

# Domestic Politics in Taiwan and Its Impact on Cross-Strait Relations

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## Abstract

*Electoral politics in Taiwan reflects the popular ambivalence in articulation of its political and national identity. This ambivalence is testing the strength of nascent domestic democratic institutions. Taiwanese democratisation has also introduced a new variable in cross-strait relations that China and the US both have to contend with. Greater democratisation of Taiwanese politics and the struggle over the country's national and cultural identity is making the management of cross-strait relations more complex for all three parties, i.e., Taipei, Beijing and Washington.*

Taiwan's democratisation presents a challenge to maintaining the *status quo* in the Taiwan Strait on the basis hitherto successful policies and strategies employed by Beijing, Taipei and Washington. In the past two years, electoral politics in Taiwan has reshaped the domestic and external dynamics of cross-strait relations. This includes the Presidential elections in March 2004, the elections to the Legislative Yuan in December 2004 and the county elections in December 2005. After the Presidential elections in March 2004, cross-strait relations went through yet another acrimonious phase. Chen Shui-bian was sworn in for a second and final term as President, amid controversy about the fairness of the election result. Leading up to the election and following Chen Shui-bian's inaugural address, a war of words erupted between Taiwan and the mainland, each side accusing the other of destabilising the situation in the Taiwan Strait. Through this crisis, the US, the other major actor in this issue, continued to balance its defence and political commitments to Taiwan with building closer relations with China. This article examines the domestic Taiwanese debate on national identity and its linkages with domestic democratisation. It also looks at

the impact of Taiwan's domestic politics on managing cross-Strait relations for Taipei, Beijing and Washington.

### **Brief History**

The Taiwan issue has its roots in competing claims for political legitimacy between the Chinese Communist Party (CCP) and the Kuomintang (KMT) or the Nationalists as the legitimate government of China.<sup>1</sup> Beijing and Taipei have been engaged in a competition for international recognition that has become more intricate since 1979.<sup>2</sup> In 1948-49, Chiang Kai-shek, the KMT leader, after being routed from the mainland by the communists, fled to Taiwan and established a government of the 'Republic of China' (ROC). The Communist Party of China, under the leadership of Mao Zedong established the People's Republic of China on the mainland in 1949. The ROC was recognised by the US as the legitimate government of China and it continued to occupy the Chinese seat at the UN even after its ouster from the mainland.

Cold War concerns to contain the spread of Communism in East Asia originally guided the US involvement in Taiwan. Prior to the Korean War, the US was not overly keen to get involved in Taiwan but when the Korean War broke out in 1950, Taiwan gained strategic importance as the Chinese could open a second front by launching an attack on South Korea from Taiwan. To prevent this and to ensure that the Chinese did not invade Taiwan, the US sent its seventh fleet to the Taiwan Strait. China considered this a violation of its territorial waters and the need to reunify Taiwan with the mainland became more urgent. The US stake in Taiwan rose after this war and it concluded a bilateral defence treaty with Taipei in 1954.

The Sino-US rapprochement in the early 1970s fundamentally altered the dynamics of the Taiwan dispute. Under the Shanghai Communiqué issued in 1972 at the conclusion of President Nixon's visit to China, the US agreed that "all Chinese on either side of the Taiwan Strait maintain there is but one China and Taiwan is part of China". On January 1, 1979, the US switched its recognition from Taipei to Beijing. The PRC came to be recognised as the legitimate government representing China in the United Nations. The US also abrogated its defence treaty with Taiwan. However, the US did not altogether abandon Taiwan and passed a domestic law called the Taiwan Relations Act (TRA), under which the US became the guarantor of Taiwan's security. Under the provisions of the TRA, the US

agreed to supply Taiwan with necessary defence equipment to help the island “maintain a sufficient self-defence capability.”

Following the Sino-US rapprochement and greater interaction with the global economic and political systems, the PRC has had to balance Taiwan’s struggle for international recognition with its desire to enmesh the two peoples and economies in the hope of reunification. China reserves the right to use force in the Taiwan dispute to assert its sovereignty over the island and to discourage Taiwan from contemplating independence. The value of such an assertion is very important for China, both symbolically and militarily, and Beijing continues to insist that it has the right to use force as the last resort to resolve what it considers an internal matter. Recognising the reality of Chinese power, Taipei has abandoned the KMT’s original agenda of claiming to be the legitimate representative of all China, overthrowing the Communist regime on the mainland and unifying China under KMT rule.

Domestic Taiwanese opinion is, however, not unanimously in favour of independence, though there is a broad consensus that the PRC should not force a solution on Taiwan. The lack of consensus in Taiwan over its international status is evident in this statement made by DPP leader and then Taiwanese President Chen Shui-bian in 1999.

