

1998

# The Future Relationships Between Mainland China and Taiwan

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*Eastern Illinois University*

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THE FUTURE RELATIONSHIPS BETWEEN

MAINLAND CHINA AND TAIWAN

(TITLE)

BY

TIAN LI

**THESIS**

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF

MASTER OF ARTS

IN THE GRADUATE SCHOOL, EASTERN ILLINOIS UNIVERSITY  
CHARLESTON, ILLINOIS

1998

YEAR

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## **DEDICATION**

This thesis is dedicated to my beloved parents, who are always generous, tolerant, and supportive to me throughout years; and also to Professor John Faust and Professor Martin Glassner.

## ABSTRACT

This thesis is a study of the possible future developments of the Taiwan issue and the relationships between Mainland China and the island of Taiwan. After examining all the alternative scenarios, the author predicts that in the foreseeable future political and economic cooperation between Mainland China and the island of Taiwan will gradually increase, with avoidance of military confrontation, but complete reunification between Taiwan will not occur, nor will Taiwan become a legal state.

The author will examine evidence, including both domestic factors in the two parts of China and external factors, which may either reinforce the above prediction or pose other alternatives. The first part of the thesis, therefore, will examine in detail these factors, based on government policy positions and the evolution of events from 1949 to the present. Particular attention will be given to developments associated with the end of the Cold War in the late 1980s and further developments in the post-Cold War era. The evidence, up to the present, shows no clear indication that other alternative futures can be ruled out, and other possibilities will be examined in detail.

In conducting the research, the author will examine previous works by scholars, journal articles, unclassified documents, and other sources such as the media, including TV, Internet, and key newspaper material, both from Asia and the Western world. Other important sources are knowledge based on 30 years of experience in China including formal education and views of professional colleagues in China as well as at Eastern Illinois University.

Although future events may prove otherwise, the author is currently convinced that variables are too unstable and are still unfolding in ways that make it difficult to determine which alternatives will actually come true. What we can say is that any substantial progress in resolving the basic controversies between Beijing and Taipei needs time, and that the final solution perhaps will not be reached until the next generation or the generation following it.

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It is a real challenge for an international student to write a thesis totally in English. Without the help and assistance of a number of individuals, it would have been impossible to have this work done. Here I would like to extend my sincerest appreciation and thanks to them. First of all, I owe my greatest debt of gratitude to my thesis advisor Dr. John Faust. His guidance, supervision, insight, patience, and continuous encouragement are of extreme importance to me throughout my research and have enabled me to complete this work. Next my thanks go to the Political Science Department and its dedicated faculty members, which offered me an excellent educational program. Special thanks need to be given to Dr. Laurence Thorsen, Dr. Abdul Lateef, Dr. Richard Wandling, the Chair of the Department, and Dr. Andrew Mcnitt, the Graduate Coordinator. Also I am obliged to my friend and respected teacher Dr. Martin Glassner, a geographer and Asian specialist at Southern Connecticut State University, who helped me in many ways and gave me valuable suggestions at the initial stage of my research.

Tian Li

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## **CHAPTER ONE**

### **INTRODUCTION**

The purpose of this thesis is to study the possible future developments of the Taiwan issue, which affects the relationships between Mainland China and Taiwan, as well as their relationships with the United States and other parts of the world. Through examining the historical evolution and the most current trends of the issue, the author hopes to discover and reassess not only the underlying factors that affect the issue, but also the resulting possible alternatives.

The Taiwan issue has always been a hot one that garners the attentions of many scholars and politicians. It can be traced back to as early as late 1949 when the Chinese civil war ended with the Chinese Communist Party's (CCP) victory over the Chinese Nationalist Party (also called Kuo Min Tang or KMT) on the mainland. While the CCP established the People's Republic of China (PRC), the KMT and the government it represented - the Republic of China - retreated to the Taiwan Island – a province of China. One of the goals of the Chinese communist revolution and the newly established PRC was to “liberate all China and defeat the Chiang's Dynasty”. Therefore, liberation of Taiwan from the KMT's rule was one of the concurrent tasks of the CCP. At the same time, the KMT in Taiwan also desired to fight back and regain what it lost on the mainland. Thus, as a continuation of the revolution, severe tensions and armed confrontation emerged across the Taiwan Strait, with each side wanting to take over the other militarily, imposing a direct military threat to the other. Such a situation lasted for more than two decades, but no large - scale armed conflict ever happened, because of

both internal and external factors, such as the PRC's participation in the Korean War, the US's sending of the Seventh Fleet to the Taiwan Strait, etc. By the 1970s, while each side still kept its own position, claiming itself to be the sole legal government of China, both still planned to take over the other side. Their rhetoric now showed a slight change, that is, the direct military confrontation and threat did not seem to be as strong as before, and instead, an emphasis on reunification was more notable. As a result of the PRC replacement of Taiwan in representing China in the UN and its normalization of diplomatic relations with the US, Japan, and other nations, Taiwan became more isolated from the world in the sense of official diplomacy. The Taiwan issue then evolved into a new stage of peaceful coexistence and competition with the declaration of the three Joint Communiqués<sup>1</sup> between the PRC and the USA, and the ratification of the Taiwan Relations Act<sup>2</sup> by the US Congress. This situation was further strengthened in the 1980s when Beijing carried out its Open Door policy and economic reforms while Taipei witnessed a rapid economic development and increased political liberalization. Then, in the mid 1980s, when the PRC initiated the proposal of "one country, two systems"<sup>3</sup> and Taiwan replied with "one country, two governments",<sup>4</sup> it seemed that the two sides, at least on the surface, were making efforts towards a peaceful settlement of the Taiwan issue and final reunification, though Beijing declared that it would never give up the option of taking over Taiwan by force.<sup>5</sup> Under these circumstances, the two sides started a series of unofficial contacts and dialogues that were seen as a preparation for future direct talks between the two governments in finding ways to achieve a long term solution. Though on the official level there was not much improvement in PRC and ROC relations, there was great progress at the grassroots level. For example, increasing economic

activities, cultural exchanges, and travels from Taiwan to the mainland. The influence and impacts of such progress were great not merely because they brought more contacts and mutual understanding between people across the Taiwan Strait, but also because they formed a complex undivided web and stronger interdependence, which in turn have played an increasingly important role in promoting the development of cross-Strait relations. In the 90s, this “people-to-people diplomacy”<sup>6</sup> has become one of the leading forces forming and determining the current trends and future evolution of the PRC and the ROC relationships. Other forces include global changes and domestic changes on both sides of the Strait following the end of the Cold War. All these factors are now interacting with each other, creating new conditions that deserve our study.

In looking back over the past century, we find that the First World War lasted for four years and the Second World War lasted for six years before they ended. Then the Cold War, the longest “war” in the twentieth century, unexpectedly ended after nearly five decades. By the early 1990s, Germany was reunited, both Koreas were admitted to the United Nations, and a UN peacekeeping mission reunited Cambodia. All these events show us that many problems thought to be beyond resolution have in fact been settled. In regard to the Taiwan issue, that has lasted for half a century, we are encouraged to think that there should always be a final way to solve it in the future. Today, in light of both altered international circumstances and the increasing web of economic and other relations between Taiwan and the mainland, it is important for us to examine what factors may contribute to the future evolution of the Taiwan issue, what alternative futures it may have, and which one will be the most likely to occur. For the purpose of answering these questions, a comprehensive analysis is carried out by the author in this thesis.

In conducting this research, the author first examines the historical record of the Taiwan issue, such as its formation, initial evolution in different stages, policies and positions of relating parties, and external influences, etc. This retrospect helps the author to make a major prediction, which is, that in the foreseeable future, political and economic cooperation between Mainland China and the island of Taiwan will gradually increase, with avoidance of military confrontation, but complete reunification between Taiwan and the mainland will not occur, nor will Taiwan become a separate legal state. Then the author studies the development of the issue in the 1990s to see whether this prediction is reinforced or not. Therefore, this study, focusing on the latest decade, involves a careful examination of the factors that have contributed to the current situation and the newest developments that may further influence the Taiwan issue in the foreseeable future. Lastly, in light of the findings, the author, in this research, will examine possible future alternatives to the Taiwan issue. While at the present stage, we can not rule out the possibility of any of them, the author believes that the one falling into the major prediction will be the most probable outcome in the future.

The thesis will consist of five chapters, with the first one being this introduction, which divides the evolution of the Taiwan issue into two big stages – those before and after the end of the Cold War. The second and the third chapters will deal with the Taiwan issue in the two stages respectively. Then the fourth chapter will examine the possible alternatives in the relationships between the two governments across the Taiwan Strait, followed by a cost-benefit analysis of each alternative. Finally, the last chapter will draw conclusions from the whole thesis. Since the variables contributing to the research are unstable, there might be more than one conclusion.

## **A Brief Summary of the Main Chapters**

Chapter Two, “Relationships During the Cold War”, will reveal the history and then describe the overall relationships between the CCP and KMT, and the governments they represent respectively. From here, we can see that the Taiwan issue, to a certain degree, was the result of the Chinese civil war between the CCP and KMT that ended in 1949. It became an unresolved issue mainly because each side declared itself to be the sole legitimate government of all China and Taiwan to be a part (a province) of China. Hence, in the world where there is only one China, two governments exist, rivaling against each other not only for existence but also for recognition and representation on the global stage. This situation became more complicated when outside factors, especially the USA, became involved. An outline of the formation of the Taiwan issue may provide us with a better understanding of why it has always been the core of the relationships not only between the PRC and Taiwan but also the PRC and USA.

Next, this chapter will examine the positions and policies of the main players – Mainland China, Taiwan, and the USA. Also, Japanese government links with the issue will be considered. Throughout the Cold War years, the Taiwan issue evolved around internal changes inside the mainland and Taiwan, as well as external changes. As we have noted, there is a similarity in how Beijing and Taipei perceive the term “China” – Taiwan and the mainland. The difference is that while the PRC has claimed sovereignty over all China, including Taiwan, and regarded the KMT government as its enemy, the ROC has insisted that the exile government in Taiwan had sovereignty over all China, including the mainland, and saw the communists as rebels.<sup>7</sup> Based on such positions, Beijing prepared to liberate Taiwan by force while Taipei dreamed of fighting back and

regaining the lost territory, though in reality it was in a defensive position. The tensions were great, as revealed by the exchange of fire across the Strait and Taiwan's declaration of "state of emergency"<sup>8</sup>. A fight between the two seemed to be possible at any minute, especially during the years of the Korean War. This war changed the position of the US, which wanted to fight back communist expansion, and helped the KMT get military, economic, and political aid from the West. This US involvement was regarded by the PRC as an interference in China's internal affairs, a foreign force attempting to separate the unity of China.<sup>9</sup> Under the international circumstance of confrontation between the East and the West, Mainland China viewed the US as a direct threat and the "big boss" of the KMT government in Taiwan, while Taiwan relied on the US for assistance and existence, and the US regarded Taiwan as strategically important to keep a balance in Asia and to contain and deter China. The alliance between the US and Taiwan, and the tensions between them and the PRC, continued for more than two decades and created a basic rhetoric for the Taiwan issue. By the early 1970s, a turning point appeared. After the split between the former Soviet and the PRC, the US felt the importance and possibility of using China against the Soviet Union in its global strategy. This was also true with the PRC, only in reverse. Both sides began to seek contacts and normalization of relations with each other. Taiwan then was put in a less important consideration. The results were: 1) the PRC's replacement of ROC in the UN;<sup>10</sup> 2) the three Joint Communiqués and normalization of relations between the US and the PRC; and 3) the ratification of the Taiwan Relations Act. Though it was not until 1979 that the US established official diplomatic relations with the PRC, the triangular relations between the US, PRC, and ROC had already changed and promoted the evolution of the Taiwan

issue. From then on, Taiwan began to be more and more isolated diplomatically from the outside world, while the US still maintained its commitment to Taiwan through unofficial links. The PRC, on its part, began to stress peaceful means to achieve reunification, while not giving up the military option as a last resort.

At this point, the Taiwan issue was mainly controlled by the overall global situation, which influenced political and ideological considerations of both sides. Inter-governmental diplomacy seemed to play a bigger role. However, it was also at this point contacts at grassroots level began to emerge and gradually play a much more significant role. Ever since the late 1970s, the mainland began its economic reforms and “Open Door” policy, while Taiwan began its rapid growth economically and liberalization politically. Such domestic political and economic changes across the Taiwan Strait initiated and encouraged contacts at the grassroots level. Dialogues on reunification matters were arranged and carried out between unofficial organizations on both sides. Government restrictions on traveling, visiting, cultural exchanges, and indirect investment were gradually lifted. In the early 1980s, these activities and contacts were on a very small scale; however, they grew rapidly and steadily. By the late 1980s, they became a complex web and were so obvious and so significant that both sides could not neglect them. This web interacted with government policies and strategies and reinforced each other, though the governments’ basic positions did not change. By 1990, “people - to - people” diplomacy, especially in the economic field, had increased mutual understanding on both sides of the Strait and promoted peaceful reunification, or at least reduced the possibility of a military resolution.



Chapter Three, “The Relationships after the Cold War”, will continue to study the evolutions and trends of the Taiwan issue which have occurred during the previous stage. However, this chapter will concentrate more on developments, both internal and external, that have resulted from the end of the Cold War.

Generally speaking, in this stage, the primary governmental positions of the US, Mainland China, and the island of Taiwan are still the same as in the 1980s. But the strategic considerations and the global trends, together with the domestic developments both politically and economically, have given the Taiwan issue some new characteristics and a new round of evolution.

By the 1990s, the US began to readjust its policies and attitudes towards the Far East in order to adapt to the post-Cold War era, a situation in which the US lost its strategic rivalry and become the sole superpower. China lost its significance to the US in terms of the East and West confrontation. However, in a world with greater interdependence, China’s huge market and economic potential became vitally important to US interests. At the same time, as China is developing with an average annual growth rate of 9%, it is becoming a paramount and an increasingly important regional power in Asia. Any of China’s moves will surely have a direct impact on American military, economic, and environmental security. Therefore, while the US keeps a keen eye on China’s development, it takes a very cautious position in regard to the Taiwan issue. Officially, while Washington insists on its “one China” policy and its commitment to Taiwan’s security, it also keeps the two sides in the dark as to what US reactions will be in case of a military conflict between Beijing and Taipei. However, it does have some great leverages and interests on this issue, even in this post – Cold War period. For

example, it may use the Taiwan issue to constrain China; it may also take the Taiwan issue as a bargaining chip for Chinese concessions on other issues. In addition, it may put pressures on China to resolve the Taiwan issue. Also, US domestic politics is influenced by groups lobbying on behalf of Taiwan. And unofficially, visits and remarks by ex-high ranking US officials also indicate strong positions on the Taiwan issue. All of them together may have a deep input on both sides of the Taiwan Strait in determining Taiwan's future relations with the mainland.

Other global factors include the overall international image of the PRC and Taiwan at both the governmental and non-governmental levels. Japanese and Southeast Asia Nations' attitudes and reactions are also very important to the relations between the mainland and Taiwan and will also be discussed.

Inside Mainland China, there are great changes and developments, especially in the economic and societal fields. As is the case with the history of many nations, unification turns out to be the number one issue after the nation has become more stable economically. As one of the results of the economic reforms starting since the late 70s, greater economic interdependence developed between both China and the world and Mainland China and Taiwan. By the 1990s, this interdependence was further strengthened by deeper reforms. Politically, though China is still under an authoritarian rule, liberalization has increased. Influenced by changing international trends and changes, communist ideology is no longer as convincing to people as in the past, and the ruling elite has shifted to nationalism and patriotism to justify its policies and gain the support of the masses. Increased cultural exchanges, cooperation, and contacts between the two sides at the grassroots level and non-governmental level are now regular

occurrences. The succession of the leadership at the highest level in the PRC seems to suggest a consistency in its overall policy thinking, including economic reforms and cross-Strait relations. All of these factors interact with each other and contribute to a greater call for a peaceful reunification. In spite of this, the threat of a military takeover does exist, especially since the PRC is modernizing its military buildup, accompanied by an assertive role from the military. Of course, such a development may depend on the political changes in Taiwan.

Entering into the 90s, Taiwan has become a newly industrialized entity economically. It benefited greatly from its economic ties with the mainland. These ties together with many other links that helped in forming a stronger interdependence suggest an undivided Taiwan and the mainland, an encouraging scene for peaceful reunification. Politically, the liberalization movement has resulted in a new democratic phase marked by the 1996 presidential election, enabling Taiwan to be the newest democratic entity in the world and win a favorable global reputation. But this also has caused fear on the side of the mainland. Under Taiwan's democratic system, the opposition party – the Democratic Progress Party (DPP)<sup>11</sup> – is no longer persecuted and has begun to call for the independence of Taiwan publicly. The KMT still holds the main power of the government at present and sticks to its traditional position on the issue, but its influence has been greatly decreased. The KMT has now split into two fractions, with the smaller one – the New Nationalist Party (NNP)<sup>12</sup> - taking a strong stance on reunification. The majority sides with the Taiwan – born President Li Deng-hui, who stands in the middle between the DPP and the NNP. Though officially the government has not given up its traditional position on cross – Strait relations, Li's personal pro – DPP tendency could be

exposed by his public statements and some changes in policies.<sup>13</sup> Diplomatically, Taiwan is trying to gain “breathing space” and international recognition, including a seat in the UN, the result of which might lead to a de facto and de jure recognition of Taiwan as an independent state. The general mass’s opinion is also very controversial. On the one hand, they would like to see the benefit of reunification; on the other, they still are afraid of the problems in the mainland’s political system such as the lack of human rights and democracy, etc., though mutual understandings have been greatly enhanced in recent years. Besides, they also worry about the economic burdens that may be caused by reunification. Today in Taiwan there exist both forces seeking reunification and a total independence. Faced with pressures and incentives from both Beijing and Washington, these opposing trends result in the current subtle evolution of the Taiwan issue – a de facto separation of Taiwan from the mainland, with less possibility of moving towards either extreme.

