bian, Lien Chan, the *bentu* nationalists, the Sinophiles, the Mainlanders, the Taiwanese, Beijing's leaders)⁹² are behaving recklessly. This victim mentality weakens Taiwan's position in the cross-strait status quo, while by default strengthening China's position.

The hair splitting, and the demand for precision and consistency associated with Taiwan's identity struggle has left little room in public debate for compromise or ambiguity, the keystones to the cross-strait status quo's success. Now, more than ever, Taiwanese people feel compelled to choose who they are, and what they want.

The cross-strait status quo, on the other hand, demands the clear and mutual acceptance of gray areas, including:

- that Beijing's One China principle does or does not constitute more than a simple jurisdictional claim over Taiwan;
- that the Republic of China is or is not more encompassing than Taiwan; and
- that America's support for Taiwan under the Taiwan Relations Act does or does not contradict its One China policy.

Answering any of these questions definitively constitutes a potentially fatal dilution of the cross-strait status quo. To date, Taiwan has avoided doing as much, but just how long its people will be willing to accept this is a matter of debate. A process of status quo revision and review is taking place in Taiwan, where contending views of the regional security institution are increasingly used as a domestic party-political football. Insofar as no one view is predominant, perhaps the status quo remains safe for the time being, but to depend on this precarious balancing act to maintain peace is far from ideal.

Summing up

Social division is not necessarily a bad thing; indeed, a level of social disputation is indicative of a healthy democracy. But at some point,

social conflict becomes indicative of a fraying society. In Taiwan, the multiplication and splintering of identity that has occurred in recent years may be an early symptom of that transition. In contemporary Taiwan, there is little internal agreement on who the Taiwanese people are and where they are going. The large anti-Chen protests that emerged in the aftermath of the March 2004 presidential election, while thankfully devoid of violence, were disquieting for those who, like author and social commentator Joseph E Stiglitz, believe that political turmoil is nearly always foreshadowed by social and economic discord.⁹³ Riots or worse, like electioneering, do not happen in a social vacuum.

For Taiwan, the problem is not just one of securing a collective identity for the sake of internal harmony. It is also a crucial part of the cross-strait status quo that guarantees Taiwan's security. More and more, the Taiwanese are defining themselves negatively; not as a proactive community with ascendant goals, but as one which defines itself, both internally and externally, by what it is not. Basic feelings of difference *compared to* others define what it means to be ethnic Taiwanese, Mainlander, Hakka, or aboriginal. This reactive posture also defines what it means to identify with Sino, *bentü* or island nationalism. Ultimately, China stands out as the overarching 'other' from which everyone can agree they are distinct. The implications for the cross-strait status quo of this state of affairs are problematic not only for the politics it generates, but also because it erodes any broad-based social empathy with China. It also leaves little room in public debate for compromise and ambiguity. The cross-strait status quo is incomplete for a reason. Taiwan's 'culture wars' threaten to finish it.

Chapter 4

Reviving the cross-strait status quo

The cross-strait status quo described in Chapter 1 has served the Asia Pacific effectively. China and Taiwan have agreed to leave the business of reunification and Taiwan's ambiguous political status unfinished until both sides of the strait can address this peacefully. Yet, political and social change in Taiwan, symbolised by the success of the DPP, and China's reactions to this, are threatening this open-ended regional security device. Each side of the strait is increasingly focussing on what they disagree over — what the final solution to the conflict should be — and filtering their support for the cross-strait status quo through domestic political concerns. They are pushing these divergent claims more assertively externally rather than recommitting to open-ended peaceful delay. In Taiwan both the KMT and DPP define Taiwan as a *de facto* independent country.

Since the mid-1990s, the status quo has been battered by unilateral statements from Taipei and Beijing and the predominance of rhetorical conflict between Beijing and Taipei. Each side of the strait is focussing on its principal point of disagreement with the other: what the final outcome of the conflict should be. Increasingly, Washington, Tokyo,

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Canberra and others are repeatedly forced to respond to these unilateral statements. Quick, coordinated international action is required to reverse this dangerous trend. Taiwan is changing rapidly and in unpredictable ways, yet the cross-strait status quo remains unchanged. This disjuncture alone leads to questions about the cross-strait status quo's continued viability.

