

# TAIWAN STRAIT UPDATE: CRISIS DEFERRED

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## Overview

- The Chen Shui-bian government's moves toward dismantling Taiwan's (largely symbolic) political inks with China have been the main cause of increased cross-Strait tensions. The momentum of these moves has diminished in recent months.
- A strong and generally anti-independence opposition in Taiwan and the willingness of these politicians to coordinate some activities with Beijing, highlighted by the visits of two prominent opposition leaders to China in April and May, helps give the Chinese confidence that a use of force against Taiwan will not be necessary.
- Absent an effort by Taipei to push for independence, Beijing senses that the chances of a resolution of the Taiwan question in terms favorable to China increase with time because of the relative growth of China's economic, political and military strength.
- Based on visible trends, the chances of a military conflict over Taiwan in the near future now seem low.
- Taiwan nevertheless remains a difficult and ongoing challenge in U.S.-China relations, prone to either sparking a downturn in bilateral relations or becoming more dangerous as a reflection of an overall deterioration in Sino-U.S. relations.

In 2004, observers of the China-United States-Taiwan relationship saw signs of a possible train wreck by the end of Taiwan President Chen Shui-bian's second term in 2008. China appeared dissatisfied with American efforts to pressure Chen's government not to take further steps toward *de jure* Taiwan independence from China. Tough Chinese talk about Taiwan and U.S. interference threatened to harden American attitudes toward China. And Chen spoke of further political reforms to strengthen Taiwan's "sovereignty" that would sorely test if not exhaust Beijing's tolerance.

The momentum toward Taiwan independence has stalled since then, pushing the Taiwan question into the background of U.S.-China relations. The bilateral relationship, however, appears to have reached a plateau and may be poised for another downturn. If and when that occurs, Taiwan will regain prominence as a focal point of tensions.

There are at least three key issues that determine the temperature of cross-Strait relations: (1) the pace of Taiwan's movement toward independence; (2) China's confidence in achieving its goal of eventual unification without resorting to the use of military force; and (3) progress toward a Taipei-Beijing compromise that would permanently stabilize the relationship. A review of recent developments in each of these areas explains the current lull in China-Taiwan friction.

### **The Independence Movement: Has Chen's Government Dropped Anchor?**

President Chen Shui-bian's recent statements on Taiwan's political status do nothing to assuage the antipathy and distrust toward him among observers in China. Chen's position contains the following elements: the Republic of China is an independent and sovereign country; its sovereignty belongs to the 23 million people of Taiwan; therefore, only the people of Taiwan have the right to make any change to Taiwan's future. Chen has said repeatedly that "The Republic of China is Taiwan"—i.e., "Taiwan" could be substituted for

the assertions of sovereignty he makes about the “Republic of China.” He also advocates making Taiwan’s official title “Republic of China (Taiwan)” in the various international organizations in which the island participates, rather than using awkward monikers such as “Chinese Taipei” (Taiwan’s name in the Olympic Games) and “Customs Territory of Taiwan, Penghu, Kinmen and Matsu” (World Trade Organization). Yet Chen has not pushed this issue as far as he could. While claiming in various speeches that Taiwan/the ROC is “sovereign” and “independent,” Chen’s government has not put this verbiage in key written documents such as the ROC constitution. Nor has he taken to consistently dropping the title “Republic of China” and using only “Taiwan,” although his critics fear that day may soon come.

Chen’s government has pursued a variety of indirect means of politically distancing Taiwan from China. One of the most important of these is his campaign to “consolidate democracy” on Taiwan, which has both a domestic aspect and a foreign policy aspect. The domestic aspect concerns reform of Taiwan’s political system to make it more efficient. This is certainly needed and welcome, as Taiwan still employs an only partly-modified version of the Republic of China constitution passed in 1948. The constitution still contains provisions, for example, for electing parliamentary representatives from Mongolia and Tibet. Those who characterize Chen as a “separatist” have seen the political reform issue as a possible smokescreen for moving toward independence. Besides changing the constitution, political reform includes instituting referenda and the possible elimination of the provincial level of government; in China’s eyes, all of these acts are symbolic steps toward Taiwan independence. On the other hand, however, bringing about political reforms that did not directly assert Taiwanese independence but that improved the system of governance is an alternative avenue through which Chen could seek to secure himself a favorable place in Taiwan history, which is presumably a major objective of his second and final term in office.

