

Politicians Jockey for Position in Taiwan's 2007–2008 Elections, While Japan Jockeys for Position Across the Strait

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Taiwan politics continued their tumultuous course during the final months of 2006 and early 2007. The 13 February indictment on embezzlement charges of Ma Ying-jeou, KMT chairman and leading candidate for the KMT presidential nomination, overshadowed all else in terms of its potential impact on the 2008 presidential election. Ma's decisive move to announce his formal candidacy even as he fulfilled his promise to resign as party leader effectively prevented a vacuum within the KMT and in the Blue-Green competition.

Meanwhile, as President Chen Shui-bian's political and personal problems faded from public attention, two important mayoral elections took place on 9 December, the results of which will importantly shape the fierce political competition culminating in the legislative and presidential elections a year hence. In those contests, the DPP barely eked out a victory in Kaohsiung while the KMT won handily in Taipei. Still, the general perception was that the KMT lost ground overall, as it did not perform up to expectations in either contest, while the DPP emerged in a strengthened position, having exceeded the significantly more limited expectations in both. In fact, while the split results meant that each party could legitimately claim success, they also contained warning signs for both, and neither could take great comfort from the outcome.

After months of investigation, first lady Wu Shu-chen was indicted in early November on charges of corruption and forgery, and her trial went ahead even though she was hospitalized after collapsing on the first day of proceedings and has not reappeared in court as of early March. The overt pressure that was ramping up during the fall for President Chen Shui-bian to resign appeared to ease after the elections. In part this was because people were tired of street demonstrations and fights over the issue in the legislature. In part it was due to Chen's pledge to step down if his wife was convicted. But it was also due in part to suspicions—and then the indictment—relating to Ma Ying-jeou's alleged mishandling of official funds during his eight years as Taipei's mayor. However, while Ma's "Mr. Clean" image was somewhat tarnished, Taiwan voters did not seem to equate his actions with Chen's, and Ma's approval rating firmed up (and

his lead in polls over all DPP contenders grew) while negative views of Chen continued to dominate.

The DPP has adopted the view that it no longer has the burden of deciding Mr. Chen's fate, since the president promised he would resign if his wife is convicted, before any appeals process moves forward. But even if he would step aside under that circumstance, as promised (and many doubt it), it remains clear that Chen will not do so for any other reason, and the case against Madame Wu could take months or even years to conclude. In the meantime, Chen remains committed to bringing about—or at least laying the foundation for—constitutional reform before he leaves office in May 2008, and among the options he has toyed with are some that could spell further trouble in Taipei's relations with both Washington and Beijing.

Before examining those issues, however, we take a look at recent developments in Japan's relationships with the Mainland and Taiwan. Tokyo's ties with both sides of the Strait not only are central to the overall regional security architecture framing cross-Strait relations, but they are becoming a factor in Taiwan's highly competitive politics. Although the sour character of Tokyo's ties to Beijing has improved with the ascension of Abe Shinzo as prime minister in late September and his trip to Beijing (and Seoul) in early October, Taipei has welcomed his rise to power. Taiwan sees Abe as a sympathetic force. Moreover, the Chen administration shares the view of many in both the PRC and Japan that there is still a tentative quality to the progress Tokyo and Beijing have made, and it sees opportunities to improve Taiwan's standing in Japan.

While no administration in Tokyo will abandon the "one China" policy, there is increasingly evident public and political support in Japan for Taiwan's democratization process. This meshes well, from Taipei's perspective, with a rising Japanese desire to maintain the cross-Strait status quo as a hedge against the ongoing, and substantial, modernization of the People's Liberation Army (PLA). For its part, China lacks full trust in the "commitment" by Prime Minister Abe to resolve the Yasukuni Shrine issue and worries about the limits of Tokyo's ambitions in respect to Japan's security role in general, and toward Taiwan in particular.

Japan in Cross-Strait Relations

Many in Taiwan were heartened by Abe Shinzo's assumption of office in September 2006 as prime minister of Japan, and the foreign ministry in Taipei waxed optimistic at the prospect of a closer relationship.¹ The conservative Abe was known for his sympathetic approach toward Taiwan as well as for his toughness toward the Mainland. Perhaps even more than his predecessor, Koizumi Junichiro, Abe was seen not merely as

willing to stand up to Beijing's political pressure, but as determined to promote Japan's defense capabilities in the face of China's rising military power. While of concern to many in Japan,² this attitude was welcomed in Taiwan.

The government of Chen Shui-bian and his DPP administration had been seeking for some time to cement relations with Taiwan's northern neighbor. Lacking the personal connections of former president Lee Teng-hui, the Chen government had played up not only a shared commitment to democracy, but also a shared concern about the impact of the Mainland's growing ability to reach out and touch Taiwan with military force as well as potentially to reorder the security architecture throughout Northeast Asia—and beyond.

People as senior in the Chen administration as the current secretary general of the president's office, Chiou I-jen, had been to Japan in the past, and LY member Hsiao Bi-khim, co-chair of the legislature's foreign affairs committee, was actively fostering parliamentary exchanges amid a growing number of security dialogues between conservative Japanese politicians and Taiwan counterparts. Taiwan had also hosted a number of Japanese political leaders and had succeeded in getting Tokyo to ease restrictions on official contacts with the Taipei government.

Japan's Outstretched Hand to Beijing

Before assuming office as prime minister, Abe had supported Koizumi's Yasukuni Shrine visits and argued that the next Japanese prime minister should also go to the shrine to honor the nation's war dead, a position seen as sure to put him at odds with Beijing. Fourteen convicted Class A war criminals from the 1930s and 1940s had been enshrined there in 1978, and in 1985, in response to Chinese objections, then-prime minister Nakasone Yasuhiro had stopped going after one visit. We now know that the emperor also stopped going after the enshrinement. But, in his rise to office and the successful effort to defeat his main rival within the ruling Liberal Democratic Party (LDP), Koizumi had promised to go to the shrine each year. When, despite China's protests (or perhaps to some extent because of them), Koizumi continued to go, Beijing ended all bilateral summit meetings.³

Abe had been careful not to say what he would do about Yasukuni if he became prime minister, but the widely held assumption was that he would continue the visits and, in the contest for the LDP presidency (and, thus, the prime ministership) in 2006, this became an important issue. Polls showed that, while remedying economic and social ills and pursuing political reform overwhelmingly topped the list of Japanese voters' priorities (and dissatisfaction with Abe's performance in those areas has been at the top of the list of reasons why his popularity has dropped sharply in the few short months since he took office), they continued to be split more or less evenly on the issue of shrine visits. This was not because they agreed with China's argument that shrine visits equated to honoring the war criminals, nor because China demanded it. Indeed, if anything was clear, it was that Japanese across the political spectrum did not want to knuckle under to Beijing and they respected Koizumi's position in this regard.⁴ But many also recognized

that the visits had harmed Japan's relations with China and Korea, and they were uncomfortable with this state of affairs and wanted something done about it.

Informed observers predicted that, while Abe would need to have some substantial achievements in the domestic field by the summer of 2007 to ensure an LDP victory in Diet upper house elections, if relations with China were still in bad shape at that point, the election would be in doubt and, with it, his political future.⁵ So this issue assumed considerable political as well as foreign policy significance.

As Abe moved toward national leadership, Beijing had left the door open to dialogue with him despite his stated position on shrine visits.⁶ The day after Abe's election as LDP president, China's ambassador to Japan, Wang Yi, described the relationship as "at a crossroad." He said the time had come for Japan to think seriously about how to "overcome existing political obstacles" and create a better future for bilateral relations. In an important signal of the PRC's desire to change things, Wang said the Chinese side was "willing to respond positively to the Japanese side's wise decisions."⁷

In fact, Wang's statement constituted something of a response to Abe, who, the day before, had said:

It is important to talk without reserve and have a heart-to-heart talk. To that end, I think it is important that we should mutually make efforts to create an environment [to realize talks]. I will make that effort.⁸

However, while the Yasukuni Shrine visits were the immediate source of tension—and China's "quite clear and consistent" position was reiterated on all possible occasions—Beijing made plain that it was not the only issue; Taiwan, especially, also mattered. Thus, in announcing that senior vice foreign minister Dai Bingguo would travel to Tokyo in late September for a sixth round of "strategic dialogue," the PRC foreign ministry spokesman stated explicitly: "The proper and correct handling of the historical issues between China and Japan, *including the Taiwan issue*, constitutes the political basis for China-Japan relations."⁹

As a series of contacts were being held in this period to try to hammer out a basis for a summit meeting, Abe had some reason to fudge on the question of Yasukuni rather than asserting flatly that he would go.¹⁰ This was not just because he sought a summit meeting in order to convey the image of managing the relationship well. There were substantive policy reasons, as well.

North Korea figured prominently in Abe's tough national security stance, and he had made DPRK accounting for Japanese abducted by the North in years past a central issue in his platform. Given China's pivotal role in the Six-Party Talks over the North Korean nuclear program, and the relationship between that effort and any potential progress on the abduction issue, it was clearly in Abe's interest to stabilize relations with Beijing.