Interested foreign governments are continuing to rely on their traditional default positions while fretting about whether they are adequate. Taiwan and China are still officially committed to the

Box 3: Preoccupation vignette

Chen's 10 October 2004 national address celebrating the Republic of China's National Day exposed the DPP's confusing balancing act. In the first half of the speech, Chen reconfirmed the DPP assertion that Taiwan is a sovereign (*de facto* independent) country: "the sovereignty of the Republic of China is vested with the 23 million people of Taiwan. The Republic of China is Taiwan and Taiwan is the Republic of China, this is an indisputable fact."⁹⁴

In the second half of the speech, however, Chen shifted his emphasis to cross-strait relations and Taiwan's commitment to the cross-strait status quo. In contrast to the position he took during the 2001 legislative elections,⁹⁵ Chen accepted the meeting that led to the 1992 consensus as the basis for cross-strait talks on agreements that "are not necessarily perfect but acceptable" to both sides. He called for discussions of arms control and a "Code of Conduct across the Taiwan Strait" in line with the cross-strait status quo's focus on peaceful disagreement while recommitting himself to the three direct links. Predictably, the KMT and China criticised the speech as too vague and insincere. Lee Teng-hui attacked it as betraying the idea of Taiwan and called for a new constitution declaring Taiwan as an independent state.

cross-strait status quo. They are still offering each other ‘olive branches’ to externally reinforce their commitment to the status quo. However, they simultaneously question the commitment of the other side of the strait. Changes within Taiwan and China suggest that this stage in the cross-strait status quo should not be taken for granted. Passive acceptance of it may transform the present fraying situation to one overwhelmed by Taiwan and China’s singular preoccupation with their opposing views on Taiwan’s final status.

Breathing space

December’s legislative election results instantaneously cooled cross-strait tensions that risked boiling over if the pan-greens had won a legislative majority, especially if the more strident TSU had done well. For the first time, Beijing welcomed a Taiwanese election result. The pan-blue alliance’s surprise triumph in the December 2004 legislative elections has slowed down Taiwan’s momentum towards *de jure* independence and reversed the KMT’s long slide. The DPP has been chastened with President Chen, while stepping down as the chairman of the party, claiming that the party had got ahead of themselves (and the electorate). In Taiwan, the continuation of cohabitation and the redemption of the KMT promise to compress Taiwan’s political spectrum further, and potentially lead to a two-party system in the future. More than ever, the competition between the KMT and DPP will dominate politics.

Externally, the legislative election result is likely to provide a necessary breathing space devoid of Taiwanese electioneering and Chinese sabre rattling. December’s results are likely to reconfirm for Beijing the wisdom of its ‘wait out and warn’ approach to President Chen and the DPP, while Taiwanese politics is likely to be largely preoccupied by intra-party tussles. This provides Washington and its regional allies with a unique opportunity to revive and modernise the cross-strait status quo rather than simply responding to the newest spark in cross-strait tensions.

The latest legislative election results present three scenarios for Taiwan’s approach to cross-strait relations:

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- **Scenario 1:** a new bipartisan effort to restart cross-strait negotiations, with the DPP and KMT competing for the political centre;
- **Scenario 2:** President Chen using the executive's control over external policy to continue as before in order to re-energise the DPP's dark green base; and
- **Scenario 3:** continued bitter political gridlock blocking any cross-strait initiatives, with President Chen and the DPP turning their attention to economic and social policy to recapture light green voters.

Each of these scenarios is feasible in the run-up to the next national elections in 2008 and the parties' supporters can read December's results to back up their favoured approach. Which way Taiwan goes will depend on how the DPP and the KMT choose to position themselves for 2008, and how their separate leadership challenges are resolved. It will also help determine how long and undisturbed this new breathing space will be.

Scenario 1: Cross-strait engagement

This is the best scenario for the cross-strait status quo. The KMT in victory has trumpeted its ability to promote smoother cross-strait relations as part of their efforts to gain a larger say in the presidential appointment of the next cabinet and premier. In early 2005, the party sent a delegation to Beijing to discuss direct, cross-strait charter flights for Chinese New Year. Lien Chan has called for bipartisan talks on finding a formula to engage with China.⁹⁶ President Chen, while accepting personal responsibility for the election results, claimed that he was stepping down as chairman of the DPP so he could be a president for all of Taiwan and rise above the pan-blue/pan-green divide. While insincere reassurances of bipartisan support are par for the course after elections and are rightly dismissed, there are two political factors that may make this one an exception to the rule.

REVIVING THE CROSS-STRAIT STATUS QUO

First, DPP moderates have publicly criticised President Chen for focussing too heavily on dark green concerns and the illusory threat from the TSU in the long run-up to the December campaign. These moderates claim that this unnecessarily alienated Taiwan's political centre and Washington for no real gain. The electoral setback for dark green forces may provide President Chen the opportunity to take the KMT up on its offer/challenge and pursue a bipartisan or unilateral approach to cooling cross-strait tensions and repositioning Taiwan. Chen has repeatedly claimed that he and the DPP are the best placed to deliver a new deal with China to guarantee cross-strait calm. This is Chen's last opportunity to live up to this and to solidify the DPP's gains among centrist voters.

