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# **CHINA'S DILEMMA**

## **The Taiwan Issue**

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# CHINA'S DILEMMA The Taiwan Issue

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**ISEAS** INSTITUTE OF SOUTHEAST ASIAN STUDIES  
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## Introduction

The rise of China is an important phenomenon in post-Cold War international relations and one which has brought about to many contending views. Not since China–United States rapprochement in the early seventies and China’s reform policy which opened the country up to the outside world in the late seventies, has China created such academic interest.

China’s foreign policy has long been influenced by its relations with the Soviet Union and the United States. And in China–United States relations, the Taiwan issue has always been a crucial factor. China’s Taiwan policy is very sensitive to the U.S. stance on this key issue. Its importance to China–United States relations as well as to stability in East Asia was demonstrated by the events that followed Lee Teng-hui’s “private” visit to Cornell University in the United States in June 1995 and his announcement of “special state-to-state relations” with China in July 1999.

The Taiwan issue has never been confined to the Chinese on both sides of the Taiwan Strait as the United States has always had a role to play. And its influence is likely to continue. A considerable part of this book is therefore devoted to an examination of how China–United States relations have affected the Taiwan issue.

China has never treated the Taiwan issue in isolation: it is integral to its overall strategy. Its displeasure with Taiwan since 1995 has not merely been because of Taiwan’s persistent drift away from reunification, but also because of China’s view that Taiwan is helping the United States to contain it and undermine its overall strategy for the next century. This strategy is to keep a low profile in international affairs and concentrate on domestic modernization for the time being. The “one country two systems” formula which China intends for Taiwan is more to prevent Taiwan’s further drift towards independence than to bring about immediate reunification. Reunification before conditions are ripe would create more problems for China.

The Taiwan issue has not developed as the result of the intentions of only one party. Between China, the United States and Taiwan different interests and strategies, fluid and tricky domestic politics, mutual suspicion and misperception of each other have come into play, leading to one crisis after another.

The United States first revived the issue, after it had lain dormant for ten years, with its sale of 150 F-16 fighters to Taiwan in 1992. Then, it formally upgraded its relations with Taiwan in 1994. But it was its issuing of a visa to Taiwan's president Lee Teng-hui on 22 May 1995 to allow him to visit his alma mater Cornell University in the United States, that really inflamed relations between China and Taiwan.

Taiwan has also played an active part in the triangle. In July 1999, Lee Teng-hui made waves by raising the controversial "two states" theory. He explained that the controversy would benefit Taipei in the end: "The more controversy, the better. Only this way will everyone pay attention to the key of the Republic of China's existence. When the whole world knows the Republic of China's difficult situation, afterwards it will be easier to do things."<sup>1</sup>

Lee's outspokenness and controversial statements since 1994 have been part of a calculated strategy to keep Taiwan at the forefront of international attention. Winning over diplomatic allies would not in itself tilt the balance in Taiwan's favour (Taiwan has fewer than 30 diplomatic allies), so Taiwan has to ensure it continues to receive international media coverage to remind the world of its existence and plight. By the same token Taiwanese leaders and high officials travel abroad in an attempt to gain more international sympathy, necessary for Taiwan's survival as a sovereign state. And Taiwan puts a lot of effort and money into the countries that support it diplomatically and into its "pragmatic diplomacy". Moreover, the Taiwan issue is likely to be revived on the international front by Taiwan every time things quieten down.

Taiwan has been the most proactive of the three in the China–United States–Taiwan triangle in challenging the status quo. It changed its "one China only" position to that of "one China, two governments", then "one China, two entities", followed by "one China, two equal entities", "one China, two equal political entities", "one China, two legal entities in the international arena", then "two equal political entities" without mentioning "one China", and most recently "two special states". In the foreseeable future Taiwan will likely continue to lead the initiative. This is significant for regional stability. How China will react when Taiwan moves from a de facto independence to a de jure one is another uncertainty.

Chinese strategic thinking has been deeply influenced by Mao's belief that the "main contradiction" should be solved first and that "minor contradictions" are easier to resolve once the "main contradiction" has been tackled. China has embraced this philosophy when dealing with the territories of greater China. In the 1970s, China did not want to take over Macao when the Portuguese

government first approached Beijing about the territory's hand-over. Hong Kong's hand-over did not occupy much of the Chinese authorities' attention until the early 1980s when the issue was formally brought to the Chinese leaders by the British government. Reunification with Taiwan has been treated in a similar manner: Beijing was enthusiastic about reunification in the late 1970s and the early 1980s following the normalization of relations between China and the United States. Later, when it was realized this was out of the question for the time being, the issue was dropped from its top agenda, although it was still listed as one of the three main tasks for the 1980s. China then concentrated on what it considered to be the most fundamental element of its overall strategy, i.e. reform and modernization. However, after 1995, the Taiwan issue was forced back onto China's top agenda by Lee Teng-hui's intensified push of his "pragmatic diplomacy".

Here China is faced with a dilemma. While it wants to concentrate its energy and resources on modernization, it is having to divert resources to curtail Taiwan's creeping independence. China's agenda, which is to concentrate on modernization now and deal with the Taiwan issue at a later stage, when conditions are ripe, is being pushed aside by Taiwan's assertiveness. A further dilemma for China is that a mild response is ineffective while a display of strength, such as missile "testing" and military exercises like those carried out in the Taiwan Strait in 1995–96, is also undesirable.