One further factor in what was about to happen was that Beijing, too, was unhappy with the poor state of Sino-Japanese relations and was anxious to lower the level of tension with Tokyo and end the stalemate over leaders' meetings. However, given the absolutist position China had taken on Yasukuni, Beijing was in a box and had no way out unless Japan made a change. The "small working group" on Japan policy that China had established early in 2006 under the leadership of State Councilor Tang Jiaxuan had reportedly decided that relations with Japan were important and that friendly and cooperative relations should be strengthened, but also that there would be no compromise concerning the Yasukuni Shrine issue.¹¹

So, despite the new prime minister's previous forceful endorsement of prime ministerial visits to the shrine, Beijing seized on Abe's accession to office as an opportunity to turn over a new leaf and advance the relationship—but on the condition that the Yasukuni issue be resolved. A harbinger of Beijing's strategy was Premier Wen Jiabao's personal engagement on the subject with a visiting Japanese business delegation in early September. Previewing the phrase that Ambassador Wang Yi would use two weeks later, a phrase destined to become a core feature of the effort to restore bilateral normalcy, the premier said: "If a political obstacle is removed, high-level mutual visits can take place soon."¹²

As the diplomacy between Beijing and Tokyo intensified in the five days between his election as LDP party president and his assumption of office as prime minister, Abe reportedly sent messages that he would make "the utmost effort" to improve Sino-Japanese relations.¹³ But exactly what he or his representatives actually said in these exchanges is murky. Moreover, as one well-placed Chinese observer put it, in the end it will be up to Abe himself to decide what to do; no one else can guarantee his actions.¹⁴

It seems unlikely that Abe would have made a flat promise not to go to Yasukuni, not only because it would have removed any leverage he derived from maintaining a degree of ambiguity on the issue, but because the chances of such a statement leaking to the media, and of destroying Abe politically, would have been high.

According to a senior Japanese official briefing reporters during Abe's early-October visit to Beijing, the prime minister said he would handle the Yasukuni issue "appropriately from the viewpoint of the two sides overcoming political difficulties."¹⁵ Nonetheless, an aide to Abe stated categorically "there was no assurance of any kind whatsoever given to the Chinese side."¹⁶ And Abe has continued ever since to take a position of studied ambiguity. At a press conference in China he put it this way:

With regard to the visits to Yasukuni Shrine, I explained my thoughts. Whether I have visited¹⁷ or will visit Yasukuni Shrine is not something I shall make clear since this is a matter that has been turned into a diplomatic and political issue. I shall not elaborate on it. That said, from the viewpoint that both sides shall overcome political difficulties and promote the sound development of the two countries, I shall address this

matter appropriately. This explanation which I made, I believe, was understood by the Chinese side. What I mean by “appropriately” is what I just explained now.¹⁸

When asked in early December about his intentions regarding a shrine visit he said “I haven’t decided what to do; it’s a tough question.”¹⁹ And at the end of the year, the *Tokyo Shimbun* reported comments by both government and LDP officials suggesting that, although Abe would avoid going to the shrine in 2007 on or before the sensitive August 15 anniversary of Japan’s surrender in World War II, he would make a judgment whether to go after that “taking into account the political situation at the time, including Japan’s relationship with China and South Korea.”²⁰ And in late February, Abe’s deputy chief cabinet secretary made explicit that the decision would be linked to further developments with China: “That card is not in the hand of China but that of Prime Minister Abe. The prime minister will decide on whether or not to use it.”²¹

Thus, although he has placed his comments in the larger context of resolving bilateral problems rather than simply focusing on whether he would go to the shrine, as Koizumi had done, on first glance Abe seems not to have said anything much different than Koizumi. In any case, despite his ambiguity in public, and likely in private as well, the Chinese have gone to some lengths to give others the impression that they have a firm commitment from Abe not to go to the shrine as long as the 14 Class A war criminals are enshrined there.

This opens several possibilities:

- He will not go at all.²²
- He will go, but only after several months, in a low-key manner, unofficially and without media attention.²³
- He will go, but only if the war criminals have been “disenshrined.”²⁴
- A state memorial will be created where the prime minister will go to officially honor the war dead in lieu of visiting Yasukuni.²⁵

One should note that Koizumi always argued that his shrine visits were not to honor the war criminals, but rather to mourn and honor the other 2.5 million war dead enshrined there, and to pray for peace. But this explanation clearly did not wash with Beijing then and it would not do so for Abe now. So, according to accounts based on authoritative conversations in Beijing, China’s firm expectation is that Abe will follow the first, third, or fourth option above, but not the second. That is, if the war criminals are still enshrined there, for as long as he is prime minister Abe will not go to Yasukuni, even in a low-key, private, unpublicized manner.²⁶

In any case, less than two weeks after his inaugural speech as prime minister, in which he said that “I will strengthen bonds of trust with neighboring countries such as China, South Korea and Russia so that we can have future-oriented discussions with each other,”²⁷ Abe surprised many people when he chose Beijing as the destination for his maiden foreign trip as prime minister (followed, on the same journey, by a visit to Seoul).

While not unprecedented, it was unusual for a new prime minister not to visit Washington first, potentially upsetting the United States. Not surprisingly, this decision generated considerable speculation about the larger implications for the direction of Japan's future foreign policy. In fact, however, given American concern about the poor state of Sino-Japanese relations, not only was the United States not offended, it welcomed Abe's bold step as well as China's (and Korea's) responsiveness to it.²⁸

In the ramp-up to the trip, Abe made significant adjustments in some past positions. While maintaining ambiguity about Yasukuni, he abandoned previously vague positions on other issues. He suddenly embraced earlier official apologies for Japanese aggression and colonial rule, as well as for Japan's culpability in connection with the recruitment of "comfort women." Moreover, he assigned responsibility for the war to all those holding senior government positions at the time, including his grandfather, Kishi Nobusuke.²⁹

China's Outstretched Hand to Tokyo

Having indicated a desire to improve relations, China responded positively to Abe's initiative. Hu Jintao greeted the Japanese prime minister by declaring that his visit served as a "turning point" in Sino-Japanese relations and expressing the hope that it would also serve as "a new starting point for the improvement and development of bilateral ties."³⁰ In the joint press communiqué issued at the end of the visit, the two sides reaffirmed their commitment to abide by the principles in the three Sino-Japanese "basic documents"³¹ all of which, beyond calling for cooperation across a range of activities of mutual concern and peaceful resolution of disputes, were grounded in Japanese contrition for past behavior and adherence to the "one China" policy. Ambassador Wang Yi hailed the success of Abe's "historic visit" to China and agreement on "overcoming political impediments between the two countries," declaring somewhat ebulliently: "The political crisis has already gone."³²

While Chinese officials have continued to appraise highly the improving state of relations, they have also firmly reiterated the signal importance of sticking with the determination to overcome "political obstacles." Thus, although both President Hu Jintao and Premier Wen Jiabao have accepted invitations "in principle" to visit Japan—Wen is expected in April 2007—not only does Abe's attitude toward Yasukuni continue to have a somewhat ambiguous, and hence troubling, character, but Chinese commentators continue to question Japan's strategic objectives. They have expressed reservations not only about Abe's determined commitment to "break with the postwar period" by revising the constitution—including the war-renouncing Article 9³³—but about other, more concrete issues as well.

For example, Beijing has noticed that, while Japan's overall defense budget has continued to decline marginally, Tokyo has taken a number of steps to enhance certain key capabilities, with a concentrated focus on advanced systems such as missile defense as well as on other measures to deepen cooperation with the United States.³⁴ Although

ostensibly (and probably in reality, at least in the near to medium term) directed against the threat from North Korea, this seems clearly to be related to China as well.

Beijing has also taken note of the upgrading of the Japan Defense Agency into a full-fledged cabinet ministry and the possible implications for Japan's ambition to be a "big military power."³⁵ *Liberation Army Daily* picked up reports from Japan that the government had begun to examine a relaxation of rules on the use of weapons by Self-Defense Forces deployed in overseas peacekeeping operations. These are to include, in some circumstances, the right to engage in preemption and to take the lead in opening fire under conditions in which their own personal safety is not threatened.³⁶ China did not miss accounts of joint U.S.-Japan military exercises allegedly designed to regain territory on an island after PRC occupation,³⁷ or of agreement "in principle" between the two allies to begin considering a joint operational plan for dealing with a Taiwan contingency. China responded both publicly and in private by expressing "grave concern" over these various reports and warning that "any remarks and actions by Japan and the United States involving Taiwan should be in strict compliance with the one-China principle and related commitments."³⁸ The alliance, Beijing cautioned, should focus only on "bilateral" issues and avoid interfering in matters concerning Taiwan.³⁹

Recent discussion in Japan of a nuclear option has also aroused concerns on the Mainland, even though Prime Minister Abe made clear that his government would give no consideration to such a course. It was not very reassuring to Beijing that, when Abe's foreign minister and the LDP Research Council chairman both called for airing of the issue, they claimed to be doing so in their "individual" capacities as members of the Diet rather than as either state or party officials or that they denied, in any case, that they were advocating acquisition of nuclear arms.⁴⁰

At the same time, Beijing seems to be embarked on a course of creating individual relationships that will lock in better overall relations, including in the security area. Various uniformed military delegations from China have traveled to Japan,⁴¹ for example, and there is agreement on a visit by the PRC defense minister in the second half of 2007, ending a three-year hiatus in the dialogue between defense officials at that level.⁴² Although PRC research vessels have continued to enter Japan's claimed EEZ, occasioning mutual charges,⁴³ Chinese naval activities in disputed waters seem to have abated,⁴⁴ and the first step in resumption of port calls (suspended over Yasukuni) is also contemplated for summer 2007.⁴⁵