The DPP's Taiwanese origins and Chen's own nationalist credentials may enable him to take the boldest steps on cross-strait relations.⁹⁷ The KMT's Ma Ying-jeou has given qualified support to this possibility.⁹⁸ The Mainlander-dominated history of the KMT and the fact that some of its leaders like Ma Ying-jeou were born in China mean that the KMT could not risk a deal with China for fear of being labelled a traitor and having it stick. Just as Nixon could engage in 'ping pong diplomacy' with Communist China in 1971–1972 because he was a Republican, so Chen may find it easier than the KMT to re-engage with China and recommit to the cross-strait status quo.

Opening up the three direct links (postage (communications), transport and trade) offers the greatest potential scope for cooperation between the KMT and DPP as it is not directly related to questions of political sovereignty. China has repeatedly promoted these three links and painted Taipei as recalcitrant. Opening up the three links would also please the local and international business community and win favour in Washington, Tokyo and beyond.

Second, Chen's greatest political struggle now is within his own political party over who will replace him as leader. He leads a smaller, centrist faction in the DPP. The ambivalent and pragmatic view of cross-strait relations taken by most Taiwanese, and the demands of the DPP's move from an illegal opposition movement to the party of government have helped Chen in his intra-party battle against those favouring a

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rush to *de jure* independence. The intra-party weight of the dark green New Wave faction strengthens Chen's interest in reviving the cross-strait status quo in his last term to bolster his pragmatic faction and to help anchor his balancing act within the rapidly changing political system. The post-Chen DPP would find it very difficult to turn its back on plausible attempts to revive the cross-strait status quo given the strong public support for their definition of the status quo and for communication with China.

Scenario 2: Full speed ahead

A less likely but not implausible scenario is that President Chen and/or the DPP continue to push constitutional reform despite the legislative roadblock and the damage this would cause for Taiwan's relationship with Washington and others. This would be the worst scenario for the cross-strait status quo. While moderates within the DPP blamed December's disappointment on Chen pushing Taiwan's autonomous identity too far, there is a counterargument that the DPP's dark green constituency stayed home because they felt President Chen was not pushing far enough. The DPP benefits when there is a high voter turnout, as in March 2004, and suffers when there is a low turnout. December's legislative election delivered Taiwan's lowest ever voter turnout with voters in southern Taiwan the least keen. Chen's problem, in this reading, was his failure to energise the DPP's *bentou* base, not his failure to attract undecided voters.

This reading may gain momentum as December's results increase the chances that President Chen will be a lame duck president in his last term, faced with an opposition-controlled legislature and a party focussed on his replacement. If the pan-greens had done better in December, Chen's already strong hand in the DPP and his ability to influence the choice of his successor would have been enhanced. December 2004 was Chen's first national election 'loss' and undermined his image as a masterful politician. How the DPP chooses to interpret December's results will help determine:

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- how the next party leader is chosen;
- when the public competition to replace Chen commences;
- and
- which factions hold the advantage.

If the New Wave faction takes the lead in preparing for Chen's departure then Chen will be forced to choose to either fight them or to push moves towards *de jure* independence harder to dilute their attacks on him. December's results have the potential to shift power within the DPP away from President Chen and his moderate supporters to the New Wave faction that has long felt that Chen has shirked the *de jure* independence origins of the party.

Scenario 3: Turning inwards

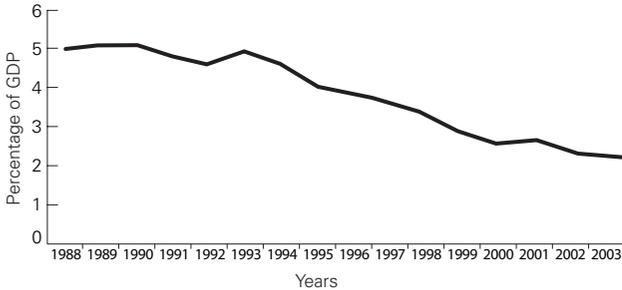
The most likely scenario is that Taiwan's political gridlock will continue to preclude any bold policy moves on cross-strait relations and will lead President Chen to focus on economic and social policy issues. The pan-blue legislature's first significant action after the elections was to again refuse to countenance the US\$18 billion American arms purchase proposal, claiming it is grossly overpriced. The KMT has stuck to this position despite strong pressure from the Taiwan military and Washington.

American arms sales to Taiwan are a major cog in the cross-strait status quo. Taiwan's delays over this package and earlier ones are undermining support for Taiwan in Washington and increasing concerns that Taipei is taking Washington's support for granted. Taiwan's weapons purchases from the United States have tailed off at the same time that China's military capabilities are increasing. Author, David Lampton zeroes in on the infeasibility of the present status quo's military balance element when he asks, "Is it possible for an island of 23 million persons, less than a hundred miles from 22 % of the world's population that is growing rapidly in economic terms, to maintain a military balance in the absence of a political understanding?"⁹⁹ The gridlock scenario promises to deepen Washington's frustration with Taipei and exacerbate the growing military capability gap between China and Taiwan.