The foreign policy aspect of “consolidating democracy” is an informal collective defense organization. Chen has frequently said “the more democratic Taiwan is, the more secure Taiwan is.” The apparent underlying assumption is that democratic countries will stand up for Taiwan against China. Accordingly, Chen’s government has promoted linkages and stressed commonalities between Taiwan and the other Asia-Pacific democracies. Recently, for example, Chen pointedly (if not accurately) told Japanese journalists that China’s 700 missiles can also reach Australia and New Zealand. Taipei has established a Democratic Pacific Union (DPU), with 26 member states, “to promote the value of democracy worldwide.” China was invited to attend a DPU meeting in July as observer, but understandably did not.

Constitutional reform is a sensitive matter in cross-Strait relations because it could involve re-defining ROC territory to exclude mainland China and because the act of Taiwan’s inhabitants promulgating a new constitution for themselves without the assent or involvement of the mainland would imply juridical sovereignty for Taiwan. These acts could prove intolerable to the Beijing leadership. Chen, however, has promised that constitutional reform will not touch on the issues of Taiwan sovereignty or national territory, and thus far he has kept his promise.

Taiwan’s National Assembly, earmarked for dismantling, made political reforms in June 2005 that should have reassured observers hoping the restructuring process would not worsen cross-Strait tensions. The electoral system changed from the unusual multiple-member-district arrangement to a single-seat, two-vote system with one representative elected and another appointed based on proportional representation. The size of the legislature was cut in half, and the term of office of legislators changed to four years. The rationale for these changes was not Taiwan independence. Rather, proponents argued this

would reduce vote-buying, save money, and direct attention from candidates' personalities toward public policy issues. Indeed, this electoral change is likely to make it more difficult for smaller parties—some of which have radical views about cross-Strait relations—to gain seats in the legislature.

Another important development in the reform of Taiwan's political system involves the use of a referendum to ratify constitutional changes. The interest of Taiwan's politicians in referenda has long rankled the Chinese, who widely believe the establishment of a referendum mechanism is a precursor to Taipei holding a referendum on Taiwan's independence from China. The recent reforms, however, set a high threshold for the passage of a referendum dealing with changing the constitution. First, the content of any such referendum must be approved by three-quarters of Taiwan's legislature. Presently over half the seats in the legislature belong to representatives from the opposition "pan Blue" parties, which are generally against Taiwan independence. Second, the referendum would have to gain affirmative votes from at least half of Taiwan's eligible voters (not just half of those casting votes).

Chen continues to reiterate independence-oriented themes, as he did in a speech in January 2006 celebrating the new year. These statements further alienate the opposition politicians whose support would be necessary for substantial revision of the constitution. In short, absent a military conflict with China, the ratification of a new or revised ROC constitution that defined Taiwan as an independent country appears extremely remote for the foreseeable future.

Taiwan public opinion remains a bulwark against independence. Cognizant of the likely reaction by China, the mainstream of Taiwan society seeks to strike a balance between security on the one hand and fulfillment of a Taiwanese identity and self-pride on the other hand. The results of the latest Mainland Affairs Council poll show the usual bell-curve distribution, with only small numbers at the fringes favoring either immediate independence (5.2 percent of respondents) or immediate unification (1.2 percent). The vast majority, 86 percent, said they favor the status quo of a *de facto* but not *de jure* independent Taiwan at least for now if not indefinitely. Far greater numbers, probably a majority, would favor independence if they believed there was no chance of military retaliation from China; thus Beijing feels compelled to maintain the threat to use force despite its long-term corrosive effect on efforts to win the hearts and minds of the people of Taiwan.

### **China's Confidence that Force Will Not Be Necessary**

The Anti-Secession Law passed in March 2005 stipulated that the Chinese government will implement "non-peaceful means" of preventing Taiwan independence if peaceful efforts do not succeed. The specified triggers are "major incidents entailing Taiwan's secession" or a determination that possibilities of peaceful means have been exhausted. Much discussed before its promulgation, the wording of the law turned out to be comparatively mild. It emphasized the preference for a peaceful settlement and set no deadline for reunification. Its impact in Taiwan was negative but short-lived, as attention soon turned to the visits of Taiwan opposition leaders to China. If the Anti-Succession Law served to relieve some of the pressure within the PRC to respond to perceived separatist activities by Chen, this overall consequences could on balance be positive.