There has been agreement to resume, perhaps as early as March, consultation on the East China Sea issue and possible joint development approaches to the gas reserves believed to be there,⁴⁶ and the first-ever meeting of energy chiefs is to be held soon.⁴⁷ Historians from the two nations have begun what is designed to be a two-year process of trying to reconcile different versions of history.⁴⁸

Beijing is also promoting a calendar of other exchanges, including at the summit level, that will make it very difficult for Abe to return to Yasukuni. Wen Jiabao will visit in early April, when he may address the Diet.⁴⁹ Beyond that, China is proposing a series

of follow-on, high-level talks including inviting Prime Minister Abe to return to China in September 2007 to mark the 35th anniversary of diplomatic relations.⁵⁰ If things go well, they contemplate visits by Vice President Zeng Qinghong in spring 2008⁵¹ as well as by President Hu.⁵² In a more ceremonial vein, a visit by Crown Prince Naruhito and Crown Princess Masako at the time of the opening ceremony of the 2008 Beijing Summer Olympic Games is envisaged.⁵³

Helping to spur this process, China has pledged “utmost efforts” to help Japan resolve outstanding issues with North Korea.⁵⁴ Most prominent among them is that of Japanese citizens abducted by the North some decades ago—politically as important to Abe as Yasukuni was to Koizumi—although China has also made clear its strong desire that Japan not raise these issues in the Six-Party plenary meetings.

As China pursues these activities, and continues to welcome the improvement in bilateral ties, asserting that, “on the whole, we have a positive attitude,” PRC spokesmen also continue to observe that relations “are now at a crucial juncture.”⁵⁵ Wang Yi, for example, has noted that frictions still exist due to what he described as the broader background in which national strength of the two countries was rising “to different degrees” and some Japanese were having difficulty accepting China’s rise.⁵⁶ While he has reaffirmed that the “important agreement” to overcome the Yasukuni issue “broke the political stalemate” and the likelihood of Abe visiting Yasukuni is “extremely close to nil,” he has felt constrained to warn that “If there ever is a visit, it will be irreparable.”⁵⁷ Wang has cautioned that maintaining sound momentum will require consolidating the “political basis” of the bilateral relationship, including properly handling not only wartime history but also Taiwan.

All of this leaves the strong impression that, as the PRC seeks to lock Abe in on Yasukuni and perhaps other issues, its confidence in Japanese follow-through is not complete. Indeed, perhaps reflecting a general, skeptical view on the Mainland, one Japan expert in China has raised a question about what may happen if the LDP wins control of the Upper House in July 2007 and Abe then remains in power for a long time:

At that time, will Abe go back on his words and take part in worship activities in late October while paying a visit to the Yasukuni Shrine? Will he return to Koizumi’s hard-line approach toward China? This will be the biggest test confronting Sino-Japanese relations next year . . .

Troubles between China and Japan have been brewing for quite some time. The “political chill” between China and Japan in recent years has been the result of disrupting the status quo and breaking through the bottom line of Sino-Japanese political relations by Japanese senior officials. Currently, the root cause of this situation has been alleviated, but it has not yet been completely eradicated . . . and there is still a lack of a good foundation for ties between the Chinese and Japanese people and an atmosphere for public opinion. In the future, if Japanese senior officials again take a hard-line approach toward the issue of history and Taiwan

issues, it may continue to arouse resentment and reaction among the Chinese people.⁵⁸

These implicitly negative attitudes toward Japan are mirrored in hardened Japanese attitudes toward China,⁵⁹ including over the Chinese anti-satellite missile test in mid-January.⁶⁰ Chairman of the LDP Policy Research Council, Nakagawa Shoichi, also expressed strong concerns about the rapidly rising PLA budget and the implications for Japan's security, especially if there is a Taiwan crisis.⁶¹ Just as China does, Japan continues to hedge in terms of its concerns over PRC military programs, and when in Europe recently, Abe went so far as to urge the European Union (EU) not to lift its Tiananmen-era arms embargo on China. Chinese spokesmen were quick to respond that this issue had "nothing to do" with Japan.⁶²

So, while there is broad agreement in both countries on the need for better relations, and the trend is clearly positive, including the unabated rising Sino-Japanese trade levels, there is a lot of work yet to be done both to ensure that government policies move in a positive direction, and to bring public opinion along.⁶³

Taiwan's Outstretched Hand to Tokyo

Taipei has long understood that Tokyo was not about to reverse its "one China" policy. But, taking a cue from the February 2005 U.S.-Japan "2+2" (foreign and defense ministers) statement citing peaceful resolution of issues concerning the Taiwan Strait through dialogue as a "common strategic objective,"⁶⁴ the Chen government has counted on shared values and interests to engage Japan in a more intense and more substantive relationship. The positive developments between Japan and the PRC just described, while arguably in Taiwan's overall security interest, cannot have been received with total equanimity on the island. Here was the new conservative, ostensibly pro-Taiwan, Japanese leader, to whom they looked for greater sympathy and support, "catering to" Beijing. Moreover, these developments came at a time when Beijing was picking off Taiwan's few remaining diplomatic partners in what seemed to be a determined fashion, thus hemming Taiwan in further and further in the international arena. And on top of that, as discussed below, Taipei's relations with the island's principal supporter, Washington, were once again going through a difficult period.

Taiwan's public response to Abe's efforts with the Mainland has been calm. At the same time, Taipei has continued to strive for closer ties with Japan. In order to counter the rich calendar of PRC-Japan activities planned in 2007, including in connection with the 35th anniversary of the establishment of bilateral relations, the foreign ministry in Taipei announced that 2007 would be the "Taiwan-Japan Cultural Exchange Year."⁶⁵ The cabinet-level chairman of the Mainland Affairs Council, Jaushieh Joseph Wu, traveled quietly to Japan in June to exchange views on cross-Strait and PRC-Taiwan-Japan triangular relations.⁶⁶ On his return, he reported that Japan would handle relations with the PRC separately from relations with Taiwan. While this meant that relations would continue to be conducted in an "unofficial" mode, it was good news in

that Tokyo was not planning to cut back ties with Taipei under PRC pressure.⁶⁷ Foreign affairs committee co-chair Hsiao Bi-khim led a delegation of DPP legislators to Japan in early July to meet with a friendly group of Japanese Diet counterparts as a continuation of an effort to develop long-term personal as well as professional links that, it is hoped, will stand Taiwan in good stead over time.⁶⁸

Chen Shui-bian himself has not only pressed for strengthened cooperation with Japan in practical areas such as developing technologies for energy conservation and environmental protection, and for continued robust tourism,⁶⁹ he has pushed for a more security-oriented relationship. Chen has urged the passage of a Japanese “Taiwan Relations Act” in order to “promote ties with Taiwan and cement the triangular U.S.-Japan-Taiwan ties,”⁷⁰ called for a “strategic dialogue” in the form of bilateral security talks,⁷¹ and even gone as far as to advocate a “quasi-military alliance” with Tokyo.⁷² In early fall, Chen touted the fact that he traveled through the Japanese flight information zone both on his way to the September Palau summit in the official “Air Force One” (which the Philippines had refused to allow) and on his return home from Guam in a civilian aircraft.⁷³

While DPP officials have sought to make common cause with Japan in the effort to democratize the Mainland,⁷⁴ and to convey the impression that a KMT victory in 2008 would lead to a deterioration in Taiwan-Japan ties,⁷⁵ opposition leaders, including KMT member and LY speaker Wang Jin-pyng⁷⁶ and then-KMT chairman Ma Ying-jeou also traveled (separately) to Japan to enhance their—and their party’s—ties there. During his July 2006 trip, Ma was particularly concerned with improving his image in Japan and allaying concerns that he was “anti-Japanese” (although he continued to criticize Prime Minister Koizumi’s Yasukuni Shrine visits as “a contradiction to the Japanese value of honoring human rights and freedom,”⁷⁷). Ma also sought to bolster his international security credentials by, on the one hand, noting Taiwan would not upset the status quo and, on the other, urging Japan to be attentive to maintaining peace both in the Taiwan Strait and on the Korean Peninsula.⁷⁸ By the end of the visit, Ma believed that he had reassured the Japanese about his—and the KMT’s—positions.⁷⁹

“Travel diplomacy” went the other way, as well. Not only have Diet members continued to visit the island, but the Japanese vice minister of agriculture, forestry, and fisheries, Miyakoshi Mitsuhiro, traveled to Taipei for a “private” visit in August. In addition to seeing the minister of agriculture, Miyakoshi met with President Chen Shui-bian and Premier Su Tseng-chang.⁸⁰ Although ranking American and European economic officials have traveled to Taiwan periodically, it is rare for someone of this rank from Japan to do so.

