

The PRC's Taiwan Policy in the DPP Era

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Cross-Strait relations have always been central to the regimes on both sides of the Taiwan Strait, namely the People's Republic of China (PRC) and Taiwan — the Republic of China (ROC). In recent years, it may be argued that the mainland has enjoyed a significant advantage over Taiwan in terms of demographic, military, political, and more recently economic power. Given the asymmetric nature of cross-Strait relations, it is necessary for anyone who concerns Taiwan's future to pay close attention to Beijing's policy toward the Democratic Progressive Party (DPP) regime. Indeed, it took almost two years for Beijing to recognize the necessity of conducting serious relations with the now-ruling DPP regime — dating from the initial silence toward the March 18, 2000 presidential election results until after the DPP's continued momentum in December 2001 parliamentary elections. As one Chinese expert on Taiwan indicated in January of 2002, "We understand now that we have got to deal with the Democratic Progressive Party."¹⁾ In light of such considerations, this article will analyze the historical evolution of the PRC's Taiwan policy, particularly, from the eras of Mao Zedong and Deng Xiaoping to those of Jiang Zemin and beyond. The focus, however, will be on the most recent developments — specifically Beijing's policy toward the new DPP regime.

The PRC attaches the greatest importance to its "one-China" policy and the question as to whether Taiwan will adhere to it in both form and substance. By the same token, there has been a general agreement in Taipei that its relations with the mainland are key to Taiwan's future survival. In a closer inspection of these issues, the following analysis will concentrate on the following four dimensions of the cross-Strait relationship: historical legacies and the maintenance of the "one-China" policy as a firm political principle, the domestic mood in the PRC, developments on Taiwan and cross-Strait economic integration, and the dynamics of the international environment.

Historical Legacies and the "One-China" Principle

To understand Beijing's firm stance toward its principle, the "one-China" policy, one must examine the evolution of cross-Strait relations over the past half-century. There are

three reasons for Beijing to insist on a “one-China” policy in regard to the issue of Taiwan. First, the country’s painful historical legacy of the “hundred-year humiliation”—the period that began with China’s defeat by Britain in the Opium War of 1839–42. This war was ended by the signing of the Treaty of Nanjing in which Hong Kong was ceded to Britain as its colony. China could not save itself from this unhappy fate, and a half-century later it was defeated by its former student, imperial Japan, and was forced to sign the Treaty of Shimonoseki, by which Taiwan was ceded to Japan and became a Japanese colony. Therefore, both the cases of Hong Kong and Taiwan represent bitter reminders of China’s past degradation.

The second reason for the PRC’s staunch “one-China” policy is that the separation of China and Taiwan was the direct result of the defeat of Chiang Kai-shek’s Kuomintang (KMT, the Nationalist Party) in the 1946–49 Chinese civil war. For more than the next half-century, the Chinese Communist Party (CCP) and KMT regimes became archrivals, competing for recognition of regime legitimacy—not only between the mainland and Taiwan, but also in the international community. Even so, the KMT never gave up ultimate reunification as its goal, but the KMT government always put the realization of democratization of the mainland as its primary condition for reunification. Historically, it was the DPP that was the central advocate of Taiwanese independence.

The third reason for Beijing’s firm “one-China” policy is the PRC’s keen sense of national security and sovereignty. Some American policymakers once regarded Taiwan as an “unsinkable aircraft carrier,” and Taiwan was used as the U.S. main military base for the encirclement and containment of China during the Cold War. Even in the post-Cold War era, when Taiwan’s political and economic development gained much attention, its strategic value has continued to be recognized. Thus, Taiwan is a multi-faceted problem for Beijing as it relates to issues of national sovereignty, pride, and regime legitimacy.

Despite these continuities, there was a fundamental change in Chinese foreign and Taiwan policies from the era of Mao Zedong (1949–76) to that of Deng Xiaoping (1977–1997). This policy switch was brought on by the changing conditions of China’s internal and external environments over the Mao and Deng eras. Prior to 1979, Beijing attached great importance to the restoration of Taiwan as a province of China, and insisted on the slogan of “liberation of Taiwan.” This slogan was the counterpart to the Taiwanese slogan “recover the mainland” at that time.

Beijing’s new “reform and opening-up” policy since late 1978 has contributed to significant changes in the PRC’s Taiwan policy. Beijing began to advocate the “three links” (trade, transportation, and postal services) and “four exchanges” (between relatives and

tourists, academic groups, cultural groups, and sports representatives) in its relations with Taiwan. In turn, the increased and intertwined economic, political, and cultural exchanges across the Taiwan Strait have brought many more interests and considerations into Beijing's policymaking process.

The rapid economic development as a result of Beijing's development strategy has increased China's international status significantly. This broad international recognition has had an important impact on Beijing's interpretation of its external environment. Beijing has perceived outside powers less as threats to its national sovereignty compared to the 1950s and 1960s when China was isolated from the international community. Beijing has new confidence in dealing with Taiwan, and as a result, its attitude toward Taiwan has become much more conciliatory.

With the beginning of the Deng era, China made a substantive change to its Taiwan policy. In 1978, Deng told a group of visiting U.S. legislators that Beijing had given up the "liberation of Taiwan policy" and had turned instead to a policy of peaceful unification. Since then, the PRC has made a series of overtures toward Taipei: Ye Jianying's Nine-Point Plan in January 1979, sent on behalf of the National People's Congress (NPC), emphasized peaceful unification with Taiwan. A personal letter stressing brotherhood to Taiwan's president Chiang Ching-kuo was written in 1982 by Liao Chengzhi, then a member of the CCP Politburo and a classmate of Chiang's when they studied in the Soviet Union in the 1930s. Deng Xiaoping's formula of "one country, two systems," first expressed in 1983, has become the foundation of Beijing's policy.²⁾ In 1995, Jiang Zemin, based upon Deng's ideas, issued his eight-point unification proposal toward Taiwan.

The PRC's "one country, two systems" formula advocates that, after unification, Taiwan would be allowed to maintain its foreign economic and cultural ties with other countries, as well as its own political, economic, and social system. Taiwan would be allowed to maintain its own army and independent judicial power, as Deng emphasized that, "the party, governmental and military systems of Taiwan will be administered by the Taiwan authorities themselves."³⁾ Furthermore, Taiwan's ruling and opposition parties would participate in the leading bodies of the central government, such as the State Council, the NPC Standing Committee, and the Supreme Court.⁴⁾

However, Beijing was aware of the growing influence of Taiwan's independence tendency and had a severe concern about this direction even before the DPP got into power. After the regime change in Taiwan in 2000, Beijing's leadership has considered seriously the use of force if Taiwan delays reunification indefinitely. For this reason, Beijing

refuses to renounce the use of military force against Taiwan. Should Taiwan some day claim independence, probable is that the PRC will use all means, including military force, to prevent independence. Beijing has little room to make concessions on the issue of Taiwan independence, having consistently insisted that it will prevent the creation of a “two Chinas” or a “one-China, one Taiwan” situation. Beijing also has demanded repeatedly that Taipei should not be allowed to become a member of any international political organizations, such as the United Nations.

