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THESIS

**A STUDY OF THE CHINESE RELATIONSHIP
ACROSS THE TAIWAN STRAIT**

by

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December 1996

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STRAIT**

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from the

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This is a study of the relationship across the Taiwan Strait. The relationship between the Republic of China (ROC) on Taiwan and the People's Republic of China (PRC) on Mainland China is not only important to the two governments, but also is important to the world community. After an overview of the historical background and the political policy development of each side toward each other, this thesis points out the ROC and the PRC's current strategies in terms of their cross-Strait relation. Further, it examines four factors in the future development of their cross-Strait relationship; namely international politics, the PRC's stability, the ROC's public opinion of Taiwan independence, and interactions between both sides. Finally, the author provides conclusions and recommendations on how to improve the future relationship between the PRC and the ROC. The four primary recommendations are: adopting a concept of "soft sovereignty", implementing more pragmatic consultations, increasing exchanges, and creating mutual trust.

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I. INTRODUCTION

The division of China into two separate governments is a great misfortune for all Chinese people. Many countries throughout history have experienced periods of division and reunification, and the history of China is also one of periodic partition and unity. Modern Chinese have been unable to escape this kind of historical cycle. Since 1949, when the Chinese Communists established the People's Republic of China in Beijing and the Nationalist Government transferred to Taipei, the Chinese people on both sides of the Taiwan Strait have lived in two societies with different ideologies and political systems, as well as different economic and social systems. [Ref. 1, p. 54-55]

In examining recent Chinese history, it is clear that the relationship between Taiwan and Mainland China is quite different from the former two Germanies, the two Vietnams, and the current two Koreas in four main ways. First of all, Mainland China and Taiwan are different from these other situations in that rather than being separated through international agreements, they were separated as the result of civil war. Secondly, unlike these other countries which share a common boundary, Mainland China and Taiwan are separated by the Taiwan Strait. Thirdly, whereas the former two Germanies and Vietnams as well as the present two Koreas were and are divided nearly equally, the geographical areas of Mainland China and Taiwan are quite different in size. Lastly, whereas the other countries were and are recognized by each other, the governments of the People's Republic of China and the Republic of China have never officially recognized each other. [Ref. 2, pp. 345-371]

Recently both the PRC and the ROC have indicated that they desire unification. On June 26, 1983 Deng Xiaoping proposed the idea of having "one country but two systems." [Ref. 3, p. 206] In fact, the PRC continues to espouse this idea. However, the Executive Branch of the ROC states very strongly that "Only unification under a free and democratic system will give the Chinese people happiness and enable China to make a greater contribution to world peace, security, and prosperity." [Ref. 1, p. 56]

The hope of both the PRC and the ROC is to resolve the issue of reunification peacefully. Ironically, the PRC refuses to give up the possible use of military force to reunify China. For example, in March of 1996, the PRC used military missile exercises near Taiwan in order to try to influence Taiwan's presidential election. At the same time, Taiwan's hope is to become a member of the United Nations in order to safeguard its democratic system.

In order to resolve this conflict peacefully, both the PRC and the ROC will need to focus not only on their differences; but rather on the cultural, economic, educational, and even political contributions they can each make to the other and their possible future of better relationship.

A. PURPOSE OF STUDY

The purpose of this study is to examine the relationship between the PRC and the ROC. The relationship between the two governments of China is not only important to the two governments, but is important to the world community. This relationship derives its importance from the economic prowess of the Republic of China and the rapidly growing economic engine of The People's Republic of China. If the relationship between the two governments improves, the prospects for a peaceful and prosperous Asian-Pacific Region are assured. If the relationship declines, the People's Republic of China as an up and coming superpower will find itself eventually in conflict with the Republic of China and possibly with most of the world's powers.

B. SCOPE OF THESIS

This study is limited to political policies and the statements of recent leaders of each of the two governments. Other countries' policies will be addressed when they have a direct effect on the stated policies of the ROC or the PRC. This study will not address the military capabilities of the two governments except as it reflects each government's policies.

C. RESEARCH QUESTIONS AND METHODOLOGY

The primary research question is “How can the relationship between the two governments be improved?” To address this issue the following questions must be considered:

1. What is the current relationship?
2. What are the factors that affect the improvement of relations?
3. What are the political lines that each government has drawn?
4. What is the overall political strategy of The People’s Republic of China?
5. What is the overall political strategy of the Republic of China?

To address the primary research question, it will be necessary to examine the PRC and ROC’s policies for conflict and commonalties. This will be done by surveying the official positions of each government and the statements of world political leaders and researchers. Each government’s policies will be examined in the light of both the official stated position and actions in recent years. To address the primary research question, it is necessary to examine in detail the current relationship between the two governments. The primary research method for this will be an examination of reputable news reports and articles from such publications as *The Economist*, *The Free China Journal*, *Beijing Review*, *Far Eastern Economic Review*, etc.

To determine the factors which would improve the relationship between the ROC and the PRC, the conflicts and common positions of each government will be examined. This again, will be determined from reputable news reports of each government’s actions and the official position. At times both the ROC and the PRC have stated positions for which there is no compromise. These statements will be examined for their practical effect on the relationship between the two governments. To give the reader a sense of the direction of each

government's policy, the study will conduct an analysis of the overall political strategy employed by each government. This section will include a brief history of the relationship. The author will endeavor to fit these strategies into the current theory/research literature on political and economic relationships between governments.

D. ORGANIZATION OF THE STUDY

This chapter has been a brief introduction to the relationship between the PRC and the ROC. Chapter II examines the recent history of the PRC and ROC. Chapter III examines the statements of each of the governments to determine where the political lines are drawn in their relationship. Chapter IV identifies current political strategies of the PRC and the ROC toward each other. Chapter V examines factors in the future development of the cross-Strait relationship which will be the keys to improve the relationship between both sides. In Chapter VI the author will present conclusions and recommendations.

E. FLOW CHART OF THE THESIS

In order to explicate the configuration of the thesis, the author provided a flow chart of his thesis. (see Figure 1.) The flow chart shows each chapter's title, relevant sources and results to describe the thesis structure.

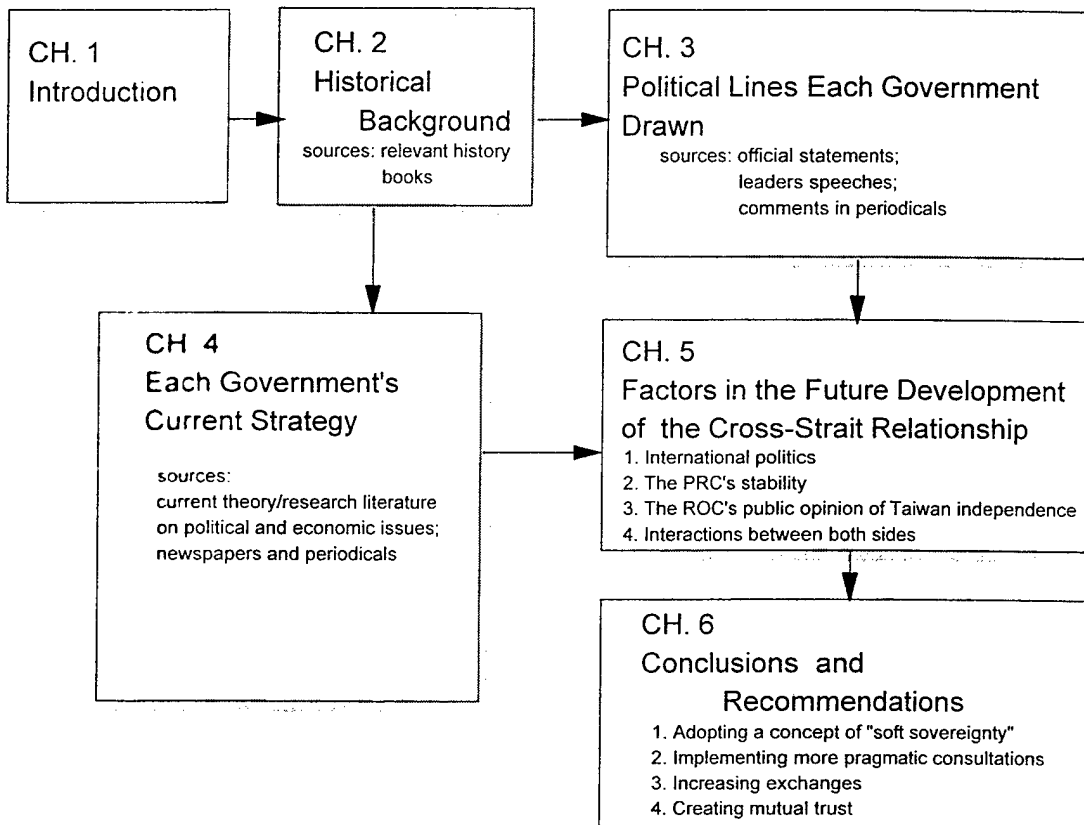


Figure 1. Flow Chart of the Thesis

II. HISTORICAL BACKGROUND

There is no doubt that the history of Taiwan is intimately linked with the history of Mainland China. This chapter attempts to address recent Chinese history across the Strait from the late nineteenth century to the present. By surveying this recent history, one can more easily identify changes in the development of the relationship between the PRC and the ROC. Specifically, this chapter will deal with the most significant events which have contributed to this changing relationship and will only touch on the period after 1894.

A. BEFORE 1945

Historically, Taiwan has been separated from Mainland China for more than one hundred years except for the period from 1945 to 1949 after the surrender of Japan and the restoration of Taiwan by the Nationalist Government.

1. Taiwan Ceded to Japan

Taiwan is populated almost entirely by people who are ethnically, linguistically and culturally Chinese. Although Taiwan had been a Chinese territory for centuries, the Imperial Chinese Government did not pay a great deal of attention to its affairs until the latter part of the nineteenth century when efforts by Japan and then France to take the island by force led China to appreciate the importance of Taiwan to China's national defense. As part of a series of government reforms on the island, Taiwan became a regular province of China in the late Ching Dynasty.[Ref. 4, p.79]

In 1894, China (under the Ching Dynasty) and Japan went to war--a war which China promptly lost. Under the 1895 Treaty of Shimonoseki, China ceded Taiwan and the Penghu Islands to Japan. Due to China's defeat, Dr. Sun Yat-sen and his followers began to follow a revolutionary path rather than peaceful reform. The clearest evidence of this dramatic turn to revolution was the founding of the Hsin-Chung Hui (the China Revival Society) in November of 1894 by Dr. Sun Yat-sen. This event also marked the beginning of the Chinese Nationalist Revolution.

Between 1900 and 1918, Dr. Sun went to Taiwan three times. As a result, many Taiwanese had become Sun's followers, and they also joined in many of the revolutionary uprisings against the Ching Dynasty.

In October, 1911, after at least ten attempts of revolutionary operations, Dr. Sun and his followers overthrew the Ching Dynasty and established the Republic of China with himself as the first President of the Republic. Dr. Sun Yat-sen died in 1925. Soon after Sun's death, Chiang Kai-shek succeeded him to be the leader of the Chinese. However, during this time since 1911, Taiwan was still occupied by the Japanese until 1945. [Ref. 5, pp. 7-33]

2. Taiwan Returned to China

In 1937, Japan started an all-out War of Aggression against China. As a result, at the April 1, 1938 meeting of the Provisional National Congress, Chiang Kai-shek announced the determination of the Nationalist Government to recover Taiwan after the war. Following this action, on December 9, 1941, the Nationalist Government formally declared war against Japan and abolished all treaties between China and Japan including the 1895 Treaty of Shimonoseki.