“At present, an important problem for Taiwan in terms of the relation between Taiwan and China is that, although the Beijing authorities have territorial ambitions over Taiwan and have adopted a hostile policy towards Taiwan, the Taiwanese have not yet completely established consensus among themselves on maintaining Taiwan’s sovereign integrity in the face of such offensives from the Beijing authorities.”<sup>3</sup>

Currently, there are two dominant strands of domestic political opinion on Taiwan’s international status. The KMT advocates greater international “living space” for Taiwan while not declaring formal independence. It wants to maintain close links with the mainland. The DPP, led by Chen Shui-bian, is in favour of declaring independence and aggressively promotes the concept of a Taiwanese national identity.

The process of democratisation in Taiwan reflects this polarisation of opinion and has thrown up significant challenges for Taiwan, China and the US in successfully managing and eventually resolving the Taiwan dispute. As elected representatives, Taiwan’s leaders have to be responsive

to domestic public opinion, which is moving away from unification but does not show a clear preference for declaring *de jure* sovereignty. The Chinese leadership also recognises that the progressive strengthening of democracy in Taiwan contributes to the creation of a strong Taiwanese identity that seriously compromises its unification agenda. China's attempt to discredit Taiwan's elected government and to stifle the conduct of the democratic process earns it the reputation of a bully. As for the US, it cannot afford to ignore the emergence of a Taiwanese national identity that challenges the 'One China' principle that is the basis of its relations with China. Neither can the US abandon the 'One China' principle without seriously damaging its relations with China and probably ending up in a war that will be disastrous for Taiwan.

Electoral politics in Taiwan, especially during the Presidential election of March 2004, exposed deep divisions concerning its identity and the question of reunification with China. The Democratic Progressive Party (DPP), led by Chen Shui-bian, fighting the election on a pro-independence platform, won just over 50 per cent of the vote share defeating the coalition of the Nationalist Party (KMT) and the People First Party (PFP), led by Lien Chan and James Soong, respectively. The KMT and the PFP's political agenda are closely allied and in the last presidential election in 1996, the anti-DPP vote was split between the two parties. This time around, the two parties fought on a joint ticket. This gave the electorate a clear choice between the DPP's agenda of aggressively promoting independence and the KMT's agenda of maintaining closer ties with the mainland. The close election result reflected the sharp polarisation of public opinion and political support in Taiwan.

Chen Shui-bian increased his vote share from the last elections from 39 per cent to just over 50 per cent this time, but out of the nearly 13 million votes cast, his victory margin was a miniscule 29,518 votes.<sup>4</sup> Of the total votes cast, nearly 3,37,000 ballots were declared invalid.<sup>5</sup> Given the DPP's narrow margin of victory, the losing coalition refused to accept the election result, accusing the DPP of rigging and demanded a recount. They also accused the DPP of staging a shooting on election eve in which the DPP presidential candidate, Chen Shui-bian, and vice-presidential candidate, Annette Lu, sustained minor injuries. The KMT-PFP alliance maintains that the shooting was staged by the DPP to generate sympathy for their candidates. While there is no evidence yet to support the

opposition's allegations,<sup>6</sup> however, considering the close elections results, it is arguable that Chen benefited from a sympathy wave. Giving in to sustained pressure by the opposition, Chen Shui-bian agreed to a recount though he was not obliged to do this under Taiwanese law. Given his wafer thin margin of victory, he, however, refused to consider a law for recall of the President and the Vice-President that the opposition argued was necessary to provide a legal basis for the recount.

The US also worked on Chen to order a recount. The US chose initially, not to congratulate Chen on his victory. Instead, it made a statement appreciating the peaceful conduct of the democratic process in Taiwan. Richard Boucher, the US State Department spokesman, said the US would wait for the outcome of the recount, to congratulate the winner.<sup>7</sup> However, Chinese statements condemning political instability in Taiwan and hinting at a possible intervention to preserve its stability prompted the US to issue a statement accepting Chen Shui-bian's election.

The controversy surrounding the election threw up the most serious challenge yet to Taiwan's evolving democratic institutions. In fact, the election result represented the worst elements of majoritarianism, where almost half the population of Taiwan was actually opposed to the pro-independence line of its democratically elected leader. The elections were followed by month-long protests by the supporters of the KMT-PFP combine that brought the island to a standstill. Some of these protests turned violent. The opposition openly challenged the authenticity of the result as well the election process itself. The supporters of the DPP, on their part, accused the KMT-PFP of being anti-democratic and wanting to go back to days of authoritarian rule.

While the issue of the invalid ballots was being addressed, Chen Shui-bian was sworn in as President. Leaders of the KMT and the PFP did not attend the inauguration ceremony. Instead, they held a protest demonstration to coincide with the inauguration ceremony. The impasse over the recount and the accompanying disorder affected Taiwan's economy as well. Reflecting the political uncertainty in the island, the Taipei Stock Exchange nosedived and it was some weeks before the market recovered. Political uncertainty and economic volatility resulting from the election gave China a chance to decry Taiwan's democracy as one leading to chaos and instability.