China’s fundamental concern is that Taiwan’s prolonged separation may in fact promote its eventual independence. Thus, the PRC State Council issued a Taiwan White Paper in February of 2000 which states:

[I]f a grave turn of events occurs leading to the separation of Taiwan from China in any name, or if Taiwan is invaded and occupied by foreign countries, or if the Taiwan authorities refuse, sine die, the peaceful settlement of cross-Straits reunification through negotiations, then the Chinese government will only be forced to adopt all drastic measures possible, including the use of force, to safeguard China’s sovereignty and territorial integrity and fulfill the great cause of reunification.⁵⁾

This passage indicates that one more situation has been added which would prompt the PRC to use military force against Taiwan—that is, if Taiwan indefinitely delays negotiations with the mainland. Beijing’s fears were fanned by the defeat of the moderately pro-unification KMT candidate in the March 2000 presidential elections and the victory of pro-independence DPP candidate Chen Shui-bian.⁶⁾

Beijing’s deep distrust of the DPP regime has been based on its sense that the DPP is departing from the “one-China” policy and moving toward independence (*Taidu*). One of the most-cited pieces of evidence of the DPP’s *Taidu* tendency is the “independence clause” contained within the DPP’s Political Platform. This document was adopted in 1986 and modified in 1995. Section A of the DPP’s Political Platform is entitled “The Establishing of a Sovereign and Independent Republic of Taiwan,” and Article 1 of this section makes the following explicit proposal: “In accordance with the reality of Taiwan’s sovereignty, an independent country should be established and a new constitution drawn up in order to make the legal system conform to the social reality in Taiwan and in order to return to the international community according to the principles of international law.”⁷⁾

One may notice that there are ongoing discussions within the leading circles of the

DPP that the it should modify this “independence clause,” either by softening the language or placing it in “historical context.” At the same time, however, forthright statements have been made by Vice-President Annette Lu that indicate a continuing pro-independence stance, such as her comment that “breaking out of the ‘one China’ cocoon might be necessary to set in motion an open negotiation process.”⁸⁾

The PRC pushed for bilateral negotiations prior to the DPP government's election in 2000. In October 1998, the PRC warmly received the Taiwanese delegation led by Koo Chen-fu, the head of Taiwan's Strait Exchange Foundation (SEF), when they visited mainland China. Koo first conducted negotiations with his counterpart Wang Daohan in Shanghai, five years after they first met in Singapore. Then, Koo flew to Beijing to meet China's President Jiang Zemin. This meeting was not only the first in the three years since the downturn of bilateral relations following Lee Teng-hui's visit to the United States in 1995, but also the highest-level contact across the Taiwan Strait in nearly fifty years. The meeting between Koo and Jiang was reportedly “cordial” and “friendly,” covering a variety of topics ranging from cross-Strait relations to China's democratization.⁹⁾ The two sides agreed to continue exchanging visits between their representatives. However, the plan for Wang Daohan to return the next year was derailed by Lee Teng-hui's “state-to-state” relations statement as well as the subsequent election in 2000 of the DPP's Chen Shui-bian.

As Taiwan gradually achieved its democratization and its society became more pluralistic, opinions became more diverse in Taiwan's political arena. Therefore, Taiwan's decision-making process has become ever more complicated, making it difficult to achieve consensus. Beijing should understand that the island's frequent elections also require Taiwan's politicians to follow public opinion closely. It is now even more important for Beijing to comprehend this historical background in order to better face the challenge posed by the new DPP government.

Beijing's Reaction to the DPP Regime

To better understand Beijing's initial reaction to the DPP government, it is necessary to examine PRC's domestic considerations, which have played a key role in the development of Beijing's Taiwan policy. There are three critical factors. First, since modernization has become the PRC's top international and domestic priority, Beijing would like to promote economic integration within the so-called “Greater China”—namely, the mainland, Taiwan, and Hong Kong. Taiwan has made a significant contribution to the PRC's modernization in terms of providing investment, trade, and managerial know-how to

speed up China's economic modernization. Beijing has been well aware of Taiwan's example as one of several developmental models from which it may learn (others including Japan, South Korea, and Singapore). Therefore, Beijing would like to make every effort to achieve a peaceful unification with Taiwan, as a military confrontation across the Taiwan Strait would certainly damage its progress toward modernization.

Second, with nationalism on the rise within the mainland, Beijing's leadership has been acutely sensitive to the issues of sovereignty and regime legitimacy. Therefore, no Chinese leader, conservative or reformer alike, can afford to be cast as *lishi zuiren* (a person condemned by history) for not acting to prevent the split of the nation; such an appellation would be a lethal blow to any leader given Beijing's continuing internal power struggles. Jiang Zemin stated in December 1992 that the "PRC will adopt resolute measures if Taiwan declares *Taidu*."¹⁰ The pursuit of *Taidu* would, in other words, involve the risk of war. Under this consideration, the Beijing leadership has consistently refused to renounce the use of military means to prevent Taiwan independence, and has refused to allow Taiwan to have more space within the international community.

Third, China's rapid economic growth and rise of status within the international community has allowed Beijing to become more assertive in its foreign policy as well as in its policy toward Taiwan. Therefore, one can see that there are conflicting considerations behind Beijing's Taiwan policy, making it sometimes appear flexible and at other times rigid. In general, however, Beijing would like to promote bilateral negotiations at an early stage, and to achieve a result which is favorable to its desire for unification. Time and again, however, Beijing may need a certain period to digest any significant developments on the island—such as the perceived shift away from the "one-China" principle—to formulate its own policy toward such change. The changing international environment has kept Beijing acutely sensitive to the issue of *Taidu*. As long as Taiwan maintains *de facto* separation from the mainland, political forces both within and outside the island will continue to demand *Taidu*. Moreover, with the post-Cold War development, international public opinion might be increasingly sympathetic towards Taiwan.

The combination of the above elements has played a significant role in determining PRC's Taiwan policy towards the new DPP government. This policy can be divided into three stages. The first stage was during the period prior to the 2000 presidential campaign—roughly from 1999 until the elections on March 18, 2000—when Beijing took a confrontational approach toward the DPP. This period was marked by Zhu Rongji's tough lecture which was designed to boost the chances of either the KMT's Lien Chan or, even better, the People First Party's (PFP's) James Soong.

The second stage commenced immediately upon Chen Shui-bian's defeat of Lien Chan and James Soong in the 2000 presidential elections. Upon this development, the PRC State Council's Taiwan Affairs Office issued a stern, six-word policy, *ting qi yan, guan qi xing*, meaning "listen to what the new regime says, and watch what the new regime does." In effect, Beijing posted a "wait and see" policy. Since that time, it can be certain that Beijing has been monitoring the Chen regime's statements and actions for any confirmation of its suspicion that it is departing from the "one-China" policy and moving toward Taiwan independence.