In November of 1943, President Chiang Kai-shek met with President Franklin D. Roosevelt of the United States and Prime Minister Winston Churchill of Great Britain at a wartime summit conference in Cairo, Egypt. On December 1, 1943, these three world leaders released a communiqué, later known as the Cairo Declaration, signed on November 26, which stated that "[it] is their purpose...that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China." It was the Potsdam Proclamation of July 26, 1945 that declared that "the terms of the Cairo Declaration shall be carried out." [Ref.4, p.79]

In fact, the Japanese Instrument of Surrender accepted the terms of the Potsdam Declaration, and Japanese forces on Taiwan carried out instructions to surrender to the Chinese army on September 2, 1945. Finally, on October 25, 1945, Taiwan was formally restored to the Republic of China and has been under its administration since that time.

B. THE CIVIL WARS: 1931-1936 AND 1946-1949

The Civil War is a critical period in recent Chinese history across the Strait. Since the result of the second civil war which was between the Nationalists and the Communists, Taiwan and Mainland China have been separated again for some 47 years.

1. 1931-1936

The Chinese Communist Party was founded in Shanghai in 1921 with Soviet Communist support. By 1928 General Chiang Kai-shek had managed to bring most of China under Nationalist control, but the seeds of the Communist Party of China had also taken root. The Chinese Communists rebelled against the National Government and established a provisional "Soviet Government" in Chianghsi on November 7, 1931.

As long as the Chinese Communist Party established the "Soviet Government", drawing up a "constitution" and organizing a "provisional central government", Chiang Kai-shek announced that the Chinese Communist Party was an illegal organization and attacked the Communist's troops. Campaigns against the communists led to the famous Long March from 1934 to 1935. [Ref.7, p.92]

2. 1937-1945

From 1937 to 1945, the Nationalists and the Communists cooperated to some degree against the Japanese occupation of the mainland. During the war against Japan, the Communist adopted a strategy to expand the Communist organization. Mao, the chairman of Chinese Communist Party said "we should use ten percent of our strength to oppose Japan; twenty percent to appeasing the National Government; and seventy percent to developing our own power." [Ref. 6, p.79] Therefore this strategy made the Communist Party much stronger and, as a result, the Communist Party became more influential in rural and urban areas.

3. 1945-1949

Following the War against Japan, the two sides resumed their struggle for supremacy, despite efforts by the United States to bring the factions together in a negotiated settlement. During the period from 1945 to 1949, Chiang Kai-shek and Mao Tse-tung struggled for

supremacy in Mainland China. By late 1949, the Nationalists had been defeated, and Chiang Kai-shek withdrew to the island of Taiwan with approximately 1.2 million members of his government and military.

Meanwhile, in Taiwan, a tragic event occurred in 1947. The Taiwanese, who had lived on the island before 1945, at first welcomed the Nationalists as liberators. Within a short time, however, the exploitative actions of the Nationalists soldiers who arrived in 1945 alienated the Taiwanese. Severe riots occurred on February 28, 1947, and thousands of people were killed including native Taiwanese and mainlanders who had just moved to Taiwan after the restoration. When President Chiang Kai-shek became aware of the situation, he punished those responsible and instituted policies designed to improve the life of the Taiwanese. Although friction between the mainlanders and the Taiwanese remains an underlying political and social problem, it has abated with time and through the efforts of both groups to work out their differences.[Ref.7, p.92]

C. FROM 1949 TO THE PRESENT

On October 1, 1949, Mao Tse-tung established the People's Republic of China in Beijing. Shortly after that, Chiang Kai-shek moved the Nationalist Government to Taipei. During the period between 1949 and the 1970's, the PRC attempted to liberate Taiwan several times. However, the Taiwan Strait, during this time, was an impediment to the PRC's army which could not easily cross the Strait. Likewise, the ROC's army could not effectively cross the Strait to attack the Mainland. From the 1960's on, the PRC gradually changed its policies toward Taiwan. Instead, they emphasized peaceful reunification rather than war. Beginning in 1981, Taiwan has also given up the use of its military power to recover Mainland China and are now using the appeal of political propaganda such as emphasizing the benefits of *The Three Principles of the People* instead of Communism to peacefully reunify both.[Ref. 1, p.25]

1. Taiwan Strait Crises

In the spring of 1950, the PRC began massing forces to invade Taiwan. What apparently saved the ROC from an invasion was the Soviet Union's inspired North Korean attack on South Korea, which occurred on June 25. The invasion led to a revision of U.S.-Asian defense policies to include Taiwan. U.S. President, President Truman, stated on June 27, that in view of North Korea's action, "the occupation of Taiwan by the PRC forces would be a direct threat to the security of the Pacific area and to the United States forces." He ordered the U.S. Seventh Fleet be deployed to this area of the Pacific in order to prevent any Communist attack on Taiwan from happening.

During the summer of 1954, the PRC stepped up military pressure on Kinmen, Matsu, I-Chiang and Tachen islands in retaliation for the negotiation of the U.S.-sponsored Southeast Asia Collective Defense Treaty, signed in Manila on September 8. Those islands are close to the mainland but controlled by the ROC. On Jan. 18, 1955, PRC invaded the offshore island of I-Chiang, 210 miles north of Taiwan and launched a massive bombardment of the Tachen islands, eight miles south of I-Chiang. Although the U.S. Senate had approved ratification of the "U.S.-Republic of China Mutual Defense Treaty" on February 9, the islands of I-Chiang and Tachen were later taken over by the PRC.

On August 23, 1958, the PRC resumed military operations against the remaining ROC-held offshore islands of Kinmen and Matsu concentrating heavy artillery barrages against Kinmen. On October 20, U.S. Secretary Dulles flew to Taiwan for talks with Chiang. A joint statement by President Chiang and Secretary of State Dulles issued on October 23 stated that under present conditions, the defense of the Kinmen islands together with the Matsu islands is closely related to the defense of Taiwan and the Penghu islands. Dulles, in a film interview released by the State Department on October 23, said the United States "was not going to attack or tolerate attacks against the PRC," but that the U.S. government would "stand firm" to resist any further attacks by the PRC. During Dulles's stay in Taiwan, he reportedly persuaded Chiang to reduce his forces deployed on the offshore islands by one-third. After the ROC cut back their forces on the islands, the PRC soon scaled down their artillery bombardments to an every-other-day affair of no military significance. Since

1959, there has been little tension in the Taiwan Strait, and the PRC has ceased bombardment of the offshore islands. In the 1960's, the U.S. Seventh Fleet's presence in the Taiwan Strait was reduced to a two-destroyer patrol which was terminated in the late 1960's.[Ref.4, pp.27-29]

2. The Taiwan Independence Movement

The Taiwan Independence Movement has a fairly long history which began as early as the Japanese colonial era. However, this movement gained more support as the result of four major events. The first event was the February 28, 1947 tragedy when thousands of Taiwanese were killed and imprisoned. The second factor which helped the movement to gain momentum was the fact that during the 1950's and 1960's, most of the political power was controlled by a disproportionate number of mainlanders (the Nationalist Government officials and military). The third factor was the ousting of the ROC from the United Nations in October, 1971 and its replacement by the PRC. The last major factor was the establishment of diplomatic relations between the United States and the People's Republic of China on December 16, 1978 and the severing of the diplomatic relations between the United States and the ROC. Also, one year later, the former U.S.-ROC Mutual Defense Treaty was voided instead of The Taiwan Relations Act.[Ref.4, pp.30-31]

About the Taiwan independence issues, the PRC former Premier Chou En-lai made the following statement on July 28, 1971, in remarks to a visiting group of American graduate students in Beijing: "We are absolutely opposed to the so-called Taiwan Independence Movement because the people in Taiwan are Chinese. ...the Taiwan Independence Movement is not a native movement in itself. It is a special movement which has behind it the special manipulation from foreign forces. One of their leaders is Peng Ming-min, who was originally a student at Harvard, then went back to Taiwan to become a professor and now is also back in the United States. There are also some elements of them in Japan. They are supported by the Japanese government." [Ref.4, p.32]

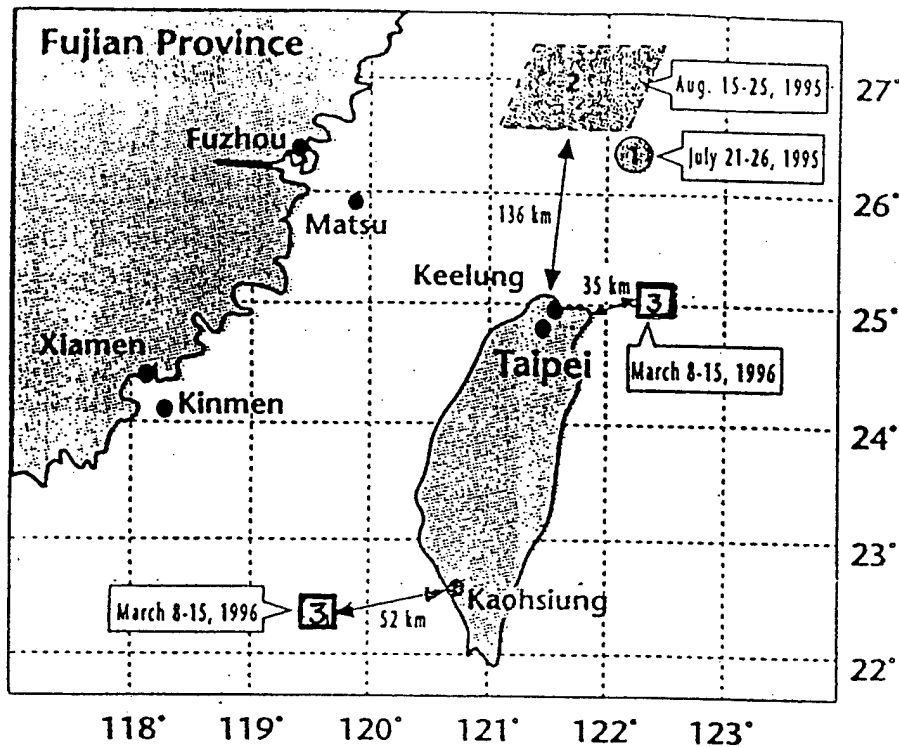
3. Another Crisis Across the Strait

During the period from the 1960's to the early 1990's, the Strait experienced an unprecedented period of peace. Although the PRC reiterated that it would never give up the possible use of military forces to attack Taiwan, it didn't create any aggressive action in the Strait during this period. Meanwhile, in spite of the interview on CBS television in April, 1971, President Chiang emphasized "I have full confidence that the Chinese mainland shall and will be recovered. My confidence has never wavered a bit.",[Ref.4, p. 31] his son, Chiang Ching-kuo, succeed the presidency in 1978, gradually changed the ROC's policies toward the PRC.

In November 1987, the ROC government allowed people to visit their relatives in Mainland China, in turn, loosened the limitation of traveling and investing in Mainland China. On January 13, 1988, President Chiang Ching-kuo passed away, the Vice President Lee Teng-hui succeed the presidency.