## **The Referendum**

As Presidential candidate, Chen Shui-bian was pushing an agenda for “constitutional re-engineering” that would pave the way for a formal declaration of independence by Taiwan. Chen proposed to enact a new Constitution in 2008 that would form the basis of an independent Taiwan. His first major step in this direction was to enact a law in Taiwan’s legislature that allowed Taiwan to hold referendums on issues of national security. The law was enacted just before the 2004 presidential election and allowed Chen to push through a “defensive referendum” in the teeth of US opposition.

The referendum was held concurrently with the Presidential election in March 2004 and posed the following two questions. (a) Should Taiwan strengthen its defences in the face of China’s missile threat and (b) should Taiwan hold talks with Beijing to establish a peaceful and stable framework for cross-strait interactions? The referendum was invalidated because it did not fulfil the requirement of participation of at least 50 per cent of the electorate. The DPP, however, claimed the referendum to be a success. They attributed its invalidation to the excessively high percentage of voter participation required by the referendum law in Taiwan.

The referendum was closely associated with Chen’s re-election bid and the DPP’s independence agenda. Despite Chen’s victory in the election, he could not pull it off.

This means that not all of his supporters voted in the referendum. Clearly the desire not to destabilise ties with China cuts across party lines in Taiwan. This created a complex situation wherein the democratic-participatory process did not throw up any clear-cut answers to the question of reunification with China. However, the DPP was successful in introducing a provision for referendums into the Constitution; referendums are now a part of Taiwan’s democratic process. This has implications for Taiwan’s domestic political process in deciding its international status. It also impacts upon the response of the US to the Taiwan dispute. Neither the domestic political parties in Taiwan nor the US will be able to ignore popular will expressed in a referendum and will have to contend with it in future resolution of the Taiwan issue.

The US and Chinese reactions to the proposal for a referendum were along expected lines. China was totally opposed to any attempts to hold

the referendum labelling it “a plot to pave the way for a future independence plebiscite.”<sup>8</sup> The US too was opposed to the referendum and criticised it as a move towards independence because it aimed implicitly at challenging the ‘One China’ principle.<sup>9</sup> In fact, President George W. Bush reprimanded Chen Shui-bian for proposing to hold the referendum and trying to unilaterally change the *status quo* in the Taiwan Strait. Under US pressure, Chen was forced to tone down the actual content of the referendum questions characterising them as “defensive.”

### **Struggle Over Taiwanese National and Cultural Identity**

The result of this referendum also clearly indicated that despite no agreement on Taiwan’s sovereign status there is growing awareness of a Taiwanese identity. The movement for a Taiwanese political and cultural identity, as differentiated from that of the mainland, has accompanied progressive democratisation of Taiwanese politics. The movement for an indigenous Taiwanese identity, ruthlessly crushed by the Chiang Kai-shek regime, was revived under Lee Teng Hui and became further entrenched under Chen Shui-bian. However, Taiwan is divided on the issue of its cultural-national identity and ethnic considerations have played a pivotal role in the March elections. The political parties projected the election as a contest between the immigrants from the mainland, represented by the KMT-PFP alliance and the native Taiwanese supporting the DPP. While it would be simplistic to assume that all mainlanders are KMT supporters and all native Taiwanese are DPP supporters, there does exist a broad understanding in Taiwan that these two groups have diverging cultural-political interests.

The KMT’s discourse on national identity is grounded in the history and culture of China, and does not promote a separate cultural identity for the Taiwanese. The KMT’s authoritarian rule over Taiwan came to an end only a decade ago. That period was marked by an active promotion of mainlanders as culturally and politically superior to the native Taiwanese. Until 1975, under Chiang Kai-shek’s regime, native Taiwanese were persecuted for raising the demand for an indigenous identity. Mainlanders were appointed to important posts in government, including those of governors and ambassadors. The KMT is still dealing with the political baggage of that era. Chiang Kai-shek’s son and successor, Chiang Ching-kuo initiated a process of political change that gave greater representation

to the native Taiwanese population under a more liberalised regime. He allowed outlawed opposition parties to organise and also chose Lee Teng-hui, a native-born Taiwanese as his successor. Under Lee Teng Hui, the KMT's articulation of national identity moved away from the strictly mainland-oriented view to include elements of native culture. However, the KMT cannot afford to discredit or altogether abandon its political foundations that include the glorification of the traditional mainland cultural identity. Therefore, over the last decade, the KMT has differentiated itself from the explicit agenda for independence of its main political rival, the DPP that defines Taiwan's cultural and political identity as distinct from that of China.