After examining the major variables affecting the relations between the mainland and Taiwan in the post - Cold War era, chapter three will also examine most recent developments relating to the Taiwan issue. Thus we may be better able to predict what possibilities may exist in the future and what the most likely trend and direction will be.

Chapter Four, “Alternatives and Future Relationships”, focuses on the possible future evolution of the Taiwan issue based on the description and analysis in the previous chapters. First we will examine the possibilities of a total reunification under both Beijing’s and Taipei’s terms respectively. While each side does not seem to make a big change in their primary positions, the possibilities of such developments will be examined. Next, we shall analyze the independence calls in Taiwan and study the

conditions and chances for a totally independent Taiwan Republic, “one China, one Taiwan”, or “one China two governments”. We will then carefully examine the potentials of an armed conflict or war across the Taiwan Strait – the alternative of military force. This destructive alternative can never be ruled out as long as tensions exist along the Taiwan Strait and the PRC does not give up its military choice. Of course, certain preconditions to this end may paralyze it or make it unlikely to happen in reality, while serving as a kind of deterrence for other ends. Lastly, we shall examine the possibility of a de facto independent Taiwan in the foreseeable future, resulting from both political considerations and the extremely complicated web formed by so many factors, especially economic interdependence in the 90s. This alternative may indicate that the current situation will last for a rather long period of time, with the avoidance of either a direct military confrontation, a complete reunification, or a total independence of Taiwan. Since this scenario serves as the author’s major prediction and the central point of this thesis, we shall examine the evidence for it, whether it is the most likely one to happen.

The final chapter, Chapter Five, provides the conclusions of the thesis. Based on the research in the previous chapters, the author would expect the major predictions about the future relationships between Mainland China and Taiwan to be well supported. However, as the many variables contributing to this enduring complicated issue are very unstable, and their effects are difficult to predict, some other conclusions might also be possible. What is more, since the future is still unfolding, the author believes that it is difficult to determine which alternative will actually come true. In addition, the author is convinced, that the complexity of the issue suggests that any substantial progress on resolving the basic controversies between Beijing and Taipei needs time, and that the

final solution perhaps will not be reached until the next generation, or the generation following it.

## CHAPTER TWO

### RELATIONSHIPS BEFORE THE END OF THE COLD WAR

#### **The Formation of the Taiwan Issue and the Overall Relationships**

The province of Taiwan consists of the main island, 15 islands in the Offshore Islands group, and 64 islands in the Pescadores Archipelago. The main island which is called Taiwan, or Formosa, is about 90 miles from the Chinese mainland. In ancient times, these islands were mainly inhabited by aborigines from Southeast Asia. By 1885, they had become a province of China, with a majority of settlers coming from the Chinese mainland. These settlers are called Taiwanese today in order to distinguish them from the mainlanders who came after 1949. Though Taiwanese make up 83% of the total population, the 14% mainlanders in the past decades have provided the ruling elite.<sup>1</sup> For hundreds of years, Taiwan has been taken away from China and been a colony of several foreign powers. After World War II, according to the arrangement made in the Cairo Conference in November, 1943 by the US, Great Britain, and China, Taiwan was given back to China, ending Japan's illegal occupation.

The formation of the Taiwan issue is closely correlated to the Chinese civil war between the KMT and the CCP. After the victory of the War of Resistance Against Japanese Aggression, the KMT, headed by Chiang Kai-shek, taking advantage of US support, launched an all-out civil war to eradicate the existence of the CCP and its armed forces. However, the result was contrary to what the KMT had expected. The CCP not only received a broad support from the general masses, but also was strengthened so much that by October of 1949 it overthrew the ROC government represented by the KMT

and established the PRC. Faced with this great failure, both militarily and politically, the KMT had to give up the mainland and fled to the island of Taiwan. Composed of some two million members of Chiang's loyal military, political, and commercial elites, the regime sought an opportunity to fight back and regain control over the mainland. At this point, the CCP was also determined to take over Taiwan and thoroughly defeat Chiang's KMT, as one of the CCP main tasks was to "liberate the oppressed people of all nationalities, including people in Taiwan, and thoroughly destroy Chiang's dynasty". With opposite goals on the both sides, there was a great possibility of war at any time across the Taiwan Straits. A comparison of their strengths would suggest that the CCP had the upper hand and the fate of the KMT was doom, though the communist troops would meet strong resistance from its counterpart. If this had happened, there would have been an end to the struggle between the KMT and the CCP, leaving no room for the enduring Taiwan issue and the decades-long division between the two sides of the Straits. However, history was changed because of external factors, which also saved the fate of the KMT and the ROC. These external factors were mainly the outbreak of the Korean War and the intervention of the US.

During World War II, the KMT had been an US ally and received large amounts of financial, military, and political support from the US. This relationship between the KMT and the US continued through the civil war period. However, corruption and incompetence of the dictatorial and ruthless government made it almost lose the US support at the end of the civil war. When it became abundantly clear that the CCP effectively controlled the China mainland and had the support of the people, the US China policy became controversial, reflected by the acrimonious debate between the



Truman administration and Congress. In August 1949 the State Department issued the “White Paper on China Policy”.<sup>2</sup> In January 1950 President Harry S. Truman even announced that no additional US aid would be sent to the Nationalist on Taiwan. But the State Department’s China policy came under heavy attack in the Congress, which appropriated emergency funds for the Nationalists. As a result, the US government in fact did not waver in its support for the KMT in Taiwan and continued to hold the position that the ROC was the legitimate government of all China. When the Korean War broke out on June 25, 1950, prompted by concerns that the Korean War might expand and that Beijing might use Taiwan to threaten the US position in Japan, Truman sent the Seventh Fleet into the Taiwan Strait to prevent either Chinese side from attacking the other. On June 27, 1950, in President Truman’s statement it was announced that the Seventh Fleet had been ordered to “prevent any attack on Formosa”.<sup>3</sup> Very soon, the US 13<sup>th</sup> Air Force also set up bases in Taiwan. With the entry of the PRC into the Korean War in October 1950, US hostility toward Beijing became a firm policy and China began to fall into the US strategic policy of containment toward the communist world. The strategic significance of Taiwan in containing China then was highly valued. And in December 1954, the US concluded with the Taiwan authorities a so - called mutual defense treaty placing Taiwan under US “protection”.<sup>4</sup> From then on, while Taiwan began to survive and to receive large amounts of US assistance in finance, technology, and military equipment to strengthen its defense, the Mainland was deterred from carrying out any armed attack on Taiwan by the US military presence. Thereafter, there was a prolonged and intense confrontation in the Taiwan Strait area, and the division between the two sides of the Strait continues to exist even today. This also explains why the Taiwan issue

is not only a critical problem between the two sides across the Strait, but also a core issue in Sino – US relations from the very beginning. And we can never afford to ignore the role played by the US in the development of cross - strait relationships.

In examining cross- strait relations, we can see that its formation correlated closely with the overall confrontation between the East and the West. This was true all through the Cold War years. Thus, from a global view, the Taiwan issue was part of the main Cold War framework and was heavily influenced by the global changes in that era. At the same time, it had its own features. First of all, both Beijing and Taipei wanted to rule over the other, and both claimed at the very beginning that Taiwan was a part of China and that there was only one China. Such similarities in their primary positions still hold true officially even today and reflect at least a general wish to reunite the nation from both sides. However, there is also a great difference when they talk about the “one China”. While the government in the Mainland claimed sovereignty over all China, including the island of Taiwan, the KMT claimed that the exile government in Taiwan province had sovereignty over all China, including the mainland. The similarity and difference in their claims leaves the international society a hard choice as to which government – the PRC or the ROC – should be recognized as representing China. As for the two sides, the relations have become a competition both to control China internally and represent China externally. Another feature of their overall relations is their reactions toward a third voice that calls for the independence of Taiwan, mostly by the Taiwanese. In 1949 some two million military, political, and commercial elite loyal to Chiang followed him to Taiwan and established a dictatorial authoritarian rule. These mainlanders were only a minority, but they dominated political and economic life, while

the local Taiwanese who composed the majority, were kept away from power. The disapproval of the Taiwanese toward the ruling mainlanders – the KMT – was expressed through a growing independence movement, as their strength improved. Its demands are basically in contradiction with the primary positions of either the CCP or the KMT, that emphasize the unification of the nation and territorial integrity. Thus, the relationship between the mainland and Taiwan also focuses on both sides' attitudes and reactions toward the Taiwan independence movement that later turned into the main opposition party – the Democratic Progress Party (DPP). These two features suggested that the mainstream of the relationships is dominated by internal politics and ideologies on both sides. As a result, separation became a fact for several decades, and contacts at both the official and grassroots levels were highly politicized and restricted. However, since there have been so many things in common among the people across the Straits, such as traditional national identity, feeling of belongings, languages and religions, and blood ties, etc., the potential and incentives for contacts between people were never totally cut off by politics. Indeed these grassroots contacts not only survived in the earlier decades but increased in the 80s as internal changes occurred on both sides. By the end of the last decade, largely due to the incentives of economic benefits, relations have been upgraded into a complicated web of interdependence that has helped to create an even stronger feeling of unity, accompanied by demands for unrestricted contacts. This type of “people – to – people” diplomacy now forms the third feature of the cross – Straits relations and puts strong pressure on governments on both sides for a final resolution to the Taiwan issue. Along these main lines, the CCP in the mainland and the KMT in Taiwan have adjusted their strategies and policies at different times, while keeping their basic positions

unchanged. These adjustments have occurred with changing external circumstances, especially changes in US and Chinese policies in different stages of the Cold War.

### **Positions and Strategies of Governments – Mainland China, Taiwan, and the U.S.A.**

**Mainland China.** The basic positions of the government in Beijing toward the Taiwan issue are that Taiwan is a part of China and the People's Republic of China is the only legitimate government of all China, including Taiwan. From this position, it can be further inferred that the Taiwan issue is China's internal affair and that the Chinese government in Beijing will not tolerate any foreign infringement. At the same time, the government holds that any nation hoping to establish and maintain official diplomatic relations with China must agree with the PRC's position and have no official ties with the government of the ROC in Taiwan. The goal of the PRC is to reach the final reunification of Taiwan with the mainland under the CCP's rule. And in international society, this position requires the PRC to pursue isolation diplomacy toward Taiwan. As we mentioned earlier, these primary positions have remained unchanged throughout the Cold War years down to the present time. They have provided the fundamental ground for policy changes and adjustments, maintaining a consistency in policies and strategies through different generations of leadership.<sup>5</sup>

As we mentioned earlier, the PRC originally expected to "liberate" Taiwan by military force. By the end of 1949, most of the China mainland had been occupied by the People's Liberation Army (PLA). Following the successful invasion of Hainan Island, a large island off the South China coast, in April 1950 by an amphibious force, the PLA was encouraged and eager to take over Taiwan in the same way. By June of that year, the

PLA had made extensive preparations for the planned invasion. Then the outbreak of the Korean War on June 24, 1950, followed by the US Seventh Fleet's entrance into the Strait, forced the PLA to call off the attempt. Though deterred by the US military presence and aid to Taiwan, the PRC continued to threaten the use of force against Taiwan and at times shelled the small islands which were close to the Chinese mainland and still occupied by the KMT forces. This was especially true from 1954 to 1958, during which years some small-scale armed attacks were tried in order to gain control of some surrounding small islands and to interdict the supply of Chinmen (Quemoy), the largest of these islands. These offshore islands were regarded as vital links between Taiwan and the Chinese mainland as well as a symbol of the hoped – for reunification. When all these attempts failed, the PRC's foreign minister, Chen Yi, announced in 1958 that the PRC would not again attempt to seize an offshore island until it was ready to liberate all the offshore islands, together with Penghu and Taiwan. Since then, the PRC continued to shell Chinmen until 1979, when there was a great breakthrough in Sino – US relations, but only on the odd – numbered days of the month. This particular tactic on the one hand demonstrated that the military action in the civil war had not come to an end and that the PRC had not given up the military option to achieve unification. On the other hand Beijing allowed Taipei to supply the island on a regular basis. But before long, the highly explosive shells were replaced by those that only exploded high in the air, scattering propaganda leaflets across the islands.<sup>6</sup>

Accompanying the threat of force, the PRC also initiated appeals for negotiation to resolve the Taiwan issue. As early as July 1955, the late Premier Zhou En – lai declared that the PRC was preparing to negotiate with “the responsible local authorities”

on Taiwan for its peaceful liberation.<sup>7</sup> During the 1960s and 1970s the government continually urged the opening of negotiations between the two sides, either in statements by high officials, or in propaganda broadcasts, or even in appeals to individuals in Taiwan from relatives or former colleagues who had stayed on the mainland. When the native Taiwanese's political influence grew stronger in the 1970s, those appeals from the Mainland began to increasingly include them. And on the mainland this measure was carried out under the principle of "establishing the broadest united front of the patriots".

Because of the presence of the Seventh Fleet and the US military, political, and economic aid to Taiwan, the PRC regarded the US as the principal obstacle to the liberation of Taiwan. In the diplomatic field, Beijing sought support from the international society. Even with the US, the PRC had several ambassadorial – level talks in Geneva from 1955 to 1957 and later in Warsaw, in order to persuade the US to end its involvement in the Chinese civil war and withdraw its support and aid to the KMT in Taiwan, or to leave the two sides of the Strait to settle the domestic dispute by themselves, or by force if necessary. However, none of these attempts were successful.

By the 1970s there was a turning point. Following the split in Sino – Soviet relations, there was a breakthrough in Sino – US relations, marked by President Nixon's visit to China in 1972 and the issuance of the Shanghai Communiqué.<sup>8</sup> The leaders in the PRC were then encouraged to think that the process of resolving the Taiwan issue was under way. On the one hand, they pressed the US to break diplomatic relations with the ROC, end the security treaty, and withdraw its military presence in Taiwan, as conditions for the establishment of diplomatic relations with Beijing. On the other hand, they redoubled their appeals to the authorities in Taiwan to enter into negotiations, and warned

that Taipei could not rely on the US much longer. Of course, the appeals and negotiation suggestions were all rejected by Taiwan. Then on January 1, 1979, the PRC took a further step toward the resolution of its dispute with the US over Taiwan. In the second joint Communiqué, the US accepted the PRC's three conditions. It announced its recognition of the PRC as the sole legal government of China. It also acknowledged "the Chinese position that there is but one China and Taiwan is part of China"<sup>9</sup> and declared that the US government would establish diplomatic relations with the PRC, while the people of the US would maintain only unofficial relations with the people of Taiwan. The PRC, at the same time, reaffirmed that "as for the way of bringing Taiwan back to the embrace of the motherland and reunifying the country, it is entirely China's internal affair." The problem of arms sales to Taiwan was also discussed, but it was not totally solved and remained a problem even after August 17, 1982, when the two sides reached their third joint Communiqué. During the process of the great changes in Sino – US relations, the PRC began a campaign to bring the ROC to the negotiating table. First, on January 1, 1979, the Standing Committee of the National People's Congress announced a halt in the bombardment of the offshore islands and appealed for discussions between the government of the PRC and the Taiwan authorities on ending the military confrontation. The Standing Committee also pledged that Beijing would "take present realities into account in accomplishing the great cause of reunifying the motherland and respect the status quo on Taiwan and the opinions of people in all walks of life there and adopt reasonable policies and measures in settling the question of reunification so as not to cause the people of Taiwan any losses."<sup>10</sup> Also, the PRC stopped referring to the "liberation" of Taiwan, stressing instead the desirability of "peaceful unification". In the

New Year's Day announcement, it was also proposed to set up transportation and postal services, permit travel back and forth, promote cultural, sports, technological, and academic exchanges, and develop trade between Taiwan and the mainland.

On September 30, 1981, the ex-chairman of the Standing Committee, Ye Jianying, amplified the earlier proposals in a statement that became known as the “nine – point proposal”.<sup>11</sup> In order to avoid complaint from the ROC that the PRC was proposing talks between the central government and local authorities on Taiwan, Ye suggested talks between the CCP and the KMT. He reiterated the PRC's desire to open trade, mail, air, and shipping services between the mainland and Taiwan, as well as cultural and sports exchanges and visits by relatives and tourists. He went further to assure the people of Taiwan that after reunification Taiwan's current socioeconomic system, its way of life, and its economic and cultural relations with foreign countries would remain unchanged. Also there would be no encroachment on proprietary rights, inheritance of private property, or foreign investment. Taiwan would enjoy a high degree of autonomy as a special administrative region and could retain its armed forces. The central government would not intervene in local affairs in Taiwan. He also said that the PRC would welcome people from Taiwan, giving them freedom of entry and exit, and even offered to guarantee profits for businesses investing on the mainland. People from Taiwan could take up posts of leadership in national political bodies, and the central government would subsidize Taiwan's local finances if the government encountered difficulties. Based on this gradual evolution of policies and strategies toward Taiwan, in September 1982, the paramount leader, Deng Xiaoping, advanced the concept of “One country, Two systems” as a means of solving China's sovereignty problems over Taiwan, Hong Kong, and



Macao. This creative concept would allow these areas to maintain political and economic systems different from those in the rest of China. And in December of the same year, the National People's Congress adopted a new constitution incorporating the "One country, Two systems" concept and making it a major principle since 1982. Article 31 of the constitution provided for the establishment of "special administrative regions" with their own political and economic systems. In September 1984, according to the agreement reached between China and the British government, this concept was scheduled to be put into practice first in HK in 1997. Before long, a similar agreement was reached between the PRC and the Portuguese government for the accession of Macao to China in 1999.<sup>12</sup> The practice of this concept in HK and Macao is regarded as a model for the Taiwan issue. And Chinese high officials reassured Taiwan that the island would have an even greater degree of autonomy than HK.