Instructively, in light of later political developments, then-chief cabinet secretary Abe Shinzo insisted that Miyakoshi’s visit was private:

Regarding relations with Taiwan, Japan’s basic position is, as stated in the joint communiqué between Japan and China, to maintain a non-

governmental relationship at the working level. There is no change whatsoever to this stance.⁸¹

In his second such visit since stepping down as prime minister in 2001, Mori Yoshiro also visited Taiwan in November, where he was awarded the government's highest civilian medal by Chen Shui-bian. As was the case with many of these developments, Beijing formally protested to Tokyo.⁸²

Economic relations between Taiwan and Japan have continued to flourish. According to President Chen, bilateral trade reached an all-time high of US\$60.4 billion in 2005 (with a US\$31.4 billion surplus for Japan), supported by 492 daily flights between Taiwan and Japan and annual visitors who number 2.4 million both ways.⁸³ A bilateral investment pact may be negotiated to facilitate liberalization and promotion of investment and to provide additional investment protection. Taiwan would reportedly like to upgrade the existing overarching economic partnership agreement, as well, but Japan is reluctant to go that far due to PRC objections.⁸⁴

Although Taipei dropped plans to invite prominent Japanese politicians to the long-delayed opening in 2007 of Taiwan's new high-speed rail system linking Taipei with Kaohsiung (the first on the island, it uses equipment including rail coaches from the Japanese Shinkansen—the “Bullet Train” system), it touted the connection with Japan as part of its determination to promote bilateral relations.⁸⁵

The net effect of all of this trilateral activity is that it is virtually certain that Tokyo will not make any major changes in its approach to Taiwan. Despite PRC sensitivity to Japanese—and American—relations with the island, while there will not be a significant upgrading, neither will there any retrenchment. Some analysts feel that the gap between pro-Taiwan and pro-PRC Japanese politicians has shrunk as it has become apparent that good relations with both are possible within the framework of Tokyo's “one China” policy. Although one might expect that some conservative Japanese politicians will want to show renewed backing for Taipei to counter Abe's initiatives with Beijing, realistically this cannot go beyond certain limits, especially in the field of security or in respect to anything that touches on “officiality.”

Taiwan's Outstretched Hand—to the United States

Both bilaterally with the United States and, as noted, in trilateral contexts with Japan, Taipei has also sought to portray itself as an “ally.” This is seen, for example, on the issue of North Korean denuclearization, where Taiwan has stated its support for the proliferation security initiative (PSI) aimed not only at blocking the transfer of nuclear materials, equipment, and technology, but also at stopping smuggling of illicit goods and counterfeit money by the North that could financially support the program.

Taipei's efforts to calm the waters with the United States following controversies over the spring and summer⁸⁶ were moderately successful. But a pair of public statements

by the U.S. representative in Taipei—pressing for legislative action on the defense budget, including for arms procurement, and for a more active pursuit of direct economic and transportation links with the Mainland—generated strong objections from some quarters of Taiwan’s political world.⁸⁷ Whether there will be any meaningful forward movement on the issues raised by the United States remains to be seen.

On the defense budget, it was widely believed in Taipei that KMT victories in both Taipei and Kaohsiung mayoral elections would lead to some action in the LY. However, the split result has left things uncertain. Also, even if not taken literally, the announced retirement of PFP chairman James Soong from all political activity after he garnered a mere 4.1 percent of the Taipei mayoral vote will have some impact on how his party behaves in the LY, where it has been an even stauncher opponent of the arms procurement package than the KMT. That said, the long-stalled defense budget statute did make some progress in the LY in the aftermath of the election even though the supplemental budget appropriating the funds remained stalled.⁸⁸

Potentially even more problematic is the issue of constitutional change, which remains a top priority for Chen Shui-bian and which has been complicated by the public mulling over creation of a “Second Republic” (discussed below). Although senior Bush administration officials have sought to strike a low-key pose in commenting on the possibility of worrisome changes to the constitution—rejecting such terms as “concerned” or “worried about” and substituting language about how the United States “strongly expects” Chen to stand by his promise that constitutional reform will “absolutely not touch on the sovereignty issue,” the deep mistrust was revealed when one official said: “Of course, you may come up with your own conclusion whether we trust him or not when we say we expect him to stand by his promise.”⁸⁹

Elections, Elections and More Elections—The Next Fourteen Months

Politics is largely a matter of perception and expectations, and the interpretations given to the outcome of the 9 December mayoral elections in Taipei and Kaohsiung were no exception. Those elections had long been seen as important harbingers of the LY and presidential elections coming up in a year’s time.⁹⁰ Both took place under the shadow of the indictment of President Chen Shui-bian’s wife in early November on corruption and forgery charges and the prosecutor’s indication that Chen himself would have been indicted were he not immune at this time by virtue of his office. Mitigating the political impact to some extent were what at the time were still only accusations against KMT Chairman and putative presidential nominee Ma Ying-jeou for his handling of public funds during his eight-year tenure as mayor of Taipei.

Although the public has been rather forgiving of Ma, even after his indictment (see below), it has continued to make a harsh judgment about Chen.⁹¹ In any case, the election results appeared to largely confirm long-term, underlying trends rather than turn on such shorter-term considerations and they provided little comfort for would-be legislative or presidential candidates in either camp.

The tight margin of victory in the Kaohsiung election—the DPP candidate won by a margin of only 1,114 votes out of over 750,000 cast⁹²—and the reduced margin of the KMT victory in Taipei as compared with other recent elections suggest that the LY and presidential elections over the next year will be hard fought and potentially very close.

A number of factors augur well for the KMT. Despite the split outcome in the mayoral elections, the KMT maintained control of the city councils in both Taipei and Kaohsiung (and the speakerships of both) and dominated the Taipei borough elections at the end of December.⁹³ Moreover, Ma Ying-jeou continues to lead all other potential candidates of either party by a wide margin in head-to-head polling, and the KMT as a party continues to enjoy a substantial lead over the DPP.⁹⁴

But the DPP also has made some gains. Both of the leading DPP contenders, Premier Su Tseng-chang and DPP Taipei mayoral candidate, former premier Frank Hsieh Chang-ting, emerged in reasonably good shape from the municipal elections, especially in light of previous dire predictions for the party. Su was widely believed, both by members of the DPP and by others, to be heading for the door if the party lost both cities (even though Chen Shui-bian had told Su he wanted him to stay on no matter what the result⁹⁵). Many believe that Su wants (or needs) to leave office sometime in the next few months, anyway, to focus on his presidential nomination campaign and to separate himself from Chen—something Su continues to deny. But whatever the calculation about the future, if he had exited on the heels of failure in the two city elections it would also have hurt Su with the public as well as deprived him of party (and government) resources to bolster his future plans.

Frank Hsieh was also a “winner” in terms of maintaining his viability for 2008. Hsieh garnered almost 41 percent of the Taipei vote, well ahead of the vote for 2004 DPP candidate Lee Ying-yuan (who ran Hsieh’s campaign this time) and well ahead of expectations.⁹⁶

Jockeying for the DPP nomination is now under way. Su, Hsieh, and DPP chairman Yu Hsyi-kun had declared their candidacies before the end of February, and Vice President Annette Lu Hsiu-lien was expected to declare by the registration deadline of 9 March. Chen Shui-bian has proclaimed himself “honor bound” to assist in selecting the DPP nominee, stating that he would “not evade the duty” to do so. Some people have suggested Chen’s motivation is to maintain maximum control even as he slips into the status of a lame duck. In any event, he has proposed that the top two in the public poll part of the nomination process run as a team.⁹⁷ Although much deference is being given to Chen’s role, it is obvious that not all of the candidates would be willing to take second spot on the ticket.

The campaign is also under way, if in a somewhat murkier fashion, in the KMT.⁹⁸ Ma Ying-jeou may ultimately be damaged by the indictment (or a conviction, if it comes before the election).⁹⁹ Moreover, he was probably hurt at least marginally by the split mayoral results. But with the bump up in the polls he received after the indictment and

his announcement that he would run, he remains very much the man to beat, outdistancing his potential rivals—in the KMT and in the DPP—by margins of 3:1 or better.¹⁰⁰

For now, Ma's more serious problems within the KMT remain as discussed in the last issue of *CLM*.¹⁰¹ His relations are clearly uneasy with both LY speaker Wang Jin-pyng, who also wants to be president, and former (and currently honorary) party chairman Lien Chan who seems to many to be seeking to engineer a ticket with Wang on top and Ma in second spot.¹⁰²

Ma had pledged to step down as KMT chairman if indicted, and though the party's central standing committee at first refused his resignation, he eventually insisted that they accept it. This has enhanced his image as a person willing to ensure scandal doesn't touch the party and to "take responsibility," but, unless he is found innocent in reasonably short order, and despite the continuing high polls, his legal problems could eventually compromise his presidential quest. That said, the KMT has no obvious alternatives to defeat a strong DPP candidate, and this explains in large measure why the party changed its internal rules to allow a person to run not only if he has been indicted of a crime but even if he has been convicted and the case goes all the way to the second appeals court.

Ma's reputation for political deftness had been damaged in the preceding months. In an effort to overcome that, he laid out an initial statement on party reform and a "vision" for Taiwan.¹⁰³ And he began to take on the DPP more directly, arguing that it was endangering Taiwan's security and international status by advocating Taiwan independence.¹⁰⁴ Ma also started making visits to local party organizations and promised that their views would be factored into the party's future policies.¹⁰⁵ But what has perhaps helped his image the most in the past weeks was the decisiveness with which he announced he would run for president despite the indictment. This appeared to give heart to many in the party who had previously seen him as too aloof from the political process and too little invested in the campaign itself.