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Figure 4.1

Taiwan's military expenditure as a percentage of GDP



Source: Adapted from SIPRI (2004)

The KMT's new-found success has also emboldened the pan-blue push to set up a legislative 'truth commission' to look into, again, the contested last days of the March 2004 presidential election. This commission will likely scotch any serious chance of bipartisan cooperation between the KMT and DPP on any issue and exacerbate the problems of cohabitation.

While the KMT, like the DPP, supports constitutional reform in principle, it is highly unlikely that the two sides of politics will be able to reach consensus on what reforms to push and what reforms to exclude. President Chen's short timetable for a constitutional referendum is dead. December's results and the stalling of the constitutional reform agenda may lead Chen to push forward on economic and social policy reform issues that will be politically more difficult for the legislature to block. This change in tack to focussing on issues related to Taiwan's second political axis would bolster Chen's position within the DPP's Justice Alliance and allow the DPP to broaden its message beyond its present preoccupation with cross-strait issues. This shift in focus would also address the concerns of many voters who stayed home in protest against the domination of the cross-strait issue and allow the DPP to regain control of the policy agenda.

Box 4: The China factor

China's approach to Taiwan is likely to mean that regardless of which scenario eventuates in Taiwan, cross-strait relations will remain in limbo until the next set of national elections in 2008. China's policy since 1999 has been to resist any overtures from Taipei as insincere while focussing its attention on isolating Taiwan internationally and justifying a potential shift to forceful reunification. Only a week after Taiwan's legislative elections, Beijing announced it would formally consider passing the anti-secession law (discussed earlier in this Paper). This sparked anger from all political parties in Taiwan and another warning from Washington for neither side to change the terms of the cross-strait status quo. China's 2004 Defence White Paper released on 27 December, the first under President Hu, identifies "the rampant growth of separatism" in Taiwan as the greatest threat to China's security. The growing gap between the United States and China in military technology is ranked the second greatest threat, while American unilateralism is the last of four threats mentioned.¹⁰⁰

The relative success of Beijing's policy towards the DPP (and the KMT's redemption) provide Beijing with powerful incentives to continue rebuffing Chen in the hope of a more congenial political situation in Taiwan after 2008. However, if the second scenario eventuates in Taiwan, China would certainly return to sabre rattling and seeking international condemnation of President Chen and the DPP.

With this exception in mind, China is likely to wait out the next three years. This will ensure that Washington and its regional allies get the breathing space they need to revive the cross-strait status quo before the 2008 elections. For the first time in over a decade Taiwan's domestic politics and China's cross-strait policy may combine to take the heat out of cross-strait tensions and allow the cross-strait status quo to be revived.

Policy recommendations

Coordinated external action will be needed over the next three years to strengthen the cross-strait status quo. Continuing with a worried ‘wait and see’ attitude would be ill-advised. The KMT is under growing internal pressure to shift further away from its reunification traditions. Taiwan’s centrist politics is moving away from the cross-strait status quo. These factors work against earlier plans for cross-strait status quo revival which list political liberalisation in China as a pre-requisite or that place their hopes on cross-strait political integration following naturally from cross-strait economic integration.¹⁰¹ Likewise, suggested solutions premised on the primacy of the bilateral, incremental approach tried from 1992–1999 are unlikely to succeed.¹⁰²

Assuming this breathing space occurs, the following recommendations focus on what foreign governments can do to help ensure peace across the Taiwan Strait. A common theme running through the recommendations is that the cross-strait status quo needs to be updated and broadened to encompass peripherally involved countries like Australia, Singapore and Japan. The United States needs assistance. All recommendations also accept that the cross-strait status quo is inherently ambiguous and based on contradictory compromises. However, due to the changes outlined in this Paper, new documents are called for that set limits to this ambiguity.

These recommendations would provide effective external support if the first scenario outlined above eventuates and the main parties in Taiwan seek a bipartisan approach to dealing with cross-strait tensions. This scenario would cool cross-strait tensions and help transform perceptions of cross-strait relations back to the reserved hope of the early 1990s. A more assertive re-engagement by Washington and its allies may help push Taipei and Beijing towards serious negotiations. For Washington and its regional allies, encouraging the first scenario, opposing the second scenario, and tolerating the third scenario in Taiwan should be a primary policy setting.

1. Tailor the message

External comments on cross-strait relations and domestic political change in Taiwan must be carefully and consistently tailored to reconfirm the cross-strait status quo and encourage cross-strait cooperation. American State Department warnings that Chen's plans to change the names of state departments and firms from Republic of China or Taipei to Taiwan¹⁰³ "would change the status quo" received wide coverage in Taiwan. These carefully worded warnings probably influenced some people to vote against the DPP. American pressure, with support from others, has served to moderate Chen's actions since 2000 and to indicate that American support is not guaranteed.