This concern was rooted in such observations as the fact that Chen had not even expressed lip service support of the "one-China" position, unlike his KMT predecessors. Despite threats and military exercises across the Taiwan Strait prior to the election, however, China's leaders remained silent once the results were announced. Beijing's inaction after the election was partially due to the fact that Chen Shui-bian made great effort to avoid a confrontational tone. In his inaugural speech, for example, he pledged the following "four no's":

. . . [that] as long as the CCP regime has no intention to use military force against Taiwan, I pledge that during my term in office, I will not declare independence, I will not change the national title, I will not push forth the inclusion of the so-called "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.¹¹⁾

Chen Shui-bian also attempted to interpret the DPP's goal as "self-determination" rather than "independence"—apparently a centrist gesture.¹²⁾ Regardless, this semantic distinction does not matter to Beijing, as prolonged separation from the mainland is interpreted as leading inevitably to independence. This relative quiet remained despite some initial conciliatory statements by Chen and a subsequent rebuttal from Beijing.¹³⁾

After the election, the PRC made moves to isolate Chen such as by negotiating with representatives of other parties (such as the KMT, PFP, and New Party—NP) rather than Chen's DPP government.¹⁴⁾ This tactic served to make Chen look weaker and less effective both within and outside Taiwan. The PRC also tried to orchestrate a coalition among the KMT, PFP, and the NP, in the hopes of defeating the DPP, but such plans were dashed by the December 2002 election.

The third stage began with Qian Qichen's speech of January 25, 2002, which indicated that Beijing's leaders have come into what might be called the "recognition of reality"

stage. As the DPP's electoral success has made clear, Beijing has had to recognize that a prolonged DPP regime is not inconceivable, and adapt to these circumstances accordingly.

In order to better understand the evolution of Beijing's attitude, one may also need to pay close attention to a range of views within the Beijing leadership on how to deal with the DPP regime, from hard-liner to soft-liner.¹⁵⁾ A hard-liner tends to believe that under the DPP regime Taiwan's move toward independence is inevitable. Therefore, this movement can only be stopped by non-peaceful means. The recommendation therefore is "xiepo" —meaning to rely on military strength to force a change—in order to force Taiwan to stop its drift toward *Taidu*. From this perspective, military takeover of Taiwan is seen as a more likely approach and outcome, even with the risk of U.S. intervention in the military confrontation.

In contrast, soft-liners generally have believed that there has been sufficient pressure on Taiwan, including the military means indicated in the White Paper of February 2000, to ensure that Taipei is unlikely to make an official declaration of *Taidu*. Therefore, the PRC should emphasize economic integration and avoid making military threats toward Taiwan. Soft-liners also tend to believe that the United States will be unwilling to be involved in an actual war with the PRC. They sometimes ask such questions as "Are Americans willing to sacrifice their sons and daughters for Taiwan?" This group also tends to overestimate China's military power, particularly based on its nuclear and missile weapons.

To be sure, soft-liners also tend to believe that China's national sovereignty is the major principle at stake—therefore, China should use military force if that sovereignty is violated. However, they also sound a note of caution and emphasize the importance of first engaging Taiwan peacefully. The conciliatory tone of the Qian Qichen's speech mentioned above can be perceived as that the moderate, and more pragmatic, views may have prevailed at the most recent third stage in early 2002.

Regardless of hard or soft positions each individual leader may have, there are general and genuine worries in Beijing that Taiwan's independence tendency may further grow with the new DPP regime. This deep suspicion was further strengthened by Taipei's series of official actions that would emphasize the new identity for Taiwan, such as renaming Taiwan's offices abroad "Taiwan Representative Offices" from the name "Taipei Economic and Cultural Representative Offices,"¹⁶⁾ printing "issued in Taiwan" into its citizens passports and putting a new design for the emblem of the government spokesman's office, replacing the old emblem which has the map of China. Beijing views

these actions as incremental steps towards *taidu*.

In order to achieve its goal of unification with Taiwan, Beijing has always maintained two different ways—peaceful means and military threat—to prevent Taiwan from going to independence. Beijing has made it clear that it will never give up military means and has always kept military pressure as a deterrent to any tendency toward *taidu*. PLA's Southeast military regions such as Nanjing and Guangzhou have always been prepared for military actions with Taiwan. Over the last decade, the PRC has deployed hundreds of missiles and advanced aircraft aiming at Taiwan. Time and time, the PLA conducted all kinds of military exercises, many of which have become more sophisticated, preparing cross-strait fighting and enhancing its ability on both land and sea battles. Most of these military actions corresponded to the political events and developments in the island. Needless to say, the largest missile exercise, as mentioned earlier, took place in spring 1996, creating a new round of military crisis around the Taiwan Strait.

Concerned observers in both sides of the Taiwan strait as well as in the United States have often asked the question, where are, if any, the bottom lines for PRC to use military forces. A simple answer to this question from Beijing often is that if Taiwan openly claims its independence. This point is well understood in Taipei and seems like no rational politicians would conduct this kind of suicidal action. On the other hand, PRC's bottom line is not all that clear as to what other actions may constitute "Taiwan independence" that would lead to PRC's military action. It is not completely certain, for example, whether a revision of constitution or a public referendum of self-determination actions like this will cause enough concern for Beijing to use military force.

Now that the United States made it clear that it will intervene in a future military crisis around the Taiwan strait, Beijing's decision makers and PLA leaders therefore have now perhaps no illusion about the US' intention and have already figured in the US factors in their calculation of the military action in the future if it deemed necessary (see later part for more detailed discussions on the U.S. role).

While maintaining military pressure, Beijing's leadership has still put its high hope on the peaceful means to resolve the Taiwan issue. It seems that the economic integration across the Taiwan Strait may prove an effective way to promote future unification.

Cross-Strait Relations and Economic Integration

Cross-Strait relations have been even more uncertain after Taiwan's presidential elections in March 2000. The parliamentary election of December 2001 confirmed that the DPP's presidential victory was no accident, as the DPP won a parliamentary majority for

the first time, thereby defeating the old ruling party, the KMT.¹⁷⁾ The significance of the 2000 presidential elections not only lies in its achievement of a peaceful transfer of power as part of the island's democratization process,¹⁸⁾ but also can be considered as the start of another round of intensified debate within the island over the "one-China" principle that Beijing has insisted.

Regarding policies towards the Mainland, there are two political camps in Taiwan: one for Taiwan's ultimate independence (known as the "Green camp" and comprising most of the DPP as well as followers of Lee Teng-hui), and one for eventual unification with the mainland over the long term (the "Blue camp" includes most of the KMT, PFP, and NP). At this stage, most people in Taiwan seem to prefer maintaining the status quo which would let the unification issue be settled in the long run. To be sure, the cross-Strait relationship is only one of several vital issues that political parties in Taiwan have faced. There are overlapping as well as diverse opinions on such issues as corruption, economic policy, crime, and social stability. In this sense, there still is the possibility that various political parties (for example, elements of the both the "Green" and "Blue" teams) may form a coalition government in the future despite differences over mainland policy.