The rout of PFP candidates in Kaohsiung and Taipei (where, as noted earlier, party chairman James Soong attracted only 4.1 percent of the vote despite confident predictions by close associates two days earlier that he would win at least 15 percent¹⁰⁶) not only led to Soong's announced departure from politics,¹⁰⁷ but to a minuet between the PFP and the KMT that produced formation of an "alliance" in mid-January. On paper, at least, there is agreement to run unified candidates in the new, single-member districts in the December 2007 LY election. This is supposedly to be achieved by persuading the weaker candidates in any district to step out of the race, and then holding a joint primary for the remaining district nominations.¹⁰⁸ Whether this will work out in practice remains to be seen, as grumbling continues from various quarters. Many KMT legislators are especially unhappy. They do not relish cooperating that closely with others whose substantive views are more out of alignment than may be generally perceived. But most especially, they are opposed to giving up their seats for the sake of "unity" to what is now an even more marginalized "pan-Blue" partner.¹⁰⁹

A third recall motion against Chen Shui-bian failed in the LY in late November,¹¹⁰ and, despite PFP pressure, the KMT refused to press ahead with a no-confidence vote against Premier Su Tseng-chang and his cabinet. At this point there appears to be no prospect that such an effort will be pursued. Assuming that Chen Shui-bian's wife is not convicted,¹¹¹ thus forcing Chen to step down in fulfillment of his pledge, there is a common expectation that he will remain in office and will take the initiative in a number of ways to press his agenda on deepening "Taiwanese identity" and promoting Taiwan's status as a sovereign, independent state.

On the former score, Chen has taken the lead in using the 60th anniversary of the "228" incident to heap calumny on the KMT and to call for disengagement from the repressive "Chinese" rule that Chiang Kai-shek brought with him from the Mainland.¹¹²

Chen will doubtless seek to follow through on his promise to press for passage of constitutional reform before his term ends in May 2008. People close to him still insist that, even though he will not interfere in the internal DPP process of adopting a new draft document, he will take action as necessary to adhere to his "four noes" commitment and to his 2004 inaugural pledges not to allow "sensitive" issues to be touched on in the amendment process. They point to the fact that Chen reportedly sent a message to President Bush through Taiwan's representative to the November APEC leaders meeting in Hanoi, reaffirming that he would honor his commitments from the 2004 inaugural address.

But Bush apparently responded cautiously, noting that he remained concerned and that it was important that Chen keep his word.¹¹³ Consistent with this, the United States has expressed disapproval of Chen's latest efforts to remove "China" from the name of state-owned corporations and to replace "Republic of China" with "Taiwan" on postage stamps.¹¹⁴ But the American reproach has met with a mixed response.¹¹⁵ Some in Taipei, and some in the United States, have found it excessively intrusive. Others, including Beijing, have expressed concerns that it was an ineffective verbal slap on the wrist that will only encourage Chen to take even bolder steps in the direction of consolidating separate status. China's ambassador in Washington is reported to have remonstrated strongly against the mild nature of the statement.¹¹⁶

Another, more serious step Chen has already promoted is the adoption of a "Second Republic" constitution. What theoretically makes this proposal acceptable is that it would formally retain the existing constitution with its references to sovereignty, territorial delimitation, and so forth. But it would freeze that constitution and bring into being a parallel constitution (forming a "Second Republic") that would not address those "sensitive" issues at all. According to this argument, because Chen would not be "introducing" problematic concepts into the constitution, and he would not be "eliminating" the theoretical connections to "China" that exist in the current constitution, he would be fulfilling his pledges.

Even if, as some say, the preface to such a new constitution contained references to its “temporary” nature (pending ultimate resolution of cross-Strait relations), the effective governing document would contain no cross-Strait links and for all practical purposes those connections would be neutered if not fully severed. This new state of affairs would be underscored if, as some accounts have it, the preface also described the jurisdiction of the “Second Republic of China” as being limited to the 36,000 square kilometers occupied by Taiwan, the Penghus, Jinmen, and Mazu, with sovereignty solely in the hands of the 23 million people residing in those areas.

Whatever the political appeal of this proposal in Taiwan, the blatant sophistry of such a “lawyerly” approach would not fly with either Beijing or Washington—probably at any time, but in the U.S. case most especially not after the controversy over the National Unification Council and Guidelines in 2006.¹¹⁷ Chen’s close advisors acknowledge this reality, and they understand that, however much one might believe such an approach would be literally consistent with the “four noes” and Chen’s other pledges, this is “not the time” to try it.¹¹⁸ On the other hand, no one is willing to predict with full confidence what Chen will decide to do as he considers what he sees to be in Taiwan’s interest—or in the interest of his own judicial fate and political legacy.

If the DPP proposes a draft that includes such provisions, there is no doubt that the United States will oppose it. But what will matter even more to Washington is Chen’s attitude. As discussed in the last issue of *CLM*,¹¹⁹ if Chen is seen as inviting problematic proposals and open to giving them serious consideration—even on the grounds of promoting democratic debate—this will once more raise tensions with the United States, even though such proposals stand no chance of adoption. On the other hand, if he sticks to his earlier commitments to ensure that constitutional reform will not “touch on” sensitive issues, the United States will welcome that. The permission for Chen to transit the continental United States in January on his way to Nicaragua was certainly related to his decision not to raise constitutional revision directly in his New Year’s message.¹²⁰ Had he talked about those questions in problematic ways, there is no doubt he would have had to take a different route to Central America. As transit requests and other issues requiring U.S. agreement arise in the future, similar considerations will come into play.

The other issue Chen has raised recently in his effort to deepen the island’s identity as “Taiwan” and the people’s “Taiwanese consciousness” is to apply to the United Nations under the name “Taiwan,” not as the “Republic of China” or even the “Republic of China (Taiwan).” The public explanation for this position is the same one given for having added the parenthetical “(Taiwan)” to the national name on all occasions, including on public documents, and for putting “Taiwan” on passports. That is, so people will not mistake Taiwan for the PRC (or “China”). Further, it is explained, although the formal name “Republic of China” has not changed, Taipei participates in various kinds of international activities under various kinds of names, none of them “Republic of China.” So, the argument goes, in this case, too, a name other than “Republic of China” would be appropriate descriptively but would have no implications for the formal national title.

Of course, Taiwan has no prospect of gaining UN admission under any name, at least not unless and until some deal is worked out with Beijing, probably under a “one China” formula of some sort, and even then perhaps not unless and until unification is achieved. So the issue differs from circumstances in the sports world, or the Asian Development Bank, or the World Trade Organization, where Taiwan has been allowed to participate and so the nomenclature issue has been a practical concern. Moreover, Beijing has taken of late to pressing even private organizations from the island to insert “Taiwan, China” into their names (most if not all have refused), a clear indication that, even if there were a prospect of some deal, it would not include PRC tolerance for using “Taiwan.”

That said, the likely popular appeal of Chen’s approach to using “Taiwan” for a UN application is underscored by recent public opinion polls. One was a Mainland Affairs Council poll that found that a majority of the public supported this move.¹²¹ And in early 2007, a number of DPP legislators and independence advocates initiated a referendum campaign to put the issue to voters in upcoming elections.¹²² So the issue will not go away.

Cross-Strait Trends

In any event, this kind of sentiment, along with Chen Shui-bian’s sympathetic references to a “Second Republic” and his continued “desinicization” campaign,¹²³ are among the reasons why, though basically confident about the trend in cross-Strait relations, Beijing continues to voice strong concern over the direction of Taipei politics and policies in the coming period, especially during 2007.¹²⁴ In his New Year’s message, Hu Jintao maintained an upbeat, positive tone.¹²⁵ But the State Council Taiwan Affairs Office adopted a harsher attitude regarding Chen Shui-bian’s “stubborn adherence” to a “splittist stance.”¹²⁶ And one of the Mainland’s leading Taiwan experts said that, while “there is no space and no possibility” for realizing Taiwan independence, nonetheless, “we should not lower our guard. In fact we should step up preparations for opposing and countering ‘Taiwan independence.’”¹²⁷

The PRC Defense White Paper issued at the end of 2006 took a similar position:

The struggle to oppose and contain the separatist forces for “Taiwan independence” and their activities is complicated and severe. By pursuing a radical policy for “Taiwan independence,” the Taiwan authorities aim at creating “de jure Taiwan independence” through “constitutional reform,” thus still posing a grave threat to China’s sovereignty and territorial integrity, as well as to peace and stability across the Taiwan Straits and in the Asia-Pacific region as a whole.¹²⁸

Having already reiterated opposition to U.S. arms sales to Taiwan in the immediate wake of AIT director Young’s press conference in late October,¹²⁹ Beijing also used the White Paper to criticize the American role, noting that while the United States has frequently reiterated that it will adhere to the “one China” policy and honor the

three U.S.-PRC joint communiqués, Washington continues to sell advanced weapons to Taiwan and “has strengthened” its military ties and exchanges with the island,¹³⁰ all in violation of the August 17, 1982 U.S.–PRC joint communiqué. Beijing also sharply criticized U.S. agreement to allow Chen Shui-bian to transit the continental United States on his way to and from Nicaragua.¹³¹