On the other hand, foreign comments on Taiwan can backfire especially if Taiwan feels that the rest of the world is adopting Beijing's position. The response to the United States Secretary of State Colin Powell's October 2004 comments in Beijing that Taiwan does not "enjoy sovereignty as a nation" and his implication that both sides recognise reunification as the final solution reflected the inherent dangers of mixed messages. It led foreign journalists in Beijing and Washington to claim that American cross-strait policy had shifted towards China despite post hoc State Department claims that nothing had changed.¹⁰⁴ Powell's comments certainly jarred with the last of the Six Assurances which stated that the United States would not formally recognise Chinese sovereignty over Taiwan.

In Taiwan, the DPP and the Ministry of Foreign Affairs angrily retorted that the United States had betrayed Taiwan, especially as the comments were made in Beijing by a Republican administration.¹⁰⁵ The KMT used Powell's comments as another reason to block the budget for arms purchases from the United States. Finally, the TSU took Powell's comments as another reason for Taiwan to declare immediate *de jure* independence.¹⁰⁶ Powell's comments aggravated rather than eased tensions. They also increased the political pressure on Chen to take a harder line on Taiwan's status.

Taiwan reacted in a similar manner to comments by the Australian Shadow Minister for Foreign Affairs Kevin Rudd, and the Australian Minister for Foreign Affairs Alexander Downer, during and after

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their respective trips to Beijing in 2004.¹⁰⁷ Downer noted in Beijing that the ANZUS treaty would not automatically commit Australia to supporting the United States in the event of a cross-strait war. These comments indirectly weakened the cross-strait status quo, especially following Canberra's full-hearted support for the United States' alliance relationship over Iraq.

Similarly, Rudd's comments that "we've got to bring a whole lot of pressure to bear diplomatically on the Taiwanese Government at present because I don't think it's in Taiwan's interest, China's interest, or our interest, or the region's interest to have war on such an order of magnitude here in our own region",¹⁰⁸ went down badly in Taiwan. They reconfirmed fears in Taipei that the Labor Party, just before an Australian election, was staking out a pro-China line of seeing Taiwan as the problem. This may not have been what the shadow foreign minister had intended, but the content and timing of his comments were read this way in Taiwan.

Foreign governments certainly should warn Taiwan that moves towards *de jure* independence are not welcome, but comments that play to Taiwan's worries of becoming more isolated and appear to blame only Taiwan for upsurges in cross-strait tensions have backfired and bolstered pro-independence sentiment. Foreign governments should reiterate their strong support for the cross-strait status quo in all their comments on cross-strait developments to minimise the chance that their comments will be read the wrong way.

2. Broaden the cross-strait status quo

China's and Taiwan's economic growth have increased the number of countries and international organisations with an interest in limiting cross-strait tensions which can take advantage of this breathing space. The European Parliament has suggested that the Asia–Europe Meeting (ASEM) become involved in maintaining cross-strait peace,¹⁰⁹ while Singapore has called on the United Nations to play a similar role.¹¹⁰ China would almost certainly oppose such moves as an intervention in its internal matters. However, in 2003 Chinese Vice-Premier Qian Qichen acknowledged that other countries do have justifiable concerns

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over cross-strait relations.¹¹¹ Singapore's proposal builds on this by arguing that any United Nations' role should be consistent with the United Nations' One China policy.

Active regional and global support for the cross-strait status quo would dampen China's insistence that cross-strait relations are solely an internal matter. It would also provide no grounds for *de jure* independence forces in Taiwan to argue that such pronouncement represented indirect recognition of Taiwanese statehood, especially if these countries reconfirm their One China policies. Coordinated statements by concerned countries would revive the status quo's traditional regional security focus. It would also help reverse the present flow of communication largely dictated by Taiwan's and China's domestic politics and their focus on final solutions.

More boldly, third countries could issue a joint statement of support for the cross-strait status quo. This should recognise that an agreement over the final status of Taiwan should be left to negotiations between China and Taiwan, general agreement on a One China policy, and support for Taiwan's democratic principles including the people's right to have a say in any future deal with China. A joint announcement of support would limit the short-term diplomatic costs to any country. A wide range of signatories from the Asia Pacific like Australia, Japan, the Philippines, Singapore, and South Korea with close ties with both sides of the strait would strengthen the impact. European Union participation would be particularly useful as it would clearly earmark for the first time the cross-strait status quo as a global concern. It could also provide a nice cross-strait counterbalance if Europe decided to lift its moratorium on arms sales to China. These governments have separately expressed grave concerns over the present cross-strait situation and their limited ability to address it. Working together would seem to be the natural next step.