Accompanying all these positive steps in the PRC's policies toward Taiwan, there were also some disturbing signs during this period. It mainly came from the statements by leaders in Beijing, who now and then talked about the military resort to the Taiwan issue under certain circumstances. Such statements may show Beijing's determination in bringing back Taiwan to the mainland at any cost or might be seen as merely propaganda. However, at the same time, they have a negative effect on the feelings of people in Taiwan regarding the reunification cause. In addition, this was also a natural reaction toward Taiwan's growing independence movement, which increasingly bothers the leaders in Beijing.

**Taiwan.** Taiwan's primary official position also holds that Taiwan is a part of China. But at the same time it differs from the PRC's position in that the ROC is the

legitimate government of all China. All through the Cold War years this position did not change much, except that the KMT declared later that the unified China should have a democratic political system, which still means that China should not be under communist rule, or the CCP's rule. Taiwan's strategies, however, evolved in these four decades, in adjusting to the changing circumstances.

Back in 1949, since Chiang and his two million followers fled to Taiwan, the ROC has maintained its hold on certain islands off the China coast as a symbol of its determination to recover the mainland. To implement this "Mainland Recovery" policy, the authority first sought to use military power. Supported by the US, especially since the outbreak of the Korean War, the ROC modernized and strengthened its military forces for the defense of Taiwan and the offshore islands against PLA's attack as well as to be prepared to support any widespread uprising against the "Communist bandits". However, after the 1958 offshore island crisis, persuaded by the Secretary of State John Foster Dulles, the ROC made a public declaration that the "principal means" for recovery of the mainland would be through the implementation of Dr. Sun Yat – Sen's "three people's principles" and "not the use of force"<sup>13</sup>.

The loss of the China seat in the UN in 1971 and the further decline of international support during the 1970s put the ROC in a very defensive position. As no hope of recovery existed, the slogan quietly slipped into disuse. Anticipating the loss of diplomatic relations with the US and many other countries, such as Japan, Taiwan's survival became a serious problem for the KMT. It then sought to focus on strengthening trade and other substantial relations with Japan, the US, and other major countries that would be essential to its survival. Through an unofficial office relationship with Japan, a

precedent was made so that Taiwan could maintain its status as a de facto entity. In this regard, the ROC was quite successful. And its economy began to grow quickly with a continued high rate of growth. Thus, although the ROC was isolated in terms of formal diplomatic relations, it was becoming an increasingly active and important member of the international economic community. Such increasing economic power not only improved Taipei's weight in bargaining with Beijing, but also made Taiwan more amazing and attractive to many people in the mainland.

Facing the issuance of the three joint Communiqués, Taiwan was really upset at the US. The Taiwan Relations Act of 1979 mollified the ROC a little bit. In regard to Beijing's evolving Taiwan policies and proposals in 1979 and 1981, such as negotiations, "peace talks", "three communications and four exchanges", Taipei merely took a flatly negative response, which was seen as an unduly hard line and passive by the outside world, including many Americans. The total rejection of contacts and talks with the PRC was seen from Taipei's "three no policies" – "no negotiation, no compromise, no contacts".<sup>14</sup> In July 1982, Chiang Ching – kuo, who succeeded Chiang Kai – shek as the President of ROC, spelled out the official rationale for rejecting negotiations when he made a statement to a national development seminar. He believed that "the 'peace talks' brought about internal dissension, blurred our demarcation from the enemy and deprived the nation of its central objective. ... In fact, they have never changed their aim of seizing Taiwan and subjugating its people under Communist rule. We therefore refuse to talk with them or enter into any contacts, thereby foiling their plot. ... Our exposure of their conspiracy is not a negative step but a positive and powerful counterblow against their united front tactics." Another underlying reason for rejecting the proposals from the

Mainland was that the ROC did not want to be treated as a local government under the national government of the PRC. Besides, the ROC worried that negotiations or contacts with the PRC might disturb the internal politics inside Taiwan and weaken the legitimacy of the KMT's governing of Taiwan, especially when the DPP was gaining support.

With these factors in mind, the cautious reaction to PRC reunification proposals is understandable. But the ROC position of the “three no” policy was not simply a negative one. Taipei offered its own reunification proposals based on the scenario of a democratic – non-communist – China in the future. The focus of Taipei's proposal was quite different from that of Beijing. Whereas the PRC sought to find a way to incorporate Taiwan and its government into a provincial relationship with the PRC, Taiwan concentrated on the form of government a reunited China should have in the future. On June 10, 1982, the former ROC Premier Sun Yun – suan noted before the 11<sup>th</sup> Sino – American Conference in Taipei that:

Regarding “Chinese reunification”, the two sides have advanced different views. Free China calls for Chinese reunification under the Three Principles of the People, whereas the Chinese Communist regime has advanced through ... Ye Jian – ying a nine – point proposal for so – called peaceful reunification which is actually intended to communize free China. We believe that Chinese reunification should be based on the free will of the Chinese people as a whole. ... The Chinese Communists ... should give up the “four fundamental principles” as quickly as possible and take steps to change their way of life.<sup>15</sup>

In July 1983, a commentary from Taipei's international wire service reiterated this basic position: “The ROC does not reject national reunification, nor does Taipei insist that the KMT must be in control of a reunited China. The fact is that the government of the ROC on Taiwan has been persistently working toward China's national reunification. The difference is that Taipei aims at achieving a reunited China

under a democratic system.”<sup>16</sup> In May 1983, Chiang reaffirmed that “... China must be reunified, but only under the Three Principles of the People. This position will never change!”<sup>17</sup>

Chiang’s successor, Lee Teng – hui, promised in his inaugural address to strive for this goal, saying that he “would devote my utmost efforts, together with all our compatriots, to accomplish the great task of reunifying China under the Three Principles of the People.”<sup>18</sup> Nonetheless, in his first press conference, he also hinted that he would be open – minded in ways to achieve this goal. He said: “I sincerely hope that the issue concerning relations between both sides of the Straits can be handled by new concepts.”<sup>19</sup> Lee’s willingness to apply new approaches to the problem of China’s reunification reflected a more pragmatic, flexible outlook in Taiwan which became apparent following the signing of the Sino – British Joint Declaration in December 1984 regarding the transition of HK. In adherence to the “three no” policy and KMT’s basic position, the ROC rejected the “one country, two systems” formula for Taiwan. But in fact, people – to – people contact between China and Taiwan had been fairly frequent since 1978. Joint participation in international scholarly conferences is common; overseas Chinese freely visit both sides; and unofficial meetings between officials from both sides occasionally occur in third nations. Indirect trade and investment carried out through a third party, mainly HK, were growing and benefited both sides greatly. What’s more, it was becoming a fact that more and more world organizations and nations gave up recognition of Taiwan and recognized the PRC as the sole legal government of China. Facing such situations and pressures from different interest branches internally and externally, the ROC had to adjust its policies to be more practical and flexible. In September 1986 the

ROC announced a new policy of separating politics from sports and academic events and allowed mutual exchanges between them. In May 1987, the ROC set forth its new policies in regard to trade and other economic interests with the mainland. These new policies showed that Taipei was also attempting to maintain indirect or unofficial contacts of benefit to itself or its citizens. And on October 16, 1987, the ROC announced that Taiwan residents would be allowed to visit their relatives in the mainland for “humanitarian purposes”.<sup>20</sup>

By the end of the 80s, it had become quite clear that while the ROC insisted on its “three no” policy in reunification, it also pursued policies to deal with the PRC on unofficial and grassroots levels. This trend toward increased pragmatism and flexibility could be seen in Taipei’s policy going into the 90s.

**The United States.** Among all the external players, the role played by the US has always been of foremost importance. Generally speaking, the US relations with the PRC and the ROC during the post – World War II era have been exclusively driven by its strategic considerations, along with the fact of its historical alliance with the KMT against communism.

In the Chinese civil war before 1949, the US had been seen as taking a policy of supporting the Chiang Kai – shek – led KMT fight against the CCP. After Chiang fled to Taiwan and when it was obvious that the PRC controlled the mainland and was preparing to attack Taiwan, the US government wanted to leave the conflict between the two parties to themselves. At this point, US China policy became controversial in 1949 – 1950. After a series of acrimonious debates between the Congress and the State Department during

the Truman administration, the US finally decided to continue its support for the KMT through the appropriation of emergency funds.

At the outbreak of the Korean War on June 25, 1950, the US feared that the war might expand and that Beijing might use Taiwan to threaten the US position in Japan. Therefore, President Truman ordered the Seventh Fleet to enter into the Taiwan Strait to prevent either side from attacking the other. This was a turning point. Then, when the PRC entered the Korean War in October, US hostility toward Beijing became firm policy. The KMT in Taiwan was then saved, and Taiwan's significance in US global strategy became obvious, as can be seen from General MacArthur's remark regarding Taiwan as an "unsinkable aircraft carrier".<sup>21</sup> When the Korean War ended, faced with a series of crises in Southeast Asia, the US finally brought Taiwan into its collective defense system and made it part of its containment strategy in December 1954 in order to contain the expansion of communism in that area. Later in the Taiwan Strait crises of 1954, 1958, and 1962, the US sent its military forces to the region to defend Taiwan. However, at the same time, the US also persuaded Chiang to use political rather than military means to recover the mainland.

The above position and policies of the US government did not have any big changes for about two decades. Entering into the 1970s, a great change and turning point occurred as a result of the changed global strategic situation. In order to take advantage of the Sino – Soviet split and facilitate the withdrawal of the US forces from Vietnam, the US began to seek improved relations with the PRC. In October 1971, when the PRC replaced the ROC in the UN as the internationally recognized legal government of China (UN General Assembly 2758 Resolution), the normalization of relations between the

PRC and the USA became more significant strategically. In February 1972, following President Nixon's visit to China, the two sides issued the Shanghai Joint Communiqué. In the Communiqué, "the US side declared: the United States acknowledges that all Chinese on either side of the Taiwan Straits maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position."<sup>22</sup> Then, during the Carter administration, primarily in order to strengthen the ability to check the USSR in Asia and to contain Vietnamese expansionism, a shift in the US official recognition of the mainland was completed. In December 1978, the US government accepted the three principles proposed by the Chinese government for the establishment of diplomatic relations between the two countries, namely, the US should sever "diplomatic relations"; abrogate the "mutual defense treaty" with Taiwan; and withdraw US military forces from Taiwan. On January 1, 1979, the US formally established diplomatic relations. The Communiqué on the Establishment of Diplomatic Relations stated, "The United States of America recognizes the Government of the People's Republic of China as the sole legal government of China. Within this context, the people of the United States will maintain cultural, commercial and other unofficial relations with the people of Taiwan. ... The government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China."<sup>23</sup> Obviously, all of this did not mean that the US was to give up Taiwan, as many Taiwanese had thought. On December 15, 1978, in his announcement of the establishment of Sino – US diplomatic relations, President Carter also expressed US commitment to the people in Taiwan. He promised that "the US continues to have an interest in the peaceful resolution of the Taiwan issue and expects that the Taiwan issue



will be settled peacefully by the Chinese themselves.” Later, following his promise, Carter submitted to the Congress draft legislation designed to handle future relations with Taiwan. After considerable revision by the Congress, this legislation became the Taiwan Relations Act (TRA). In the absence of diplomatic relations and the Mutual Defense Treaty, the TRA has become the principal legal framework for US – Taiwan relations. Under this Act, the US has maintained its relations with Taiwan through “unofficial offices”, which actually suggests a de facto recognition of Taiwan at least economically. This Act also specifically linked the future of Taiwan with US security interests in the Far East and enabled the US to continue its arms sales to Taiwan and hence aroused severe criticism from the PRC. In order to resolve the issue of US arms sales to Taiwan, the two sides negotiated and reached an agreement on August 17, 1982 during President Reagan’s administration, which was known as the third Communiqué. In this Communiqué, the US government stated, “It does not seek to carry out a long – term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the US and China and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution.”<sup>24</sup>

The three joint Communiqués and the TRA lay down the foundation for the US policies toward the two sides across the Taiwan Straits up to the present. The US made it clear that the Taiwan issue is China’s internal affair and the US position toward its resolution is a commitment to a peaceful settlement by the two sides. But the ambiguity in the terms used in the Communiqués aroused different interpretations which put the two

sides in the dark as to what the US would do in any case other than peaceful settlement. Such a result also put the US in a flexible position and best served US interests. While the US continued its arms sales to Taiwan in order to help Taiwan improve its defense ability in case of an armed conflict in the future, its position regarding reunification also put pressure on the ROC's internal political development, as witnessed by a growing independence movement and a stronger DPP. Entering into the late 80s and early 90s, facing the normalization of the Sino – Soviet relations and China's increasing power, the US again debated whether it should pursue a pro – PRC policy or pro – Taiwan policy. However, the primary positions of the US government remained unchanged. In regard to the increasing people-to-people diplomacy and strengthening economic ties across the Straits, the US basically takes a hands-off position.

In discussing the US role and policies in regard to the Taiwan issue, we should also mention those of Japan. Throughout the Cold War years, Japan was an ally of the US and basically took the same positions as the US. However, as an Asian nation and an adjacent neighbor to China, Japan was also identified as both having important national interests at stake in, and having some potential influence on the outcome of the cross - Strait relations. Although China policy is second to US policy in Japanese foreign priorities, and the US – Japan security agreement sets the tone of Japan's policy toward China and Taiwan, Japan occasionally has also taken some initiatives that affect the Taiwan issue. The most significant one was its normalization of relations with the PRC in 1972 and its establishment of an unofficial office in Taiwan at the same time. In this way, Japan actually ran a de facto one China, one Taiwan economic policy.<sup>25</sup> This creative measure was acceptable to both Beijing and Taipei and set a precedent for other nations

including the US, in dealing with both parties of the Taiwan Straits. Entering into the 80s, with increasing trade and investment both in the mainland and Taiwan, Japan's interests became more involved in the evolving relations between the two sides, especially when Taiwan sought to expand its international role, accompanied by a growing independence movement. As is the case with the US, Japan's position and policies may also be a principal external constraint on Taiwan's independence movement.

### **Evolution of the Taiwan Issue**

From the discussion above on the positions and strategies of the major players in Taiwan issue, we may have an overall picture of its evolution in the Cold War era.

Since the formation of the Taiwan issue, it has been a reality that the two sides are separated from each other, while both sides have the same view that the separation should be replaced by reunification. Based on their ideological differences, historical struggles and experiences, the two sides took different strategies in their rivaling against the other, with the PRC taking the upper hand. In the 1950s, the whole issue was characterized with direct-armed confrontation and hostility, marked by the bombardment of the offshore islands by the PRC and the three crises in 1954, 1956, and 1958. However, Beijing's attempt to take over Taiwan by force was largely deterred by the US, which had nuclear capability and the threat of using it to defend Taiwan. The US deterrence and containment policies prevented the two sides, especially the mainland from invading the other.

While in the 1960s great tension still existed, neither side saw any opportunity for a direct attack from the other side. The Taiwan issue was then characterized by stalemate

and continued confrontation. This situation lasted till the 1970s, when there was a turning point.

This started with the PRC's regaining its seat in the UN, followed by the normalization of the Sino – US relations, and President Nixon's visit to China, followed by the three joint Communiqués. And on Taiwan's part, relations with the US were carried out through the TRA. Hence, entering into the 1980s, tensions were greatly reduced and a peaceful settlement to the Taiwan issue seemed probable, although the PRC did not promise to give up the military option. As for the process of reunification, the PRC side took an initiative role and offered several proposals, such as Ye's "nine points" and the "one country, two systems" concept, while the Taiwan side took a flatly passive and negative attitude marked by the "three no" policy.

Accompanying the decrease of tensions across the Strait in the 80s, there were great changes inside both the mainland and Taiwan. On the mainland, economic reforms and "open door" policies were carried out, and a certain degree of political liberalization occurred. In Taiwan, the government had to turn to economic expansion for its survival in the international society under the pressure of Beijing's diplomatic isolation. And as a result, Taiwan experienced great success in economic growth, created a new middle class that demanded greater political liberalization, and even created an opposition party. These changes together promoted exchanges and contacts between the two sides at the unofficial level. By 1987, another turning point came when the Taiwan authority issued new policies regarding economic ties, traveling and visits to the mainland. By the 1990s, a complex web of economic interdependence emerged accompanied by "people-to-people" diplomacy. These developments helped to create an increasing indivisibility

between the mainland and Taiwan, and became the main barrier to any return to previous hostility or confrontation. In addition, the growing independence movement in Taiwan resulting from the process of economic development and political liberalization had garnered attention of the leaders on both sides. Their positions and policies towards the independence movement, namely the NPP, directly affected their mutual relations with each and with other external players, such as the US, Japan, etc. With all these developments and new trends continuing, the evolving Taiwan issue entered into the post-Cold War era.