The DPP's political agenda includes the building of a Taiwanese national identity separated from Chinese identity. During Chen Shui-bian's rule, there has been a greater assertion of a Taiwanese national identity based on a differentiation between mainland immigrants and native Taiwanese. The DPP has accused the KMT of discriminating against native-born Taiwanese and of creating a social, economic and political elite comprised of the immigrants from the mainland. The DPP advocates a cultural identity of Taiwan as represented by the culture of the local Taiwanese population. To promote this, in his last tenure, Chen attempted to rewrite the history of the island and pushed for greater cultural rights for the native Taiwanese. To quote an example, immediately after the March election, a group called Global Taiwanese Movement Federation that openly supported the DPP in the elections, launched a campaign to promote native Taiwanese languages.<sup>10</sup>

There are opposing political manifestations of the national identity discourse of the two parties. The KMT has extensive economic and cultural links with the mainland and takes a more conciliatory position vis-à-vis the mainland. While this does not translate into a support for reunification with the mainland, the KMT would certainly like the status quo to be maintained. The DPP, against this, wants to crystallise the concept of a separate national identity with political sovereignty. Chen Shui-bian consistently worked towards this during his last term as President. In his present term, he proposed to bring about constitutional reforms in Taiwan that could prepare the ground for Taiwan's eventual independence from the mainland.

### DPP's Proposed Plan of Action

In his inaugural address, Chen Shui-bian declared that his government's priorities would be to "unite Taiwan, stabilise cross-strait relations, seek social harmony, and reinvigorate the economy".<sup>11</sup> Chen tried to balance Taiwan's aspiration for greater political space in the international arena, with the realisation that Taiwan is increasingly constrained by China in doing this. While the Taiwan issue impacts significantly upon the nature of Sino-US relations, the US is not likely to support a Taiwanese declaration of independence. Chen is also aware that given the wide-ranging character of the Sino-US relationship, Taiwan cannot afford to test or stretch the limits of US commitment. Therefore, Chen omitted any reference to specific plans to take Taiwan towards independence.

The US played a part in ensuring that Chen's inaugural speech was conciliatory in nature. James Leach, the US representative to Chen's inaugural ceremony, said, "We have certainly advocated great caution. I think the President has taken our views into account as he has taken the views of the people in Taiwan into account."<sup>12</sup> Leach stated that maintaining *status quo* was integral to peace and security in the Asia-Pacific region. Reiterating Washington's official stand, he hoped that there would be no unilateral change to the *status quo* in the Taiwan Strait.<sup>13</sup>

Keeping in mind US concerns and Chinese sensitivities, Chen did not outline a timetable for Taiwan's eventual independence. He categorically stated that "in absence of a national consensus on issues of national sovereignty, territory and the subject of unification/independence", these particular issues will not be part of the proposed constitutional re-engineering.<sup>14</sup> "Constitutional re-engineering" itself was a climb down from the original proposal for drafting a new Constitution that would pave the way for the declaration of independence. The "constitutional re-engineering" project is supposed to culminate in a new version of Taiwanese Constitution to be enacted by 2008.

The DPP lost the elections to the legislative Yuan held in December 2004; Chen Shui-bian's agenda for constitutional reform has become a political battleground between the DPP and the KMT. Under these circumstances, it is unlikely that any radical proposals affecting a change in Taiwan's political status will be accepted and approved by the legislature. Chen will have to stick closely to the provisions for constitutional change

outlined in his inaugural address. These include separation of powers, centre-state relations and legislative structure, among others. After the ignominious defeat of the DPP in county elections in December 2005, Chen Shui-bian has been rendered a lame-duck President and his proposals for constitutional re-engineering are not likely to see any further progress. However, Chen has not given up on his mission and in January 2006 called for the abolition of the National Reunification Council and its guidelines.<sup>15</sup> The Reunification Council was set up in 1991 by the erstwhile President, Lee Teng-hui, and contained the guidelines under which Taiwan would be reunified under a democratic government. The guidelines also pertained to the long, medium and short-term strategies that Taiwan would follow to achieve this goal. Chen's proposal of scrapping the Reunification Council has been criticised by the KMT. While the Council has been essentially defunct since Chen took office, its scrapping would be a strong symbolic message from the DPP about its seriousness to pursue the independence agenda.

From the close election result and failure of the accompanying referendum held in March 2004, it is clear that the island is deeply polarised on the issue of sovereignty. The DPP hopes to evolve a national consensus on the issue of independence by greater popular involvement. Prior to the election, Chen had advocated holding of a referendum about the constitutional reform. However, the DPP could not get the KMT to agree to its version of the referendum bill that allowed the public to initiate constitutional amendments via the referendum. This was part of Chen's agenda to broaden popular participation in national policy-making in Taiwan, something Beijing is stringently opposed to. After the election, Chen proposed forming a "Committee for Cross-Strait Peace and Development," with participation of the opposition parties and the citizenry to draft the "Guidelines for Cross-Strait Peace and Development."<sup>16</sup> Other than promoting democratic practices in Taiwan's polity, this move will also be a tool to ground the independence agenda in domestic law.