3. New American pillar

A new American statement solely addressing the cross-strait status quo would be a useful addition. As discussed above, Washington's recent statements since the last bilateral document more than two decades ago have generated confusion over the United States' stance on the cross-

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strait status quo, thereby raising the risks of strategic miscalculation. A new document could simply be a reassertion of the rationale for the cross-strait status quo and explain how significant public statements such as Clinton's 'three nos' fit within this. The new document, depending on timing, could also endorse the third party statement of support, thereby giving it an important seal of approval. James Kelly's 21 April 2004 presentation (see Chapter 1) served this first function but did not have the symbolic impact or permanence of a new formal statement.

A new statement on the status quo as a regional security device based on a cross-strait agreement to disagree over a final solution would allow the United States to set out the limits to its support for the cross-strait status quo and reduce the chances for miscalculation. This could also help mute dark green voices in Taiwan who frequently present American military support for Taiwan as immutable despite the non-obligatory nature of the *Taiwan Relations Act* and repeated American warnings against pushing *de jure* independence.

The United States could make a definitive statement on what a declaration of independence by Taiwan would mean for the United States' central role in the cross-strait status quo. The document could more clearly define what military moves by China, short of invasion, would be viewed as provocative by Washington. There is a wide range of Chinese military options before war for tightening the screws on Taiwan that would pose Washington, Canberra and others great difficulties. China's 1995–1996 missile threats against Taiwan led the United States to support Taiwan through a show of military support. The document would not move beyond the cross-strait status quo but would define the limits to the United States' policy of strategic ambiguity. Such a document would answer the calls within Washington and beyond¹¹² for more strategic clarity while not dragging the United States in as the mediator over a final solution to cross-strait tensions.

Summing up

While cross-strait relations have, so far, not led to war with all of its cataclysmic potential, they have also precluded the enhancement of the cross-strait status quo in the face of new forces undermining it. Taiwan

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has politically changed the most and the most quickly of the three major players in the cross-strait status quo. Political change in Taiwan has been slowed, not stopped or reversed, by the KMT's redemption and political cohabitation. Supporters of the cross-strait status quo must understand the nature of Taiwan's political change and its social drivers, and factor this into their support for the cross-strait status quo.

Taiwan's continuing political gridlock and China's reaffirmed 'wait out and warn' attitude to President Chen and the DPP provide foreign governments committed to the cross-strait status quo with a breathing space to modernise the status quo. If the present challenging of the open-ended cross-strait status quo continues, this opportunity could be wasted. Foreign pressure on Taiwan needs to be carefully nuanced to balance between warning against *de jure* independence and acknowledging the benefits of Taiwan's democratic process. It should be wielded carefully to support Taiwan's domestic political interests, which are substantial, in reconfirming its commitment to the cross-strait status quo before 2008. Bolder action is required to integrate the new Taiwan into the cross-strait status quo.

Endnotes

- ¹ This Paper will adopt as a general rule the English language practice of using Taiwan to refer to the so-called Taiwan Area that includes Taiwan island, the Penghu, Kinmen and Matsu islands that are governed by Taipei.
- ² This Paper will adopt as a general rule the English language practice of using China to refer to the People's Republic of China.
- ³ For a good alternative source that both supports and challenges this report see *Asian Survey* 44 (4), 2004.
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- ⁷ Stuart Harris, *Will China divide Australia and the US?* Sydney, 1998, ACAS Relationship Studies Series.
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- ⁹ Hugh White, *The US, Taiwan and the PRC, managing China's rise: policy options for Australia*. Melbourne Asia Policy Papers 5. Melbourne, University of Melbourne, 2004, 24 October 2003.
- ¹⁰ See Hamish Fitzsimmons, Downer questioned over ANZUS comments. Lateline Broadcast, 19 August 2004 <http://www.abc.net.au/lateline/content/2004/s1180824.htm> [cited 16 February 2005].
- ¹¹ Richard Armitage, *Armitage reaffirms US–Australian ties*. Media roundtable, 17 August 2001. These comments have been consistently read in Australia as meaning that an Australian decision not to support the United States in intervening in a cross-strait conflict would potentially break the bilateral security alliance between Washington and Canberra. Armitage is widely seen as a ‘friend of Australia’ in Washington. The transcript of the press conference is available at <http://www.usconsulate.org.hk/uscn/state/2001/081701.htm> [cited 16 February 2005].
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- ¹⁴ James A Kelly, *Overview of US policy toward Taiwan*. Hearing on Taiwan, House International Relations Committee, 21 April 2004.
- ¹⁵ The Shanghai Communiqué (28 February 1972) can be viewed at <http://www.taiwandocuments.org/communiqué01.htm> [cited 16 February 2005]. Documents relating to China and Taiwan can be found at <http://www.mtholyoke.edu/acad/intrel/china.htm> [cited 16 February 2005].
- ¹⁶ The Chinese language version of this communiqué uses the term ‘agree’ rather than ‘acknowledge’. Dennis van Vracken Hickey, America’s two-point policy and the future of Taiwan. *Asian Survey* 28 (8) 1988.
- ¹⁷ This Act can be viewed at the American Institute in Taiwan http://www.ait.org.tw/en/about_ait/tra/ [cited 16 February 2005].
- ¹⁸ See <http://www.mtholyoke.edu/acad/intrel/china/kelly.htm> [cited 16 February 2005].
- ¹⁹ This communiqué (Joint Communiqué on Arms Sales to Taiwan, 17 August