In April of 1993, the "Koo-Wang Talks" was held in Singapore. It was the first contact between the heads of two private government-authorized intermediary organizations in more than four decades since China was divided and placed under separate rule. Although there was no concrete agreement reached after five regular talks on practical issues, a foundation for future cross-Strait talks was laid.

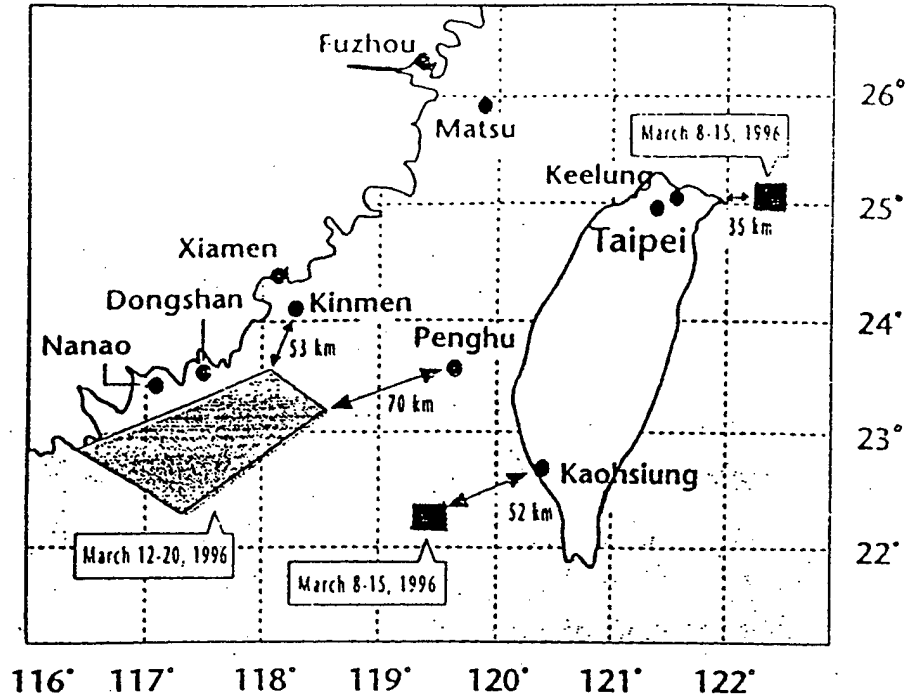
The improving situation changed dramatically on July 21 1995, when the first of two PRC missile exercises commenced ninety-five miles north of Taiwan (see Figure 1). This was because on June 8 1995, The Clinton administration granted a U.S. visa to the President Lee Teng-hui to visit Cornell University. The PRC was convinced that Lee is pursuing Taiwan Independence and the U.S. is getting involved in this movement.



[Ref.8, P.1]

Figure 2. Missile Target Sites in Taiwan Strait

On August 15 and November 15, 1995 the PRC held two different types of military exercises in the sea close to the northern Taiwan. On March 8 1996, with the historic popular election of the ROC president barely two weeks away, the PRC announced it would begin test-firing missiles into target areas in the sea close to Taiwan's two biggest ports, Keelung and Kaohsiung (see Figure 2). Meanwhile, in an official statement, the ROC Premier Lien, Chan condemned the missile-firing plan, which Beijing said would run from March 8 to March 15.

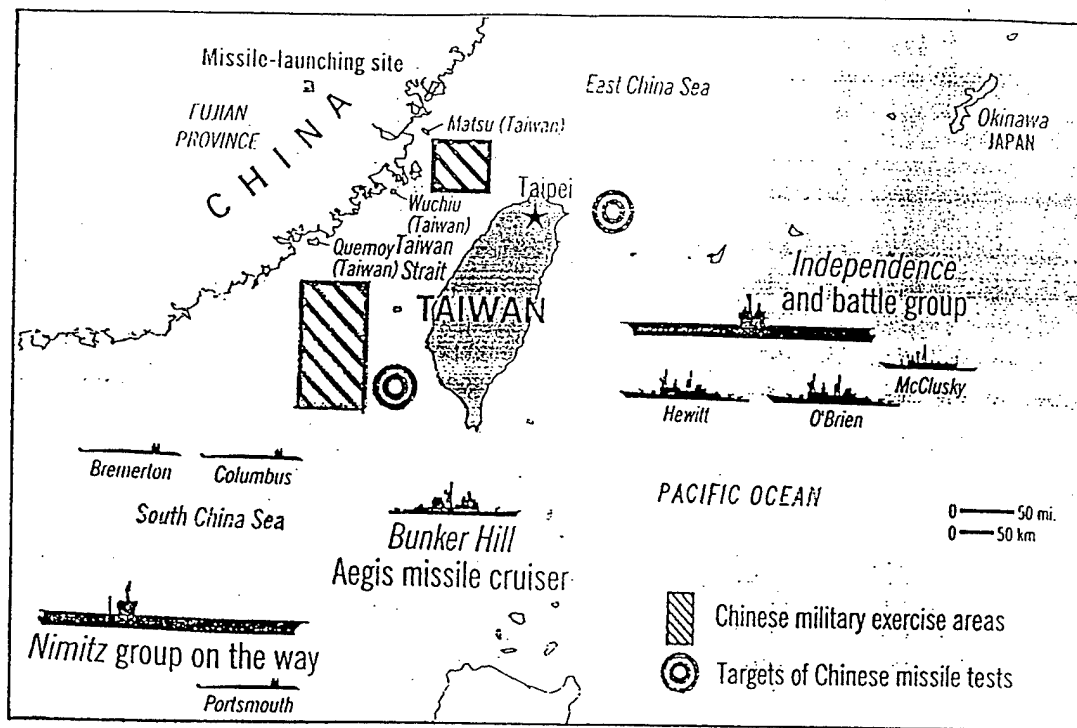


[Ref.8, p. 1]

Figure 3. Military Maneuver Areas of the PRC

Tensions in the Taiwan Strait continued to mount during the following week prior to March 23 presidential election neared and the PRC initiated a new round of military maneuvers. Beijing escalated its intimidation of Taiwan on March 12, when it began nine days of live-ammunition military exercises in the waters southwest of Taiwan. The maneuvers were scheduled to conclude on March 20.[Ref.8, p.1]

Due to the dangerous military games held by the PRC, President Clinton announced it was deploying two aircraft carrier battle groups, the Independence and the Nimitz near Taiwan (see Figure 3) according to the Taiwan Relations Act. Although the PRC reiterated that anything between Taiwan and Mainland China is an internal matter, it never allowed any foreign power interfere with it. Fortunately, the PRC maneuvers concluded peacefully and President Lee was reelected as the 9th president of the ROC on March 23 1996, with 54% of the votes.[Ref.8, p.2]



[Ref.35, p. 39]

Figure 4. U.S. Deployed Aircraft Carrier Battle Groups in March 1996

D. SUMMARY

Obviously, the modern history of China is a record of the Chinese people suffering aggression, dismemberment and calamity because of different ideologies as well as different foreign powers involvement. Based upon the historical background, it is clear that there still remain considerable differences between Taiwan and mainland China due to their nearly one hundred years of separation.

The next step in the analysis of the future relationship across the Taiwan Strait will focus the examination on various political statements made by both the ROC and the PRC in order to determine where their lines are drawn at present and where they may converge or diverge in the future.

III. POLITICAL LINES EACH GOVERNMENT HAS DRAWN

For most of the past some 47 years, both sides of the Taiwan strait were diametrically opposed and deeply hostile to each other, and for that reason, they had almost no contact. There was no such thing as 'cross-Strait relations.' However, since the beginning of 1990's, both sides have gradually changed their political policies. This chapter will examine the political lines that both sides have drawn.

A. ROC'S POLITICAL POLICY DEVELOPMENT TOWARD THE PRC

During the past 47 years, the ROC has had four different policies towards the PRC. First, in Chiang Kai-shek's era, "recovering the Chinese Mainland" was emphasized. Second, during the Chiang Ching-kuo's era, addressing "reunification of China under the *Three Principles of the People*" and the "three no's" was stressed. Third, throughout the Lee Teng-hui's era, Lee adopted "Guidelines for National Unification" and recently, in Lee's Inaugural Address in 1996, Lee suggested that he may visit Mainland China to improve the cross-Strait relations.

This portion will only deal with the development of President Chiang Ching-kuo's and Lee Teng-hui's cross-Strait policies.

1. The Chiang Ching-kuo Era

During the KMT's (Kuomintang, the ruling party of the ROC) 12th National Congress held in 1981, the KMT resolved to seek "Reunification of China under the *Three Principles of the People*." [Ref. 1, p. 25] The party claimed that the only way to unify China was to implement the *Three Principles of the People* throughout the entire country.

During this period, these calls for unification became the central theme of the Republic of China's mainland policy. In other words, the dispute between the two sides of the Strait hinged on whether a free and democratic China or a China under communist dictatorship best fulfilled the aspirations of the Chinese people and served the interests of the world as a whole. The ROC government's chief reason for advocating "unification under the *Three*

Principles of the People" was that the practice of these two contrasting systems over the past three decades or more, both on the two sides of the Strait and in the world at large, had resulted in the utter defeat of Marxism-Leninism, while the *Three Principles of the People* had proved better suited to the conditions of China and, therefore, was better able to solve the "China problem." Political movements launched under the communist system, such as land reform, the "hundred flowers," the "three red banners," and the Cultural Revolution had cost the Chinese people dearly, and even the CCP itself was now describing them as "catastrophes." In Taiwan, however, the ROC government had implemented Sun Yatsen's *Three Principles of the People* and had promoted economic development and political reform in a moderate and gradual manner, creating prosperity and democracy on a scale unprecedented in Chinese history. [Ref. 1, pp. 26-27] Therefore, the *Three Principles of the People* should be emphasized.

The late President Chiang Ching-kuo, then also chairman of the ruling party (KMT), supplemented his strategy toward the mainland regime with a "three no's" policy of "no contact, no negotiations, and no compromise" to further demonstrate the ROC's determination to oppose communism. [Ref. 9, p. 198]

The new situation created by contact with the PRC was best summarized in the inaugural address in 1984 by President Chiang Ching-kuo in which he stated: "Times are changing, trends are changing, and the environment is also changing." [Ref. 10, p. 205] A ROC's cross-Strait relation white paper report summarizes this change as follows:

On November 2, 1987, President Chiang Ching-kuo, inspired by traditional moral principles and humanitarian considerations, allowed Taiwan residents to visit their relatives on the mainland, ending nearly four decades of estrangement and marking a turning-point in relations between the two sides of the Taiwan Strait. From this time on, cross-Strait relations progressed from a state of complete estrangement toward people-to-people exchanges. [Ref. 1, p. 27]

In other words, even formerly fixed policies have become more flexible since this phase.

2. The Lee Teng-hui Era

a. *The "Guidelines for National Unification"*

In October 1990, President Lee invited individuals from the ruling, opposition parties and other figures outside of politics to sit on a National Unification Council. This council was charged with drawing up the "Guidelines for National Unification" which would define the goals for different phases of the ROC's future Mainland China policy. This new policy constitutes a long range blueprint for national unification. [Ref. 1, p. 28]

The Guidelines state that unification should be achieved in three phases:

- Short-term phase of exchanges and reciprocity.
- Medium-term phase of mutual trust and cooperation.
- Long-term phase of consultation and unification.