### **Beijing's Carrot and Stick Policy**

Beijing is apprehensive that under the guise of constitutional reform, Chen Shui-bian wants to promote the agenda for independence. Beijing sees Chen's proposals for constitutional reform and the greater use of a participatory exercise of a referendum as destabilising factors in cross-

Strait relations. It has warned that both these moves could force China to resort to the use of force to effect the reunification of Taiwan with the mainland. Two days before his inauguration, on May 17, the Taiwan Affairs Office of the Chinese government issued a strongly worded statement that placed two alternatives before Chen. According to the statement, Chen Shui-bian could either pull back from the “dangerous lurch towards independence, recognising that both sides of the Taiwan Straits belong to the one and the same China” or he could continue to follow the separatist agenda that would most certainly be met with the use of force by China.<sup>17</sup> Beijing also warned that Taiwan would be mistaken in assuming that “Beijing will dare not resort to the use of force to check Taiwan’s pro-independence bid for fear of negative influences on its economic development and holding the 2008 Olympic Games.”<sup>18</sup> This was a clear statement of Beijing’s resolve to maintain its hard-line stance towards Taiwan, irrespective of what costs it might incur.

At the same time, Beijing made fresh proposals to encourage Taiwan to hold talks under the ‘One China’ policy. China has offered to hold “equal-footed consultations” with Taiwan to establish a mechanism of “mutual trust in military field and to jointly build a framework for conduct of peaceful cross-strait relations.” Beijing has consistently pushed Taiwan to engage in bilateral talks and the offer of “equal footed” consultation is intended to keep the Taiwan authorities interested in a sustained dialogue process. Beijing also extended the offer of consultations on “the issue of international living space of the Taiwan region, commensurate with its status.” By Beijing’s standards, this was a generous offer acknowledging Taiwan’s ambition to represent its 23 million people and their economic and cultural interests as diverse from that of the mainland. This process is actually already in place with Taiwan being a part of the WTO. However, this offer by Beijing is not likely to extend to giving Taiwan any semblance of sovereign representation in the international community. The World Health Organisation’s (WHO) consistent refusal to accept Taiwan’s representation into the organisation is a case in point.

Juxtaposing the threatening tone of the May 17 statement with the offer of talks on Taiwan’s international living space, it would seem that Beijing was sending out contradictory signals about its Taiwan policy. In fact, a section of the Western media speculated that these contradictions arose from a power struggle at the top levels of the Chinese Communist

Party.<sup>19</sup> There was speculation that Jiang Zemin and Hu Jintao were involved in a struggle for power wherein the Taiwan policy was becoming a touchstone of their differing policy approaches. While it would be simplistic to suggest that there were fundamental differences between Hu Jintao's and Jiang Zemin's Taiwan policy, the Taiwan issue did become a sticking point in the articulation of the 'theory of Peaceful Rise', the new Chinese approach to foreign policy.<sup>20</sup> The alleged differences pertained to the contradiction between China's claimed right to use force if Taiwan declared independence, with a larger policy decision to desist from use of power in achieving Chinese national objectives under the Peaceful Rise theory. Whether this option would be exercised depends largely on developments within Taiwan rather than a radical change in the PRC's current policy.

### **Current US Policy**

While there has been a change of tone in the Bush Administration's Taiwan policy, the Taiwan Relations Act (TRA) continues to be the framework for US policy on cross-strait relations. The TRA aims to balance the US defence commitment for Taiwan with building a workable relationship with China. The US cannot abandon either of these policy objectives without seriously damaging its interests and its dominant position in the Asia-Pacific region. It needs to maintain its credibility as a dependable ally in the Asia-Pacific and simultaneously construct a mutually beneficial relationship with a rapidly developing, modern and nuclear-armed China. Under this policy, on the one hand, the US has refused to support Chen Shui-bian's proposals for referendum and any move towards independence, and on the other, it has enhanced its arms supply to the island.

The Bush Administration has been quite vocal about the US' commitment towards helping Taiwan protect itself from an attack from China. President George W. Bush's statement that the US will do "whatever it took to help Taiwan defend herself" was perceived, on both sides of the Taiwan Strait, as an indication of greater US resolve in defending its interests in the Asia-Pacific region. The Bush Administration has backed its rhetorical support to Taiwan's security by scaling up arms supply to Taiwan. This includes a multi-billion dollar deal comprising eight diesel-engine submarines, 12 P-3C Orion aircraft, anti-missile Patriot PAC-3 systems and four Kidd-class destroyers. The sale of the Aegis defence system to

Taiwan has been a bone of contention between the US and China for many years now. China is apprehensive that upgraded Taiwanese missile defence capabilities will dilute its ability to deter the island through missile deployments along its coast. While the Clinton Administration continued arms supply to Taiwan to fulfil its obligation under the TRA, it followed a more circumspect policy in this regard. The last major defence deal between Taiwan and the US was concluded in 1992 when the earlier Bush Administration had sold the island 150 F-16 aircraft. The current Bush Administration too has repeatedly declared its commitment to the 'One China' principle. In keeping with this, the US has made it clear that it does not approve of any unilateral measures, by either China or Taiwan, to change the *status quo* in the Taiwan Strait.