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- 1982) can be viewed at <http://www.taiwandocuments.org/communiqué03.htm> [cited 16 February 2005].
- ²⁰ The ‘Six Assurances’ to Taiwan July 1982 can be viewed at <http://www.taiwandocuments.org/assurances> [cited 16 February 2005].
- ²¹ The White Paper *The Taiwan Question and the Reunification of China* can be viewed at <http://www.china.org.cn/e-white/taiwan/> [cited 16 February 2005].
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- ²³ Chen Shui-bian as an opposition legislator at this time pushed for a one-nation, two-states approach to cross-strait relations based on the German model refuted in the White Paper. Ma Ying-jeou, Cross-strait relations at a crossroad: impasse or breakthrough? *American Foreign Policy Interests* 23 2001.
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- ²⁵ Lee Che-fu, China’s perception of the Taiwan issue. *New England Law Review* 32 (3) 1998.
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- ²⁷ The White Paper *The One-China Principle and the Taiwan Issue* can be viewed at <http://www.chinaconsulate.se/Content/Taiwan/whitepaper1.htm> [cited 16 February 2005].
- ²⁸ Jacques deLisle notes that Lee Teng-hui unveiled this new phrase on German radio; a phrase first used to describe relations between East and West Germany: Jacques deLisle, The Chinese puzzle of Taiwan’s status. *Orbis* 44 (1) 2000.
- ²⁹ Chinese premier Wen to consider Taiwan reunification legislation. *Taiwan News*, 12 May 2004.
- ³⁰ Chang, Joanne Jaw-ling, Managing US–Taiwan relations: 20 years after the Taiwan Relations Act. In *United States-Taiwan relations: 20 years after the Taiwan Relations Act*, edited by Joanne Jaw-Ling Chang and William W Boyer. Baltimore, University of Maryland, 2000.
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- ³³ Beijing had pushed Washington since the discussions leading to the first joint communiqué to publicly commit to the three nos. Robert Sutter, Congress and US policy toward Taiwan. In *United States-Taiwan relations: 20 years after the Taiwan Relations Act*, edited by Joanne Jaw-ling Chang and William W Boyer. Baltimore, University of Maryland, 2000.
- ³⁴ Stephen J Yates, *China's Taiwan White Paper power play*. Washington DC, The Heritage Foundation Executive Memorandum, 2000.
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- ³⁷ The Constitution can be viewed at http://www.oefre.unibe.ch/law/icl/tw00000_.html [cited 16 February 2005].
- ³⁸ Andrew Yang, Forthcoming conflict under the 'status quo' in the Taiwan Strait. *Chinese Military Update*, February 2004.
- ³⁹ This Paper has adopted as a general rule the English language practice of using Taiwan to refer to the so-called Taiwan Area that includes Taiwan island, the Penghu, Kinmen and Matsu islands that are governed by Taipei.
- ⁴⁰ 'The Temporary Provisions for National Mobilization during the Period of Communist Rebellion' and the declaration of martial law (lifted in 1987) were the two legal pillars of the Kuomintang's authoritarian rule in Taiwan.
- ⁴¹ The Guidelines for National Unification can be viewed at <http://www.mac.gov.tw/english/english/macpolicy/gnueng.htm> [cited 16 February 2005].
- ⁴² The *Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area* can be viewed at <http://www.mac.gov.tw/english/english/foreign/law1.htm> [cited 16 February 2005].
- ⁴³ The White Paper *Relations across the Taiwan Strait* can be viewed at <http://www.mac.gov.tw/english/index1-e.htm> [cited 16 February 2005].
- ⁴⁴ The Three Principles are the core tenets of Sun Yat-sen's philosophy that underpinned the 1912 Revolution in China. They also are the philosophical