The phased approach was chosen with full realization that the eventual unification of both sides is a long and arduous political process. Because the two sides have divergent social, political, and economic systems, not to mention vastly different lifestyles, China's unification will not be achieved overnight. However, there is no fixed time-frame for each stage. Progress may be slow or fast, depending on the pace with which the Chinese communists respond to the ideas outlined in the *Guidelines*.

Currently, the relations are in the short-term phase. During this stage, it is hoped that neither side will deny the other's existence as a political entity; and that both sides will continue expand non-official people-to-people contacts. It is also hoped that the PRC authorities will renounce the use of force against Taiwan, and allow Taiwan enough room to maneuver in the world community. Unfortunately, the PRC has so far not reacted favorably to these proposals.

The first task in the medium-term phase is to set up channels of official communications between the two sides on the basis of parity. The goals of this second-term phase include also the establishment of direct postal, transportation, and commercial links across the Taiwan Strait. Then, ranking officials of both sides can exchange visits. Only after the goals of this phase have been achieved can the process of national unification be brought into the picture.

In the long-term phase, a bilateral consultative body could be established with a function to "jointly discuss the grand political and economic structure of a unified China, in accordance with the wishes of the people on both sides of the Taiwan Strait." A China that achieves peaceful, democratic unification and prosperous growth will have a substantial stabilizing impact on the Asia-Pacific region in particular and on world peace in general. [Ref. 11, p. 109]

b. Lee's 1990 Inaugural Address

President Lee Teng-hui, in his inaugural address on May 20, 1990, announced that Taipei would be willing to establish channels of communication and open up academic, cultural, trade, scientific, and technological exchanges with the mainland under the following conditions: (1) Beijing must implement political democracy and a free economic system; (2) renounce the use of force against Taiwan; and (3) not interfere with the ROC's development of foreign relations on the basis of a one-China policy.

President Lee's ground-breaking proposals appeared to mean that Taiwan was ready to break their "three-no's" policy towards mainland China.

A few days later, however, Beijing's official Xin Hua (New China) News Agency, in a commentary on President Lee's speech, described the three pre-conditions as impossible and said Lee was attempting to create a system of "one country, two governments."

Jiang Zemin, General Secretary of the PRC, on June 11 "praised" Lee's proposal. However, he added that some of Lee's remarks were "very improper and lacking in sincerity." Meanwhile, Jiang proposed talks between his party and the ruling KMT in Taiwan. Jiang's proposal was rejected by the ROC government which insists that talks must be between the two rival governments.

The ROC government denied that it supports or plans to implement the so-called "one country, two governments" policy. Shao Yu-ming, ROC government spokesman, said on June 13 that the so-called "one country, two governments" is a political reality that was created by the Chinese Communists when it signed the August 17 Shanghai Communiqué with the United States.

In his inaugural speech, President Lee also announced that the "Period of Communist Rebellion" will be ended soon. Under the President's instructions, related ministries have begun to prepare for revision of laws effective during the Period of Communist Rebellion. It is expected that entry restrictions for mainlanders and dissidents will be relaxed. [Ref. 9, p. 203]

c. Lee's 1996 Inaugural Address

On May 20, 1996, President Lee in his inaugural address expressed the ROC's policy on cross-Strait relations. He said:

In an attempt to influence the outcome of the first popular presidential election in March, the Chinese Communists conducted a series of military exercises against Taiwan, but unrivaled restraint prevailed in this country. We know that it is imperative that peace and stability be maintained in the Asia-Pacific region. More important, we would not like to see the sudden disappearance of the economic growth in mainland China that has been made possible with great difficulty by its openness policy over the years. Patience on the part of the 21.3 million people is not tantamount to cowardice. Because we believe quiet tolerance is the only way to dispel enmity bred by confrontation. We will never negotiate under threat of attack, but we do not fear to negotiate. Our position is that dialogue will lead to the resolution of any issues between the two sides of the Taiwan Straits.

The Republic of China has always been a sovereign state. Disputes across the Straits center around system and lifestyle; they have nothing to do with ethnic or cultural identity. Here in this country it is totally unnecessary or impossible to adopt the so-called course of "Taiwan independence." For over 40 years, the two sides of the Strait have been two separate jurisdictions due to various historical factors, but it is also true that both sides pursue eventual national unification. Only when both sides face up to the facts and engage in dialogue with profound sincerity and patience will they be able to find the solution to the unification question and work for the common welfare of the Chinese people.

Today, I will seriously call upon the two sides of the Strait to deal straightforwardly with the momentous questions of how to terminate the state of hostility between them, which will then make a crucial contribution to the historic task of unification. In the future, at the call of my country and with the support of its people, I would like to embark upon a journey of peace to mainland China taking with me the consensus and will of the 21.3 million people. I am also ready to meet with the top leadership of the Chinese Communists for a direct exchange of views in order to open up a new era of communication and cooperation between the two sides and ensure peace, stability and prosperity in the Asia-Pacific region.[Ref. 12, pp. 5-6]

However, in late 1995, Beijing unilaterally suspended talks with Taipei in protest of President Lee's visit to the United States. After the visit, the PRC staged a series of military exercises adjacent to Taiwan to emphasize its dissatisfaction with the visit. These military exercises have brought cross-Strait relations to a low ebb.

In his 1996 inaugural address, Lee expressed a pronounced desire for peaceful and stable cross-Strait exchanges. His reiteration that independence is an unnecessary option for Taiwan was aimed at reassuring Beijing. Another sign of Lee's desire to improve cross-Strait relations was his suggestion that he could visit Mainland China if conditions are suitable. This statement indicated the likelihood that Lee and the ROC will seize an opportunity to create a favorable atmosphere to ease cross-Strait tensions.

B. PRC'S POLITICAL POLICY DEVELOPMENT TOWARD THE ROC

The PRC's policies toward Taiwan have advocated a goal of a "one China policy" for more than 40 years. During the past some 47 years, the PRC has tried at least four different approaches to achieve that goal. Immediately after the central government left the mainland for Taiwan in 1949, the PRC proclaimed that they were going to "liberate Taiwan through military means." But the initial steps in that attempt, taken later that year, were foiled as the PRC offensive against Kinmen and other offshore islands suffered decisive defeats. After that strategy failed, the PRC changed their slogan to "Liberate Taiwan through peaceful means." This slogan lost all credence in August 1958, however, when the PRC forces began

heavy shelling of Kinmen, an action that attracted international attention and prompted a heightened U.S. naval presence in the Taiwan Strait.

In the 1970's, when Communist China was admitted to the United Nations and established diplomatic relations with the United States, a different strategy evolved. Instead of "liberating" Taiwan, mainland leaders said they would seek "to unify China through peaceful means," while reserving the right "to solve the Taiwan problem through military means." Throughout the 1970's and the early 1980's, Beijing made a broad assortment of offers to lure the ROC into reunification negotiations. However, these overtures carried unacceptable assumptions and conditions, and were therefore flatly rejected. Following the 1984 negotiations by London and Beijing on Hong Kong's future status, the mainland leadership began proclaiming the formula of "one country, two systems" as the best way to "recover Taiwan to reunify China." Clearly, the PRC still maintains a keen interest in a one China policy, but it will adopt whatever means it considers most effective to do so.

1. One China Policy of Mao Era

The PRC conceived a "one China policy" in the 1950's. In May 1955 the late Premier Zhou Enlai said at the Standing Committee Meeting that two alternatives were open to the Chinese people for the solution of the reunification - to resort to war or by peaceful means. In April 1956, the late Chairman Mao Zedong put forward his thoughts about this matter when he said that "peace is the best option" [Ref. 13, p. 14].

In February 1972, U.S. President Richard Nixon visited the PRC and issued a joint communiqué in Shanghai stating that: "The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position." [Ref. 13, p. 11]

2. The "One Country, Two Systems" Policy of the Deng Era

On January 1, 1979, the Standing Committee of the National People's Congress of the People's Republic of China issued a message to the people in Taiwan pronouncing the PRC Government's basic position regarding peaceful settlement of the Taiwan question. It called for the holding of talks between the two sides of the Strait to seek an end to the military confrontation. It pledged that in the pursuit of national reunification, the PRC "will respect

the status quo on Taiwan and the views of people of all walks of life there and adopt reasonable policies and measures."

In a statement on September 30, 1981, the late Chairman Ye Jianying of the Standing Committee further elaborated the policy and principles for the settlement of the Taiwan question. He affirmed that "after the country is reunified, Taiwan can enjoy a high degree of autonomy as a special administrative region" and proposed that talks be held on an equal footing between the ruling political parties on each side of the Strait, namely, the Chinese Communist Party and the Kuomintang.

Referring to Ye Jianying's remarks, the PRC leader Deng Xiaoping pointed out on January 11, 1982, that this in effect meant "one country, two systems," i.e., on the premise of national reunification, the main body of the nation would continue with its socialist system while Taiwan could maintain its capitalist system.

On June 26, 1983, Deng Xiaoping further enunciated the concept of peaceful reunification, stressing that the crucial point was national reunification. He went on to expound the PRC's policy on reunification and on the creation of a Taiwan special administrative region. [Ref. 13, p. 15] Its basic contents are as follows:

a. *Only One China*

There is only one China in the world, Taiwan is an inalienable part of China and the seat of China's central government is in Beijing. This is a universally recognized fact as well as the premise for a peaceful settlement of the unification question.

The PRC is firmly against any words or deeds designed to split China's sovereignty and territorial integrity. It opposes "two Chinas," "one China, one Taiwan," "one country, two governments" or any attempt or act that could lead to the "independence of Taiwan." The Chinese people on both sides of the Strait all believe that there is only one China and espouse national reunification. Taiwan's status as an inalienable part of China has been determined and cannot be changed. "Self-determination" for Taiwan is out of the question.

b. Coexistence of Two Systems

According to the PRC's policies, on the premise of one China, socialism on the mainland and capitalism on Taiwan can coexist and develop side by side for a long time without one swallowing up the other. This concept has largely taken account of the actual situation in Taiwan and practical interests of the people there. It will be a unique feature and important innovation in the state system of a reunified China.

Also, the PRC's current policies emphasize that after reunification, Taiwan's current socio-economic system, its way of life as well as economic and cultural ties with foreign countries can remain unchanged. Private property, including houses and land, as well as business ownership, legal inheritance and overseas Chinese and foreign investments on the island will all be protected by law.

c. A High Degree of Autonomy

The PRC claims that after reunification, Taiwan will become a special administrative region. It will be distinguished from the other provinces or regions of China by its high degree of autonomy. It will have its own administrative and legislative powers, an independent judiciary and the right of adjudication on the island. It will run its own party and its political, military, economic and financial affairs. It may conclude commercial and cultural agreements with foreign countries and enjoy certain rights in foreign affairs. It may keep its military forces and the mainland will not dispatch troops or administrative personnel to the island. On the other hand, representatives of the government of the special administrative region and those from different government levels in Taiwan may be appointed to senior posts in the central government and participate in the running of national affairs.

d. Peace Negotiations

It is also the PRC's common aspiration is for the entire Chinese people to achieve reunification of the country by peaceful means through contacts and negotiations. People on both sides of the Strait are all Chinese. To them it would be a great tragedy for all if China's territorial integrity and sovereignty were to be split and its people were to be drawn into a fratricide. Peaceful reunification will greatly enhance the cohesion of the

Chinese nation. It will facilitate Taiwan's socio-economic stability and development and promote the resurgence and prosperity of China as a whole. [Ref. 13, pp. 17-18]

3. The Jiang Zemin's Eight-point Speech

On the eve of the Lunar New Year in 1995, Jiang Zemin, President of the PRC, delivered an important eight-point speech on the development of cross-Strait relations and reunification. The statement indicating that Beijing's Taiwan policy would enter into a new phase.