Although charter flights expanded their coverage during specified holiday periods,¹³² Taipei and Beijing continued to wrestle over the issue of how to balance passenger flights (which Beijing wants) against cargo flights (which Taipei wants) if the charters are extended further. Some progress seemed evident in late February, however, and it was anticipated that some arrangement on more cargo and passenger charters would be reached, including weekend charter flights.¹³³

Meanwhile, prospects for formally negotiating the “three links” (especially scheduled air transportation) remain dim. Taipei asserts it is prepared to move ahead, even using the “Macau model” of designated “private” negotiating teams heavily populated by officials in mufti. But problems are seen, *inter alia*, in Beijing’s reversion to insisting that, absent an agreement on “one China,” any transportation routes would have to be labeled “domestic” rather than “cross-Strait” as had once been advocated by both sides.¹³⁴ Meanwhile, there is much chatter about the agreed charters taking shorter routes, but the Mainland Affairs Council has said that, while Taipei is agreeable to such changes in principle, actual arrangements would require further negotiations.¹³⁵

Even so, specific linkages continue to broaden. Taipei was overly optimistic in believing, as late as the third week of December, that fully opening Taiwan to Mainland tourists could happen by the end of the year. Nonetheless, press reports in late February indicated that the two sides were on the brink of an announcement and that tourist trips from the Mainland could begin soon. While final arrangements remained to be made, agreement was reportedly reached on receiving groups of 10 to 14 people up to a total of 1,000 Mainland tourists a day, with each group permitted to stay for up to 10 days.¹³⁶

It was also reported that once the tourism negotiations had been completed, the Mainland Affairs Council would focus negotiations with Beijing on a series of other issues including Taiwan agricultural exports, a currency-clearing mechanism, a financial regulatory system, intellectual property rights protection, judiciary cooperation, cooperation in crime fighting, and safeguarding Taiwan investments.¹³⁷

In early March, following Taipei’s approval of a more liberal regime for some Taiwan investment on the Mainland, including semiconductor manufacture, a large PRC economic delegation of officials in charge of screening Taiwan investments went to the island for a weeklong visit.¹³⁸ Still, the political sensitivity of further opening up to the Mainland remains high, and in the face of harsh criticism from some, especially (but not only) in Lee Teng-hui’s independence-oriented Taiwan Solidarity Union,¹³⁹ the government has been at pains to explain that this decision was a collective one—by the Mainland Affairs Council, the National Security Council and various cabinet agencies—and was approved by the president, and that it was not a “revisionist” step. Chen Shui-

bian went so far as to note in his New Year's address, with an ad lib not in the published text, that there was such a thing as "Su revisionism."¹⁴⁰

Taipei also argued that the change reflected the reality that restrictions have been eased throughout the international community, so Beijing would have access to higher levels of technology anyway and Taiwan's refusal to go along would simply be to the competitive detriment of Taiwan manufacturers, not the PRC.¹⁴¹ To try to deal with criticism of the move, Premier Su Tseng-chang urged more domestic investment in Taiwan's semiconductor industry and indicated Taiwan would still not lift the cap on Mainland investment, which stands at 40 percent of net assets by companies based in Taiwan.¹⁴²

Another step in the direction of promoting cross-Strait activity was the announcement that, with proper approvals, a Taiwan company could invite Mainland visitors or employees to come to Taiwan "to engage in economic development activities" in excess of the normal limit of 50 people from the PRC each year.¹⁴³

Even before these latest changes were brought into effect, cross-Strait economic ties continued to grow. Direct trade reached US\$107.8 billion in 2006,¹⁴⁴ and through the first 11 months of the year, indirect trade, as measured by Beijing, stood at US\$593.9 billion—with the balance heavily in Taiwan's favor.¹⁴⁵ Taiwan's investment in the Mainland also continued to grow rapidly.¹⁴⁶

Conclusion

In his New Year's address, Chen Shui-bian placed great emphasis on "Taiwan identity," excoriating those who sought to deny or belittle it. This will be a major theme of the constitutional revision effort in the coming year, and though he did not directly refer to it in his speech, the effort clearly remains a high priority for Chen.

How hard Chen will actively promote consideration of a new, "Second Republic" constitution remains to be seen. He made no mention of it in the speech, but responsible officials in Taipei spent considerable time trying to explain to visiting Americans why it could be an acceptable approach and would not violate Chen's "four noes" pledges or other commitments to the United States.

As noted above, Beijing is having none of that. In its immediate reaction to the speech, the State Council Taiwan Affairs Office accused Chen of

feverishly trumpeting the "Taiwan independence" separatist stand, willfully restricting cross-Strait economic exchanges and cooperation, deliberately spoiling the atmosphere of cross-Strait relations, and undermining the peaceful and stable development of cross-Strait relations.¹⁴⁷

Again, in direct conversations with Americans in January in Beijing, officials and others close to the policy process placed great stress on the dangers contained within the “Second Republic” proposal, not least among them that the appeal to Taiwanese-ness in the proposal could cow the pan-Blue into acquiescence, and the logic employed in Taipei to explain the proposal’s consistency with the “four noes” pledges could be persuasive to Americans. Neither of these fears seems justified to most American analysts. Nonetheless, the fact that Beijing has these concerns will need to be taken into account by the United States.

In the next issue of *China Leadership Monitor* we will examine the issue of constitutional revision in the cross-Strait context and the impact of the LY and presidential election campaigns on the prospects for post-2008 cross-Strait relations.

Notes

¹ Y.F. Low, “MOFA Expresses Hope of Improved Taiwan-Japan Ties Under Abe,” Central News Agency (CNA), 21 September 2006.

² “Mr. Abe’s Worrisome Plan for Japan,” editorial, *Japan Times*, 21 September 2006.

³ At a meeting of the Asia-Africa Summit in Jakarta, Indonesia, in April 2005, PRC President Hu Jintao did meet with Koizumi and apparently thought he had obtained a promise that Koizumi would not go to Yasukuni again while prime minister. However, it turned out that the Japanese leader’s promise to handle the issue “appropriately” did not mean stopping the visits, and Sino-Japanese relations turned even colder after that.

⁴ It might be useful to note that when Koizumi made his final visit to the shrine as prime minister—this time on 15 August 2006, the sensitive World War II surrender anniversary he had avoided in all of his previous visits while in office—polls showed 48 percent approval for his action versus 36 percent disapproval. (*Nihon Keizai*, 21 August 2006.) So Japanese attitudes about shrine visits are far from negative in general, even though polls also show a desire for better relations with China.

⁵ Janice Tang, “2007 Upper House Election Make-or-Break Test for Abe,” Kyodo, 30 December 2006 (disseminated by Open Source Center [OSC], JP20061230969026) presents an interesting examination of these questions.

⁶ “China’s Tang Raps Shrine Visit But Says Beijing Still Eyes Dialogue,” Kyodo, 20 August 2006.

⁷ “Chinese Ambassador to Japan Urges Japanese Side Think About How to Overcome Political Obstacles,” *Zhongguo Xinwen She (ZTS)*, 21 September 2006 (translated by OSC, CPP200609211063003).

⁸ “News Watch 9,” NHK, interview with Abe Shinzo, 20 September 2006 (disseminated by OSC, JPP20060920045003).

⁹ “PRC FM Spokesman: China Urges Abe to Improve PRC-Japan Relations,” AFP, 21 September 2006 (disseminated by OSC, CPP20060921150030) (emphasis added). The first five rounds of Sino-Japanese strategic dialogue had been held in May, June, and October of 2005 and February and May of 2006.

¹⁰ In the meantime, in his valedictory press conference, Koizumi showed no such restraint. Speaking of criticism from Beijing and Seoul about his Yasukuni visits, he said: “As time goes by and one thinks calmly, one will realize China and South Korea were being ridiculous.” (Janice Tang, “Koizumi in ‘Last’ News Conference Criticizes PRC, ROK Over Summit Talks,” Kyodo, 25 September 2006, disseminated by OSC, JPP20060925969046.)

¹¹ “Analysis of PRC Foreign Ministry’s Reaction to Koizumi’s Yasukuni Visit,” *Sekai Shuho*, 19 September 2006, pp. 56–57 (translated by OSC, JPP20060919060004).

¹² “Update: Wen Drops Hint on Mending Ties,” *Asahi Shimbun*, 5 September 2006 (disseminated by OSC, JPP20060905969072).

¹³ “Abe Resolves To Develop Japan-China Ties in His Message,” *Jiji*, 25 September 2006 (disseminated by OSC, JPP20060925969029). On the other hand, while no longer questioning the validity of the International Military Tribunal that convicted officials of war crimes, Abe has continued to insist that, since

no law previously existed on the subject, the people in question were not “criminals” under Japanese domestic law. He did this both before taking office (“Abe Questions Legitimacy of Tokyo War Crimes Tribunal,” Kyodo, 6 September 2006, disseminated by OSC, JPP20061006969061) and again on the eve of his visit to China and Korea (“Under Japanese law, 14 at Yasukuni not criminals: Abe,” *Japan Times*, 7 October 2006).

¹⁴ Personal interview, Beijing, January 2007.

¹⁵ “Japan, China Agree on ‘Strategic’ Ties, Abe Hints No Yasukuni Visit,” Kyodo, 8 October 2006 (disseminated by OSC, JPP20061008969024).