Within the KMT, however, there were conflicting views within the leadership in terms of how to deal with the DPP's demand for independence. During Lee Teng-hui's presidency, several KMT leading figures resigned from their party or government positions, protesting President Lee's ambiguous *Taidu* position and other political issues. For example, the New Party was founded in 1993 by former KMT members who disagreed with the KMT's style of decision making.¹⁹⁾

In Taiwan, Chen Shui-bian experienced a difficult start to his regime, beset by the economy recession, political maneuvering over the fourth nuclear reactor issue, key cabinet resignations, and rumors. Furthermore, the pro-independence elements of the DPP did not want too much compromise with Beijing. On the other hand, the non-Lee elements of the KMT pushed their agenda with high-level contacts with Beijing. These KMT members supported the "one-China" principle which would lead to eventual reunification with the mainland. Of course, most Taiwan observers believe that such political stances are more symbolic, politically motivated, and short-term than true in nature. These actions are designed to hamper Chen's attempts to go to the political center.

Of course, Chen also has made a number of unilateral moves that have not been strongly supported within his own party.²⁰⁾ More particularly, some DPP members have not liked Chen's softening of the DPP's pro-independence stance.²¹⁾ These disaffected members have left the DPP to establish splinter parties such as the Taiwan Independence

Party (TAIP) and the New Nation Association.

Meanwhile, the scenes of former President Lee Teng-hui and President Chen Shui-bian together indicate a new round of realignment in Taiwanese politics. It became clear in the fall of 2001, the DPP and Lee's new party, the Taiwan Solidarity Union (TSU), shared a pro-independence perspective. In the sense of *Taidu*, then, Chen Shui-bian is Lee Teng-hui's true successor—especially given Lee's public disdain for the KMT's direction under its new chairman, Lien Chan, and the KMT's subsequent decision to expel Lee from the party.²²⁾ Nevertheless, Chen and Lee are not completely aligned. For one, the TSU allegedly is positioned between the DPP and the KMT, which indicates some policy differences.²³⁾ Moreover, Chen's government has abandoned the policy of attempting to restrain Taiwanese investment in the mainland.²⁴⁾

In general, however, Chen and Lee's "Green camp" appears aligned against the "Blue camp"—the pro-eventual unification, pro-economic integration coalition. In contrast, the "Blue camp" argues that Taiwan's recession necessitates reliance on the mainland as a market for Taiwanese goods and services. Given this extensive interdependence, there also is a need for Taiwan's government to allow direct postal, air, and shipping links. Therefore, one may regard the new policy of relaxing economic restrictions as a compromise between the two camps, and a pragmatic gesture from the new DPP government.

In addition to political and military pressure, Beijing has increasingly used cross-Strait economic ties as a means to promote its integration with Taiwan. Whatever the outcome, Beijing's overall strategy remains clear. A particularly important factor in Taiwan's politics is the business sector, as profit-driven businesspeople generally have viewed the mainland as a desirable market and location for investment. Indeed, Taiwan's extensive trade and economic relations with the mainland have been responsible for generating Taiwan's huge trade surplus. Thus, Taiwan's business community has pressured its politicians to allow for enhanced ties across the Taiwan Strait.

Just as with Hong Kong, economic interdependence undermined political differences and paved the way to reunification. Despite public opinion polls and referenda that indicated that the locals did not support this transition, Hong Kong's rule was transferred to the PRC in 1997.²⁵⁾ After the subsequent handover of Macau in 1999, PRC President Jiang Zemin set his sights on achieving reunification with Taiwan.²⁶⁾ What is clear is that Beijing plans to continue to utilize economic integration as a means to promote political unification. Although itself in dispute, the economic integration "card" seems to have remained one of a few possible effective ways to deal with the new Taipei regime and to prevent Taiwan from further movement toward independence. This economic interde-

pendence is reflected primarily in two dimensions: cross-Strait trade and Taiwan investment in mainland China.

Clearly, the mainland has attracted significant levels of Taiwanese investment. In terms of general trends, the total value of bilateral trade has increased dramatically. For example, cross-Strait trade rose from US\$77 million in 1979 to US\$26.4 billion in 1997. As early as 1993, the mainland became Taiwan's third largest export market, after only the United States and Hong Kong.²⁷⁾ In 2000, Taiwan's trade with China rose 25 percent, leaving Taiwan with a surplus of US\$27 billion.²⁸⁾

In terms of investment figures, Taiwan invested roughly US\$48-70 billion in the mainland from 1990 to 2000.²⁹⁾ Government statistics indicate that Taiwan invested approximately US\$2.6 billion in 2000, twice the amount Taiwan's businesses invested in the previous year.³⁰⁾ In fact, mainland-based projects total about 40 percent of Taiwan's total direct overseas investment,³¹⁾ involving approximately 40,000 Taiwanese companies.³²⁾ Most recently, an estimate made in April 2001 indicates that Taiwan's investment in the mainland totals roughly US\$80-100 billion.³³⁾ It is Beijing's hope that it can use economic means to promote bilateral exchange and integration to demonstrate Beijing's conciliatory position.

Chen Shui-bian initially was in agreement with the "go slow, be patient" (*jieji yongren*) approach advocated by former President Lee Teng-hui. Both leaders have had concerns about the risk of Taiwan becoming too economically dependent on the mainland, and have viewed Beijing's "harm offensive" with some skepticism.

However, this policy stance has not been popular with the Taiwanese business sector. During Lee's presidency, for example, his ability to influence businesspeople on cross-Strait relations was limited.³⁴⁾ Since Chen's election, the business sector has continued to pressure for change, its calls becoming more urgent in light of Taiwan's economic recession.³⁵⁾ For example, Taiwan's gross domestic product (GDP) shrank by 2.35 percent over April-June of 2001, acknowledged to be the worst rate in twenty-six years. In July of 2001, Taiwan's unemployment rate also hit a record level of 4.92 percent.³⁶⁾

The pressure to lift the "be patient, go slow" policy also came from a renewed sense of "mainland fever." Reports hold that as China's economy continues to develop rapidly, many Taiwanese have begun to see that the mainland offers the prospect of a better life and a brighter future. One symptom of this "mainland fever" is the large amount of Taiwanese investment in Shanghai. Furthermore, a growing number of people from Taiwan even choose to settle in the Shanghai area.³⁷⁾ For the first time, Shanghai, as a mainland city, has been ranked as the number four favorite destination for emigrating

Taiwanese. Another favorite destination is Dongguan, located in the mainland's Guangdong province.³⁸⁾

Subsequently, the DPP government acted in accordance to a 120-member advisory panel's recommendations to lift the caps on levels of Taiwanese investment in the mainland as well as technology transfer restrictions.³⁹⁾ The PRC is likely to seize this new opportunity to attempt to deepen Taiwan's economic dependence on the mainland. Although there still are observers that believe that the lack of progress toward "one-China" means that Beijing will drop its economic "charm offensive" toward Taiwan in favor of military options,⁴⁰⁾ most reports indicate that Beijing is betting on economic interdependence as a way toward unification.⁴¹⁾

Dynamics of the International Environment

The issue of Taiwan itself has been the product of domestic rivalry (the 1946–49 CCP-KMT civil war), external powers' intervention, and changing international relations in the Asia-Pacific. During the 1950s and 1960s, the PRC was isolated by the West and excluded from major international organizations such as the United Nations. With the U.S. Seventh Fleet stationed in the Taiwan Strait, Beijing viewed the United States as a major threat. Japan, which had occupied Taiwan for fifty years prior to 1945 and was firmly allied with the United States in the post-World War II era, was also considered a potential aggressor. These concerns were the foundation for Beijing's uncompromising policy regarding Taiwan during the first three decades of the PRC's existence, a policy that left no room for concessions where the issues of sovereignty and regime legitimacy were involved.