In his speech, Jiang first reiterated adherence to the principle of one China and firm opposition to any words or actions in contravention of the principle, indicating that Beijing's "one China" stand will remain unchanged.

Second, Jiang pointed out that Beijing has no objection to Taiwan's nongovernmental economic and cultural ties with other countries. "No objection" does not necessarily mean "endorsement." In other words, he believes that Beijing will adopt corresponding stances after evaluating the nature, real objectives, and possible consequences of these ties. Political and diplomatic contacts, however, will not be tolerated. Jiang also expressed the view that only after the peaceful reunification is accomplished can the Taiwan people and other Chinese people of all ethnic groups fully share the dignity attained by China internationally, thus taking issue with Taipei's quest to expand its international "living space" and to be accorded a share of international dignity.

Third, Jiang suggested that peace talks be held between the two sides on the premise that there is only one China, saying that the scope of participants could be expanded to include representatives from various political parties and mass organizations and that any matter could be discussed, nonetheless, the official ending of the state of hostility between the two sides should be the starting point. This indicates that Beijing now places the hope of unification not only on the Taiwan authorities and people, but also on various political parties and the leader of Taiwan. Jiang added that on the basis of a peace agreement, the two sides should undertake jointly to safeguard China's sovereignty and integrity and map out plans for the future development of their relations. Thus, to invite Taiwan to jointly map out

plans for their future relations will be a major element of Beijing's Taiwan policy in the future.

Fourth, Jiang emphasized Beijing's hope for peaceful reunification, pointing out that its refusal to renounce the use of force is not directed against the Taiwan people, but against the foreign forces interfering with China's reunification and the foreign or local forces attempting to bring about "Taiwan independence." Jiang thus repeated Beijing's principled position of insisting on national unification, territorial integrity, and objection to foreign intervention in China's internal affairs.

Fifth, Jiang stressed that political differences should not affect the expansion of economic exchanges and cooperation between the two sides, implying that Taiwan should not make use of economic and cultural exchanges to posture itself as a political entity equal to Beijing. In particular, he mentioned that Beijing would protect the legitimate rights and interests of Taiwan industrialists and businessmen by signing a nongovernmental investment protection agreement. He also called for adoption of practical measures to speed up the establishment of postal, air and shipping services, and trade between the two sides. All of this indicates an endeavor by Beijing to win over more Taiwan businessmen in order to increase pressure on the Taiwan government.

Sixth, Jiang described Chinese culture as the spiritual tie holding the entire Chinese people together and a basis for China's peaceful reunification. He did not speak of the superiority of socialism, thereby evading the issues that the two sides are implementing different systems and that the "one country, two systems" formula has internal contradictions. Therefore, promoting cultural ties to enhance unification will also be an important part of Beijing's new Taiwan policy.

Seventh, Jiang noted that Beijing would fully respect the lifestyle of the people in Taiwan and their wish to be their own masters. He was likely referring to Taiwan's capitalist economic system and its political system, including democratic elections at various levels. Thus, Beijing could adopt a more conciliatory approach toward Taiwan. Jiang also emphasized that mainland Chinese organizations, including agencies stationed abroad, should all improve their services to the Taiwan people.

Finally, Jiang proposed that the leaders of the two sides could exchange visits. In other words, in the post-Deng era, Beijing will promote direct talks between the leaders of the two sides to bring about a breakthrough in cross-Strait relations and accelerate China's unification. This is a new strategy that Jiang has introduced into Beijing's Taiwan policy. [Ref. 14, pp. 1-3]

Jiang's eight-point speech did not deviate from Beijing's established principles with regard to the Taiwan issue. Jiang's statement demonstrates that he would probably continue to implement the Deng Xiaoping's line.

During the past four decades, Beijing's strategy toward Taiwan was based on "prevention of Taiwan independence" and the "promotion of national unification." Jiang's speech, however, signals a more balanced approach. One important element of Beijing's anti-independence endeavors will be to counter international support for pro-independence forces in Taiwan. Another will be to prevent Taipei from internationalizing the cross-Strait issue through its activities in the international community and international organizations. As for unification, instead of simply pushing the "one country, two systems" propaganda, Beijing is likely to adopt a more practical approach in which cross-Strait economic and trade ties, people-to-people exchanges, nonpolitical negotiations, and, in particular, a meeting between the leaders of the two sides will play important roles. [Ref. 14, p. 5]

C. SUMMARY

Between 1970 and the present the PRC's position has undergone three major shifts. First, under Mao, a one-China policy was emphasized. Second, under Deng a policy of one country but two systems was set forth, and under Jiang, an eight-point was proposed which still focuses on the first two policies- one china policy and one country but two systems.

On the other side, between 1980 and the present the ROC has undergone three major shifts. First, under Chiang Ching-kuo, reunification under the Three Principles of the People was set forth. Second, under Lee, three pre-conditions was emphasized which were one, the PRC must implement political democracy, two, renounce the use of force against Taiwan and

three, not interfere with the ROC's foreign relations based on the one China policy. During Lee's second term of presidency, he suggested that he could visit Mainland China.

In Lee's inaugural address of 1990 and 1996 he sets forth the seeds for the reunification of Taiwan and Mainland China.. In Jiang Zemin's eight-point speech, these PRC policies are restated with the exception of the renouncement of the use of force to reunify China.

The ROC for its part, intends to pursue a practical policy of both economic and people-to-people reunification. The PRC even though not renouncing the use of force has come to the realization that it is not a practical option.

Despite the gradual toning down of policies between the PRC and the ROC regarding the progress toward reunification has been very limited. In fact, the only concrete step toward the future cross-Strait relations is that both two sides leaders agreed to visit each other in order to improve the future relationship.

IV. EACH GOVERNMENT'S CURRENT STRATEGY

In Chapter III, the author addressed policies developed by the ROC and the PRC over the past 47 years. In order to achieve its own political goals, each government has used different strategies and approaches. In this chapter, the author will examine both governments' current political strategies in terms of cross-Strait relations.

A. THE ROC'S CURRENT STRATEGIES TOWARD THE PRC

The ROC strategies are based on their *Guidelines for National Unification*. The Guidelines state that China's unification should be achieved in three phases which are a short-term phase of exchanges and reciprocity, a medium-term phase of mutual trust and cooperation and a long-term phase of consultation and unification. Currently, the ROC is convinced that the relations are in the short-term phase. [Ref. 19, p.3] In order to achieve their political objectives in the short-term phase, there are four major strategies to approach it:

- Re-Entering The United Nations
- Promoting Pragmatic Foreign Relations
- Strengthening National Defense Capability
- Limiting The Investment In The PRC

1. Re-entering the United Nations

In October 1971, the General Assembly of the United Nations, with the acquiescence of the United States, voted to transfer the "Chinese seat" from the ROC to the PRC. As a result, the ROC lost its membership. Therefore, since 1971, the ROC has essentially been isolated in the international diplomatic community.

The ROC was an original member of the U.N. and the membership dates from the founding of the U.N. at the conclusion of the Second World War. Besides, the ROC was one of the Security Council (where five states hold veto powers on nonprocedural

matters)members. The ROC's efforts to re-entry the U.N. date from the beginning of the 1990's when it became evident to the ROC leadership that the circumstances governing international affairs had radically altered. At that point, President Lee charged the relevant national ministries of the ROC to explore the issue of full participation in the U.N. [Ref. 15, pp. 124-126]

The ROC is convinced that reality will eventually persuade Beijing to withdraw its objections to the ROC's full participation in the international community. In addition, the ROC claims there is no credible evidence that ROC participation would do anything to impair the prospects of the ultimate reunification of China.

In fact, experience would support this. For instance, in 1973, both East and West Germany entered the United Nations as full participants. The Marxist German Democratic Republic and the Federal Republic of Germany normalized their relations with the Treaty of December 1973. This dual membership arrangement did not inhibit the ultimate reunification of the German nations divided since the Second World War. Similarly, in the fall of 1991, North and South Korea simultaneously entered the United Nations as full participants. Neither Pyongyang nor Seoul has expressed any fears that this would obstruct the ultimate reunification of the Korean peninsula. [Ref. 15, p. 131]

The ROC emphasizes that a case could be made that the full representation of all of China in the U.N. would foster, rather than retard reunification by enhancing contact and interaction between the ROC and the PRC in the neutral environment of international forums. The ROC believes that contact between the ROC and the PRC in circumstances of equity and mutual regard could only solidify the foundation upon which a united, democratic and prosperous China might be built.

In this respect, the ROC pursues those rights available to their people as members of the law-governed international community. International law, like law in general, is predicated on equity and reason. Every principle of equity and every measure of right reason argue for the full participation of the ROC in the U.N. These, together with compelling pragmatic considerations, call for ROC membership in all regional and international bodies. [Ref. 15, p. 133]

2. Promoting Pragmatic Foreign Relations

Besides the policy of re-entering the U.N., in order to gain more recognition in the international community and internationalize the cross-Strait issue, the ROC has also adopted a pragmatic foreign policy since the late 1980's. Developments in the international community pose many foreign relations challenges for the ROC.

According to *The Republic of China Year book 1994*, the greatest such challenge stems from the obstructive tactics of the PRC to circumscribe the ROC's international activities. For many years, Beijing has sought to isolate the ROC from the world community and in recent years has redoubled these efforts. The PRC mind set behind these consistent attempts to hamper the ROC's international activities has been molded by Beijing's proposal for a "one country, two systems" nation. The dual system model insists that China should be united under a single communist leadership in Beijing and that the ROC government be reduced to the status of a local authority. Taiwan may maintain an autonomous economic system but not its own foreign policy. Guided by the "one country, two systems" model, Beijing has threatened to "sever or downgrade relations" with any country that intends to establish or strengthen relations with the ROC. The PRC has fomented much controversy over the issue of the "right of representation," "membership," and "name" to obstruct ROC participation in international organizations and activities. They have also attempted to prevent its participation in several nonpolitical and regional economic organizations." [Ref. 17, p.171]

Therefore, in order to counter those PRC's blocking strategies, as well as to keep abreast of new developments in the world politic, the ROC has adopted a pragmatic approach of diplomatic activism. This means that the ROC would advocate pragmatism and moderation in relations with foreign countries. [Ref. 18, p. 215]

The Foreign Affair Department of the ROC maintains that the ROC will continue to strengthen mutual relations with friendly countries, and to establish and strengthen economic, cultural, and technological relations with less-hostile nations. The ROC will also actively participate in international organizations and activities to maintain and enhance its international status. [Ref. 17, p. 172]

3. Strengthening National Defense Capability

According to the ROC's *1996 National Defense Report*, the ROC's National Defense is to defend the integrity of her national territory, sovereignty, and her people. In doing so, the ROC has to be prepared for war, to take action for "keeping peace internally, and to repel aggression externally" in order to safeguard her security [Ref. 16, p. 57]. In fact, the most direct and the most serious threat to the ROC is the PRC's invasion capability.