## **CHAPTER THREE**

### **RELATIONSHIPS AFTER THE COLD WAR**

Entering into the 1990s, great global changes occurred beyond anyone's expectation. Marked by the reunion of the two Germanys and the fall of the Berlin Wall, the Cold War was over, and the world stepped into the post – Cold War era. When the old Yalta system established since the end of the World War II collapsed, the new international system created new problems. Each nation in the world, especially the superpowers, was pressed to readjust their strategic considerations and policies to meet the requirements of this changing global circumstance. Along with the global trends of increasing interdependence and integration and decreasing influence of communism, domestic changes also happened in many countries. At this moment, heavily influenced by both the external changes in the world and internal changes in both Taiwan and the mainland, the Taiwan issue evolved into a new phase with many possible alternatives in the near future.

#### **Implications of External Factors**

**The United States.** Following the end of the Cold War, the basic US positions toward the Taiwan issue remained unchanged and continued to follow the framework of the three joint Communiqués and the TRA. It maintains its “one China” policy while keeping a close relationship with Taiwan. However, with regard to global developments and relations with the mainland and Taiwan in the new era, the US takes a more cautious position in dealing with the Taiwan issue, sometimes swaying to the left or right, so as to

ensure its goals in this region. From a global strategic view, the collapse of the USSR and the disappearance of the East–West confrontation has enabled it to become the sole superpower in the world, without any counterpart. Therefore, China was no longer in a significant position in Washington’s global strategy. However, any of China’s moves is still of great interest to the US. As China takes steps to modernize its military forces and become a paramount regional power, the US sees its interests better served through closer ties with Taiwan. This is especially true after the Sino – Soviet relations improved in the late 80s following Gorbachev’s visit to Beijing, the further strengthening of Sino – Russian relations following President Jiang Ze – min’s visit to Moscow and the signing of joint declarations for strategic partnerships. A major step taken by the US during this process was its increased support of Taiwan’s ability to defend itself, culminating in additional arms sale in September 1992.<sup>1</sup> Another major US decision was changing the name of Taiwan’s office in the US from the Coordination Council for North American Affairs to the Taipei Economic and Cultural Office.<sup>2</sup>

From an economic view, the US finds it necessary to cooperate with both sides of the Strait, especially the mainland because of its huge market and potential. With the recent transition of HK to Mainland China’s rule, the image of a “greater China” together with a growing trade deficit with China caused a deep concern on the part of US. Now, interactions across the Strait are increasing rapidly and their economies are becoming intertwined. The US takes a position in support of this trend of growing contacts; on the other hand, it is aware of the consequences that any US economic policies with the mainland may have on Taiwan, HK, or Japan, etc. For example, economic sanctions, such as withdrawal of most – favored – nation status of mainland exports to the US,

would have had a major impact on Taiwanese firms. Such unintended consequences were actually one of the considerations that ultimately blocked imposition of this sanction.

In the international arena, although the US states that it has no intention of becoming involved in the Taiwan issue and leaves the two sides to settle it through peaceful means, it will inevitably become involved in some of the international and intranational aspects of the cross – Straits competition. In the 90s, this occurs because of the PRC's policy of isolating Taiwan diplomatically and Taiwan's attempts for a large "breathing space" and recognition marked by its efforts to gain a seat in the UN and memberships in other international organizations. In dealing with these problems, the US needs to take a delicate balancing act, while keeping as far away as possible from real involvement in the detailed management of the cross – Straits relations. But to do so is very hard, and it is a challenge to the US government.

American domestic politics that affects the US policy – makers also plays a part in the Taiwan issue. First of all, traditionally the US Congress has a strong tendency to favor Taiwan, and some congressmen and retired executive leaders keep a close relationship with Taipei. Besides, on Capitol Hill there are a large number of lobbying groups for Taiwan. Also important is the fact that the Democratic President is working with a Republican – controlled Congress. In many cases, the executive branch faces a lot of pressure from the Congress and sometimes is even dragged into an awkward situation in dealing with the bilateral relations of the Taiwan Straits. In November 1992, former President Bush traveled to Taiwan after his presidential defeat. Then in 1996, the former US Senator Robert Dole traveled to Taiwan after his defeat in the presidential election, at the invitation of Taiwan's President Lee. In the spring of 1997, US House Speaker Newt



Gingrich visited Taiwan and supported the pro-Taiwan Republican line: “It is important to be explicit with both the People’s Republic of China and Taiwan that should Beijing seek to reunify Taiwan with the mainland by force, the United States will use all means necessary to prevent it. The use of force engaging in provocative actions by either side is unacceptable.” These visits and such statements not only made Beijing furious, but created suspicions that the US is interfering into China’s internal affairs and attempting to use Taiwan as a bargaining chip for PRC’s concessions in other issues.<sup>3</sup>

The US also finds it difficult to promote a peaceful evolution of the Taiwan issue, because there are so many variables inside Taiwan and the PRC that are beyond US influence and control. For example, in the 1996 Taiwan Straits crisis, the US again sent military force to the region to keep its commitment and ensure peace. While it was effective, this also severely hurt Sino – US relations. What is more important, it is still hard to tell what the US would do if the independence movement in Taiwan evolves into an official declaration, something that neither the US nor the PRC would like to see. The US public, even if sympathetic with Taiwan, may not support the US government in intervening if there is a fight between the two sides. Because of growing US economic interests in both sides, this is becoming a much bigger challenge to Washington now.

In general, the US positions and policies before the end of the Cold War worked pretty well in maintaining a balance between the two sides while keeping Washington as far away as possible. Previous policies best serve US interests and therefore have not changed much in the 90s. It is important for the US to retain some of its ambiguity and keep both sides in the dark when dealing with the evolving Taiwan issue. This may be both a constraint to Taiwan’s independence movement and the mainland’s military

option. Furthermore, the tendency in US policy to encourage cross – Straits contacts and economic exchanges is consistent with the increasing global trends of interdependence and integration and can therefore contribute to a possible evolution of the issue in a peaceful way. The double-track diplomacy of insisting on the “one China” policy while running a de facto recognition of Taiwan as an economic entity also seems acceptable to both sides, at least at the moment. And as Ralph Clough believes, any major changes in US policy may only serve to disrupt the process of peaceful coexistence.<sup>4</sup>

**Japan and the ASEAN Nations.** As we mentioned earlier, in Japanese foreign priorities, its China policy is always second to its US policy. On the whole, Japan runs a similar policy to that of the US in dealing with the Taiwan issue. Since Japan is close to China and is itself an economic superpower, the rise of China as a paramount military and economic player is of great significance to it. Japan has no incentive to alter the status quo and continues its de facto “one China, one Taiwan” economic policy. In the 90s, Japan’s relations with the PRC are more extensive and better than at any time in this century, while its economic relations with both sides of the Straits have evolved greatly in ways positive to Japan’s interests. As Japan’s interests can only be best served through a peaceful resolution of the Taiwan issue, Japan on the one hand maintained its “one China” policy as an external constraint on the Taiwan independence movement, while on other hand, it renewed its defense agreement with the US last year in order to put pressure on China in case of future armed conflict across the Straits.

Compared with Japan, the Southeast Asian nations are more vulnerable to the risks of potential conflict across the Taiwan Strait and are a major beneficiary of continued economic dynamism on both sides. The ASEAN nations have close economic

ties with both sides, although they recognize the PRC only. By being a primary target in Taipei's diplomatic offensive for greater international political status, the ASEAN has some initiatives politically in dealing with the PRC. However, since the PRC is simply too large and potentially too dangerous to them, in most cases, they try to avoid overt involvement in the cross – Straits politics. Instead, they try to enhance economic interaction and to support peaceful evolution based on economic exchange. This is another external factor contributing to easing tension in the region, including the Taiwan Strait.<sup>5</sup>

### **Mainland China's Domestic Changes and Their Consequences**

The primary government positions and policies of the PRC reflect a continuity in the post – Cold War period. Such continuity is revealed by a comparison of the nine point proposals in 1981, the “six point” proposal in 1983, and President Jiang Ze – min's political report to the 14<sup>th</sup> CCP Congress in Oct 1992. Among these proposals, we can see that the fundamental principles of its Taiwan policy continue to be ultimate reunification and the indivisibility of sovereignty. This tells us that the policies and strategies are designed to reach Beijing's goal in dealing with Taiwan, that there is a continuity of control concentrated at the top of the PRC power structure and a broad consensus among the key elites. However, influenced by global changes and the continuing domestic reforms in the 90s, the government is now taking a more assertive attitude toward the final settlement of the Taiwan issue.

As we have noted earlier, since the PRC carried out its open door policy and economic reforms in 1978, there has been great progress and changes inside China. By

the 90s, these changes have had consequences in all aspects of life. After nearly twenty years of reforms, China has almost replaced its previous planned economy with a free market one. Indeed, there has been rapid economic development, with an annual growth rate at 9%. To many outside states, China is becoming a paramount regional power and the PRC will play a much bigger role not only in the Asia-Pacific but in the whole globe. Some observers even predict that the next century will be a Chinese century. As is the case throughout history, when a nation becomes stronger, the question of the nation's unity and sovereignty always becomes more important. Today, along with its increasing power and influence, China is putting priority on this question. For example, in the mid-80s, it first solved its dispute with the Great Britain over the sovereignty of HK, and then with Portugal over Macao. Now, comes Taiwan, which has been separated from the mainland for nearly half a century and remains the most controversial case. It is obvious that a final reunification of the mainland with Taiwan will surely raise the reputation of the high officials in Beijing and increase the legitimacy of the CCP.

Along with the economic reforms and the practice of an open door policy with the West, China has also unavoidably undergone a few small steps of political reforms. Though these political reforms are weak and have not changed China's basic political system, they have helped to liberalize China's politics and the political views of the masses to a certain degree. One of the results of political liberalization is a growing demand for democracy and freedom, which has become a threat to the CCP's authoritarian rule, as can be seen through the 1989 student movement in Beijing and other major cities in China. However, when these demands were suppressed, people generally lost their confidence in the government and its ideological education. In

addition, heavily influenced by the end of the Cold War and the dismantling of communism in Eastern Europe and the former Soviet Union, China's communist ideology actually is losing its support amongst the Chinese people. With the loss of faith in communism, a new set of beliefs (nationalism and patriotism) are taking its place. Manipulated by the government, such nationalism and patriotism in the 90s can easily turn into a broad demand for the reunification of Taiwan with the motherland and resistance to Taiwan's independence movement. Such feelings resulting from nationalism are not only deep rooted in the minds of the 1.2 billion people living in China, but are also strongly held by many overseas Chinese dissidents. Today, they are further strengthened by the agreements reached for the settlement of HK and Macao.

Another important result of the CCP's reform policy are the growing ties at the grassroots level between the mainland and Taiwan that in fact make the two sides indivisible from each other. First, the policy changes in the late 70s and 80s regarding visiting and traveling have made possible rapidly growing direct contacts among people, especially relatives, across the Straits. In turn, these contacts help both to create a mutual understanding between the two sides and to keep alive the hope for reunification. In addition, they promote greater investment and trade and pave the way for negotiation on reunification. Moreover, the PRC's favorable policy toward the Taiwan business people, the mainland's huge market, cheap labor, and rich resources all help to draw a large amount of investment capital from Taiwan to the mainland and attract lots of Taiwan enterprises to do business with their mainland counterparts. Resulting economic benefits act as a basic incentive for the two sides to cooperate even more closely, further stimulating the rapid growth of bilateral economic activities. At the same time, both sides

clearly recognize the possibility of great losses if they are separated and banned from contacts with each other, as was the case in previous decades. So, even after the Tiananmen Massacre in 1989, there has been no obvious reduction in either the number of travelers or the total amount of investment. In fact, such events form a strong pressure on the governments to take policies that support their enhanced links instead of discouraging them. In turn, these links are becoming the main barriers to any possible confrontation or hostility.

On the part of the Chinese government, the trends of closer ties and increased contacts at the grassroots level not only serve to strengthen China's economic reforms and developments, but are also consistent with its policy of reunification. In order to support such trends and to deal with the problems and disputes raised from the more and more complicated ties, some quasi – official organizations have been established, even while direct official dialogues are still rejected by the Taiwan authority. For example, in 1991, the Cross – Straits Relations Association (CSRA),<sup>6</sup> headed by former Shanghai mayor Wang Daohan, was created to handle a broad range of problems arising between Taiwan and mainland China, including trade problems, etc. This organization has also been used as an official tongue in expressing informally the PRC's proposals and explaining the PRC's policies through its meetings with its counterpart, the Straits Exchange Foundation (SEF)<sup>7</sup> in Taiwan, and other people from the island. Later, as the problem of succession of the leadership after Deng was solved in 1997, the PRC's policy of continued economic reforms has been assured as well as its policy towards Taiwan. From President Jiang Ze-min's report on the opening of the CCP's 15<sup>th</sup> Congress last year, we can see that all these policies have been repeatedly affirmed and become guiding

principles in China's plan for its development in the next century. Therefore, we can conclude that as long as the Mainland economic reforms continue and its free market economy works, the economic relations with the outside world, including Taiwan, will continue to expand. Furthermore, the channels for people-to-people diplomacy will steadily increase, and prospects for mutual understanding and further lowering of tension will be enhanced.

While in the 90s Beijing takes an assertive attitude in dealing with the Taiwan issue through offering positive and attractive proposals for a peaceful resolution, this does not exclude the alternative of using force. Repeatedly, high officials in the Mainland have made remarks implying this possibility under circumstances such as Taiwan's declaration of independence or foreign interference, etc.<sup>8</sup> However, Beijing makes it clear that this option continues to seek the unity of the nation, final reunification, and the targeting of separatists and foreign forces instead of the people of Taiwan. In reality, these remarks raise fears among the Taiwanese and create a negative feeling in regard to the Mainland's goal of reunification. In addition, the threat to use force affects the economies of both sides and stimulates an unfavorable international situation for the PRC. Nonetheless, the threat of force serves as a strong constraint on the independence movement in Taiwan and pressures the Taiwan authority not to move too far from its traditional position of "reunification of China" toward the position of the DPP for independence. The double effects of the mainland's military choice were well illustrated by the Taiwan Strait Crisis in 1996.<sup>9</sup> Today, the military's role in Chinese politics is growing, and we can not expect the PRC to easily dispose its military options. However, the reform – minded leaders in Beijing will always be aware of the effects, especially in

economic terms, on either China Mainland, or HK, or Taiwan, or the international society, and they will be very cautious in choosing such an alternative.

### **Taiwan's Internal Changes and Consequences**

Since it had several setbacks in the diplomatic world in the 1970s, marked by the losing of its seat in the UN and the end of official relationships with the US and other countries, Taiwan has been in a very difficult and passive position in international society in facing the mainland's isolation diplomacy. However, economically, it was not affected as expected, because it still maintained its economic and other ties with many countries through various unofficial offices. For its survival, the KMT began to adjust its policies and turn its attention to the economic development and political liberalization of Taiwan. The authorities hoped that, backed by a highly developed economy, Taiwan's links with the outside world would be enhanced and therefore, Taiwan's international economic status would be raised. They also hoped that, through a process of political liberalization, Taiwan's economic development could be better ensured, and the international image of Taiwan would also be improved.

In regard to these hopes, Taiwan achieved great success after more than 20 years of development. Economically, Taiwan realized its industrialization and became one of Asia's "four little tigers". It now ranks 14th in international trade and 7th in overseas investment. It keeps a high rate of foreign currency reserve, with its average income ranking 20th<sup>10</sup> in the world. Politically, it abolished its authoritarian rule by the KMT and has created a pluralistic democratic system, one in which human rights and legal procedures are protected by its constitution. These developments have not only changed



Taiwan's overall look and structure, but have also had a great and complex effect on the Taiwan issue.

First of all, simultaneous with its economic achievements is Taiwan's increased interdependence with the outside world, including the mainland. Up until the early 80s, Taiwan neither had large-scale economic relations nor many people-to-people relations with the mainland. However, the increasingly fierce competition in the world market, and the growing demands of Taiwanese to visit their relatives across the Strait created pressure on the KMT government to lift restrictions on doing business with and traveling to the mainland. As a result, in September and October 1987 respectively, the authorities in Taiwan issued their new regulations regarding economic activities with and visiting to the mainland. Since then, commercial and cultural exchanges between Taiwan and the mainland began to increase rapidly, while more and more people from Taiwan began to visit the mainland. These visitors also helped to enhance the growing economic ties between the two sides. By August 1991, according to the PRC's former vice Premier Wu Xue – qian, the total number of visitors from Taiwan had reached 2.36 million. And what's more, by the early 90s, Taiwan has become one of the major investors in the mainland, with new investment capital of \$1.5 to \$2 billion in 1992.<sup>11</sup> Two-way trade reached \$5.8 billion in 1991 and \$7 billion in 1992. Even high-level officials in Taiwan admitted their wish and the possibility of the eventual formation of a "Greater China Common Market", if only the PRC no longer posed a threat to the security of Taiwan. The cross – Straits interdependence resulting from blood ties, cultural links, and economic benefits, etc. actually put the authorities in a dilemma. On the one hand, the Taiwan government embraces its economic benefits, and believes that more contacts

between the two sides would enable the mainlanders to admire Taiwan's miracle and institutions, and so in the long run lead to a political change in the mainland. Therefore, Taipei took some positive steps to enhance ties between Taiwan and the mainland, such as the creation of the SEF in 1991, etc. On the other hand, Taipei worries that increasing interdependence may result in Taiwan's vulnerability in the future. Therefore, Taipei still holds its "three no" policy and primary positions, although not as strictly as before.