Regarding recent development of Sino-U.S. relations, one of the symbolic yet significant developments in the post-Cold War era since the early 1990s – particularly since 2000, is that one hears more labels such as "partners," "allies," "competitors," or "rivals" to refer to major powers and their relations. For example, U.S. President Bill Clinton referred to China as a "strategic partner" in his visit to the country in 1998. This debate intensified during the 2000 U.S. presidential campaign, most noticeably due to then Republican candidate George W. Bush's statement that the PRC should be viewed as more of a "competitor" than a "partner."

International environment has changed in the wake of the events of September 11, 2001. Notably, U.S. President George W. Bush has modified his confrontational approach with China by including it in his counter-terrorist coalition. Also, Bush needs China's cooperation particularly in regard to regional security issues such as stemming prolifera-

tion, promoting stability on the Korean peninsula, and so forth. In fact, during his visit to China in February 2002, President Bush asked Jiang Zemin to convey a message to Pyongyang so that the United States and North Korea could sit down for talks. China hopes that this cooperative effort with the United States will lead to reciprocal good faith efforts—in particular, that Washington will reward Beijing by complying more with the PRC's effort to solve the Taiwan issue based on the “one-China” principle.

This more conciliatory attitude toward China has been part of the evolution of the George W. Bush administration. Indeed, there is evidence of the Bush administration's learning curve has been shortened in light of the development of the post-September 11, 2001 “international anti-terrorist coalition” that not only includes traditional allies such as in NATO and Japan, but other major players such as Russia and China. Since September 11, the Bush administration has considerably toned down its anti-Beijing, pro-Taiwan rhetoric. Although perhaps only a temporary policy shift, President Bush's new stance caused Taiwan concern, prompting Taipei to send a high-level delegation to Washington in early October.⁴²⁾

Nevertheless, while promising more consultation with China, the Bush administration continues to maintain its policy of emphasizing its military allies in the Asia-Pacific, which can be phrased in Chinese as “*tai Riben, ya Zhongguo*” (抬日本壓中國, meaning “to raise Japan high and press China low”). Similarly, there is the view that the United States under Bush is focused upon “*qin Taipei, yuan Beijing*” (親台北遠北京, meaning “getting closer to Taipei and keeping distance from Beijing”). For example, Bush has repeatedly emphasized his commitment to the Taiwan Relations Act, most recently during his February of 2002 visit to China.

In regard to its relationships with Washington and Tokyo, a central locus of concern for Beijing is the issue of Taiwan. Indeed, Beijing regards the United States as a major obstacle to its goal of reunification with Taiwan. This issue can be traced back historically to the Chinese Civil War period (1946–49) when the U.S. supported the Chiang Kai-shek regime, and, when at the cessation of the Korean War in the early 1950s, the U.S. signed a Mutual Defense Treaty with Taiwan which effectively prevented the PRC from taking over the island. In the late 1960s and early '70s, both Beijing and Washington were willing to normalize their relations due primarily to their mutual concern about the threat from the Soviet Union. Richard Nixon's historic visit to China in 1972 spotlighted the two countries' rapprochement, although seven years would pass before the PRC and the United States completed their normalization process in 1979.

However, while Washington has recognized Beijing officially and ceased its official

relations with Taipei, there are two issues which Beijing still views as unwarranted “intervention in internal affairs.” First, the United States continues to sell arms to Taiwan despite the August 17 Shanghai Communique of 1982 which stipulates that the United States should reduce its arms sales to Taiwan both quantitatively and qualitatively. An example in point of this trend is the Bush administration’s decision in April 2001 to sell Taiwan a large amount of advanced arms. The other issue relates to the Taiwan Relations Act—passed by the U.S. Congress in 1979—which, in addition to restricting the United States to non-official economic and cultural relations with Taiwan, requires American commitment to peaceful settlement of the Taiwan Strait conflict. Both actions, from Beijing’s perspective, represent continued intervention in China’s internal affairs.

Clearly, there are indications that the PRC views the U.S. as an arrogant rival and a threat and a major road block to China’s rise toward greater power status.⁴³⁾ Beijing’s perception of the U.S.’ continued interference may have been enhanced by the February 2000 vote in the U.S. House of Representatives that passed the Taiwan Security Enhancement Act by the vote of 341–70,⁴⁴⁾ and, more recently, comments by President George W. Bush that the U.S. will defend Taiwan militarily in case of attack from China. China was further alarmed by the announcement of the United States’ sale of multi-billion dollar sale of Kidd-class destroyers to Taiwan scheduled for early 2003. The US would also give Taiwan options to receive up to eight diesel powered submarines.⁴⁵⁾ Furthermore, Beijing was very upset by the US permission for Taiwan’s defense minister, Tang Yiau-ming, to visit the United States and conduct an “informal” meeting with US Deputy Defense Secretary Paul Wolfowitz in March 2002.⁴⁶⁾ This was the highest level of defense dialogue between US and Taiwan ever since their official diplomatic ties were broken in 1979. China’s deep concern is that America’s arming of Taiwan may in fact prolong Taiwan’s separate status, thereby promoting its eventual independence. Beijing is even more worried that given the leading status of the United States in world politics, other nations may follow suit. Therefore, the Taiwan issue will continue to be a major controversy between China and the United States for the time to come.

In terms of regional and even global security, a key issue confronting all powers in the Asia-Pacific is how to manage the relationship between the two ascendant powers—the United States and China. Virtually all regional controversies, such as cross-Strait relations between Taiwan and the PRC, the resolution of the tensions on the Korean Peninsula, the evolving nature of the US–Japan security alliance (and the future direction of Japanese foreign policy), and the potential conflict over the South China Sea dispute, are all closely linked to major-power relations, particularly the ongoing dynamics of the

Washington-Beijing relationship. At the same time, the necessity for an anti-terrorist coalition will also provide a fresh framework to inspect the overall dynamics of major power relationships. The spirit of this new framework may be reflected in the joint anti-terrorism statement signed by Asian-Pacific leaders in the Shanghai APEC meeting in October 2001. Along this line, the issues of crisis management over the Taiwan conflict, nuclear proliferation and missile defense systems, appear even more crucial to regional security and stability.