At the present time, the PRC is exploiting its interaction across the Strait to expedite realization of their "one country, two systems" policy. At the same time the PRC is increasing their military modernization to prepare their forces to threaten the ROC as well as foreign powers. For example, in March of 1996, the PRC used military missile exercises near Taiwan as a protest against the ROC's pragmatic diplomacy and in an attempt to influence presidential election. Specifically, on April 9, 1993, President Lee Teng-hui pointed out that:

Although we have voluntarily declared the termination of the Period of National Mobilization for Suppression of the Communist Rebellion and renounced the use of force as a means for settling disputes between the two sides of the Taiwan Strait, the threat of military invasion of Taiwan posed by the Chinese communists is still on the horizon. Therefore, under the premise of maintaining national security and safeguarding the welfare of the 20 million people living in the Taiwan area, our national defense policy is geared to maintaining the stability of the Taiwan Strait.....[Ref. 17, p. 159]

Accordingly, the ROC has adopted an overall strategy of a balanced development of its Armed Forces with the goal of naval and air supremacy as the highest priority. The ROC's national defense policy at the present stage is based on defensive preparations, strict implementation of an "elite troop" policy, and development of self-sufficient defense technology. The Armed Forces are being restructured, command levels streamlined, logistical systems renovated, military school and upper-ranking staff units merged or streamlined, and the number of troops reduced [Ref. 17, p. 160]. To counter Beijing's

military threat, the ROC must strengthen its own national defense and prepare for any possible warfare

4. Limiting the Investment in the PRC

Since mid-1989, when the ROC's entrepreneurs began to establish their factories in the southeastern coastal provinces of the PRC, Taiwanese investment in the PRC has increased by leaps and bounds. According to the ROC's "Guidelines for National Unification," an investment in business in the PRC will expand people-to-people contacts and promote the social prosperity of both sides. [Ref. 19, p.2]

Presently, according to the ROC's view, Beijing is attempting to "use trade and investment for political ends and to use the business people to pressure the government" in an effort to expand its influence over Taiwan and force the ROC government to accept its "one country, two systems" arrangement. This combination of persuasion and pressure fails to take into account political and economic development trends in Taiwan in recent years and pays no regard whatsoever to the real wishes and welfare of the people of Taiwan. If it continues, it may inevitably have a negative impact on the unification of China and normal exchanges between the two sides of the Strait. [Ref. 1, p. 52]

On September 14, 1996, President Lee urged business leaders to reduce their investment in the PRC to parry Beijing's political aim of turning the Taiwan public against the ROC government. Lee's remarks, elaborated on by other top ROC government officials, signaled a tightening of the government's policy on investing in the mainland and focused public attention on the political risks involved in increased capital flow across the Taiwan Strait. He said:

Communist China is trying to use our people to coerce our government and use commerce to achieve political objectives, and is thus intensifying the sense of anxiety in all sectors of Taiwan society. We must counter this situation by holding to the principles of patience and avoiding any rush, keep up the growth and development at home so we will not become people without a base. [Ref. 20, p. 1]

To examine President Lee's statements, it is clear that the ROC is attempting to set a more rigid regulation to limit Taiwanese investment in the PRC.

B. THE PRC'S CURRENT STRATEGY TOWARD THE ROC

The PRC's current strategies toward the ROC are based on the "one China policy", "one country, two systems", and "Preventing Taiwan Independence". The strategies have been developed in order to achieve the PRC's political purposes in terms of cross-Strait relations. There are:

- Blocking The ROC's Activities In The International Community
- Making Hong Kong and Macao As Models For Unification
- Promoting Cross-Strait Trade And Economic Exchanges
- Using Military Forces To Threaten The ROC

1. Blocking the ROC's Activities in the International Community

The Chinese reunification issue has always been defined by the PRC as a domestic issue rather than an international issue. Therefore, the PRC attempts to block any of the ROC's activities in the international community. This strategy includes expelling the ROC from various international organizations, particularly intergovernmental ones, and taking over its seats or membership; courting and seeking diplomatic ties with those countries maintaining diplomatic ties with Taipei and forcing them to sever their relationships with Taipei; making efforts to establish diplomatic ties with new nations to stop them from establishing ties with Taipei; and severing relations with any country which intends to establish diplomatic ties with Taipei. The above strategies are closely related to Beijing's "one-China" principle. Under this principle, Beijing declares, it will not oppose economic and cultural contacts between Taiwan and other countries. Taiwan can use the name of either "Taiwan, China" or "Taipei, China" to participate in nongovernmental or specialized organizations, attend nongovernmental international conferences, and take part in specific foreign activities, but only on the condition that it changes its flag, national name, and national anthem. It has to obtain Beijing's permission first before joining specialized

international nongovernmental organizations such as the International Olympic Committee, and intergovernmental ones such as the Asian Development Bank. [Ref. 21, p.9]

The PRC claims that the PRC is the sole legal government of China, has the right and obligation to exercise state sovereignty and represents the whole of China in international organizations. But Beijing has shown some flexibility by acquiescing to Taiwan's participation in nongovernmental international organizations. As Wu Jianmin, the PRC Foreign Ministry spokesman, noted: "We have no objection to Taiwan's joining of international 'people-to-people' organizations under proper names." [Ref.22, p.103]

The PRC also has agreed grudgingly to Taipei's membership in some international intergovernmental economic institutions, but it still insists that Taiwan's participation is subject to the terms of agreement or understanding reached between the PRC and the parties concerned which explicitly prescribe that the People's Republic of China is a full member as a sovereign state; whereas, the ROC may participate in the activities of those organizations only as a region of China under the designation of "Taipei, China" or "Chinese, Taipei." Of course, the ROC's participation in the United Nations is a different matter. Beijing appears determined to bar Taipei's return to this prestigious world body. Also, authorities of the PRC claim that regardless of whether Taipei uses the title "Republic of China" or "Republic of Taiwan" to rejoin the U.N., Beijing will never accept its readmission to the U.N. [Ref. 22, p.104]

2. Making Hong Kong and Macao as Models for Unification

Hong Kong and Macao have histories that have been separated from other Chinese territories by over a century. Both Hong Kong and Macao were ceded to British and Portugal by Ching Dynasty government in the nineteen century.

After losing the Opium War, the Ching dynasty government was compelled to sign the Treaty of Nanjing in 1842 and to cede Hong Kong to Britain. In 1982, Britain opened negotiations with the PRC for the return of Hong Kong. On September 26, 1984, London and Peking signed a joint declaration in which they agreed that Hong Kong, after 150 years of British rule, was to be handed over to the PRC on July 1, 1997. Also, in 1986, the PRC established the Hong Kong Special Administrative Region in accordance with Article 31 of

their constitution and promised to maintain Hong Kong's capitalist system intact for fifty years after 1997. In April 1990, the PRC's seventh "National People's Congress" drew up and promulgated the Basic Law of the Hong Kong Special Administrative Region in accordance with the principles of the joint declaration.[Ref. 23, p. 150]

Macao, like Hong Kong, was deeded to the Portuguese under a treaty signed in 1887. In August 1979, Portugal established diplomatic relations with the PRC and redefined Macao as a part of China temporarily administered by a governor appointed from Portugal. In July 1987, Portugal and the PRC issued the Joint Declaration on the Future of Macao, stating that Macao would be returned to China in December 1999. [Ref. 23, p. 149]

According to the PRC, the formula of "one country, two systems" will allow Hong Kong and Macao to keep their capitalism for five decades. After that period, whether this formula can be continued and become a PRC's fundamental policy will depend on the political and economic conditions of the PRC at that time [Ref. 21, p. 6]. Because of the ROC's refusal to adopt the PRC's "one country, two systems" formula, the PRC must try to build the best model of "one country, two systems" in Hong Kong and Macao. This demonstration could then force the ROC to accept the formula.

3. Promoting Cross-Strait Trade and Economic Exchanges

In the Post-Cold War era, the PRC's economic development has been a common focus of the international community. In the past several years, to accelerate mainland China's economic development, Beijing has spared no efforts in attracting urgently needed capital from the ROC, which is known for its huge foreign exchange reserves. But aside from the interest in economic development on the Chinese mainland, the promotion of cross-Strait trade and economic relations has also carried political aims. For one thing, these close economic ties would effectively curb separatist tendencies in the ROC. The further development of the economic relationships would encourage more people-to-people contacts on both sides and enhance their common understanding of each other, which, in turn would help resolve the current stalemate by forcing the ROC authorities to make concessions and hold political talks with Beijing. This strategy is evidenced by Beijing's reiteration of "reaching political goals through economic means," and "forcing the Taiwan authorities to

make concessions through public opinion." It was also explicitly explained by the former President Yang Shang-kun in 1990 in his speech at the national conference on Taiwan affairs:

Our economic work in regard to Taiwan should be handled in line with the strategy for the peaceful unification with the motherland. Developing mutual economic relations and promoting linkages between the two sides are forceful means of curbing separatist tendencies in Taiwan and realizing [China's] peaceful unification. While economic laws are to be observed, economic work pertaining to Taiwan should serve the political task of realizing peaceful unification. [Ref. 21, p. 8]

In other words, the main purpose of the PRC's promoting cross-Strait trade and economic exchanges is forcing the ROC's government and people to accept the PRC's political intention.

4. Using Military Forces to Threaten the ROC

This strategy has remained unchanged since 1949 when Mao established the PRC in Beijing. Recently, the PRC reiterated this strategy several times because of the ROC's policy of re-entering the U.N. and promoting pragmatic foreign relations and the booming activities of the "independent movement" in Taiwan as well as overseas. Beijing believes that the threat of force will discourage the pro-independence movement in Taiwan and prevent the foreign powers interfering in the unification issue.

In January 1995, President Jiang Zemin addressing the subject of "continue to promote the Reunification of the Motherland" said that:

Efforts should be made to achieve peaceful reunification of China. Chinese should not fight fellow Chinese. We do not forswear the use of force, however, this is not directed at our Taiwan compatriots, but at foreign forces attempting to interfere in China's reunification and seek the independence of Taiwan. [Ref. 24, p. 15]

According to Jiang's speech, Beijing would continue to reiterate the option of using force to prevent foreign powers from getting involved, to curb Taiwan independence activities, and to force the ROC to the negotiation table.

C. SUMMARY

It is clear that, currently, the PRC and the ROC are using quite different strategies to achieve their own political goals. The ROC sees re-entering the U.N., strengthening national defense, promoting pragmatic foreign relationships, and limiting the investment in the PRC. On the other side, the PRC is using blocking the ROC's activities in the international community, making Hong Kong and Macao as models for unification, promoting cross-Strait trade and economic exchanges, and using military forces to threaten the ROC to approach its political intention.(see Table 1.)

By identify each government's current strategies, we can easily point out that both the PRC and ROC define the cross-Strait relations with different categories. The PRC simply said that the cross-Strait relationship is a part of internal affairs and it is no need to be influenced by any foreign powers. Conversely, the ROC is convinced that cross-Strait relationship is a sort of international issue. The PRC opposes any words or deeds bent on creating "independence of Taiwan," or attempting to "split the country and rule under separate regimes," or creating "two Chinas over a certain period of time," all of which violate the principle of "one China." [Ref.24, p.13] The ROC, in fact, is advocating the concept that the two sides are already separated into "two political entities on an equal footing and not subordinate to each other," and that they have become an "international legal person." The ROC is also advocating the idea that the ROC could re-enter the U.N. and other international organizations. [Ref. 24, p. 14]

In this chapter we see that the PRC and the ROC positions widely differ on the question of "one country, two systems." The ROC has a strong government and a strong defense and the models for Hong Kong and Macao of giving up democratic sovereignty in five decades cannot be applied to the ROC. The ROC for its part, supports the concept of "one China" but resists any use of force to achieve that goal. The only encouraging

development is the economic ties between the ROC and the PRC. Even with the reduced involvement of the ROC and investment in the mainland, these ties may improve the people-to-people relationships between the two governments.