China is also suspicious of Washington and has long been resisting its involvement in the Taiwan issue. However, in order to constrain Taiwan's moves towards independence, it has had to get Washington involved. For example, Washington was asked to exert pressure on Taipei to return to talks in 1997–98 and to return to the "one China" framework after Lee put forward his "two states" theory in 1999. The United States' involvement may bring short-term stability to the situation but in the long run it may complicate China's reunification efforts. However, China, has no better choice at the moment.

Taiwan's refusal to reunify with China hinges on three main issues: 1) a disparity in living standards; 2) different economic levels; and 3) democracy. The first two do not hold water since there is a difference in living standards and economic levels not only between Hong Kong and China but also within China itself.

The democracy question is something that needs careful exploration. This book examines in depth the evolution of China's perception of the Taiwan issue. Taiwan's insistence that "China must respect Taiwan's democratic system" has now been replaced by the demand for "democracy and freedom" in China as another precondition for any reunification talks, i.e. "democratic reunification", calling on China to emulate its democracy. This invites two questions. The first is, which model is better suited to reunification — an ideology-free or an ideology-laden one?

China's "one country two systems" formula is ideology-free, emphasizing that neither side should impose its political and social systems onto the other. Taiwan's formula, on the other hand, ideologicalizes cross-strait relations and thus increases tension since China feels that Taiwan is threatening to replace its political and social system.

Taiwan's democratic system should be given due credit, but should not be overestimated. It still has many flaws: heavy money politics, serious triad involvement, wide-spread vote-buying and the use of government institutions and resources for election purposes, disregard for electoral laws, campaign violence, gangsterism and political mud-slinging. Taiwanese society is also plagued by serious social evils such as corruption and crime. There may indeed be more press freedom and freedom of political choice than ever before, but this alone does not constitute liberal democracy. People in Taiwan generally still do not actively and widely use their individual rights to protect and enhance their daily lives. It is often the case that after elections in which people used their individual rights, they revert to old practices. A sense of democracy does not pervade everyday life.

The second question is, is it better for Taiwan to stay inside or outside China in order to promote democratization in China?

Historically, democratization has been used to improve governance, and not to split or challenge sovereignty. Many Chinese are convinced that Taiwan's linking of reunification with China's democratization to its "pragmatic diplomacy", is a ploy to gain Western support of its independence. These tactics have in fact greatly jeopardized democratization prospects in China.

The liberal democracy may be stable but the democratization process itself is likely to be unpredictable and even violent, and the state may then be more militant. Taiwan will be an easy target for this militancy. Like many Taiwanese who have strong *bei qing* [a complex that they are being victimised by mainlanders], people in the mainland will then likely have such *bei qing*, but in a reverse way. Chinese mainlanders are likely to take the view that the people in Taiwan have joined the West to weaken and contain China when it was in difficulty, instead of helping it. Parties will readily exploit national sentiment for power. Reunification will be a catchy call and convenient political capital. There is no guarantee that a democratizing state and even a mature democracy will not use force when national survival and territorial integrity are at risk.

This book also demonstrates that the Taiwan problem is now one of the most difficult issues that the Communist Party of China (C.C.P.) has ever encountered in its 80 years of history, for it has little of what traditional Chinese strategists called *tianshi*, *dili* and *renhe* [situational, geographical and human and social advantages]. In terms of *renhe* [human and social advantages], during the Chinese Civil War for example, the C.C.P. had massive support from the grass-roots, intellectuals and even other elite social groups for its "united front policy". In

the case of Tibet, it eventually managed to obtain wide support from “liberated Tibetan serfs”, at least between the 1950s and 1960s, for its rule and reform there. In Hong Kong, it is enjoying considerable support from the business community and many other social sectors. In terms of *dili* [geographical advantage and hence enhanced military deterrence], the C.C.P. had credible military strength in Tibet after it totally wiped out the Tibetan force at Changdu in 1950. Its deterrence over Hong Kong is very apparent. And where *tianshi* [situational advantage] is concerned, before the end of the Cold War, China had the Soviet card to play. China does not have such advantages over Taiwan, especially in terms of *renhe* [human and social advantages]. People in Taiwan have, over time, become increasingly cohesive in rejecting China’s formula for reunification. This situation is unlikely to change soon.

This book is an analysis of China’s Taiwan policy, not of the China–United States–Taiwan triangle. Therefore, Taiwan’s China policy and the U.S. China policy, which are not the focus of the book, are discussed only when they give a better understanding of China’s Taiwan policy. This book focuses on the period from the early 1990s, especially after Lee Teng-hui’s United States trip in June 1995 to September 1999.

In this book, the term “China”, after 1949, refers to the People’s Republic of China (P.R.C.), whereas the term “Taiwan” refers to the Republic of China (R.O.C.), comprising the islands which make up Taiwan and other islands it occupies. The term “Taiwanese”, when used to describe people, refers to all the people in Taiwan including mainland Taiwanese. The *pinyin* system of transliteration is used for Chinese names and words, whereas Wades-Giles transliteration is used for those in Taiwan. Newspapers cited in the book, if they are website editions, do not carry page numbers.

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### Notes

1. Jason Blatt, "Taipei 'to Face Beijing Force'", *South China Morning Post* (hereafter cited as *SCMP*), Hong Kong, 11 August 1999.