### **Need for a Review?**

There has been some debate in the US, notably during Congressional hearings held in April 2005 on the 25<sup>th</sup> anniversary of the TRA, on some much-needed changes in the Act.<sup>21</sup> The situation in the Taiwan Strait is being seen in Washington as one "which is fraught with the potential for miscalculation."<sup>22</sup> With Chen Shui-bian's increasingly open desire to move towards an eventual declaration of independence, the danger of a conflict with the mainland has turned into a possibility. Michael Swaine, a leading US expert on Taiwan affairs, said in his testimony to the US Congress that there exists a genuine risk of "inadvertent escalation" in the Taiwan Strait and therefore the US must make it clear that "provocations by either side are totally unacceptable."<sup>23</sup> Currently, the TRA is ambiguous about its actual military commitment to Taiwan and there exists a gap in perception between Taipei and Washington on this issue. Under these circumstances, the US needs to define its actual military commitment to Taiwan. The US is clearly not keen in getting involved with a military conflict with China over Taiwan. Therefore, it is categorical about its commitment to the 'One China' policy and has indicated to Taipei that it cannot take US support for granted without fulfilling its part of the bargain under the TRA.

Most importantly, there is a difference in threat perception between Washington and Taipei on the possibility of a Chinese attack. According to Swaine, senior leaders in Washington and Taipei "increasingly disagree over the true urgency of the military threat posed by the PLA."<sup>24</sup> While Taiwan seems to believe that continued US support is sufficient to deter

an attack, Washington is not equally sanguine about this. This leads to major differences of opinion between the US and Taiwan about the need and urgency of Taiwan's defence modernisation.<sup>25</sup> The US is keen that Taipei should develop its military capabilities so that in the event of a clash with China, Taiwan does not have to depend on the US as the first line of defence. However, the acquisition of weapons systems to enhance its military capability has been mired in domestic political wrangling between the KMT and the DPP in Taiwan.<sup>26</sup> The political debate over US arms sales has become increasingly acrimonious in Taiwan, with some accusing the US of overcharging Taipei and of corruption in finalising these deals. There are also differences between the US and Taiwan relating to transfer of technology and price of the weapons systems. Both these factors have contributed to a slow pace of defence modernisation in Taiwan, and Washington is increasingly concerned about this.

China, on its part, is consistently working towards improving its military capabilities. Its current military strategy towards Taiwan is based on deterrence against any independence move and a possible US intervention through missile deployment. At the same time, it is seeking advanced weapons and technology, from Europe to upgrade its offensive capabilities. Currently, there is a EU ban on sale of weapons and weapons technology to China, but the EU has been keen to lift the ban. Recent reports have also indicated that China has been contemplating a 'decapitation strike' on Taiwan as one of its military options.<sup>27</sup> This combined with the issuing of belligerent statements by Beijing and Chen Shui-bian's attempts towards international recognition for Taiwan, have kept the tension in the Taiwan Strait at a heightened level.

### **The Trajectory Till Now**

In the last two years, Taiwan, China and the US have taken more entrenched positions on their respective interests in the dispute. Taiwan, under the DPP, is promoting the concept of a Taiwanese identity. China, reacting to the DPP's attempt to push the idea of a sovereign Taiwan through constitutional reform, has warned Taipei against any such move. It has stated that any move towards independence would invite the use of military force, regardless of the damage to China's economic development or hosting of the Olympics in 2008. In fact, reacting specifically to Chen's proposal for enforcing the new Constitution in 2008, the Hong Kong-based Chinese

newspaper, the *Wen Wai Po*, put out a report in July that said that China had proposed setting up a timetable for resolving the Taiwan issue.<sup>28</sup> Jiang Zemin was identified as pushing this proposal to the Chinese military. The report stated, “the first two decades of this century is a development opportunity period for China, settlement of the Taiwan issue during this period cannot be ruled out.” The report in the *Wen Wai Po* was followed by a commentary in the *People’s Daily* that clarified that while China does not commit itself to resolving the Taiwan issue within any specific period, this does not, however, preclude the possibility of militarily settling the dispute by 2020 in the face of a Taiwanese declaration of independence. The main purpose of this statement was to deter the DPP from pursuing its struggle for independence.