At the same time, the economic development came hand in hand with the democratization process in Taiwan's internal politics, which in turn affected the Taiwan issue. For over four decades since 1949, the KMT had maintained an effective authoritarian rule over Taiwan, one in which sensitive political issues such as "Taiwan Independence" and the demand for political democratization were effectively silenced. Moreover, public challenge to the doctrine of "one China" or the KMT's absolute rule carried a high risk of arrest, imprisonment, or even death. Following the "economic miracle", the corporatist party state of the KMT has been dramatically transformed into an open, competitive, and dynamic democracy. The opposition parties, especially the DPP, are no longer persecuted, while the KMT has been weakened and split into the China's New Party (CNP) and the mainstream KMT. In the 90s, neither the KMT nor the DPP can dictate policy autocratically, and the civil society is as powerful as, if not more powerful than the state. As Lee Teng – hui put it in 1994, the concept that "sovereignty resides in the people" has taken root in Taiwan.<sup>12</sup> In this regard, democratization has set the stage for various political forces to bring out into the open the fundamental issues of Taiwan's national identity and its long – term implications for independence or unification. In the 1996 presidential election, it became clear that Taiwan's independence

movement, led by the DPP and supported by mostly native Taiwanese, had gained sufficient strength to compete directly with the KMT and other parties for the office of president as well as affect both Taiwan's mainland policy and the mainland's Taiwan policy. Today, while the DPP stands on one extreme, demanding total independence for Taiwan, the CNP stands on the opposite side, advocating a final reunification with the mainland as early as possible. Feeling pressures from the both sides, and constrained by factors in economic, political, and other fields, both internal and external, the mainstream KMT led by Lee Teng – hui stands in the middle and holds its traditional positions and policies with a moderate change in strategy. Indeed, Lee's government is seeking to take the initiative in dealing with Beijing and achieving "pragmatic diplomacy" in foreign affairs. Besides, this government is also moving closer to the NPP while the NPP is revising its extreme demands to moderate ones. This can be seen through official statements made in recent years and shared by both parties. In 1996, Lee's visit to Cornell University was designed to set a precedent of issuing visas to high-level Taiwan officials so as to expand Taiwan's role as an independent political entity, one accepted by other states. What's more, on July 18, 1997, reforms to the ROC's Constitution were passed. These amendments set on track the gradual abolition of the Taiwanese provincial government and gave the president power to appoint the premier without approval from the legislative assembly.<sup>13</sup> Such a reform, by doing away with the redundant "local" administration based on the KMT's claim to be the rightful government of all China, stripped away the illusion that Taiwan continues to believe in "one China". And President Lee, who seems to have adopted this stance, can only give Beijing the impression that he is steering Taiwan toward independence. The underlying reasons for this move are quite

different. For example, the supporters of the NPP come mainly from the Taiwanese who compose the majority of the Taiwan population and are traditionally against the mainlanders' (the KMT's) authoritarian rule; the forces of the oppositions have now been fully released after being suppressed and persecuted for so many years; and they are further enhanced by public opinion when the PRC refuses to give up the military option; Lee himself is Taiwan – born and has done a lot to decrease the KMT's power in the government after becoming president; with the passage of time, either the mainlanders are too old to hold any important positions or their number is decreasing. Thus, in dealing with Beijing, the KMT has initiated a “one country, two equal governments” proposal as a countermeasure to the “one country, two systems” offer. In other words, on the one hand, the authority today still insists that both Taiwan and the mainland are parts of China, while it officially opposes either “two Chinas” or “one China, one Taiwan”. On the other hand, it lays down conditions for talking with Beijing – talks should be conducted between two equal governments instead of one superior central government with one autonomous local government. As seen from the viewpoint of the PRC, this proposal is in fact demanding that Beijing recognize Taiwan as another separate and independent government, and hence a de facto “two Chinas” or “one China, one Taiwan”. And of course, Taiwan's stance in this proposal is unacceptable to Mainland China.

Combined with the economic miracle and the political process of democratization, there have also been some changes in public opinion regarding the question of reunification or independence of Taiwan, as we noted before. The continuous expansion of trade, investment, and social contacts of the last decade have greatly relaxed tensions and advanced mutual interests and understanding across the Taiwan Strait.

However, knowing more about the mainland also makes some people in Taiwan fear that reunification may produce an economic burden on Taiwan and that the political system in the mainland may affect Taiwan's democracy and human rights, if reunification occurs in the future.

Also, democratization and prosperity in Taiwan today are increasing the people's self-confidence and national identity. In international society, they are supporting a growing demand for a balance between their economic influence and their status. From the view of the Taiwan government, this demand is consistent with Taipei's "pragmatic diplomacy", one aiming at a bigger international "breathing space" and recognition in the UN and other international organizations. To Beijing, this is not favorable to reunification but another move towards the independence of Taiwan or "two Chinas". But because of Beijing's strong isolation diplomacy, Taiwan's success in this field is very limited, if any. At present, there are not more than two dozen small countries in the world recognizing Taiwan as the legitimate government of China and supporting Taiwan's request for participation in the UN and other international organizations.

In general, we can say that in the 90s, after the end of the Cold War, Taiwan's internal developments and changes have had a great impact on the Taiwan issue and have made it more complex than before. While there are simultaneous demands for reunification and independence respectively, economic interdependence has contributed to the relaxation of tensions and promoted closer ties across the Straits. Although Taiwan authorities officially still insist on the one China stance, they have in fact moved slightly toward the stance of the DPP. Constrained by both internal and external factors from

Beijing and Washington, etc., they can not go too far toward either extreme at the present stage, but have to stay in the middle and maintain a situation acceptable to all sides.

### **Current Features and Recent Developments**

Changes and developments discussed in the previous chapter show us the major factors on either side that have contributed to the evolution of the Taiwan issue in the 90s. When they are combined together, we can see that the Taiwan issue has become more complex than ever before and characterized by the following features. First of all, the two sides both insist on reunification, officially at least, but differ on the conditions for reunification. Second, with the increasing number of Taiwanese and Taiwan – born population, there is an expanding independence movement that garners the attention of not only the two sides, but also the outside players. While the government in Taiwan is drifting slightly away from its traditional position (but not given it up yet) toward the independence movement, the PRC strengthens the temptation for independence on the one hand while repeating its calls for reunification by force on the other hand. Third, blood ties and economic links that can not be cut off are joining together to form a strong web of interdependence, one that works to ease tension and enhance reunification, or at least avoid separation. Fourth, growing nationalism on the mainland also supports the demand for final unification. However, when it is manipulated by the government, it may produce both negative and positive effects on reunification. Fifth, while the outside players say they will not become involved in the Taiwan issue, they still have a heavy influence and strong leverage over its evolution. Since most of them are satisfied with the current status quo, they actually are acting as a constraint either to Taiwan's

independence movement or to the mainland's reunification by force. Last, due to the international implications of the Taiwan issue and all the changes since the end of the Cold War, there has been a strong call for its final resolution, as early as possible, either at the grassroots, the local and national, or the global level.

All these features are not only revealed through the discussion in the previous chapters, but can also be further illustrated by the latest developments in the two sides across the Straits and their contacts with the external society.

For instance, the Taiwan Straits crisis in 1996, involving the presidential election, clearly showed the PRC's stance on reunification and the possibility of its military choice. At the same time, it showed the US's position and commitment to the security and stability of the Taiwan Straits area. Voting in the presidential election showed that 15% supported the DPP's candidate, 25% supported the CNP's candidate, but over half supported the mainstream KMT. Some people believe that the DPP might have gained more votes and Lee might not have been elected, if the PRC had not reacted so strongly in carrying out a military exercise.<sup>14</sup> The 1996 crisis also showed both the determination and restraint of the US and the PRC in the face of a potential military conflict. In the local level (county and town) election for chief executives on January 24, 1998, the KMT won 259 seats out of a total of 319, and took a percentage of 81.19, while it won 598 seats (67.19%) among 890 in the election for representatives. Among the opposition parties, the DPP won 29 (9.09%) and 110 (12.35%) respectively, while the CNP won nothing.<sup>15</sup> Here, we may conclude that the support for the independence of Taiwan is increasing. And partly this can be accounted for by the PRC's show of military force in 1996.

Following the Taiwan Strait crisis, there was also a conflict between the US and China over Lee's visit to the US. Within the framework of the three joint Communiqués, successive US administrations since 1970 had "all declared that they would honor these commitments and not allow any figures who claim to be 'President of the Republic of China' to visit the United States". The Clinton administration's decision to issue a visa to Lee in May was an "abrupt and brazen break of promise", and was deemed a clear and major violation of the three Communiqués. This action was "even less acceptable," according to the PRC embassy statement, "in view of the situation across the Taiwan Strait." There, "some people, including Taiwan's authorities, (were) trying to resist the historic trend of reunification" and were "stepping up activities" aimed at creating two Chinas, or "one China, one Taiwan".<sup>16</sup>

And later, after the Sino – Soviet summit meeting in 1997, the PRC President Jiang Ze – min paid a state visit to the US and held a summit meeting with President Clinton in November. Among other matters, they discussed Sino – US relationships and the Taiwan issue and exchanged their views. Both sides stressed the importance of co-operation and mutual understanding, while they repeated their positions and promises in the spirit of the three joint Communiqués. This generally is an encouraging sign of a peaceful resolution of the core issue between the US and China – the Taiwan issue, and may help to reduce the possibility of future confrontation between them. To Taipei, this may be one more indication of their constraints on the independence movement. In addition, they also exchanged their views on democracy and human rights. Following Jaing's visit, China's No. 1 political dissident, Wei Jing – sheng was released from jail and permitted to go to America for "health reasons". Also, the government allowed a



three-member US delegation to go to China to investigate the conditions of Christians in China.<sup>17</sup> All of these moves have helped to improve the overall international image of China. On the other hand, it can be regarded as China's good will in developing a freer society and accepting international practices. To a certain degree, these moves may help to reduce Taiwan's fears and worries that the Mainland's political conditions may affect Taiwan if reunification occurs in the future.

Interdependent economic activities and traveling across the Strait since 1996 showed that political tension or even military confrontation during the crisis could not stop them. It has been calculated that from January to August 1997, the total imports and exports across the Strait reached \$22 billion and increased 10.7% compared with those during the same period in 1996. Also, the flow of capital from Taiwan to the mainland was nearly \$18.47 billion, while the flow from the mainland to Taiwan was \$3.53 billion. Also, Taiwan had a \$14.9 billion surplus in its trade with the mainland.<sup>18</sup>

Politically, during the celebration of the Chinese Lunar New Year in 1998, both sides have made official statements urging the other side to take an early response toward the final resolution of the Taiwan issue. On January 27 (the eve of the Chinese New Year), the PRC's Premier Li Peng and Foreign Minister Qian Qi – chen both called for official talks across the Strait, and again emphasized the "one China" policy. And the Taiwan authorities agreed with the "one China" position, but demanded that Beijing should simultaneously recognize Taiwan as a "political entity", which meant that the talks should be conducted between two equal governments.<sup>19</sup>

In short, the above features and developments draw for us a concurrent picture of the players involved in the Taiwan issue. In conclusion, we can say that there have been

quite a few different factors, both internal and external, leading the evolution of the cross – Straits relationship in different directions. Among them, the growing economic interdependence seems to be getting stronger, as economic development takes priority in each side’s decision–making process. Indeed, it will play an increasing role in the future evolution of the issue. Of course, other factors are also important. The future of Taiwan and the Taiwan issue will largely depend on how all these forces interact and trade off with each other. Though at present we can not be sure about the future results of their interaction, following the above analysis, we can at least predict the possibilities of future alternatives.

## CHAPTER FOUR

### ALTERNATIVES AND FUTURE RELATIONSHIPS

Looking into the future, the possible alternatives in the evolution of the Taiwan issue may fall into three general categories: 1) the total reunification of Taiwan with the mainland; 2) the total independence of Taiwan as a separate nation; and 3) the continuance of Taiwan's de facto independence in the foreseeable future, but with a strong trend toward a final peaceful reunification in the long run. Among the three, the first two stand on the two extremes, while the third lies in the middle and is similar to the present situation.

#### **The Total Reunification of Taiwan with the Mainland**

This category can be further divided into three types.

**Under Beijing's Terms.** The first type is a peaceful reunification under Beijing's terms which are described as the "one country, two systems" model. Beijing has strong incentives to promote the reunification under this model. Taiwan will be incorporated into the PRC as a local government with autonomous status. This status, as declared by Beijing, will be higher than that of HK or Macao, which has been or will be transferred to China in the same model. That is to say, the Taiwan local government will enjoy much bigger autonomous rights, including the preservation of its military forces and defense capabilities, unofficial diplomatic ties with the outside world and independent finance, outside the control of Beijing, etc. At the same time, Taiwan's political, economic, and social system will be maintained.

Beijing's strong incentives to promote reunification through this model are obvious. It may first of all enhance the national power and prestige of the PRC and benefit the country economically. It may also mark the end of the Chinese Civil War and the final victory of Chinese communism, and so increase the legitimacy of the CCP. From a global view, it will end the possibility of Taiwan being used as a base for foreign superpowers and prevent Taiwan's independence, while at the same time greatly strengthen the PRC's geopolitical power in East Asia. Further, it can be regarded as a victory of Deng Xiaoping's theory of modern China's reform and appease conservative critics from inside the party. From Beijing's view, this proposal is workable because of several common grounds between the mainland and Taiwan. As PRC's analyst Li Jiaquan of Beijing's Taiwan Research Institute pointed out in his Beijing Review article of February 3, 1986, these common grounds include the following points. Both the CCP and the KMT, as well as the people on both sides of the Taiwan Strait, agree that there is only one China; and both the CCP and the KMT oppose Taiwan's independence. Both the mainland and Taiwan have given priority to economic development; and a close relationship between the mainland and Taiwan will benefit both economically. Historically, the mainland and Taiwan have had close ties and "the two shared a common destiny". And more than 98 percent of Taiwan's residents are originally from the mainland and are Chinese. In addition to speaking a common language, the people on both sides of the Taiwan Strait have inherited the same culture and way of life. Besides, this model will also bring some benefits for Taiwan. For example, it may eliminate the mainland's possibility of using force against Taiwan; it will help the KMT and some

Chinese nationalistic elements on Taiwan prevent political domination by Taiwanese in the future; what's more, it will further promote Taiwan's economic development.

To the PRC, this model of "one country, two systems" brings it all the gains. The only cost, if any, will be that Taiwan's political, economic, and social systems will also have strong impacts on the mainland after unification. These impacts, which worry the CCP, may help to undermine the CCP's authoritarian rule, and in the long run, make its rule unstable. However, as in the case with HK, the CCP can take some measures to avoid such negative effects. And since the gains obviously outweigh the cost, the PRC is very assertive in pursuing reunification under this model.

But this proposal has been totally unacceptable to and therefore rejected by the KMT – led Taiwan authorities from the very beginning when it was initiated in the mid 1980s. Now, in the late 90s, it is even more unacceptable to Taiwan. First, there have been many changes inside Taiwan that change the situation from what it was when the proposal was first made. As we have noted previously, the independence movement in Taiwan is growing stronger and has a larger number of supporters, compared with that of the past decades. The DPP is no longer persecuted and has become a legal opposition party, while Taiwan has achieved democratization and the government is not simply the voice of the KMT. Also, the KMT has now split into two factions, with the smaller one forming the CNP -- an even stronger supporter for reunification on the CCP's proposed terms. However, the CNP is less influential than either the DPP or the mainstream KMT, which is led by Lee Deng – hui. As a result of compromises with diverse interest groups, the mainstream KMT has maintained a middle position, with light shifts toward the DPP when the DPP gives up some of its extreme stands toward the KMT. The public majority

seems to stay with the KMT, seeking neither immediate independence nor reunification. These changes actually make the CCP's proposal somewhat unrealistic and hence unworkable. Second, the Taiwan authorities, mainly composed of the KMT, also reject the proposal because it is against their primary position that has existed for decades. The PRC's proposal would make Taiwan into a local government, inferior in status to the central government in Beijing. This is unacceptable to Taipei and makes it even reject proposals like direct talks with Beijing. Accepting this proposal would mean that Taiwan had to give up Sun Yat-sen's hope for a united China under a democratic regime. From Taipei's viewpoint, reuniting with the PRC would turn Taiwan's fate over to the CCP, which may not keep its words, no matter whatever assurances Beijing might give. And the mainland's systems and problems would surely affect the future of Taiwan. In addition, reuniting with the mainland might also exacerbate latent tensions between the Taiwanese and mainlanders and further alienate those KMT members who are firmly opposed to negotiations and reuniting with the CCP. The coming result might be chaos and disorder in Taiwan, which the authorities and the people do not want. Therefore, to the authorities in Taiwan, reunification under the PRC's terms will bring higher costs than benefits and surely be unacceptable.