The ultimate question for the future directions of Asian-Pacific international relations and the future of Taiwan is whether the world is heading into a new Cold War between the US and China. Alternatively, there could be a new post—Cold War or post—“9/11” framework under which major powers may share a constructive atmosphere. In the first scenario, many international observers believe that the most likely trigger point is the conflict across the Taiwan Strait.⁴⁷⁾ Given the location, losses and damage would be inflicted primarily on East Asian players—namely, Taiwan, mainland China, and Japan. Meanwhile, the second scenario may present a “win-win” situation for all parties concerned. Thus, while remaining fully prepared for a negative turn of events, less confrontational gestures and policies from the United States may actually facilitate internal transformation in China toward a more pluralistic society,⁴⁸⁾ thereby providing more common ground for the China and the United States, as well as for Beijing and Taipei, on which to cooperate.

Meanwhile, the issue of Taiwan has remained a problem also between China and Japan, who is a “loyal follower” of the United States in international affairs. Beijing’s main concern is the new security guidelines for the U.S.–Japan Security Treaty announced in 1997.⁴⁹⁾ Specifically, China’s concern is over Part V of the “Guidelines for U.S.–Japan Defense Cooperation” as to whether “surrounding areas” are meant to include Taiwan itself. Although the document specifically indicates that this term reflects the situation rather than geography, conflicting statements have been made by a variety of Japanese government officials, such as the announcement made by then-Chief Cabinet Secretary Kajiyama Seiroku in August 1997, that the guidelines indeed are considered to include Taiwan.⁵⁰⁾ More typically, when asked about the inclusion of Taiwan, the standard informal answer from the Ministry of Foreign Affairs is that since this topic refers to joint guidelines, Washington will have to be asked for clarification. This apparent coordination of the Taiwan policy between Tokyo and Washington understandably alarms the PRC.

It is well-known that the anti-*Taidu* position has been well integrated into the PRC’s

foreign policy practice. It is Beijing's position that whenever the PRC establishes diplomatic relations with another nation, that nation must explicitly recognize that there is one China, that Taiwan is a part of China, and that Beijing is the sole representative of China. Thus, when the PRC opens diplomatic relations with another country, that country must cease official relations with Taiwan. Conversely, whenever Taiwan sets up relations with another country, Beijing severs relations so that a "two Chinas" situation will be avoided. Clearly, sovereignty and the Beijing regime's legitimacy are still essential principles for the PRC. Chinese Premier Li Peng, for example, went as far as to denounce the ideas of "federation" or "confederation,"⁵¹⁾ some widely discussed proposals for China's unification, as being the same as "two Chinas."⁵²⁾ Beijing's overtures for national unification have not been well received in Taipei because there is considerable suspicion toward mainland China.⁵³⁾

Beijing occasionally may show flexibility if it considers there to be less of a risk of Taiwan independence. For example, when dealing with foreign countries over the issue of Taiwan, the PRC may exhibit rigidity in official political relations but flexibility in nonofficial matters, such as economic, trade, and cultural ties. Indeed, major powers such as the United States, Japan, Great Britain, and Germany have maintained nonofficial offices in Taipei without provoking strong reaction from Beijing. Even the Soviet Union in the last years of its existence quietly developed nonofficial links with Taiwan.

Beijing's flexible foreign policy practice can be seen elsewhere in terms of Taipei's participation in some nonpolitical international organizations, such as the Olympic organizations and the Asian Development Bank (ADB). For example, China consented to Taipei's membership in the ADB on the condition that Taiwan use the name "Chinese-Taipei." Similarly, Beijing gave the signal that it would give Taiwan the opportunity to host some elements of the 2008 Olympics if Taipei agreed to accept the "one-China" formula.⁵⁴⁾

To Beijing's advantage, international conditions make Taiwan's independence unlikely to occur in the near future. General opinion in the international community has been unfavorable toward *Taidu* since the PRC entered the United Nations in 1971, out of the fear of the risk of war in the region. No major power today would want openly to support a declaration of Taiwan independence at the expense of breaking relations with the PRC and triggering an international crisis.

History has demonstrated that the United States has played a crucial function as the most important external actor in cross-Strait relations as well as bilateral negotiations. Even though Washington has remained a staunch ally of Taipei, it is also eager to see a

stabilized environment across the Taiwan Strait so that the United States will not risk military confrontation with the PRC. Beijing's conciliatory statement in January of 2002, made by Vice-Premier Qian Qichen, is widely perceived to reflect the PRC's grounded assessment of political realities in Taiwan. More to the point, this statement also is seen as a response to American pressure for the PRC to reopen talks with Taipei so that proper preparations can be made for U.S. President George W. Bush's visit to Beijing the following month. The United States' interests are shared in many ways by Japan and the European community.

Conclusion

One of the most severe challenges to the peace and prosperity in the Asia-Pacific is the cross-Strait relationship between the People's Republic of China and Taiwan. Ever since the end of the Chinese civil war in 1949, Taiwan and mainland China have remained separate. The ups and downs of the relationship between mainland China and Taiwan have implications far beyond the Taiwan Strait and have an enormous impact on the two major powers in the region, namely the PRC and the United States, as well as other regional players such as Japan and Southeast Asian countries.

The fate of the cross-Strait relationship remains primarily in the hands of Beijing and Taipei. Obviously, a peaceful settlement is in the interest of both sides. Any agreement requires mutual trust, and to develop that trust the two sides must sit down and talk. The talks between the PRC's Wang Daohan and Taiwan's Koo Chen-fu in April 1993 in Singapore were widely hailed as "the first formal meeting" since the end of the civil war in 1949. As pointed out earlier, these negotiations were sporadic and were easily disrupted by Taipei's political maneuvers such as Lee Teng-hui's visit to Cornell in 1995 and his statement regarding "state-to-state" relations in July 1999. Before the end of the Lee era, for example, there were reports that Jiang Zemin's and Lee Teng-hui's personal envoys secretly met in Hong Kong, Macau, and Beijing.⁵⁵⁾ However, formal negotiations have been halted ever since the regime change in Taipei in 2000. Whether through open or secret channels, one may expect that similar bilateral talks will occur whenever the two sides sense that the conditions are ready.

Nevertheless, to start cross-Strait negotiations, three main obstacles will have to be addressed. First, due to their longtime separation and historic rivalry, there is a considerable lack of mutual trust between the two sides. Second, there are probably not enough incentives for either side to make the significant compromise necessary to make a political breakthrough in the negotiations. Third, tensions within each side will continue to

slow down the negotiation process, if not stop it all together from time to time.

As of early 2002, there still is no sign that the Chen Shui-bian regime will accept the “one-China” principle as the precondition for restarting negotiations. Meanwhile, Beijing maintained a “Wait and see” policy until Qian Qichen’s statement of January 25, 2002, which signaled Beijing’s acknowledgment of the reality that the DPP may remain in the leading position on the island for a long time to come. As of this paper’s submission, it remains unclear as to whether a new round of cross-Strait negotiations will ensue in 2002 or the stalemate will continue until a later time.