<i>THE ROC'S CURRENT STRATEGIES TOWARD THE PRC</i>	<i>THE PRC'S CURRENT STRATEGY TOWARD THE ROC</i>
1. Re-entering the United Nations	1. Blocking the ROC's activities in the international community
2. Promoting pragmatic foreign relations	2. Making Hong Kong and Macao as a model for unification
3. Strengthening national defense capability	3. Promoting cross-Strait trade and economic exchanges
4. Limiting the investment in the PRC	4. Using military forces to threaten the ROC

(source: official statements and leaders speeches of both governments)

**Table 1. The ROC and the PRC's current political strategies
in their cross-Strait relationship**

V. FACTORS IN THE FUTURE DEVELOPMENT OF THE CROSS-STRAIT RELATIONSHIP

After examining the political lines each government has drawn and each government's current strategy, the author is convinced that cross-Strait relations and future developments will be determined by the following four major factors:

- International politics
- The PRC's stability
- The ROC's public opinion about Taiwan's independence
- Interactions between both governments

A. INTERNATIONAL POLITICS

Cross-Strait relations will more than likely be influenced by international politics. Politically, international trends toward integration and division are having an impact on relations between the two sides. During the Cold War period when ideology was all-important, the unification policies of divided countries were usually influenced by bloc politics and as a result tended to be uncompromising. [Ref. 1, p. 44] Since the end of the Cold War, the re-emergence of the idea of integration has encouraged divided countries to start once again on the path to unification. One example is the way that the East German people's desire for a free and democratic political and economic system and the national sentiments of the people of West Germany brought about the democratic unification of Germany in October of 1990. Another example is how North and South Korea, on the basis of peace and parity, signed a non-aggression and reconciliation pact in December 1991. [Ref. 25, pp. 133-135] These examples of divided countries being encouraged to progress toward unification or compromise because of changes in the world political and economic order have become one of characteristics of the post-Cold War period.

Additionally, since the end of the Cold War, long-repressed ethnic groups have experienced a revival of nationalism which has engendered notable separatist demands. For example, the Soviet Union has split into fifteen separate countries. The two ethnic groups of Czechoslovakia agreed by common consent to divide into two separate states: the Czech

Republic and Slovakia. Also, Yugoslavia was influenced by separatism and has been separated into three states. These two trends of integration and separatism have had an impact across the Taiwan Strait. Currently, both the PRC and ROC's official policies regarding the issue of national unification are an affirmation of this trend toward integration. However, proposals for Taiwan's independence have also been stimulated by the separatist trend. For the moment Taiwan is a democratic society, with freedom of speech and thought, which has inevitably been influenced by both integrationist and separatist ideas. According to the ROC's perspectives, the ROC government believes that it should be working towards integration, but objectively, the degree of acceptance which these two trends enjoy among the people of Taiwan will depend on the future developments in the relations between the two sides. If cross-Strait relations could not be improved, the likelihood of reunification might grow darker. On the other hand, if there is friendly interaction between the two sides, the development of separatism will be hindered. [Ref. 1, pp. 45-46]

Economically, although the PRC claims that Taiwan is a part of China, in reality Taiwan is also a part of the world at large, and what is more important, it is the world's fourteenth largest trading nation in 1995. (see Table 2.) Therefore, in the ROC's quest for the right to exist, develop, and receive respect, the ROC would be considered a part of the international community. If Beijing continues to push the ROC out of the international arena or suppress the ROC in the international activities, it would create a negative impact on the cross-Strait relationship.

Country	Ranking	Total Export/Import in U.S. Hundred Million Dollar	Percentage of World Trade
Total		101,800	100.0%
U.S.	1	13,547	13.3%
Germany	2	9,481	9.3%
Japan	3	7,789	7.7%
France	4	5,569	5.5%
United Kingdom	5	5,046	5.0%
Italy	6	4,359	4.3%
Netherlands	7	3,750	3.7%
Hong Kong	8	3,714	3.6%
Canada	9	3,639	3.6%
Belgium	10	3,184	3.1%
PRC	11	2,808	2.8%
South Korea	12	2,603	2.6%
Singapore	13	2,433	2.4%
ROC	14	2,152	2.1%
Spain	15	2,073	2.0%
Switzerland	16	1,615	1.6%
Mexico	17	1,523	1.5%
Malaysia	18	1,517	1.5%
Sweden	19	1,439	1.4%
Austria	20	1,254	1.2%

[Ref. 34 p.53](source: WTO secretary council)

Table 2. Major Trading Countries of the World in 1995

In contrast to the above scenario, recently both the ROC and PRC are preparing to enter the World Trade Organization (WTO, the former General Agreement on Tariffs and Trade, GATT, in January 1995 reorganized under the new title). After both Beijing and Taipei become members of the WTO, their economic cooperation or competition and Beijing's attitude toward Taipei's endeavor to expand its developing space in the

international community will also affect the development of cross-Strait relations. After joining the WTO, mainland China's economic and trade systems must operate within the WTO's legal framework and other international practices. This constitutes a promoting force, a pressure, and a challenge to the mainland Chinese economy. According to the principle that member states have equal rights and interests and the principle of multilateral arbitration, cross-Strait relations will also be governed by international practices. Thus, the PRC and the ROC will need frank and earnest consultations to set up a new formula for their interaction in the international community. [Ref. 14, p. 10]

B. THE PRC'S STABILITY

Most observers believe that the PRC's economic reform policy will continue after Deng's death, but they are not sure whether the PRC will remain a stable and cooperative regional partner to other countries in the post-Deng era. [Ref. 14, p. 6] In the ROC's view, the PRC's stability is a matter of great concern to Taipei because it is the foundation for the development of cross-Strait relations. Of course, the PRC's political, economic, and social changes would affect cross-Strait relations.

Politically, the key to the PRC's future political situation is whether the Chinese communist leadership, with the Politburo Standing Committee as the nucleus, will be united. Another important factor is whether the National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC) will adopt the position in the personnel arrangements and political maneuvering in accordance with the principle of political consultations and multiparty cooperation. It is very likely that the NPC's functional powers, such as those related to decision making, discussion of political affairs, legislation, foreign policy, and auditing will be expanded and that multiparty cooperation will be a basic part of the PRC's political system. The CPPCC will also have the power to participate in and supervise government and political affairs, and to nominate candidates during elections. In the future, as the ownership structure diversifies, the management and distribution systems continue to change, new systems replace the old ones, and interest readjustments entail

conflicts, the operation of the NPC and the CPPCC will be a decisive factor in the political situation of the PRC. [Ref. 14, p. 7]

Economically, since 1980, Beijing's financial capabilities have been declining, especially in balancing national budget. This affects its ability to allocate resources and to cope with crises. It is also facing serious difficulties in transforming the operating mechanisms of state-owned enterprises and in resolving the unemployment problem. The promulgation of the Regulations on the Placement of Surplus Staff and Workers by the State Council cannot resolve the issue. According to the PRC's Ministry of Labor, there were 1.5 million unemployed people in the PRC in 1994. However, if hidden unemployment had been taken into account, the real unemployed figures would have been closer to 5 million. The unemployment rate during the next five years would be 4 or 5 percent higher. Allowing for the increase of population, there will be 268 million people waiting for work by the turn of this century. [Ref. 26, p. 2]

Socially, it is obvious that agricultural and rural social problems, such as slowly increasing incomes but heavier burden for farmers, insufficient agricultural investments, and surplus rural laborers, cannot be neglected. Since 1985, farmers have increased production, but their incomes have not increased accordingly. For instance, during the Seventh Five-Year Plan period (1986-90), farmers' incomes increased by only 1.3 percent. This slow increase in farmers' incomes constitutes a major factor behind rural social unrest. Rural problems, especially the relationship between the state and farmers, are very important. An essential task of the state would be to guide farmers to develop market-oriented collective economic units in cities and towns to consolidate the foundation of agriculture.

All the above-mentioned problems will affect the PRC's future situation. Hopefully, that the PRC would remain stable in the near future. If the situation gets out of control, it is highly possible that Beijing could shift its focus away from its internal crises and seek compensation for its frustration by adopting a tougher stance toward the ROC. [Ref. 14, p. 9]

C. THE ROC'S PUBLIC OPINION OF TAIWAN INDEPENDENCE

The PRC is convinced that the "Taiwan independence" issue remains the biggest obstacle to the development of cross-Strait relations. Shortly after Jiang Zemin made his eight-point peace overture, the ROC's opposition party, the Democratic Progressive Party (DPP), remarked that Beijing's stance of nonrecognition remained unchanged as it still refused to recognize the fact that the two sides of the Strait are ruled by two different governments. Taiwan's status is as an international legal entity. Taiwan has its own laws, government, and president of state. Also, Taiwan has its independent jurisdiction system.

On February 5, 1995, at the DPP's meeting in Taipei, the members' purpose was to study and revise this party's constitution and programs proposed to confront the "Jiang's eight points" speech with the DPP "Taiwan independence" program. According to Chen Fang-ming, head of the DPP's Central Propaganda Department, the DPP would not revise its party constitution because of Jiang's eight-point proposal. He said that the DPP would not be intimidated into giving up "Taiwan independence" as a result of Beijing's threats, nor would it deliberately emphasize "Taiwan independence" because of Beijing's concessions. [Ref. 27, p. 11]

In fact, up until May, 1993, the percentage of people supporting Taiwan independence is increasing year by year (see Table 3.). Furthermore, in August 1995 and March 1996, the PRC carried out missile tests and military exercises to threaten Taiwan. As a result, more and more people in the ROC distrusted Jiang's statement that "Chinese should not fight fellow Chinese" which he made in his eight-point proposal, even more people support the "Taiwan independence". [Ref. 24, p. 15]

Date	Survey Conductor	Approve%	Disapprove%
November 1988	PORF	2	-
August 1989	PORF	16	-
December 1989	PORF	8.2	-
June 1990	PORF	12.5	67
October 1990	<i>Lianhebao</i>	21	57
December 1990	PORF	12	61.7
June 1991	PORF	12.7	65.3
September 1991	<i>Lianhebao</i>	18	54
October 1991	<i>Lianhebao</i>	14	58
October 1992	PORF	15.1	63.3
October 1992	<i>Lianhebao</i>	16	51
March 1993	<i>Lianhebao</i>	17	49
May 1993	PORF	23.7	55.3

PORF: Public Opinion Research Foundation.

Lianhebao: The union daily news (Taipei, Taiwan)

Sources: Mainland Policy: Selected Opinion Polls Conducted in Taiwan 1988-92, Mainland Affairs Council, The Executive Yuan, Taipei, Republic of China, August 1992, p. 6; Zhongyang ribao [Central Daily News, Taipei], 1 November 1992, p. 1; 11 May 1993, p. 1, data provided by the Public Opinion Poll Centre of the *Lianhebao*. Reprinted from *China Quarterly*, No. 136, December 1993, p. 829.