¹⁶ Tracy Quek, “No Secret Pact With China on Yasukuni, Says Japan—Official Quashes Talk That Abe Secured Beijing Trip by Privately Assuring China That He Would not Visit Shrine,” *Singapore Sunday Times*, 8 October 2006 (disseminated by OSC, CPP20061009094001).

According to an account of the exchange between Hu and Abe briefed to the Japanese media (presumably by Japanese officials), the essence of the exchange was as follows: President Hu: “I would like you to make efforts to remove political obstacles to China-Japan relations.” Prime Minister Abe: “I visited Yasukuni Shrine in order to pray for lasting peace. I never meant to glorify militarism. Since this has developed into a diplomatic and political issue, I have decided not to comment on whether I visited it or not or whether I will visit it or not. I would like to properly deal with this issue from the perspective of overcoming political difficulties and promoting the sound development of both countries.” (*Yomiuri Shimbun*, 10 October 2006.) Responsible Chinese officials insist that the issue was definitively resolved, if in an “Asian way.”

¹⁷ He reportedly visited the shrine in April 2006, when he was still Chief Cabinet Secretary. But this was only belatedly reported in the press and has never been confirmed.

¹⁸ “Press Conference by Prime Minister Shinzo Abe Following his Visit to China,” Office of the Prime Minister of Japan, Speeches & Statements, 8 October 2006 (http://www.kantei.go.jp/foreign/abespeech/2006/10/08chinapress_e.html).

¹⁹ “Prime Minister Abe Somewhat Evasive When Asked about by Schoolkid Whether He Would Visit Yasukuni Shrine,” *Nihon Keizai*, 8 December 2006 (informal translation)

²⁰ “Abe Likely to Avoid Visiting Yasukuni Shrine on Aug. 15: Paper,” Kyodo, 31 December 2006. Chinese commentary on an announcement by members of the Liberal Democratic Party (LDP), Abe’s party, that they would continue visiting the shrine demonstrated a willingness to separate the prime minister’s presumed “good intentions” from those of other LDP members. (Sun Shangwu, “Yasukuni Still a Thorn in Relations,” *China Daily*, 18 January 2007, disseminated by OSC, CPP20070118052001.)

²¹ “Japan Official Shimomura Hints at Possibility of Abe Visiting Yasukuni,” Kyodo, 28 February 2007 (disseminated by OSC, JPP20070228969092).

²² Even if he has not pledged outright not to do so, both sides might assume relations will advance to the point that Abe can afford politically to stay away and still appear not to have caved in to Beijing. Abe’s visit to the Meiji Jingu Shrine in early January suggested to some that he was seeking to experiment with alternatives to express his conservative credentials, although no other shrine can take Yasukuni’s place as a site for honoring war dead and January would not have been a traditional time to visit Yasukuni in any case. “Abe Visits Meiji Jingu Shrine Instead of Yasukuni,” Kyodo, 6 January 2007 (disseminated by OSC, JPP20070106969030).

²³ Some have suggested that this would require a protest from Beijing if it became public (as it was virtually certain to do), but not a break in high-level contact, as under Koizumi.

²⁴ However, an earlier effort to disenshrine the Class A war criminals foundered over the objections of the family of wartime prime minister Tojo Hideki, objections that continue to this day from at least some family members. “Wartime premier Tojo’s granddaughter opposes separate enshrinement,” Kyodo, 5 June 2005 (http://www.findarticles.com/p/articles/mi_m0WDQ/is_2005_June_6/ai_n13831114). Even though some Class B war criminals are also reportedly enshrined there, Beijing has never raised that issue and it would certainly destroy any prospect of progress in bilateral relations if it were to do so now.

²⁵ This has been proposed by various Japanese and foreign experts over several years, but up to now the idea has not generated any political momentum.

²⁶ In late December, Yasukuni officials began to revise the description of the outbreak of war between the United States and Japan in the Yushukan war museum on the shrine’s grounds, and they made known that changes would also be made to China-related exhibits. (“Yasukuni Shrine museum to retouch China exhibits, soften offensive descriptions,” *Asahi Shimbun*, 27 December 2006 (informal translation). While

theoretically welcome, in fact the handling of the new text in the American narrative is not really any less offensive than what previously existed, and one suspects that this will also prove to be the case regarding Japan's actions in China in the first half of the 20th century. Moreover, none of this does anything to resolve the issue of the enshrined Class A war criminals.

²⁷ "Statement by Prime Minister Shinzo Abe," Office of the Prime Minister of Japan, Speeches & Statements, 26 September 2006 (http://www.kantei.go.jp/foreign/abespeech/2006/09/26danwa_e.html).

²⁸ Ultimately, Abe set a visit to Washington for "Golden Week," in late April and early May. As to American concern about PRC-Japanese relations, "Sino-Japan Rivalry Project Final Report," 30 November 2006, compiled by Rear Admiral Michael McDevitt, USN (Ret.), is the product of a months-long examination of the Sino-Japanese rivalry and U.S. policy considerations by four institutions closely related to the U.S. Government—the Center for Naval Analyses (CNA), the Institute for Defense Analyses (IDA), the Institute for National Strategic Studies (INSS) at the National Defense University, and Pacific Forum/CSIS. It is available by request from Admiral McDevitt (mcdevitm@cna.org).

²⁹ "Abe Acknowledges Responsibility of Kishi, Other Wartime Leaders," Kyodo, 5 September 2006 (disseminated by OSC, JPP20061005969072).

Kishi had been Minister of Commerce and Industry in the Tojo war cabinet and was imprisoned for three years as a Class A war criminal. However, he was never convicted by the International Military Tribunal and was released. When the post-war ban prohibiting former Japanese officials from participating in politics was lifted in 1952, Kishi reentered politics and eventually became prime minister. Kishi has served as an important political role model for Abe.

On the other hand, as observed earlier, like Tojo's granddaughter (Tojo Yuko), who also has acknowledged her grandfather was a "war responsible person," Abe believes that none of those convicted were "war criminals" under Japanese domestic law. (Tojo Yuko's views are reported in David McNeil, "Family Ties: The Tojo Legacy," *Asia Times*, 21 November 2005 (republished with permission from *Japan Focus*, <http://www.atimes.com/atimes/Japan/GK12Dh04.html>).

Although their positions are parallel in this respect, Abe will presumably want to avoid being caught in the trap of being paired with Ms. Tojo in Chinese minds. Interestingly, the Chinese seem to be giving Abe the benefit of the doubt at this moment in terms of his ability to separate his "personal beliefs" from "representing the government's stance," though they worry whether he can sustain that posture. (Feng Zhaokui, "Abe: New Thinking on China?" *Shijie Zhishi*, 1 December 2006, translated by OSC, CPP20061219329001.)

³⁰ "Chinese President Meets Japanese PM in Beijing," Xinhua, 8 October 2006 (disseminated by OSC, CPP20061008056020). As reported by China's official news agency, the private exchange on 8 October between Abe and the PRC premier, Wen Jiabao, was not much less elliptical (Luo Hui and Li Zhongfa, "Premier Wen Jiabao and Japanese Prime Minister Abe hold talks," Xinhua, 9 October 2006, disseminated by BBC Monitoring International Reports):

Wen: To maintain the long-term, stable and healthy development of China-Japan relations, it is essential to properly resolve the issue of the Yasukuni Shrine and to remove political obstacles affecting the two countries' relations in keeping with the consensus reached by the two countries. "What is said must be done, and what is done must be brought to fruition." This is an important guarantee for pushing forward the development of China-Japan relations.

Abe: The Japanese side does not extol militarism or glorify Class A war criminals under any circumstances. I will properly handle the issue of history in keeping with the consensus reached by the two sides on overcoming political difficulties affecting the two countries' relations and on promoting the healthy, stable development of Japan-China relations.

On Taiwan they were somewhat more direct, though, not unexpectedly, Wen did not get the unambiguous support for unification that he sought:

Wen: Wen Jiabao asked the Japanese side to strictly honour its commitments of the one-China policy and support China's great cause of peaceful reunification.

Abe: The Japanese side will continue to handle the Taiwan issue according to the joint statement of Japan and China. This position has not changed. The Japanese side upholds the one-China policy and does not promote "two Chinas" or "one China, one Taiwan," nor does it support "Taiwan independence."

³¹ The 29 September 1972 Joint Communiqué on the Establishment of Diplomatic Relations, the 12 August 1978 Treaty of Peace and Friendship, and the 26 November 1998 Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development. As the National People's Congress

chairman, Wu Bangguo, put it to another visitor shortly thereafter: “It is hoped that Japan will properly handle the issues of history and Taiwan and preserve the political foundation of the two countries’ relations. This is the core of the three political documents between China and Japan.” (“China Assembly Head Stresses Five Areas to Help Mend Japan Ties,” Xinhua, 16 October 2006 (disseminated by BBC Monitoring International Reports.) (The 8 October 2006 “Japan-China Joint Press Statement” is available at <http://www.mofa.go.jp/region/asia-paci/china/joint0610.html>.)

³² “PRC Envoy Wang Yi Says Political Crisis Over for Japan-China Relations,” Kyodo, 27 October 2006 (disseminated by OSC, JPP20061027969085).

³³ CHAPTER II: RENUNCIATION OF WAR, Article 9 reads as follows:

Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.