So far, there are no signs that the KMT is going to change its stance and move toward the PRC's "one country, two systems" proposal. And neither are there any signs to show that the PRC has any effective means to make the KMT accept this proposal. Thus, as a conclusion, we can say that it is only one of the alternatives, but does not have a high possibility of fulfillment in the foreseeable future.

**Under Taipei's Terms.** The second alternative is reunification under Taipei's proposal. As we have noted earlier, that since the phase of direct confrontation and hostility, Taipei has been insisting that reunification be made under Dr. Sun Yat – sen's "three democratic principles of the people". By the end of the 80s, in response to Beijing's "one country, two systems" proposal, the KMT in Taiwan initiated a "one country, two governments" policy as its main framework for reunification. Taking a closer look, we can find that this policy in fact seems to suggest a dedication to the perpetuation of the status quo, rather than a commitment to reunification under Dr. Sun's principles. This is because after 40 years of actual separation and changes, when the "recovery of the mainland" or reunification with the mainland has become a "distant goal", to Taipei, the key policy imperative is to secure Taiwan's future in the interim. And under the "one country, two governments" proposal, the government in Taiwan would be regarded as a legitimate government of China and be as equal as Beijing. In a certain sense, this formula is like the practice in the case of the two Germanies (before their reunion) and the two Koreas, all of which are recognized by many countries, the international society and the UN. In other words, this is a demand for "dual recognition" by the diplomatic world. Today, Taiwan not only takes this policy as a guideline for reunification, but also makes it a precondition for official talks with the PRC.

Therefore, to Taiwan, the benefits of this proposal are obvious. It may be used as a tool to test reaction in Beijing to see if it would be prepared to nudge forward from "one country, two systems" to recognizing the existence of two separate but equal political regimes, with each implicitly or explicitly recognizing the other. Indeed, it may change people's old image about the KMT's passiveness in promoting the reunification of the

nation and show its sincerity and initiative, at least on the surface, so as to calm down calls for reunification from inside the KMT or CNP by old mainlanders. At the same time, since this proposal suggests the legitimacy of the Taiwan government to both the PRC and the outside world, it is in fact creating a legally independent status for Taiwan and would calm down demands from the DPP and the independence movement. Of course, by keeping a balance, the KMT would easily survive and get the most votes in its competition with the opposition parties. And the cost resulting from this proposal would be less to Taiwan than other alternatives.

Whether Taipei's approach of "one country, two governments" can succeed largely depends on whether the CCP is willing to make a concession to renounce its claims over Taiwan's sovereignty. However, this is most unlikely to happen. In fact, from the PRC's view, this proposal has no difference from "two Chinas" or "one China, one Taiwan", which the CCP has been strongly against. To make such a concession would mean supporting the separation of Taiwan from the mainland or losing Taiwan. And in Chinese history or tradition, separatists are always regarded as traitors. Such a sense can be recalled from the 1979 "Message to Compatriots on Taiwan", which stated "Who among the descendants of the Yellow Emperor wishes to go down in history as a traitor?"<sup>1</sup> So, if such a concession occurred, the legitimacy of the CCP in governing the PRC would be severely damaged and weakened. No one in the current leadership of the PRC would dare to move this far. Also, since the Taiwan issue has been regarded as a "problem left over from history",<sup>2</sup> and everyone has realized the difficulties in solving it in a short period, the current leadership may have no compelling urgency to complete this task of reunification in their term or during their lifetimes. And like the KMT, they seem



ready to take a long view, as the former Premier Zhou En-lai said two decades ago: “maybe it needs a long time, let’s say ten years, twenty years, or half a century or more; but we can wait, as long as a final peaceful reunification can be reached.” Besides, for those who fought in the civil war, making such a concession to the KMT would also mean their defeat in the “last battle” of the civil war. These people today either still hold important positions or maintain strong influence in the government. And it is unlikely that they will agree to make a big concession to the KMT and renounce sovereignty over Taiwan.

In addition, there is another condition which may determine whether Taipei’s approach can succeed; a new government may emerge in Mainland China that would welcome the KMT back based on some version of Dr. Sun Yat-sen’s three principles. In the past, during the period of rule by the two Chiangs, the Taiwan government strangely and ridiculously believed that in the mainland there existed some anti-communism forces which might one day overthrow the ruling CCP and accept the return of the KMT to power. But in reality, this could never happen, not even after the death of the junior Chiang in the late 1980s. The government has had to give up its policy of “recovery of the mainland” because the illusion never becomes reality. However, such an illusion has never died out. After 1990, it had some revival due to the students’ democratic movement in 1989 and the fall of communism in Eastern Europe and the former Soviet Union. Taipei viewed the movement as a people’s rebellion against the CCP’s authoritarian rule and a demand for a totally new democratic society. Its official spokesmen even went further, predicting the imminent collapse of the CCP government and the reunification of China on democratic principles before the year 2000.<sup>3</sup> But again, the reality is quite

different from such perceptions. On the mainland, there not only does not exist any opposition party strong enough to challenge the ruling of the CCP, but also, no ground exists to support an open opposition force, even though the communists may seem to have “lost the mandate of heaven”. A closer examination of the 1989 student movement shows that they did not seek to overthrow the government and create a new one. What they originally demanded was that the government should take measures to cure social problems such as corruption, etc. and increase the transparency of the political process. If achieved, this would in fact help the government increase its legitimacy. Moreover, the students have been brought up in an education system where the unity of the Chinese nation is drummed into them. They labeled their activities as “patriotic”, and their movement was inspired by patriotism as much as democracy. While the KMT’s historical record on the mainland, and its inability to separate itself from the past, make strong support for the KMT “unpatriotic”, how could the students be expected to overthrow the CCP and invite the KMT to come back? Of course, this not to say such a situation could not happen at all. Along with the mainland’s reforms going both broader and deeper, there exists the chance of a systematic change in the mainland in the future. But whether this would – be change could bring a total political change or the downfall of the CCP is quite questionable. In addition, even if possible, it is still questionable whether the KMT would be welcome back. Since at present it is clearly shown that the CCP still strongly holds its legitimacy and rule, plus the complexity of the Taiwan issue, the possibility for the above scenario in the foreseeable future is rather low, if not impossible.

**Unification by Force.** The above two alternatives imply a peaceful reunification. However, there also exists a third option --- the possibility of unification by means of

force. Since it is highly impossible today for the ROC to launch an attack against the PRC for recovery of the mainland, we will only focus on the potential of an attack initiated by the PRC against Taiwan to achieve reunification.

Though the PRC has always promised to seek a peaceful reunification of Taiwan with the mainland, it has never renounced its military choice, which causes much fear and concern among the people of Taiwan. However, the CCP has also stated that it would not use force except under certain conditions that make it feel obliged to resort to force; in addition, military force would not be against the Taiwan people, but the Taiwan authorities. These conditions include: first, if Taiwan declares itself independent; second, if there is a serious civil disturbance on Taiwan, followed by foreign intervention; third, if there is a military alliance between Taiwan and China's enemies; fourth, if Taiwan develops nuclear weaponry; fifth, if any country adopts a "two Chinas" policy to an extent unbearable to Beijing and which threatens the stability of the Taiwan Strait or the security of the Chinese mainland; sixth, if the mainland's military capability is great enough to take over Taiwan regardless of whether the US intervened or not; and last, if peaceful reunification is frustrated.<sup>4</sup>

In the 90s, along with the global changes and internal developments, most of the supposed conditions listed above no longer exist and are unlikely to happen. For example, the dismantling of the former Soviet Union and the improvement of Sino-Russian relations make it impossible for Taiwan to enter into a military alliance with it. The US and most other nations declare that they would not interfere in the Taiwan issue while they recognize the PRC as the only legitimate government of China on the one hand and maintain an unofficial link with Taiwan on the other hand. In other words, it is

highly unlikely that outside forces would establish an alliance with Taiwan or adopt an official “two China” policy. In addition, China’s growing economy and power will also be a constraint against such actions. Furthermore, China is now trying to maintain a good relations with both its neighbors and other main global players. Taiwan’s economic growth and political democratization will ensure that Taiwan continues its internal stability and prosperity instead of turmoil in the near future, thus eliminating the possibility of foreign intervention. Since the US has a strong commitment to Taiwan’s security, there is no need for Taiwan to develop nuclear weaponry, unless the US wants Taiwan to do so. But in this case, the stability of the whole East Asia will be in danger, not only security across the Taiwan Strait. Also, history shows that the mainland’s past attempts to take over Taiwan by force have been prevented by the US 7<sup>th</sup> fleet and other military assistance. Today, while China’s backwardness in military technology can not ensure a victory, plus the continuing existence of US commitment, the PRC will not easily choose the military resort of its own will. So, currently, the possibilities of the mainland’s military option will depend on the development of Taiwan’s independence movement and hopes for a peaceful reunification.

Actually, the development of Taiwan’s independence movement is interrelated with the hope for a peaceful reunification. Every step forward of the independence movement or the DPP will reduce the CCP’s hope for reunification, and hence increase chances for an armed attack from the mainland. The 1996 Taiwan crisis during the presidential election was a good example of such interrelations. As the process of political democratization on the islands has been completed, marked by the 1996 election, there now exist quite a few diverse variables determining Taiwan’s future political

development. These variables are hard to control and predict, though they will also be influenced by outside factors such as the US policies toward and pressures against Taiwan, etc. Therefore, at the turn of the century, the complexity and unpredictability of Taiwan's internal political moves will garner the attention of both the PRC and other major players like the US and will also put security and stability across the Strait at risk.

Of course, the CCP will be very cautious before it chooses to use force against Taiwan, and Taiwan will be very cautious in not infuriating the CCP and inviting an attack from it, because such a decision would be very destructive to both sides of the Straits. To the PRC, the military resort would hurt its reputation internationally, and cause greater hatred from Taiwan's people. Economic and other ties would be destroyed and result in great loss. The war would be very costly, both in terms of money and human resources. In a time when economic development and peaceful environment are preferred, it is quite questionable whether putting a huge sum of money onto a war would gain broad public support, as it can be expected that the PLA would be faced with a strong defense from Taiwan. Indeed, it is hard to say whether the PLA could win the war or how long it would take for it to win. Since what the US would do in such a case is still unknown, it is even harder to predict the final result. If the PLA failed, then political stability inside the mainland would also be disturbed and the CCP's rule and legitimacy would be challenged. In short, the cost of the military choice is so high to the CCP that it can only be its last resort in seeking reunification.

However, the high cost will not eventually stop the PRC from a military action once one of the above conditions occurs. This is because the occurrence of any one of the above conditions will finally lead to a permanent separation of Taiwan from the

mainland, a problem that is traditionally the most serious and sensitive among all nationalities of China. No one in China or no Chinese government dares to bear the infamous name of “traitor of the nation”. This has been true throughout thousands of years in Chinese history, and is still true today in the 90s. Furthermore, the separation of Taiwan would definitely cause trouble to the CCP’s rule in some of China’s frontier provinces, such as Tibet and Xinjiang, where non-Hans are a major part of the population and separatism is growing. As stated by the PRC government, “The Taiwan question bears on the sovereignty and territorial integrity of China and the national feelings of the Chinese people. There is no room for the Chinese government to compromise on the issue of Taiwan.”<sup>5</sup> The maintaining of the nation’s sovereignty and territorial integrity takes the highest priority among other goals and will bring legitimacy to the CCP, at least among China’s Han nationality, which is 96 percent of the more than 1.2 billion population on the mainland. And this is the biggest benefit that the CCP can gain from the military resort, once the hope of reunification is in danger. Compared with the cost, the benefit is still higher, and a military choice remains worthwhile to the leadership in Beijing, even if it might cause a direct confrontation between the US and the PRC. Therefore, it is no wonder that the late Deng once stated that nothing could stop the PRC’s pursuit for reunification and that the CCP was determined to realize this goal “at any price”.

Some people may argue that the PRC leaders’ repeated remarks and the PLA’s military exercises near the Taiwan Straits are only a part of the government’s propaganda aiming at preventing Taiwan from declaring independence or stopping foreign interference. However, as a Chinese living in Chinese culture and tradition for nearly 30

years and receiving most of his education from the PRC, the author insists that they can be used not only as a part of the propaganda, but that they are much more than merely propaganda. In conclusion, the author believes that there is a high possibility of the resolution of the Taiwan issue through military means if any one of the above conditions occurs and all other means have obviously been in vain. At the same time, as we have noted, since the Taiwan issue is “left from the history” and the CCP has no compelling reasons to complete the task of reunification immediately, we should not expect a large military conflict to occur easily in the future.

### **The Total Independence of Taiwan as a Separate Nation**

During the last two decades, there has been a steady growth of the independence movement in Taiwan, and this garners the attention of both Beijing and Taipei, as well as the US and Japan, etc. In the 90s, demands for independence are represented by the DPP, which has become the main opposition party competing with the KMT for control of the government, as shown in the 1996 presidential election and later voting for executive positions and representations at the local level. Though the strength of the DPP is increasing, the possibility of Taiwan declaring itself independent in the near future is still very low for several reasons.

First, the declaration of independence would require an act to decide on self-determination, which is improbable in Taiwan in the near future. At the moment, there are diverse voices inside Taiwan regarding its future, and the DPP is only one of them, and it does not have majority support. The majority of public opinion remains with the mainstream KMT, which stands in the middle between support for reunification or

independence. Such a situation will not abruptly change in the near future, because a big shift toward any of the extremes would bring losses to important groups of people.

Economically, a declaration of independence would cut off Taiwan's commercial links with the mainland and cause its people to lose their economic benefits from their contacts with the mainland. Politically, the declaration would mean the government would have to totally give up the three principles of Dr. Sun, and the KMT would then split apart, with its influence being further reduced. Moreover, since the PRC does not renounce its use of force to achieve reunification, both the people and the government in Taiwan would have to consider possible impacts from a declaration of independence that might cause a military attack against them. So, even if some people may have a tendency to vote for independence, they are not likely do so. And therefore, popular support can be deterred by the PRC's repeated statements about using "last resort", thereby preventing any hope for a majority vote for independence.

Second, a declaration of independence would also require recognition from the international community, or at least support from the world's major powers and organizations, such as the US, UN, etc. Otherwise, independence would be no more than an illusion. Therefore, the attitudes of other players of the world will also be important in deciding Taiwan's future. As most of the countries and global or regional organizations are unwilling to become involved in the Taiwan issue and will keep good relationships with the PRC, it is unlikely that they will publicly support the independence movement in Taiwan. For example, Taipei promised to donate \$2 billion to the UN under the condition that it be accepted into the UN General Assembly.<sup>6</sup> But this generous offer has been refused, even though the UN has always had a serious financial problem. As for the US,



officially, Washington has long declared that it did not want to be involved into the Taiwan issue and that it would not support the “two Chinas” or “one China, one Taiwan” stance. Of course, Taiwan has kept strong ties with some of the US policy makers and has maintained great influence through lobbying groups in Washington. But the US, in order to protect its own interests, is unlikely to support Taiwan’s independence. From the US perspective, Taiwan’s independence is not essential to American interests. So long as Taiwan is under the shadow of the mainland, the US can best promote its interests and continue to keep its military presence in the Taiwan Strait area. However, if Taiwan declared its independence, then the US would lose its master card in dealing with the PRC. Moreover, as an independent state, Taiwan would not necessarily always agree with the US, and the US might lose important resources in East Asia. In addition, if the US supported Taiwan’s independence, it would unavoidably go into conflict with the PRC, and that would hurt them both while benefiting Japan. Such a possible result would not be consistent with the US strategic interests in the Asia – Pacific region.

Third, if Taiwan wants to declare its independence, it must make itself well prepared to win the fight against the PRC. Since the US commitment to Taiwan’s security does not clearly show whether it includes the situation of independence or not, the ambiguity actually puts both the PRC and Taiwan in the dark, not knowing what the US would do. And as our analysis shows that the US is unlikely to support its independence, Taiwan then must rely on itself for defense. Though currently Taiwan is much more advanced than the PRC in military technology and equipment, in the long run, it is questionable whether its superiority can last, because the PRC is catching up and modernizing its military forces, not to mention its huge resources and personnel.

Therefore, though it will not be easy for the PRC to win the war, it will be even more difficult for Taiwan to win. In addition, Taiwan may become extremely vulnerable to an economic military blockade, both by air and sea. So, regardless of military preparedness, Taiwan is unlikely to become an independent nation in the foreseeable future.

However, some scholars argue that domestic developments inside the mainland might provide an opportunity for Taiwan to get independence. This opportunity may come true only if Beijing loses its control and Mainland China splits into several smaller states, independent from the former central government, similar to what happened in the former Soviet Union. Under this situation, Taiwan would have a legal reason to become independent, as would other provinces. However, according to my view, the chance for such a situation to happen on the mainland is nearly zero. China is quite different from the former Soviet Union, and the CCP still preserves its legitimacy and rule quite firmly, with a considerable amount of support from the masses. It is true that the central government has some difficulties in controlling local governments, especially in terms of financial revenue, etc., and there is an obvious disparity in regional development. But politically, local governments speak with the same voice as the central government in maintaining the leadership of the CCP. Besides, the military power of the nation is firmly controlled in the hands of loyalists to the central government. So, there is no solid ground for China to split into several smaller states in the near future, though in the current situation it is difficult for Beijing to control the provinces as strictly as before. Nonetheless, future political evolution inside the mainland will scarcely leave any room for Taiwan to gain an independent status.