Table 3. Public Opinion on Taiwan Independence

Currently, the ROC's ruling party, KMT (Kuomintang) and the New Party (the second largest opposition party) claim to support national unification but, both the KMT and the New Party do not want Taiwan to move anytime soon towards reunification. [Ref. 28, p. 40] For Taiwanese, the idea of an immediate reunification is not particularly attractive. Relatively small in size, Taiwan has been stunned by the financial burden that reunification

has brought to the people of West German . Therefore, most of the ROC's people prefer the *status quo*.

The dispute about "unification" and "independence" within Taiwan intensifies with each of Beijing's announcements and actions regarding its Taiwan policy. This divergence of public opinion will not vanish in a short period of time. Therefore, in the near future, cross-Strait relations will still be strained and interfered with by the "unification vs. independence" advocates.

D. INTERACTIONS BETWEEN THE TWO SIDES

Another factor influencing future relations between the two sides of the Strait is the interactions between both governments. Economically, both the PRC and the ROC attach great importance to economic cooperation. In early 1995, the ROC Premier Lien Chan declared that economic and trade ties should be the axis of cross-Strait relations. [Ref.15, pp 197-213] The PRC President Jiang Zemin also emphasized in his Spring Festival speech that political divergences should not interfere with economic cooperation between the two sides. [Ref. 24, pp 13-15]

According to the PRC's Ministry of Foreign Trade and Economic Cooperation, cross-Strait indirect trade totaled US\$16.327 billion in 1994 (see Table 4.) and the two sides became each other's fourth largest trading partner. By the end of September 1994, businessmen from Taiwan had invested US\$7.34 billion in 25,849 projects on mainland China. In fact, Taiwan businessmen have become mainland China's second largest source for inbound investment. [Ref. 29, p. 5]

Year	from Hong Kong's report			from ROC's report			from PRC's report		
	Export	Import	Total	Export	Import	Total	Export	Import	Total
1989	2,896.5	568.9	3,483.4	-	-	-	-	-	-
1990	3,278.3	765.4	4,043.6	-	-	-	2,255.0	319.7	2,574.6
1991	4,667.2	1,126.0	5,793.1	-	597.5	597.5	3,639.0	594.8	4,233.9
1992	6,287.9	1,119.0	7,406.9	1.1	747.1	748.1	5,881.0	698.0	6,579.0
1993	7,585.4	11,036.0	8,689.0	16.2	1,015.5	1,031.7	12,933.1	1,461.8	14,394.9
1994	8,517.2	1,292.3	9,809.5	131.6	1,858.7	1,990.3	14,084.8	2,242.2	16,327.0
1995	9,882.8	1,574.2	11,457.0	376.6	3,091.4	3,468.0	14,783.9	3,098.1	17,882.0
1996									
First Quarter	931.1	154.7	1,085.8	55.4	325.3	380.7	1,137.9	194.7	1,332.6

Source: Mainland Affairs Council The Executive Yuan Republic of China July 1994

Table 4. Trade Statistics Across the Strait (in millions U.S. dollars)

While the ROC is taking active steps to build Taiwan into an operations center in the Asia-Pacific region, the PRC is also trying to build an Asia-Pacific Operations Center in Pudong, Shanghai. Promotion of this plan, reported to the PRC by Wang Daohan, Chairman of the Association for Relations Across the Taiwan Straits (ARATS), is the responsibility of Zhao Qizheng, Shanghai's deputy mayor. As one can see, the two sides have similar economic development strategies. [Ref. 14, p. 12] In the future, the two sides could expand their economic exchanges and cooperation, and promote mutually beneficial and reciprocal economic and trade relations. From the perspective of global economic development, the Asia-Pacific region, and, in particular, East Asia, have great economic potential and is likely to become the new global economic hub of the twenty-first century. The ROC has made a substantial contribution to the economic development of East Asia, and it occupies a vital and irreplaceable position. The PRC's economy is also becoming more prominent, and it is becoming an important economic cooperation partner of East Asian countries. If the two sides of the Strait can make use of their mutually complimentary economic resources and conditions, they would be able to occupy an important place in the future global economy.

Therefore, economic exchanges will be the cornerstone of cross-Strait relations. [Ref. 30, p. 3]

Besides the economic exchanges, cultural and educational exchanges are also important factors in the future development of the cross-Strait relations. Both sides could expand cross-Strait cultural and educational exchanges, which would include increasing exchanges of personnel and encouraging further exchanges. Additionally, both sides could further relax the rules governing visits by specialists, strengthen academic exchanges, and reinforce exchanges in the fields of science and technology, sports, news reporting, culture, and religion by signing a cultural exchange agreement. Despite the political divergences between the PRC and ROC, those exchanges could foster mutual trust in the people-to-people level between the two sides.

E. SUMMARY

In the past 47 years, the two sides of the Taiwan Strait have developed different policies and strategies and approaches to achieve their own political purposes. Despite the disputes regarding integration or separatism, how to improve the future cross-Strait relationship is very important to the PRC, the ROC, and the international community.

Currently, both the PRC and the ROC emphasize that the two sides should be unified in the future although with different approaches. After considering the above mentioned factors related to the future development of the cross-Strait relationship, it is clear that these factors will be the keys to improving future relationship between the PRC and ROC.

In the ROC, although there is a Taiwan independence movement, it is not in the mainstream of ROC society. The ROC government should not just passively pursue "*status quo*." Instead, it should actively address the issue of ways to improve the relationship between two sides. Otherwise, the PRC would be convinced that "*status quo*" is just another type of "independence." In the PRC, in order to gain the trust of the ROC's people, the PRC should renounce the option of using force against Taiwan.

VI. CONCLUSIONS AND RECOMMENDATIONS

The division of China into separate governments is a great misfortune for all Chinese people. Many countries throughout history have experienced period of division and reunification. Recently, the typical example of reunification is that of West Germany and East Germany. However, the situation in the PRC and the ROC is quite different from the case of the former Germanies. German reunification demonstrated that divided countries can be reunified by economic and political integration. But in the case of the two sides of the Taiwan Strait, the ROC has almost no benefit to achieve unification quickly, because of the fact that Taiwanese have virtually nothing to gain through political integration. Although both sides have economic cooperation and exchanges, it seems that there are still some political obstacles to that cooperation. In the PRC, the concept of "one China" and "one country, two systems" is based on "absolute sovereignty." [Ref. 31, p. 73] In surveying the PRC's policy development and current strategies toward the ROC, the results demonstrate that Beijing has a biased understanding of the ROC's cross-Strait policies and that the PRC's view of Taiwan as a local government of the PRC has alienated the people living in Taiwan.

If both sides of the Taiwan Strait insist on their own positions at the expense of the other in the future, one would predict that the cross-Strait relationship will make no progress. On the other hand, if both sides readjust their positions toward each other, the cross-Strait relationship would be improved. This would be beneficial to both governments. In Chapter III and Chapter IV, the author pointed out that there are two things that are a consensus on both sides. The first is that both leaders agree that they could visit each other under proper conditions. The second is both governments agree that there is only one China and both governments desire unification. Based on such a consensus, both sides could take the following four ways to improve their future relationship.

- Adopting a concept of "soft sovereignty"
- Implementing more pragmatic consultations
- Increasing exchanges
- Creating mutual trust

A. ADOPTING A CONCEPT OF “SOFT SOVEREIGNTY”

Both sides could adopt the concept of “soft sovereignty” rather than “absolute sovereignty.” Since the 1990's, the traditional concept of “absolute sovereignty” has gradually changed in the modern world. The modern world is characterized by rapid circulation of capital, information, and values. The disintegration of the Soviet Union in 1991, the separatist movements of various former Soviet republics, the racial war in Yugoslavia, and the recent war between Russia and Chechnya prove that the traditional theory of “absolute sovereignty” not only cannot solve the conflicts between “a political country” and “autonomy of racial groups,” but has become a pretext for conflicts and massacres among different racial groups. The traditional theory of “absolute sovereignty” rules out any compromises between the state and racial groups. Its emphasis on absolute territorial integrity prevents the formation of a reciprocal formula of power maneuvering between the center and regional autonomy. It equates “national identity” with “citizenship” and is the major source of conflicts in the present world. [Ref. 14, p. 16]

To the PRC, Beijing’s “one China” principle specifies that there is only one China and that Beijing is the only central government of China. This position is an extension of the traditional theory of “absolute sovereignty”. That is the reason Beijing insists on effecting national unification by turning Taipei into a local government, and why it refuses to renounce the use of force against Taiwan. To avoid military confrontation and accomplish national unification through a peaceful process, the ROC and the PRC should abandon the traditional concept of “absolute sovereignty” and build up on a “soft sovereignty” theory as the structure for their peaceful transition to national unification. A good example to use of the “soft sovereignty” is European Union.

Under the Maastrichter Treaty, through economic cooperation and market integration, each European nation gave up part of its sovereignty and set up the European Union. The basis for Europe’s integration is a kind of “soft sovereignty” stressing commonalities and sharing. In the future, economic cooperation between the PRC and the ROC may also create the same condition for all the Chinese people. [Ref. 14, p. 17]

B. IMPLEMENTING MORE PRAGMATIC CONSULTATIONS

Both sides need to implement more pragmatic consultations. After the first cross-Strait talks in Singapore in 1993, the two sides began to provide a consultation channel to deal with problems related to cross-Strait exchange. Although matters did not go smoothly at first because a consensus could not be easily achieved, the talks were headed in the right direction. As people-to-people exchanges have become more frequent, difference in systems and outlook on the two sides have inevitably given rise to a host of practical concerns. Therefore, as exchanges expand both sides could also seek to resolve these concerns through cross-Strait consultations.

C. INCREASING EXCHANGES

Both sides could increase exchanges. Despite the political divergence between the two sides, expanded cross-Strait exchanges such as business, cultural, educational, athletics, scientific and technological, religious and any kind of people-to-people level exchange could bring mutual benefit to both sides and intensify mutual understanding. Economically, both sides need to increase economic exchanges, thereby boosting the idea of parallel benefits in business, trade, and investment. The cross-Strait relationship should focus on trade and economic issues so that both sides might enjoy the benefits of a market economy. Additionally, both sides could relax their own restrictions on cross-Strait investment and trade to allow direct cross-Strait transportation of cargo.

Politically, for the moment, the leaders of both sides agree to visit each other under suitable circumstances. This would be a good start for the political exchange. By a summit meeting between the leaders on the two sides, both might share their political experience and gain an insight into the political consensus of the other.

D. CREATING MUTUAL TRUST

The last and the most important way to better relations is the mutual trust. Currently, the Beijing leaders are still highly suspicious of separatist tendencies in Taiwan. They suspect that President Lee is an independence advocate at heart, despite Lee's assurance to the contrary. The PRC leadership worries about the pro-independence stance of the main opposition party, the DPP. If Beijing perceives that separatist forces are growing and that

Taiwan will gradually become a truly independent state, the PRC would probably not hesitate to use force against Taiwan. [Ref. 32, p. 20] In fact, one of the reason for increasing of support for the Taiwan independence movement is the PRC's military threat. In order to gain the trust of the ROC's people, the PRC should renounce the option of using force against Taiwan. On the other hand, the author agrees with the suggestion of the former Premier of Singapore, Lee Gwanyao who recently stated that Taipei should temporarily retreat from the actions of re-entering the U.N. and claim that the ROC will not rely on foreign powers to become involved in the cross-Strait issues. [Ref. 33, p. 1] That may present the "good will" to the PRC to reduce the tension between the two sides of the Taiwan Strait. Only when the two sides build up a reserve of mutual trust and respect for each other can the future cross-Strait relations be improved.

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