Either way, Beijing’s leadership will have to take three important considerations into account with its cross-Strait policy—namely, domestic mood, developments on the island, and international dynamics. The mainland’s domestic mood is very much affected by the strategic goals set up by the leadership when entering the new century—that is, whether Beijing’s leadership will maintain Deng’s emphasis on modernization as a top policy priority. This domestic atmosphere also is affected by China’s rising nationalism.

Meanwhile, Beijing’s assessment of developments on Taiwan is the next most important factor—whether the new DPP government constitutes a true departure from the long-established “one-China” policy position, thereby moving toward independence. As long as Beijing is assured that there is no such fundamental position shift, there will be no drastic policy reorientation toward Taiwan.

At the same time, Beijing is keenly aware of the key role that is played by the world’s only superpower, the United States. The PRC is expected to intensify its efforts to gain Washington’s forbearance so that the United States will not play a one-sided role in the cross-Strait relationship. This effort, along with similar attempts to gain the understanding of other key players such as Japan and the United Nations, will remain an important focus of Chinese foreign policy in the time to come.

In conclusion, when making its policy toward the new DPP regime, Beijing has always attached great importance to historical legacies, in particular with the implications of the independence clause still stated in the DPP Political Platform. Beijing has been resolute in maintaining the “one-China” policy, making it a precondition for the renewal of cross-Strait negotiations. This hard-line policy is not only firmly rooted in domestic political considerations which provide legitimacy for the Beijing government, but also reflects the deep concerns of national sovereignty and security environment which is essential to China’s modernization program since 1978.

While insisting on not giving up military means as the last resort for the Taiwan issue, Beijing has increased its economic offensive toward Taiwan to promote bilateral

trade, letting Taiwan enjoy a great surplus while also moving large investment into the mainland. This economic integration has served Beijing's interest in enhancing Taiwan's public perceptions of the mainland. Beijing's most recent signal from Vice-Premier Qian Qichen in January of 2002 indicates "a new assessment of the island's political realities and the DPP regime."⁵⁶⁾

Finally, international dynamics have always played a crucial role in Beijing's Taiwan policy calculations. The United States remains the most important international actor as it is not only the sole superpower in the world, but also the only major power that would be able to provide all-out political, economic, and military assistance to Taiwan should another cross-Strait military crisis arise. Therefore, one can not totally rule out the possibility of a major military confrontation between the United States and China over the issue of Taiwan in the foreseeable future. At the same time, it is only natural that all concerned parties will first try their utmost to solve this controversy in peaceful means.

Notes

- 1) John Pomfret, "China Easing Way for Bush Visit; Invitations to Taiwanese Officials Among Good Faith Efforts," *Washington Post*, January 25, 2002, p. A21.
- 2) The proposal of "one country, two systems" was formulated in recognition of the changing domestic and international situation. Freed from the Maoist ideological straitjacket, Deng and his colleagues recognized that it was virtually impossible to incorporate Taiwan into the framework of socialism; differences in political, economic, and social life had become so great that neither the ruling elites nor the Taiwanese masses would accept a socialist system for the purpose of unification.
- 3) See Deng Xiaoping, "An Idea for the Peaceful Reunification of the Chinese Mainland and Taiwan" (June 26, 1983), in *Selected Works of Deng Xiaoping*, vol. 3: 1982–1992 (Beijing: Foreign Languages Press, 1994), pp. 40–42.
- 4) There are other interpretations of "one country, two systems." Some scholars have considered various possible impacts of the implementation of this proposal on China's political development. One unintended scenario may be that while externally one central government will represent "one China," internally two or three major political parties (the CCP, the KMT, and the DPP (the main opposition party in Taiwan) will hold roughly equal positions, yet will act independently of one another. "One country, two systems" may well develop into "one country, two (or more) parties." The process could gradually erode the political monopoly of the ruling parties on the mainland and Taiwan. In this sense, unification would serve as a catalyst for China's political pluralization. For a detailed analysis, see Quansheng Zhao, "One Country, Two Systems and One Country, Two Parties: PRC-Taiwan Unification and Its Political Implication," *The Pacific Review* 2, no. 4 (1989): pp. 312–19. In 1992, Yang Shangkun, then presi-

- dent of the PRC, suggested that once negotiations for unification begin, the issue of “central-local” (that is, which is the central government and which the local government) would become moot. For its part, Taipei has repeatedly expressed doubt about this formula.
- 5) “The One-China Principle and the Taiwan Issue,” *Renmin Ribao* (People’s Daily), February 22, 2000, p. 1. The English version was reprinted in *Issues & Studies* 36, no. 1 (January/February 2000): pp. 161–81. Previously, the conditions for China’s intervention were the declaration of Taiwan independence or foreign power occupation.
 - 6) Julian Baum with Dan Biers, “When a Giant Falls,” *Far Eastern Economic Review*, April 6, 2000, p. 18.
 - 7) “Political Platform of the Democratic Progressive Party,” available at <<http://203.73.100.104/platform/a.htm>>.
 - 8) Annette Lu, “Shattering the “one-China” Cocoon: A New Path for Taiwan and China,” *Harvard International Review* 22, no. 4 (Winter 2001): pp. 14–19.
 - 9) Julian Baum, “One-Track Mind: Taipei Insists on Democracy before Unification,” *Far Eastern Economic Review*, October 29, 1998, pp. 24–25.
 - 10) *Renmin Ribao*, December 16, 1992, p. 1.
 - 11) Chen Shui-bian, “Taiwan Stands Up: Toward the Dawn of a Rising Era” (Inaugural speech, May 20, 2000), reprinted in *Taiwan International Review* 6, no. 1 (January–August 2000): p. 19.
 - 12) For example, see Wally Leymouth, “‘We Do Not Want Conflict’: Taiwan’s New President Heads a Pro-Independence Government That Has Beijing Very Worried. A Talk with Chen Shui-bian,” *Newsweek*, April 17, 2000, p. 37.
 - 13) Erik Eckholm, “Taiwan’s New Leader and Beijing Testing Each Other,” *New York Times*, May 22, 2000.
 - 14) For example, see “Regional Briefing,” *Far Eastern Economic Review*, January 18, 2001, p. 14.
 - 15) This impression is based primarily on this author’s participation in two international conferences held in PRC in early 2002: International Symposium “Sino-US Relations in Retrospect and in Prospect”, February 21–23, 2002, Shanghai; and International Conference “US-China Relations,” March 10–12, 2002, Beijing. During these occasions, the author also had opportunities to discuss the issue of Taiwan with high ranking government officials. Many arguments below are drawn from these visits. In this article, names of these officials and scholars will be kept confidential.
 - 16) “China Briefing” *Far Eastern Economic Review*, March 7, 2002, p. 21.
 - 17) “Regional Briefing,” *Far Eastern Economic Review*, December 13, 2001, p. 12.
 - 18) For example, see Shelley Rigger, “Taiwan Rides the Democratic Dragon,” *The Washington Quarterly* 23:2 (Spring 2000): 107–118; Gwynne Dyer, “Chinese Democracy,” *Washington Times*, 21 March 2000; “Taiwan Steps Forward,” *Washington Post*, 19 March 2000, p. B6.
 - 19) “Political Parties and Elections,” *The Republic of China Yearbook: Taiwan 2001*, available at

<<http://www.gio.gov.tw/taiwan-website/5-gp/yearbook/chpt06-2.htm>>.