Beijing has made no secret of its hope that cross-Strait economic ties will hasten unification. The Chinese expect Taiwanese who travel to China for business will be impressed by China's developmental progress and lose their fear of a closer relationship with China. Beijing is also trying to cultivate a constituency in Taiwan for stable cross-Strait relations, which will be conducive to business and which are attainable only if movement toward independence is halted. Indeed, Chen is under great pressure from the

Taiwan business community to improve ties with China. The cross-Strait economic relationship is substantial and growing. Taiwanese have invested \$100 billion in China, and China buys three-fourths of Taiwan's exports. The "three links" (direct cross-Strait postal, transportation and trade connections) long advocated by Beijing are nearly complete, with only direct airline service remaining and precedents already set by holiday charter flights. In March 2005, Chi Mei Group founder and Taiwan's sixth richest man Hsu Wen-long, formerly a strong supporter of Chen, publicly criticized Chen and warned against Taiwan independence. Hsu reportedly wants to expand his operations in China and allegedly came under pressure from Beijing to make the statement. Hsu's apparent co-opting by Beijing seemed to confirm the fears of some Taiwanese that China will use economic interdependence as a weapon for extracting political concessions from Taipei.

China attaches great value to developing a method other than military coercion by which it can influence Taiwan's cross-Strait policy. This effort got a large boost from the visits to China of opposition leaders Lien Chan of the Kuomintang and James Soong of the People First Party in April and May 2005. Observers said this marked a "third united front," alluding to past alliances between the Kuomintang and the Chinese Communist Party first to wrest control of China from warlords and then to fight the Japanese invasion. Both Lien and Soong affirmed the one-China principle and renounced Taiwan independence. Importantly from China's standpoint, the visits went over well with the Taiwan public, which mostly saw them as helpful rather than "treasonous." The approval ratings of both men rose, while Chen, who initially opposed the visits, had to embarrassingly reverse himself.

#### **Progress Toward a Permanent, Peaceful Solution**

Semi-official cross-Strait talks have been suspended since 1999, when then-President Lee Teng-hui's statement characterizing China-Taiwan relations as a "special state-to-state relationship" prompted Beijing to declare that Taipei had effectually renounced the "one China" principle. Upon Chen's ascension to the presidency, Beijing insisted that his government reaffirm the one China principle as a precondition of any further talks, which Chen has refused to do. Predictions that Beijing would have to give in and deal with Chen if he won a second term did not come to pass.

The U.S. government calls on Beijing to accept dialogue with Chen even if he does not first profess the one China principle. Washington's reaction to the Taiwan opposition leaders' visits to China was that these developments were positive, but that the Chinese should also speak to Chen's government. From the U.S. standpoint, this makes sense. It is, however, a completely unrealistic expectation, and one of the major disconnects in the U.S.-China relationship. Beijing has condemned the "separatist" Chen in the most profound, almost religious terms as a traitor to Chinese civilization. Most Chinese believe Chen is committed to Taiwan independence and many think he overstepped the reasonable limits of PRC tolerance long ago. Insisting on the one China principle as a precondition for negotiations is at or very close to Beijing's bottom line, and the regime would be vulnerable to severe criticism at home if it compromised this position.

The ideal outcome for Chen would be to achieve the resumption of cross-Strait government-to-government dialogue (conducted in the past through delegates who did not hold official government positions) without making the concession of accepting the one China principle *a priori*. This would allow his government to portray itself domestically as a skillful manager of cross-Strait relations while avoiding serious offense to many of Chen's core supporters, who oppose "one China" as closing off the possibility of future Taiwanese independence. The PRC is aware of Chen's predicament and has no desire to hand him such a victory.

Chinese President Hu Jintao did, however, offer a minor concession to Taiwan this year. Aside from implications that Taiwan is part of China, another obstacle to cross-Strait negotiations from Taiwan's standpoint has been the question of relative status. Taiwan has bristled at wording or symbolism that places Taiwan representatives in the inferior position of a provincial government interacting with the Chinese central government. Previously, Beijing's preferred formulation was "There is only one China, China is the PRC, and Taiwan is part of China." In recent years many elites in both China and Taiwan have suggested more egalitarian language. Hu seems to have accepted this idea, now describing the relationship as "*Liang an, yi Zhong*" (two sides of Strait, one China), ostensibly giving Taiwan and China equal status. Furthermore, in his meetings with Lien and Soong, Hu avoided the long-obligatory mention of "one country two systems," a concept rejected by politicians of all stripes in Taiwan. Hu added that Beijing is willing to talk to anyone who affirms one China "regardless of past words or actions." However, PRC Taiwan Affairs Office Chairman Chen Yunlin said party-to-party talks with the ruling Democratic Progress Party (DPP) would only be possible if the DPP removes the Taiwan independence language from its charter. For his part, Chen immediately rejected "*Liang an, yi Zhong*."