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- basis of the Kuomintang, the party he founded in 1913. The Three Principles are Chinese nationalism, democracy and economic equalisation.
- ⁴⁵ Washington is reported to have pushed hard for the inclusion of the five nos in Chen's speech. Chu Yun-han, Taiwan national identity politics and the prospects for cross-strait relations. *Asian Survey* 44 (4) 2004. Chen's speech can be viewed at <http://www.mac.gov.tw/english/index1-e.htm> [cited 16 February 2005].
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- ⁵⁴ SIPRI, *SIPRI yearbook 2004: armaments, disarmament and international security*. Oxford, Oxford University Press, 2004. A summary of the yearbook is available online at <http://editors.sipri.se/pubs/yb04/pr04.html> [cited 16 February 2005].
- ⁵⁵ The Hong Kong model of 'one country, two systems' gets considerable attention in the Taiwanese media and academic circles. It is repeatedly discredited by those with more hard line independence views. For example, Lee Teng-hui, et al, *Yiguo liangzhi xia de xianggang* [Hong Kong under 'one country two systems']. Taipei, Taiwan Advocates, 2003.
- ⁵⁶ The questions were more provocative and irksome for China in Mandarin. Mily Ming-tzu Kao, The referendum phenomenon in Taiwan: solidification of Taiwan consciousness? *Asian Survey* 44 (4) 2004.
- ⁵⁷ For further information on the Legislative Yuan and Taiwan's major political groupings, see the website of the Legislative Yuan, which contains information on individual legislators <http://www.ly.gov.tw/> [cited 16 February 2005]; the website of the Kuomintang <http://www.kmt.org.tw/> [cited 16 February 2005]; the website of the Democratic Progressive Party <http://www.dpp.org.tw> [cited 16 February 2005]; website of the Taiwan Solidarity Union <http://www.tsu.org.tw/> [cited 16 February 2005]; website of the People First Party <http://www.pfp.org.tw> [cited 16 February 2005]; and the website of the New Party <http://www.np.org.tw> [cited 16 February 2005]. For further information on the institutions of the Republic of China (RoC) state, see one of the numerous pages dedicated to Taiwan such as Governments on the WWW: Republic (China) <http://www.gksoft.com/govt/en/tw.html> [cited 16 February 2005] and Taiwan on the Web <http://www.gov.tw/> [cited 16 February 2005].
- ⁵⁸ Taiwan's political system has aspects of both parliamentary/Westminster and presidential systems — a framework often referred to as the 'French model'. In the French model, an independently elected president appoints a cabinet, which in turn is responsible to the legislature. Unlike the French

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model, in Taiwan the president is not able to dissolve parliament in the event of a dispute over legislation, nor can the president veto legislation. This basic governance issue and others have motivated calls for constitutional reform in Taiwan.

- ⁵⁹ The classic study on Taiwan's opaque and electorally significant local factions is Chen Ming-tong, *Paixi zhengzhi yu Taiwan zhengzhi bianqian*. (Factional politics and Taiwan's political development) Taipei, Mingdan Chubanshe, 1995.
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- ⁷³ Surveys include those run by the Center for Electoral Studies at National Chengchi University, the Political Science Department of National Chungcheng University, and the Taiwan Social Change Research Project at Academia Sinica.
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- ⁷⁵ David C Lynch, Taiwan's self-conscious nation-building project. *Asian Survey* 44 (4) 2004.
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- ⁷⁹ Chang Mau-kuei, On the origins and transformation of Taiwanese national identity. *China Perspectives* 28 2000. Chang draws heavily on Taylor's insights. Charles Taylor, *Sources of the self: the making of the modern identity*. Cambridge, Harvard University Press, 1989.
- ⁸⁰ The national identity issue has generated a solid mass of academic work within Taiwan in recent years. The discussion in this section draws on Shi Zheng-feng, *Taiwanren de minzu rentong* (Taiwanese national identity). Taipei, Qianwei Chubanshe, 2000. Lu Jian-rong, *Fenlie de guozu rentong* (The ambivalence of nationalism in Taiwan, 1975–97). Taipei, Maitian Chubanshe, 1999. Dun Ai, *Dapo shenhua: Taiwanren de rentong yu Guomindang yihai* (Shattering the myths: Taiwanese identity and the legacy of KMT colonialism). Taipei, Yushan Chubanshe, 2004. Wang Fu-chang, Zuqun yishi, minzuzhuyi yu zhengdang zhichi (Ethnic consciousness, nationalism and party support). *Taiwan Shehuixue Yanjiu* (*Taiwanese Sociological Review*) 2 1998. Alan Wachman, *Taiwan: national identity and democratization*.
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- ⁸² De-sinification was a hot topic in interviews with party representatives during the authors' fieldwork trip in June 2004. Everyone has an opinion on it, and opinion is hotly divided. This topic is an important one for contemporary Taiwan, yet serious academic analysis has been slow to materialise.
- ⁸³ Lawrence Chung, Taiwan rewrites history books. *Straits Times*, 11 November 2004.
- ⁸⁴ Lynch Taiwan's self-conscious nation-building project, citing 'Maixiang 21shiji de Taiwan minzu yu guoji' lunwenji (Collected essays on 'the

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- ⁹⁷ Jeremy T Paltiel, Dire straits: rescuing the Taiwan problem from the zero-sum game of international sovereignty. *China Perspectives* 34 2001.
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