- 20) Maureen Pao, "President Under Siege," *Far Eastern Economic Review*, March 29, 2001, pp. 22-23.
- 21) Allen T. Cheng, "To More Cheers: After Compromising with the Opposition, Chen Shui-bian Faces a Crisis in His Party," *Asiaweek* 27, no. 8 (March 2, 2001).
- 22) Maureen Pao, "KMT Dumps Lee," *Far Eastern Economic Review*, October 4, 2001, p. 15.
- 23) Maureen Pao, "To Help at All," *ibid.*, August 16, 2001, p. 21.
- 24) Bruce Gilley and Maureen Pao, "Defences Weaken," *ibid.*, October 4, 2001, p. 41.
- 25) David Lague, "Taiwan Doesn't Bite on Hong Kong Bait," *Far Eastern Economic Review*, October 4, 2001, p. 44.
- 26) Susan V. Lawrence with Julian Baum, "Target Taiwan," *ibid.*, December 30, 1999-January 6, 2000, p. 10.
- 27) *Wen Wei Po* (Hong Kong), December 27, 1994, p. 1.
- 28) John Pomfret, "Taiwan Has an Outbreak of Shanghai Fever," *Washington Post*, April 28, 2001, p. A14.
- 29) Dexter Roberts and Bruce Einhorn with Alysha Webb, "Taiwan & China: How Can Taipei Control Its Destiny as the Two Economies Integrate?" *BusinessWeek*, June 11, 2001, p. 58.
- 30) See note 28 above.
- 31) Clay Chandler, "Taiwan Looks to Boost Mainland Trade," *Washington Post*, August 28, 2001, p. E01.
- 32) David Murphy and Maureen Pao, "A Place to Call Home," *Far Eastern Economic Review*, July 5, 2001, p. 56.
- 33) See note 28 above.
- 34) For a detailed analysis of Lee Teng-hui's "go slow, be patient" policy, see Tun-jen Cheng, "Limits of Statecraft: Taiwan's Political Economy under Lee Teng-hui" (Paper presented at the Conference on "Taiwan under Lee Teng-hui (1988-2000): An Era of Democratization in Retrospect and Prospect," September 14-15, 2001, at Wake Forest University, North Carolina), p. 24.
- 35) Maureen Pao, "The Mainland Allure," *Far Eastern Economic Review*, October 4, 2001, p. 46.
- 36) Maureen Pao, "Tied to China Dragon," *Far Eastern Economic Review*, September 6, 2001, p. 29.
- 37) See Murphy and Pao, "A Place to Call Home," pp. 56-59.
- 38) See note 35 above.
- 39) This advisory panel included businesspeople, scholars, lawmakers, officials, and labor representatives. See Clay Chandler, "China Rejects Taiwan Call on Trade," *Washington Post*, August 30, 2001, E01, and Chandler, "Taiwan Looks to Boost Mainland Trade," p. E01.
- 40) Philip P. Pan, "Political Shift on Taiwan Hurts China's Unification Push," *Washington Post*, June 19, 2001, p. A14.
- 41) See note 26 above.
- 42) "Intelligence: Warming Sino-U.S. Ties Fret Taiwan," *Far Eastern Economic Review*, October

- 18, 2001, 12.
- 43) John Pomfret, "U.S. Now a 'Threat' in China's Eyes: Security and Taiwan Issues Lead to Talk of Showdown," *Washington Post*, 15 November 2000, p. A1.
- 44) Robert G. Kaiser and Steven Mufson, "'Blue Team' Draws a Hard Line on Beijing: Action on Hill Reflects Informal Group's Clout," *Washington Post*, 22 February 2000, p. A1; Thomas Legislative Information webpage, <http://thomas.loc.gov/cgi-bin/bdquery/z?d106:h.r.01838>.
- 45) "China Briefing," *Far Eastern Economic Review*, February 28, 2002, p. 26.
- 46) "China Briefing," *Far Eastern Economic Review*, March 21, 2002, p. 28.
- 47) For a detailed and powerful analysis, see Kurt M. Campbell and Derek J. Mitchell, "Crisis in the Taiwan Strait?" *Foreign Affairs* Vol. 80, No. 4 (July/August 2001), pp. 14–25.
- 48) This argument was forcefully made by George Gilboy and Eric Heginbotham in "China's Coming Transformation," *Foreign Affairs* Vol. 80, No. 4 (July/August 2001), pp. 26–39.
- 49) See Part V of "Guidelines for U.S.–Japan Defense Cooperation" (U.S.–Japan Security Consultative Committee release) as follows:
- "V. Cooperation in Situations in Areas Surrounding Japan that Will Have an Important Influence on Japan's Peace and Security
- Situations in areas surrounding Japan will have an important influence on Japan's peace and security. The concept, situations in areas surrounding Japan, is not geographic but situational. The two Governments will make every effort, including diplomatic efforts, to prevent such situations from occurring. When the two Governments reach a common assessment of the state of each situation, they will effectively coordinate their activities. In responding to such situations, measures taken may differ depending on circumstances.
- When a situation in areas surrounding Japan is anticipated, the two Governments will intensify information and intelligence sharing and policy consultations, including efforts to reach a common assessment of the situation."
- 50) *Yomiuri Shimbun*, 18 August 1998, as quoted in Zhong Yan, "Xin ri-mei fangwei hezuo zhizhen ji xiangguan lifa pingxi," ["An Analysis of the New 'Guideline for Japan–U.S. Defense Cooperation' and Its Related Legislation"] *Riben Xuekan* [*Japanese Studies*], No. 2 (2000), pp. 1–12.
- 51) For detailed accounts of the Taiwan issue and some other models of national unification, see Quansheng Zhao and Robert G. Sutter, eds., *Politics of Divided Nations: China, Korea, Germany, and Vietnam* (Baltimore: The University of Maryland Law School, 1991).
- 52) *Renmin Ribao*, February 3, 1992, p. 1.
- 53) During a conference visit to Taipei in the early summer of 2000, this author had two opportunities to meet with then-newly elected President Chen Shui-bian, together with some U.S.-based China specialists. We discussed in some detail about cross-Strait relations and possible models such as confederation and federation. Chen also expressed his deep sense of suspicion toward the Beijing leadership.

- 54) Thomas Heath, "China Has Taiwan Plans: Shared Olympics Offered," *Washington Post*, May 17, 2001, p. D02.
- 55) See the cover story "The Secret Envoys between the Taiwan Strait Became Known," *Yazhou zhoukan* (The International Chinese Newsweekly), April 30, 1995, pp. 22–25.
- 56) John Pomfret, "China Easing Way for Bush Visit – Invitations to Taiwanese Officials Among 'Good Faith Efforts,'" *Washington Post*, 25 January 2002, p. A21.

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