More resolute statements by the US in fulfilling its commitments under the TRA and urging Taiwan to upgrade its military capabilities followed the Chinese statement.<sup>29</sup> The US resolve to stand by Taiwan was reiterated by the US National Security Advisor, Condoleezza Rice and Admiral Thomas Fargo, Head of the US Pacific Command, during their respective visits to China in July 2005. Rice reiterated US commitment to continue arms sales to Taiwan and Admiral Fargo mentioned the need for stationing a second US aircraft carrier in the Asia-Pacific.<sup>30</sup> These two visits underscored President George W. Bush’s earlier statement that the US would do “whatever it took to help Taiwan defend herself”.<sup>31</sup>

### **Future Trends**

As indicated above, there have been tactical changes in Taipei, Washington and Beijing in dealing with the Taiwan issue. China has shown more tolerance on the role of the US as an actor in cross-strait relations and is trying to use its increasing leverage with the US to compel Washington to pay greater heed to the Chinese position. Taiwan is moving closer to demanding sovereign status for itself, if not by a declaration of independence, then by using the mechanisms of constitutional reform and referendum to ground its national identity in democracy at home. This is sharpening the differences between the US and Taiwan. These differences are likely to be exploited for political gains by Taiwanese political parties in a struggle for power. The role of the US will be critical towards how the Taiwan issue unfolds over the next few years. If the US continues to stick to the ‘One China’ principle, then Washington, rather than Beijing,

is likely to play a greater role in dissuading a declaration of independence by Taiwan. For the US, fine-tuning its current policy to encourage Taiwanese defence modernisation and supporting Taiwan's political democratisation appears to be the most profitable option. China has been categorical about its options in the dispute. If it is faced with a declaration of independence, it will attack Taiwan, irrespective of the consequences. To be able to make good its threat and to deter Taiwan, it will continue to modernise its missile, naval and air force capabilities. However, short of a declaration of independence, China is not likely to use force or to destabilise the situation, as that would be detrimental to its economic and long-term foreign policy goals.

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- <sup>6</sup> Taiwan's Legislative Yuan's attempts to set up a Truth Committee or a Special Task Force to investigate the shooting incident were embroiled in controversy from the very outset. See *Taipei Times*, "Monstrous bill horrifies Cabinet", *Taipei Times* August 25, 2004; "Truth Committee a step backward" August 26, 2004; "Editorial: Return of White Terror", *Taipei Times*, August 27, 2004.
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- <sup>8</sup> Xing Zhigang, "Referendum Provokes Rise in Tension", *China Daily*, February 26, 2004.
- <sup>9</sup> Charles Snyder, "US Reiterates Referendum Criticism", *Taipei Times*, December 10, 2003, at <http://www.taipeitimes.com/News/taiwan/archives/2003/12/10/2003079024> (Accessed December 11, 2003).
- <sup>10</sup> Caroline Hong, "New Group to Promote Native Languages Founded", *Taipei Times*, March 23, 2004, at <http://www.taipeitimes.com/News/taiwan/archives/2004/03/23/2003107414> (Accessed March 24, 2004). Currently, Mandarin is the most widely spoken language in Taiwan and has been promoted by the KMT.
- <sup>11</sup> "President Chen's Inaugural Speech: 'Paving the Way for a Sustainable Taiwan'", *Taipei Times*, May 20, 2004, at <http://www.taipeitimes.com/News/front/archives/2004/05/20/2003156312> (Accessed May 21, 2004).
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- <sup>13</sup> Melody Chen, "Chen's Speech was Constructive: Leach", *Taipei Times*, May 2, 2004.
- <sup>14</sup> "President Chen's Inaugural Speech", *Taipei Times*, May 20, 2004.
- <sup>15</sup> "Scrap Reunification Guidelines, Chen Says", *Taipei Times*, January 30, 2006.
- <sup>16</sup> "President Chen's Inaugural Speech", no.14
- <sup>17</sup> "Curbing 'Taiwan Independence' Most Urgent Task", *People's Daily*, May 1, 2004, at [http://english.peopledaily.com.cn/200405/17/eng20040517\\_143467.html](http://english.peopledaily.com.cn/200405/17/eng20040517_143467.html) (Accessed May 1, 2004).
- <sup>18</sup> "Taipei Urged not to Misjudge Beijing's Resolve", *People's Daily*, May 10, 2004, at [http://english.peopledaily.com.cn/200405/19/eng20040519\\_143774.html](http://english.peopledaily.com.cn/200405/19/eng20040519_143774.html) (Accessed May 10, 2004).
- <sup>19</sup> See, for example, Joseph Kahn, "Former Leader Still in Power in China's Life" *The New York Times*, July 16, 2004; Phillip P. Pan, "Jiang Puts Hard Line to the Test in China" *Washington Post*, May 31, 2004; and Joseph Kahn, "China's 2 Top Leaders Square off in Contest to Run Policy", *The New York Times*, September 2, 2004.
- <sup>20</sup> The entrenchment of the China threat theory in the US and increasing security concerns of its Southeast Asian neighbours sparked off a policy exercise in 2003 in China about a restatement of its foreign policy objectives. The theory of Peaceful Rise is the result of this debate in China. The main components of this theory are as follows. (a) While augmenting its comprehensive national strength, China does not wish to challenge the present international system but to integrate with it. (b) The theory identifies a symbiotic relationship between China's need for an international environment and its economic growth. China's economic development contributes to preserving world peace. (c) Peaceful rise