In conclusion, we can say that there exists the possibility for Taiwan to become a separate but independent state; however, such a possibility may not materialize in the foreseeable future because both internal interactions and external factors will reduce such a possibility to an extremely low level.

### **Taiwan's De Facto Independence Together with a Strong Trend Towards a Final Peaceful Reunification**

Besides the final reunification or total independence, there is also another alternative -- a de facto independence status for Taiwan from now until any significant breakthrough can happen and lead to a final resolution. In other words, this alternative is actually the preservation of the current situation for a rather long period of time, without any abrupt shift toward either extreme.

Over nearly half a century, the separation of Taiwan from the mainland has become a historical fact. Dominated by the KMT, the authorities in Taiwan have been governing the islands with legitimacy supported by the majority of the people. Independent from Beijing's control, Taiwan has not only survived both economically and politically, but also managed to create an economic miracle and political democratization that generate a favorable international reputation. Though most international organizations and states only recognize the PRC as the only legal government of China, nevertheless, they hold unofficial offices in and ties with Taiwan and sometimes even go beyond the "unofficial" limit by paying official visits. In addition, because of economic interests, about 20 small countries in the world still recognize Taiwan (the ROC) instead of the PRC as the only legitimate government of China.<sup>7</sup> And they now and then demand

that international organizations such as the UN grant full membership status to Taipei. These unofficial practices and limited formal recognition actually show an acceptance of Taiwan's de facto independent status.

With its rapidly developing export – oriented economy, Taiwan has become an important trading partner and source of investment capital to many countries. In 1996, Taiwan's exports were \$93 billion while its imports were \$85.1 billion.<sup>8</sup> The economic significance of Taiwan either regionally, as in Southeast Asia, or globally, helps to create mutual benefits for both Taiwan and the countries in the Pacific Rim. These countries can best preserve these economic benefits by keeping as close as possible ties with Taiwan while not infuriating the PRC and thereby losing the mainland's huge market. Politically, either Taiwan's independence or final reunification with the mainland would disturb the current balance and bring unexpected impacts, which would force other countries to readjust their policies and practices. They would either face a greater China, which may be perceived posing a threat to them, lose a bargaining chip in dealing with the PRC, or have to make a hard choice between supporting the PRC or an independent Taiwan. This may be true especially for the US, Japan, and the Southeast Asian nations. So, for them, the current situation may best serve their interests, and they have no strong incentives to encourage either or both sides to change the status quo. Rather, they would seek to influence both sides not to move too radically or disturb the current balance.

For the CCP on the mainland, as we have discussed earlier, the Taiwan issue has been regarded as a "problem left by the history", and they have no compelling reason to settle it in a very short time, though officially the government looks forward to an early solution to it. Further, a "problem left by the history" which could not have been solved

for over half a century cannot be solved in the future in a short period of time. In the late 90s and early next century, the PRC has decided to deepen its economic reforms and continue its “open door” policy, as shown by the PRC’s plan for the year 2010, which was made during the PRC’s 15<sup>th</sup> Congress in 1996. Following this general principle, the PRC would prefer peaceful circumstances for its economic development, at least in the next 20 years, which means any tensions or conflicts across the Strait would be undesirable. Besides, over the past 20 years of reform and contacts with Taiwan economically, an economic interdependence has been formed greatly benefiting the mainland and Taiwan, and both sides would hate to lose it. While it is true that Beijing would like to promote the evolution of the Taiwan issue towards reunification, if this is impossible in the foreseeable future, Beijing would prefer to keep the Taiwan issue as it is, so that it could at least continue its economic gains and prevent Taiwan from moving in the opposite direction. Of course, the internal development of Taiwan is determined by many variables beyond outsiders’ control. But, these variables will meet lots of internal and external constraints. No matter what developments occur, as long as Taiwan does not publicly replace its one China policy with one “China, one Taiwan” or “two Chinas”, the PRC will not be forced to use the military option against it, but will instead seek continued contacts with Taiwan under the long term goal of final reunification.

For Taiwan, since it still has to keep its “one China” policy and can not become a de facto or de jure independent state in the 90s, its best interest is to maintain its ties with the mainland so as to pursue economic gains. Taiwan’s experience in the past decades shows that its economic development is essential to its survival in the international society. Today, this is still true. Its future economic achievements and integration with

the PRC and the world might create conditions advantageous for the emergence of some form of de jure independence. The mainland's abundance of both natural resources and cheap labor mean that closer ties with the PRC offer Taiwan a chance to continue its rapid growth into the 21<sup>st</sup> century. Considering its heavy dependence on trade, Taipei must at least talk as if it is interested in reunification so that its benefits from ties with the mainland might not be cut off, though in fact it would like to move toward independence. Because it is impossible for Taiwan to get an independent status in the near future, the best thing for it to do is to keep the current situation, one in which it can gain the most benefits. This is especially so when the leadership in Beijing is willing to turn a blind eye to Taiwan's existence as a de facto independent state, so long as it does not push too openly for recognition.

Therefore, in conclusion, we can see that Taiwan's current practice as a de facto independent entity is acceptable to not only the outside players but also Beijing and Taipei. As long as no breakthrough happens in the foreseeable future, such as a great concession on the part of the PRC, or Taiwan's official statement of independence, etc., there will be no need for any party to eagerly change a situation which best serves their interests. But, this situation can not last forever, and someday there will be a final settlement in the far future. For us to look into the far future will be difficult because of its complexity and unpredictability. Nonetheless, we can still have some expectations about trends over the long run based on the current situation. As peace and development have become the global trend in the post – Cold War era, all parties have also stated that they would prefer a peaceful resolution for the Taiwan issue. For both Beijing and Taipei, the final reunification is still their long term goal, at least in their official statements,

which they cannot give up in the short run. This goal not only fits their political needs, but also encourages the nationalism and patriotic feelings, especially on the part of the mainland. At the turn of the century, as the world's competition moves into the economic field, both Taiwan and the mainland see great benefits in deepening and broadening contacts with the other side. Growing economic interdependence works together with other links between people across the Strait as a strong force in preserving a hope among people for reunification. This force also makes it impossible for the two sides to return to previous tensions and confrontations, which might be caused by Taipei's declaration of independence or Beijing's military attack. Reinforced with governmental political dynamics and needs, they serve to protect the process of evolution toward a final reunification. Thus, it is quite possible that the future evolution of cross – Strait relationships will be a silent recognition of Taiwan's de facto independent status, especially in the economic field, with a strong trend toward a peaceful final reunification, and further contacts with the other side.

## **CHAPTER FIVE**

### **CONCLUSIONS**

Our historical review of the formation of the Taiwan issue shows that first of all, it was a result of the Chinese civil war during the first half of the 20<sup>th</sup> century. However, it might have been solved by force decades ago if the US had not sent the 7<sup>th</sup> fleet to the Taiwan Strait and prevented the PRC's attempts to take over Taiwan by force. So, from the very beginning, the issue has involved both the two parties across the Strait as well as the outside players, mainly the US. Heavily affected by both the internal and external changes, the evolution of the Taiwan issue has become the core of the cross – Straits relations and one of the main focuses of Sino – US relations throughout the years. As an overall viewpoint, we can say for sure that any final resolution of the issue in the future will necessarily require cooperative efforts from all the three of them. Though it is hard at present to predict what impacts the interactions of the three parties will have on the future evolution of the Taiwan issue, the past evolution and current development still can give us some hints.

#### **Correlation with the Global Trend Toward Peace and Development**

Our description of the Taiwan issue during and after the Cold War enlightens us not only about historical roots, but also about a correlation with global strategic circumstances and trends. China's participation in the Korean War in the early 50s deepened US fear of the expansion of communism. In return, the US military entry into the Taiwan Strait brought Taiwan under its umbrella of protection and became a major



constraint on any of the PRC's attempted attacks against Taiwan up to the present. During the earlier stages of the Cold War, the great tensions between the East and the West further separated the two sides from each other, with each of them aligned with either the East or the West camp respectively. Thus, following the general pattern of the Cold War, the cross – Straits relations experienced the stages of hostility, military confrontation, and stalemate. By the late 60s and early 70s, the problems of the socialist camp and the split in Sino – Soviet relations made possible a big triangular relationship between the US, USSR, and the PRC, leading to a big breakthrough in US–PRC relations in 1971-72, which was marked by President Nixon's visit to Beijing and the Shanghai Joint Communiqué. Following the breakthrough and the normalization of Sino - US relations, the Taiwan issue entered into a new stage characterized by reduced hostility and eased tensions. While the KMT in Taiwan informally gave up its attempts to recover the mainland, the CCP on the mainland promised to use peaceful means toward reunification, though without renouncing the military option. At this point, overall cross – Straits relations were experiencing reduced tensions and witnessing some contacts between people on both sides, while the East – West confrontation was moving toward relaxation. Since the 1980s, especially the late 80s, great changes occurred in Eastern Europe and the former Soviet Union. And around the turn of the last decade, the Berlin Wall suddenly collapsed, the socialist camp was thoroughly dismantled, and the Cold War was over. Along with these abrupt changes, the previous confrontation between the East and the West disappeared and international peace and development became the mainstream of global trends. This general framework has reinforced internal changes in both Taiwan and the PRC and resulted in a further evolution of the Taiwan issue. While

primary positions remain unchanged, both sides have readjusted their policies towards each other. As a result, the cross–Straits relations are better than at anytime in the past and both sides appear to be making positive efforts toward a final solution. Of course, the differences are far from being solved and can sometimes even cause a new round of tension and confrontation. However, when such instances have occurred, efforts from the international community have helped the two sides to solve their conflicts. So, in conclusion, I strongly believe that there is a correlation between the Taiwan issue and the global circumstance in terms of their moving towards relaxation and peace.

### **Coexistence of Positive and Negative Factors Toward a Peaceful Settlement**

The Taiwan issue also has its own features that make it unique in its evolution. Mostly, these features can be accounted for by internal factors which are related to Chinese history, culture, society, political thinking, and economic developments, etc. During its early stages, the evolution of the issue was more related to the two sides' political goals and ideologies than economic and social considerations. Since the late 70s and 80s, when economic developments began to take priority in both societies, the two sides have changed their policies and gradually loosened their restriction on mutual contacts, both in the economic and cultural fields. Though their purposes for encouraging these contacts are quite different and rather controversial, the result has been greater interdependence. Both the PRC and Taiwan have benefited greatly from the new relations. While Beijing worries that they may lead to greater political demands for liberalization and freedom on the mainland, Taipei fears that they may put Taiwan into a vulnerable position. However, since economic priorities and gains presently outweigh

political and other concerns, both sides are willing to continue their support for closer contacts in the social, cultural, and economic fields. These closer contacts and resulting interdependence not only hold the hope for reunification but also keep the evolution of the Taiwan issue in a peaceful manner and make it difficult for the two sides to go back to hostility and confrontation.

However, in spite of such a favorable trend toward final reunification or a peaceful settlement, there are also disturbing factors on both sides. On the part of the PRC, its unwillingness to renounce the military resort places pressure on Taiwan and raises fears amongst its people. On the part of Taiwan, its refusal of political talks and official contacts make it hard to have any real progress at the official level and has in fact temporarily stopped the possibility of solving the Taiwan issue. In addition, Taiwan's political democratization, culminating in its presidential election, makes Beijing not only feel that the gap between Taiwan and the PRC is growing larger, but that final reunification under its terms is unlikely to occur. What is more, the independence movement, led by the DPP, is picking up speed, making it extremely difficult to predict the future of Taiwan's internal politics. These developments upset Beijing and may contribute to tensions across the Strait in the future, as shown in the 1996 crisis. And as I see it, this independence movement in Taiwan will become one of the major focuses of the cross-Straits relations and major barriers toward peaceful reunification.

### **The Most Likely Alternative in the Future**

The coexistence of various negative and positive factors toward peaceful settlement of the Taiwan issue makes future developments less predictable. Through our

previous analysis and comparison of future alternatives, we can see that each of them is possible and may have a chance to become true in the long run. However, since both final reunification and total independence are at the two ends of the spectrum and require many preconditions, I think the opportunities for them to come true in the near future are minimal, especially when neither Beijing nor Taipei is willing to make great concessions at the current stage. The future evolution of the Taiwan issue, according to my view, will more likely fall somewhere in the middle between the two extremes. That is to say, a gradual compromise from the two sides will emerge, which is what happened in earlier decades. This compromise will be based on both Beijing's and Taipei's acceptance of the current situation. The effects of the compromise will, on the one hand, encourage further economic and cultural contacts across the Strait, and on the other hand, keep Taiwan's political separation from the PRC in its current status, without a sudden shift toward an official declaration of independence. In the long run, when the economic benefits from interdependence take even greater priority over other concerns, in a stable but economically competitive world, a demand for a peaceful settlement of the Taiwan issue will increase and result in a possible final reunification.

As a final conclusion to this thesis, I insist that in the foreseeable future, there will be no great breakthrough in PRC–Taiwan relationships. Neither will there be a final reunification between Taiwan and Mainland China or an official declaration of Taiwan's independence. And the most logical future resolution of the Taiwan issue will be the recognition of Taiwan's de facto independence but without de jure status in the short run, with a strong trend towards a peaceful reunification in the long run. Of course, we cannot exclude all the other alternatives that are still possible, depending on unforeseen

developments. In addition, because of the complexity of the Taiwan issue and the unpredictability of the various variables affecting it, we actually can not be so sure what the future will bring. Besides, even if there is a final reunification, I think it will not occur in the near future, but in the next or following generations, as a result of efforts from both the PRC and Taiwan and the international community.

## NOTES

### CHAPTER ONE

1. The three joint Communiqués and various unilateral statements are available in Harding, A Fragile Relationship, pp. 373-390.

2. See Martin Lasater, Policy in Evolution, p.31. For the detailed content of the TRA of 1979, refer to 22 U.S.C. Pub. L. No. 96-98, 93 stat. 14. 3301-3316 (Supp. III. 1979).

3. See Martin Lasater, Policy in Evolution, p.106; and Ralph Clough, Reaching Across the Taiwan Strait, pp.9-12.

4. See Ralph Clough, Reaching Across the Taiwan Strait, pp. 13-15.

5. All the relating statements are edited in “A Study of a Possible Communist Attack on Taiwan” by the Government Information Office of the ROC, in 1991.

6. This term is used as a subtitle in Ralph Clough’s book Reaching Across the Taiwan Strait: People-to-People Diplomacy.

7. Global Review: China, 7th edition (1997), by Suzanne Ogden, p.50.

8. See Simon Long, Taiwan: China’s Last Frontier, pp.182-183.

9. From “The Origin of the Taiwan Question” issued by the State Council of the PRC in 1992.

10. See Simon Long, Taiwan: China’s Last Frontier, p.142.

11. For a detailed illustration, refer to Simon Long, Taiwan: China’s Last Frontier, pp.66-72.

12. For a detailed illustration, refer to John Garver, Face Off: China, the United States, and Taiwan's Democratization, pp.19-20.

13. See Chen Min-jun, Zhazheng yu Heping: Jiexi Meiguo Dui Hua Zhengce War and Peace: An Analysis to the US China Policy, pp.435-436.

## CHAPTER TWO

1. See Suzanne Ogden, Global Studies: China, 7th edition (1997), pp.48-49.

2. See Martin Lasater, Policy in Evolution: The U.S. Role in China's Reunification, p.12.

3. American Foreign Policy 1950-55, Basic Documents II, Washington D.C., GPO (1957), p.2467.

4. From "The Origin of Taiwan Question" issued by the State Council of the PRC, 1992.

5. Inferred from "The Taiwan Question and Reunification of China" (White Paper on the Taiwan Question), issued by the Taiwan Affairs Office & Information Office, State Council of the PRC, in August 1993.

6. See Simon Long, Taiwan: China's Last Frontier, pp.121-122.

7. Ibid., p.119.

8. An illustration is made in Policy in Evolution: The U.S. Role in China's Reunification by Martin Lasater, p.22.

9. From the Joint Communiques.

10. Ibid.

11. See Martin Lasatin, Policy in Evolution: The U.S. Role in China's Reunification, pp.102-103.
12. Ibid., pp.103-106. Also see Zong Shao, Dalu Zhengce yu Liangan Guanxi (1996).
13. See Martin Lasater, Policy in Evolution: The U.S. Role in China's Reunification, p.103.
14. From Ralph Clough, Reaching Across the Strait: People-to-People Diplomacy, p.13.
15. See Zong Shao, Dalu Zhengce yu Liangan Guanxi; also see Martin Lasater, Policy in Evolution: The U.S. Role in China's Reunification, pp.113-115.
16. Martin Lasater, Policy in Evolution: The U.S. Role in China's Reunification, p.123.
17. Ibid.
18. Ibid., p.125.
19. Ibid., p.126.
20. Ibid.
21. See Simon Long, Taiwan: China's Last Frontier, pp.206-209.
22. From Ralph Clough, Reaching Across the Strait: People-to-People Diplomacy, p.14.
23. From the Joint Communiques.
24. Ibid.
25. Ibid.



26. See J.W. Wheeler, Chinese Divide: Evolving Relations between Taiwan and Mainland China, pp.14-15.

### CHAPTER THREE

1. See Chen Min-jun, Zhazheng yu Heping: Jiexi Meiguo dui Hua Zhengce, p.409; also see “The Origin of the Taiwan Question” issued by the State Council of the PRC (August 1992).