After a corruption scandal surrounding the construction of the Kaohsiung subway system was linked to the deputy secretary-general of the presidential office, the DPP lost ground to the Kuomintang (KMT)—the leading party of the Pan Blue—in December 2005 municipal and township elections, which were at least partly an expression of public opinion about the performance of Chen's government. By the end of 2005 Chen's approval rating had dropped to 21 percent. The resurgence of the Pan Blue offers hope of improved cross-Strait relations after the next presidential election in 2008. The major figures of the Pan Blue all accept the one China principle under the "1992 consensus": both the PRC and Taiwan agree there is one China, but each side is allowed its own interpretation of what "one China" means. Many saw the legislative election of December 2004, in which the independence-oriented Pan Green parties (led by the DPP) failed to win a majority over the Pan Blue, as a sign that Green fortunes had begun to decline. Ma Ying-jeou, currently mayor of Taipei, recently became leader of the KMT and thus the apparent KMT candidate for president in 2008. Ma, who is relatively young, photogenic and has a reputation for incorruption, will probably be a stronger candidate than Lien, who narrowly lost to Chen in 2004. Ma would still face the usual problems of getting all the Blues (including Soong and his followers) to united around him and pulling in votes from the southern part of the island, historically a stronghold of Green politicians.

### **Consequences for U.S.-China Relations**

Taiwan is not the sole cause of U.S.-China tensions, but it is clearly the most serious single point of contention, and the only issue over which one can foresee a Sino-American military conflict. Beijing largely blames the United States for Taiwan's autonomy from China and Chinese are less convinced than Americans that Washington has made a reasonable effort to discourage Taiwan from seeking independence through warnings from President George W. Bush and other officials that neither Taipei nor Beijing should attempt to unilaterally change the cross-Strait status quo.

The Chinese believe the political absorption of Taiwan is necessary for China's full maturation into a major power. Many Chinese therefore see U.S. support for Taiwan as a conscious effort to suppress China's "rise." Two recent developments feed these Chinese suspicions. First, the Chinese see in the posting of an active-duty colonel to the American Institute in Taiwan (the U.S. pseudo-embassy) as chief of the technical section a step toward the revival of a U.S.-Taiwan military alliance. Beijing said this move "poisons the atmosphere" of U.S.-China relations and "raises tensions" across Strait. Second, the perception that the United States is pressuring Taiwan's government to buy a large

weapons package that was originally offered in 2001 but remains controversial in Taiwan reinforces the perception of some observers in the PRC that Americans want to keep China and Taiwan divided.

The Taiwan issue widens the U.S.-China divide on democratization. The White House has recently made the spread of democracy throughout the world one of the basic goals of U.S. grand strategy. In contrast, Hu and Russian President Vladimir Putin in July issued joint declaration of their opposition to attempts “to impose models of social and political development from outside.” From the Chinese standpoint, the defense of a fellow democracy is one of the bases of a potential American intervention in the defense of Taiwan, and Chen uses democracy to attempt to win additional allies based on ideological affinity. Washington should not count on China to see global democratization as an area of common interest.

Some observers see (and Taiwan observers fear) the possibility of Washington bargaining away support for Taiwan as part of a trade for increased Chinese support on an issue of great importance to the United States, such as the War on Terrorism or the North Korean nuclear weapons crisis. This worry on the part of Taiwan is understandable. Such a swap, however, is unlikely. Even if the U.S. government was willing to contemplate it, support for Taiwan in the U.S. Congress and in American society in general is considerable. It is doubtful that the Chinese are willing and able to deliver a strategic concession large enough to compensate for the negative political fallout of a perceived sellout of Taiwan, both domestically and internationally.

Taiwan remains the substance of a classic security dilemma between China and the United States: one country sees its own actions as justifiably self-defensive, but these same actions appear aggressive to another country. Beijing views itself as trying to preserve the status quo and Chinese national territory (both understood as including Taiwan as part of China) against the threats of Chen’s separatism and U.S. intervention to prevent unification. In America’s view, however, China is a large authoritarian country menacing a small democratic polity and trying to change the status quo by building up a military imbalance in China’s favor. In other historical cases, the security dilemma is prone to spiraling into a tragic conflict, one unwanted by both sides.

The possible U.S.-China crisis over Taiwan appears dormant at present, largely because the Chen government’s movement toward independence has stalled. But Taiwan remains a smoldering brushfire, generating heat and smoke in the bilateral relationship, and persistently threatening to flare up out of control.