is a strategic choice for China as it provides a new channel to exert Chinese influence in the international arena. The Peaceful Rise theory was however given a quiet burial indicating that the option to use power in the Taiwan case was very much alive and a part of Beijing's Taiwan policy. For a detailed debate on the Peaceful Rise Theory see Evan S. Medeiros, "China Debates Its 'Peaceful Rise' Strategy", *Yale Global Online*, June 22, 2004, at <http://yaleglobal.yale.edu/displat.article/id=4118>; and C Raja Mohan, "Debating China's 'Peaceful Rise': The Rhyme of the Ancient Mariner", *Economic and Political Weekly*, August 14, 2004, pp. 3699-3702.

- <sup>21</sup> See specifically the testimonies of Richard Bush, Michael D. Swaine and Ming Wan, dated April 21, 2004, available at US House of Representative International Relations Committee website, at [http://wwws.house.gov/search97cgi/s97\\_cgi](http://wwws.house.gov/search97cgi/s97_cgi)
- <sup>22</sup> Henry J Hyde, Opening Remarks, Committee on International Relations US House of Representative Hearing on "The Taiwan Relations Act: The Next Twenty-Five Years" April 21, 2004, at [http://wwwc.house.gov/international\\_relations/108hyde042104.htm](http://wwwc.house.gov/international_relations/108hyde042104.htm) (accessed on June 20, 2004).
- <sup>23</sup> Michael D. Swaine, Testimony to the House Committee on International Relations, April 21, 2004 [http://wwwc.house.gov/international\\_relations/108/swaine042104.htm](http://wwwc.house.gov/international_relations/108/swaine042104.htm). (Accessed June 20, 2004).
- <sup>24</sup> See Michael D. Swaine, "Deterring Conflict in the Taiwan Strait: The Successes and Failures of Taiwan's Defense Reform And Modernization Program" Carnegie Endowment for International Peace, *Carnegie Papers*, No. 46, July 2004 and Michael D. Swaine, "Trouble in Taiwan" *Foreign Affairs*, 83 (2), March-April 2004, pp. 39-49.
- <sup>25</sup> For a detailed discussion of this, see Michael D. Swaine, "Deterring Conflict in the Taiwan Strait: The Successes and Failures of Taiwan's Defense Reform and Modernization Program", *Ibid*.
- <sup>26</sup> See for example MacWilliam Bishop, "The Trouble over Sub Deals are More Political than Financial", *Taipei Times*, July 23, 2004, at <http://www.taipetimes.com/News/edit/archives/2004/07/23/2003180088> (Accessed July 24, 2004); and Chang Ya-chung, and Hsieh Ta-nin, "Public Say in Arms Deals Needed" *Taipei Times*, September 9, 2004, at <http://www.taipetimes.com/News/edit/archives/2004/09/09/2003202222> (Accessed September 10, 2004).
- <sup>27</sup> See "On Whose Better Angels can Taipei Rely?" at *Taipei Times*, July 23, 2004, at <http://www.taipetimes.com/News/edit/archives/2004/07/23/2003180087> (Accessed July 24, 2004).
- <sup>28</sup> "China Sets Clear Timetable for Resolving Taiwan Issue: HK Newspaper", *People's Daily*, July 28, 2004, at <http://english.peopledaily.com.cn/200407/28/archive.html> (Accessed July 28, 2004).
- <sup>29</sup> "Pentagon Warns of China's of 'Credible Military Options'", *Taipei Times*, May 31, 2004 at <http://www.taipetimes.com/News/taiwan/archives/2004/05/31/2003157668> (Accessed June 1, 2004).
- <sup>30</sup> The *USS Kitty Hawk* is the only aircraft carrier in the Asia-Pacific region at

present and is permanently based in Japan to provide immediate response in case of a crisis across the Taiwan Strait or in the Korean peninsula.

<sup>31</sup> See Kelly Wallace, "China Registers Diplomatic Protest to the US. *CNN*, April 25, 2001, at <http://www.cnn.com/2001/ALLPOLITICS/04/25/bush.taiwan.01/> (Accessed May 20, 2004).

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