2. See Chen Min-jun, Zhazheng yu Heping: Jiexi Meiguo dui Hua Zhengce, p.441.

3. Quoted from John R. Faust, “Security in Euro-Atlantic and Asia-Pacific,” The Journal of East Asian Affairs, Volume XII, No. 1 (Winter/Spring 1998), p.83.

4. Refer to Ralph Clough, Reaching Across the Taiwan Strait: People-to-People Diplomacy.

5. See J.W. Wheeler, Chinese Divide: Evolving Relations between Taiwan and Mainland China, pp.14-16.

6. Ibid., p.110.

7. Ibid.

8. See Simon Long, Taiwan: China’s Last Frontier, pp.239-242.

9. See Chen Min-jun, Zhazheng yu Heping: Jiexi Meiguo Dui Hua Zhengce, pp.476-480; also see John Garver, Face Off: China, the United States, and Taiwan’s Democratization.

10. From Suzamme, Global Studies: China, 7th edition, (1997), p.49.

11. See Ralph Clough, Reaching Across the Taiwan Strait: People-to-People Diplomacy, p.55.
12. From Congressional Quarterly Research, “Taiwan, China, and the U.S. – how will Taipei-Beijing relations affect the U.S.?” May 24, 1996. Volume 6, No. 20. pp.457-480.
13. From Japanecho, Oct. 1997, p.20, Website: <http://www.japanecho.co.jp>
14. See John Garver, Face Off: China, the United States, and Taiwan’s Democratization, p.154; also see Chen Min-jun, Zhanzheng yu Heping, p.480.
15. From Huaxia Wenzhai - China News Digest, Jan. 30, 1998. Website: <http://www.cnd.org>
16. See Chen Min-jun, Zhanzheng yu Heping: Jiexi Meiguo Dui Hua Zhengce, p.457.
17. From Huaxia Wenzhai - China News Digest, Jan. 30, 1998.
18. Ibid.

#### CHAPTER FOUR

1. See Simon Long, Taiwan: China’s Last Frontier, p.236.
2. Ibid., p.235.
3. Ibid., p.237.
4. Ibid., pp.239-243.
5. From State Council.

6. See Congressional Quarterly Research, May 24, 1996. Volume 6, No.20. pp. 460.
7. See Martin Lasater, Policy in Evolution: The U.S. Role in China's Reunification, p.122.
8. See Congressional Quarterly Research, May 24, 1996. Volume 6, No.20.

## APPENDIX

### **Some Scholastic Views in Support of Taiwan's Independent Status**

The Taiwan issue, as noted in the book *Chinese Divide: Evolving Relations Between Taiwan and Mainland China* edited by J. W. Wheeler, states that “there is no consensus” among scholars. This is true in scholarly studies regarding Taiwan's status. Today, while in official statements and documents, the CCP on the mainland and the KMT in Taiwan both claim that Taiwan is part of China, the independence movement especially the DPP, places doubts on the correctness of their claim and challenges China's sovereignty over Taiwan. The DPP's or the independence movement's views on Taiwan are that historically Taiwan was separated from China, and today it is even more so, and Taiwan belongs to the Taiwanese instead of the mainlanders; therefore, Taiwan should have its full independent status. Such views not only have a certain degree of support among the general public in Taiwan, but also are reflected in some scholastic writings in the academic world. While most of the academic writings try to take a neutral non-bias stand, some, however, show strong support for Taiwan's independence status. For example, Hungdah Chiu, director of the East Asian Legal Studies program at the University of Maryland Law School in Baltimore, openly states that “There is no doubt that the Republic of China should be recognized as a state and represented in all major international organizations” (See *Congressional Researcher*. Volume 6, No. 20, p. 461). In the course of my research for this thesis, on issues such as Taiwan's expanding role and growing importance in international society, international criteria for an independent nation-state, etc., most of this support is based on the following grounds.

**Historical Events.** Taiwan lies only 100 miles off the coast of China, but it has been separated from the mainland -- politically and culturally as well as physically -- for much of its history. It is believed that the Chinese explored Taiwan around 239 AD and began to emigrate there as early as the 7th century. But in the book *Taiwan: Nation – State or Province*, historian Copper says that the evidence fails to show a clear intention in China to permanently settle or rule Taiwan during this period. Only after being caught up briefly in the colonial conflicts between European powers did China unambiguously lay claim to rule over Taiwan.

Portuguese sailors in 1517 were the first Europeans to sight the island, which they named Ilha Formosa – meaning beautiful island. Spanish forces briefly held parts of the island, but they were defeated by the Dutch in 1642. Taiwan then became a Dutch colonial enterprise for two decades. Then, in 1661, Zheng Cheng-gong, son of a pirate who had operated from Taiwan, attacked the Dutch and forced them to concede defeat two years later. Zheng and his son ruled for the next two decades during the Ming Dynasty, but internal dissension opened the way for a successful invasion by China’s Manchu dynasty in 1683. From then on, Taiwan began to be ruled by the Beijing’s Ching Dynasty for about two centuries, and was treated as a “frontier area”. The emperors in Beijing prohibited emigration and sent inefficient and corrupt leaders to put down local uprisings. And according to Copper, as of the mid-19th century, the island’s population was still only half Chinese, half aborigines, and Chinese control was only nominal. It was not until 1886 that Taiwan’s status was upgraded to a separate province, when rebellions in southern China in the 1880s led Beijing to appreciate Taiwan’s strategic value. But rule as a separate province lasted for only about 10 years, at which time China was forced

to cede Taiwan to Japan after its defeat in the Sino – Japanese War of 1895. It was then occupied and ruled by Japan for 50 years, before China’s civil war created the current division.

From the history briefed above, many scholars concluded that Taiwan was separated from and out of the control of China for most of its early history. And even during the 212 years (1683 – 1895) when it was declared as an official part of China, it was only loosely integrated with the mainland. In addition, during its long history, native Taiwanese continuously rebelled against rules by either the Europeans, the Chinese mainlanders, or the Japanese. Therefore, they argue that it is questionable to claim that Taiwan is a part of China. A detailed introduction of Taiwan’s history with such arguments can be found in books such as *Taiwan: Nation – State or Province* by historian John F. Copper, *Taiwan: China’s Last Frontier* by Simon Long, *China and the Taiwan Issue*, and *Zhongguo yu Guoji Shangbian Guanxi zhong dui Taiwan Diwei deng Wenti de Zhuzhang zi Yanjiu* by Hangdah Chiu, etc.

Further, in their books and journal articles, these scholars have also written about the CCP’s earlier perceptions regarding the status of Taiwan. These perceptions show that before the Cairo Declaration the communists did not have a clear assertion on the sovereignty over Taiwan. For example, in Simon Long’s *Taiwan: China’s Last Frontier*, it is noted that in the earlier days, the CCP seemed to have regarded Taiwan with the same distant reserve as did the old emperors. One evidence in support of this view is the founding of a small and distinct “Taiwan Communist Party” (TCP) in Shanghai in 1928, thereby acknowledging that Taiwan had a separate nationalist struggle allied to its revolution. In addition, a talk between Mao Ze-dong and the US journalist Edgar Snow in

1936 about the extent of the CCP's ambitions for "national reunification", also recorded in this book, shows more clearly, the CCP's unambiguous assertion of Taiwan's right to independence.

"It is the immediate task of China to regain all our lost territories, not merely to defend our sovereignty south of the Great Wall. This means that Manchuria must be regained. We do not, however, include Korea, formerly a Chinese colony, but when we have re-established the independence of the lost territories of China, and if the Koreans wish to break away from the chains of Japanese imperialism, we will extend to them our enthusiastic help in their struggle for independence. The same thing applies for Taiwan."

According to the author, he (Mao) did not even cite it as a candidate for "autonomy" under Chinese sovereignty, as he did, in conversation with the same journalist, for Inner and Outer Mongolia, Tibet, and China's Muslim peoples. Also, in *Global Studies: China (the 7th edition)*, the editor notes that after the ROC government fled to Taiwan in 1949, the CCP renamed China the People's Republic of China and proclaimed the ROC government illegitimate. However, according to the editor, "Mao Ze-dong, the PRC's preeminent leader, was later to say that adopting the new name instead of keeping the old name of the Republic of China was the biggest mistake he had ever made, for it laid the groundwork for future claims of 'two Chinas'". From here, it can be inferred that some scholars think that the earlier perceptions of the CCP partly laid down the ground for the demands by Taiwan's independence movement.

**Ethnic Composition and Identity Crisis.** It is widely accepted that Taiwan was originally inhabited by aborigines from Southeast Asia. According to the *Global Studies: China (7th edition)*, by the 7th century AD, Chinese settlers had begun to arrive. Today,

the aborigines' descendants, who have been pushed into the remote mountain areas by the Chinese settlers, number fewer than 400,000, a small fraction of the 21 million people now living in Taiwan. Most of the current population is descended from those Chinese who emigrated from the Chinese mainland's southern provinces before 1885, when Taiwan became a province of China. Although these people originally came from China, they are known as Taiwanese, as distinct from those Chinese who came from the China mainland from 1947 to 1949, when the KMT was defeated in the civil war. The latter are called Mainlanders. Currently, 84 percent of the total population in Taiwan is Taiwanese, while the mainlanders make up only 14 percent and aborigines represent about 2 percent. With the first generation of the Mainlanders gradually becoming old and dying off, their percentage is decreasing. The Taiwan-born second and third generations of Mainlanders are now splitting among themselves over their identity. And some of them do not think they have anything to do with Chinese on the mainland, especially when the two sides across the Taiwan Strait have been separated for nearly half a decade and the gap between them is further enlarged by economic and political development in Taiwan. It is noted by many researchers that the living experience of people in Taiwan is quite different from that of people in the mainland and has led to a different set of thinking about their identity. According to Simon Long in his book *Taiwan: China's Last Frontier*, "The fact that most of the population is of Chinese ethnic stock should not be confused with an historic claim to legitimacy." And openly, the author expressed his support for an independent Taiwan, as he said in his book that "The author feels there is a very strong moral and legal case for Taiwan independence." In addition, he compared Taiwan with some other countries and tried to make some sense from it by saying



“Australia, Canada and New Zealand all have strong British connections stretching back a number of centuries, but are independent nations. What is more, Taiwan has been, in effect, an independent nation ever since 1949, and has fared very well.” The underlying basis for these views is consistent with the research done by John W. Garver in his book *Face Off: China, the United States, and Taiwan’s Democratization*. A detailed analysis in his book points out that such an ethnic composition is one of the factors contributing to Taiwan’s independence movement in the early days. After the restrictions on the independence movement were removed in the late 1980s, with Lee Deng-hui becoming President, the movement led by the DPP (founded in 1987) drew growing support from the general public. Moreover, it reinforced the demand by some of Taiwan’s people for a new identity which is different from the traditional one that regards Taiwan as a part of China with reunification as the final goal of any “descendants of Yanhuang” – meaning the Chinese nationalities. Supporters of the new identity believe that the word “China” or “Chinese” is not clear, and that “Taiwan must belong to the people of Taiwan” instead of “China” or “Chinese”. (See Garver’s *Face Off*, pp.13-26).

In doing research on the Taiwan issue (which is very controversial), I think it is important for us to acknowledge the views held by the majority, but without neglecting other opinions.

### **Views on Economic Leverage in Future Cross-Strait Relationships**

Since the 1980s, economic interactions between the two sides of the Taiwan Strait have been growing steadily, after Beijing carried out its economic reforms and “Open Door” policy and Taipei created its economic miracle. These interactions and contacts, as

seen by many observers and researchers, have helped to ease tensions, reduce hostility, and produce mutual trust and understandings. Today, in the late 90s, interactions in the economic field have formed a web of interdependence and have become one of the major forces affecting the evolution of cross-Strait relations. While it is greatly accepted that the overall effect of economic interdependence on the cross-Strait relations is positive and continues to bring the two sides closer, it is quite uncertain as to whether it will finally bring reunification, or even how close it may bring them together.

In doing my research, I have found that many scholars believe that economic leverage is growing, along with the increasing contacts, from which both sides have benefited greatly. However, while some are very optimistic about this leverage, some others doubt that it will be great enough to finally mute the confrontation and lead to reunification. The leading scholastic arguments are best revealed through the conference in Washington, D.C. hosted by the Competitiveness Center of Hudson Institute and the School of Advanced International Studies of John Hopkins University during late August 1994. One result of the conference is the book *Chinese Divided: Evolving Relations Between Taiwan and Mainland China*, edited by J. W. Wheeler. In this book (pp. 97-99), the world famous scholar Harry Harding wrote a summation of the participants' views which gives us a general guideline toward further studies regarding economic leverage.

According to Harry Harding, in principle, there are four general views showing how economic trends and interactions can help mute the conflict across the Taiwan Strait. The four can be categorized as follows: liberal, functional, cultural, and economic modernization. Unfortunately, all four are at least partially flawed in both theory and evidence:

The **liberal** argument suggests that countries with a strong stake in each other's economy do not go to war. It is a powerful argument, and one with strong suggestive historical evidence, but may be incorrect. Certainly a realist will argue that other factors will always dominate economic considerations in a crisis. Indeed, in this situation, the emerging asymmetry in economic leverage might well create behavior contrary to the liberal argument's predictions. Actually, what happened in the early 1996 during Taiwan's presidential election is a very good proof against this liberal argument.

The **functionalist** argument is that growing economic interdependence requires growing interaction and the establishment of extensive interpersonal and organizational networks. These working relationships certainly will greatly enhance communication and reduce risk of inadvertent conflict, but they do not eliminate the basis for conflict nor will they necessarily evolve towards unification. Indeed, closer interaction may only serve to emphasize the differences in approach between the two sides.

The **cultural** argument builds on the notion that ties to the mainland will tend to reaffirm views of self as Chinese and reduce the risk of conflict. In fact, evidence suggests that growing ties both increase the sense of being Chinese and the sense of separateness between Taiwan and the mainland. It is not at all clear which will dominate at any point in time. This is especially true when we look at the growing identity conflict amongst the people in recent years.

The **economic modernization** argument is mainly a focus on changes occurring on the mainland. The logic is that modernization, over the long term, will produce social and political changes reducing differences across the Strait, and in turn reducing barriers to peaceful accommodation, even unification. This case is usually supported by the observation that small scale capitalism is sweeping the country from its introduction from Taiwan and Hong Kong. A key question is whether this is producing a civil society less inclined to conflict, or a bureaucratic capitalism (e.g. prewar Germany or Japan) that could well support conflictual policies.

Another economic trend that participants felt deserved special consideration as we continue to monitor the cross-Strait relationship is the impact of 'hollowing out' of Taiwanese industry over time, as costs and other factors force many parts of Taiwan industry to move offshore. Increasingly Taiwan investment on the mainland must compete with investment at home and elsewhere in Asia. This open-ended trend may create more problems than it moderates. Certainly, some are increasingly concerned that Taiwan policy may become more vulnerable to being held

hostage to economic leverage. At the same time economic interaction does not always imply economic vulnerability to the state. For example, much of the Taiwan investment on the mainland is in real estate, resorts, hotels, etc. A mainland policy that affects these assets will clearly impact the wealth of the Taiwan owners, with potential economic consequences for their operations elsewhere, but, in fact, is not a critical vulnerability to Taiwan's economy. Not surprisingly, 'the devil is in the details,' and serious analysis of economic vulnerability needs to drop well below the crude aggregate measures commonly used.

This economic leverage concern is both raised and muted by Taiwan's plan to develop into a regional multinational corporation operations center. This could well require direct transportation linkages with the mainland – and potential for even greater dependence – in order to support the type of business development sought by the ROC government. At the same time, expanding the regional focus will also help diversify the Taiwan economy among customers, and into higher value-added products and services that could be less vulnerable to crude leverage.

Since the conference was held in 1994, it is not strange that:

The participants also felt that any discussion of long term effects of economic interaction across the Strait must pay attention to the discontinuity caused by the post-1997 Hong Kong transition. Even though all of players were deep into preparation for this event, many of the consequences remain unclear. Focus is most often on the impact of a failed transition. But success has its own uncertainties. For example, one of the most unclear consequences of a successful transition can be stated in the question: if this 'one country, two systems' approach works for Hong Kong, why not elsewhere across China?

Today, nearly one year after the transition, evidences of progress in the HKSAR have clearly shown to many scholars and political observers that the transition is a successful one and the "one country, two systems" policy indeed works well in HK up to the present. Even the British Prime Minister and Foreign Secretary hold such optimistic views in their statements and speeches. These views, for example, can be found in Foreign Secretary Robin Cook's address to the British Chamber of Commerce in Hong Kong on 21 January (See article *Hong Kong: looking to the future* in *External Affairs and*

*Defense*, edited in the “*Survey of Current Affairs*, pp. 46-51, Volume 28, No.2, February 1998, Foreign & Commonwealth Office, London). So, it seems that the Hong Kong example may serve as a positive one for the future evolution of cross-Strait relations.

In his “*Summation*”, Harry Harding concluded that “Essentially, the participants supported the notion that growing economic interaction across the Strait has significant positive impact on improving cross-Strait relations, especially over the longer-term.” At the same time, he pointed out that “the discussion also demonstrated a clear concern that the unique characteristics of the mainland-Taiwan conflict tended to raise uncertainty about the power of economics to restrain conflict in a crisis.”

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