In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized. (http://www.solon.org/Constitutions/Japan/English/english-Constitution.html#CHAPTER_II)

There are various versions of how Article 9 might be changed, but typical is an LDP draft that would retain the first provision renouncing the use of war but amend the second paragraph to allow the maintenance of “military forces for self-defense.” (“New, Normal Japan is on the Rise in Asia,” *China Post*, 28 November 2005.) Abe has also explained the need for such forces to fulfill Japan’s obligations for peacekeeping and other positive purposes. As he has argued in seeking completion of the revision process before he leaves office: “The international community is calling for Japan to make further contributions to world peace and stability.” (“Press Conference by Prime Minister Shinzo Abe after the Closing of the 165th Session of the Diet,” Prime Minister’s Official Residence, 19 December 2006, http://www.kantei.go.jp/foreign/abespeech/2006/12/19kaiken_e.html.)

Moving step by step, Abe expressed determination in his New Year’s statement to pass legislation in the coming Diet session allowing for a national referendum as a first step toward revising the constitution. (“Abe Resolves to Pass Referendum for Revising Constitution,” Kyodo, 31 December 2006.)

A typical Chinese commentary is “Analysis: What’s Behind LDP’s Effort to Revise the Constitution,” Xinhua, 18 January 2007 (disseminated by OSC, CPP20070118052021).

Another commentary looked at the proposed constitutional change, the increased pace of military exercises, the emphasis on an “alliance of values,” and the proposal to build an “arc of freedom and prosperity”—all of which the commentary’s author saw aimed at China. He concluded that, whereas Koizumi said a lot but did little, Abe may be saying little but he is doing a lot. According to this view, and echoing a phrase often used to describe Hu Jintao’s approach to Taiwan, Abe is said to be employing “dual tactics” toward China wherein “the soft has become softer, and the hard has become harder.” (Ge Chong, “An Expert Warns Against Shinzo Abe’s Soft and Hard Tactics,” Hong Kong *Wen Wei Po*, 20 January 2007, translated by OSC, CPP20070120708025.) (The “arc of freedom” and “value oriented diplomacy” concepts were contained in a speech by Foreign Minister Aso Taro about two months after Abe took office. “Arc of Freedom and Prosperity: Japan’s Expanding Diplomatic Horizons,” Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institution of International Affairs Seminar, 30 November 2006.)

³⁴ Shinya Ajima, “Japan to Boost Spending on Missile Defense in FY 2007,” Kyodo, 24 December 2006 (disseminated by OSC, JPP20061224969005). Enhanced defense or defense-related cooperation between the United States and Japan takes many forms. One of the most recent is an agreement to exchange geographical data, expected to include intelligence sharing from military satellites. (“Japan, US sign official note to exchange geographical data,” *Tokyo Shimbun*, 23 December 2006) (informal translation). Another is a pending military data protection pact to both facilitate information exchange and broaden the range of U.S. military equipment that Japanese contractors can service. (“Japan plans to sign military data pact with US next month,” Associated Press, carried by *Taipei Times*, 30 December 2006.)

China’s concern is evident in the recently issued PRC Defense White Paper. Sandwiched between a paragraph that speaks darkly of how the international community “is increasingly facing comprehensive, diverse and complex security threats” and one that asserts more positively that “China’s overall security environment remains sound” is one that speaks with studied neutrality of “growing complexities” in the Asia-Pacific security environment. It is in that paragraph that the White Paper observes: “The United States and Japan are strengthening their military alliance in pursuit of operational integration. Japan seeks to

revise its constitution and exercise collective self-defense. Its military posture is becoming more external-oriented [sic].” (“China’s National Defense in 2006, Full Text,” Xinhua, 29 December 2006 (http://news.xinhuanet.com/english/2006-12/29/content_5547029_1.htm).

The words may be neutral, but the concern is obvious and is also reflected in a later paragraph in the same section that speaks of “a small number of countries [that] have stirred up a racket about a ‘China threat’ and intensified their preventive strategy against China and strove to hold its progress in check.” The reference to the United States is clear, but these words also seem to be aimed at Japan.

³⁵ Zhang Hua, “Defense Agency Upgrade Implies Change in Nature,” Xinhua “Commentary,” 16 December 2006 (disseminated by OSC, CPP20061216052004); Yang Hui, “Japan’s Defense Agency to be Upgraded to ‘Ministry’ on 9 January, Paving Way to Becoming ‘Major Military Power,’” ZTS, 26 December 2006 (translated by OSC, CPP20061226004013).

³⁶ “Govt may ease SDF arms use rules,” *Yomiuri Shimbun*, 14 January 2007 (<http://www.yomiuri.co.jp/dy/national/20070114TDY01005.htm>).

³⁷ Wen Jia, “China Remains an Imaginary Enemy of US-Japanese Military Exercises,” Hong Kong *Wen Wei Po*, 30 December 2006 (translated by OSC, CPP20070101702009). By way of contrast, Seventh Fleet bulletins on the annual exercise, known as ANNUALEX 18G, made no mention of Taiwan or even the Senkakus/Diaoyutai, which some analysts had speculated was the area of the exercise’s real focus. Instead, the announcements noted that the point of the well-publicized exercise was to allow “combined forces [to] train to defend against potential attacks from air, surface, and sub-surface threats.” (Matthew Reinhardt, “ANNUALEX brings together U.S. and MJSDF ships,” Website of the Commander, U.S. 7th Fleet, 16 November 2006 (<http://www.c7f.navy.mil/news/2006/november/39.htm>).

³⁸ “Foreign Ministry Spokesman Liu Jianchao Answers Reporters’ Questions at Regular News Conference on 4 January 2007” (Transcript), Ministry of Foreign Affairs of the People’s Republic of China (translated by OSC, CPP20070104038001).

³⁹ “China’s Tang Warns About Reported Japan-U.S. Contingency Plan,” Kyodo, 12 January 2007, (disseminated by OSC, JPP20070112969088).

⁴⁰ Takashi Uesugi, “LDP Policy Research Council Chairman Shoichi Nakagawa: ‘I will never retract my ‘nuclear debate’ remarks,’” *Shukan Bunshun* (interview), 2 November 2006 (informal translation).

Ironically, as Chinese observers express concerns about Japan’s potential or actual military strength, and worry that some Japanese politicians entertain dreams of “big-power status” under the cover of being a “normal country,” they justify China’s military modernization in mirror-image terms:

Peaceful development is now China’s basic national policy and the country is fulfilling its political pledges. As a responsible big country, China is supposed to make bigger contributions to the international community. This calls for strong military strength in keeping with the country’s international standing as a big country . . . China’s military strategy is defensive by nature and this strategy will remain in place forever [Yang Yi, “Strategic Approach Needed to Mend Ties,” *China Daily (Opinion)*, 27 December 2006 http://www.chinadaily.com.cn/opinion/2006-12/27/content_768818.htm. This article appears to be a distillation of Admiral Yang’s longer article: “Treasure the Opportunity for Sino-Japanese Strategic Reciprocity,” *Huanqiu Shibao*, 4 December 2006, translated by OSC, CPP20061211455001.]

⁴¹ “Chinese military officers visit Japan,” *People’s Daily Online*, 30 October 2006, http://english.people.com.cn/200610/30/eng20061030_316526.html.

⁴² Yu Sung, “China and Japan Reach Agreement on Cao Guangchuan’s Visit to Japan Next Year,” ZTS, 30 November 2006 (translated by OSC, CPP20061130073007). In a meeting in Beijing with former Japan defense agency head Nukaga Fukushima in mid-February, Cao affirmed that China is ready to strengthen bilateral security dialogue and exchanges “in accordance with the consensus reached between the leaders of both countries, to enhance mutual trust and further promote bilateral defense cooperation.” (“China, Japan Pledge to Strengthen Defense Exchanges,” Xinhua, 12 February 2007, http://news.xinhuanet.com/english/2007-02/12/content_5731573.htm).

⁴³ “Japanese Foreign Ministry Protests Chinese Research Ship’s Presence in EEZ,” Kyodo, 4 February 2007 (disseminated by OSC, JPP20070204969018). China rejected the protest, setting off another round of mutual complaints. (“Dispute Over Senkaku Island Flares Before PRC Minister’s Japan Visit,” *Nikkei Telecom*, 6 February 2007, disseminated by OSC, JPP20070206045006)

⁴⁴ “PRC Military Vessel Activities Slow Down in East China Sea; Anti-Japanese Moves Suppressed?” *Sankei Shimbun*, 4 November 2006 (translated by OSC, JPP20061106026001).

⁴⁵ A PLA Navy visit is reportedly likely in August 2007 followed by a Maritime Self-Defense Force return trip in 2008. This was viewed as particularly significant in light of the rival claims to territorial waters and EEZs in several areas of the East China Sea. (“Japan, China planning military port call exchange as soon as possible,” *Mainichi*, 22 January 2007, <http://mdn.mainichi-msn.co.jp/national/news/p20070122p2a00m0na020000c.html>.)

⁴⁶ “More on Li Zhaoxing, Abe Discussing Resumption of Gas Field Talks, Other Issues,” Kyodo, 16 February 2007 (disseminated by OSC, JPP20070216969055). The last such talks were in July 2006, at which point the two sides remained far apart over main points of contention. However, in face-to-face interviews by this writer with senior officials in Beijing and Tokyo in January 2007, both sides expressed determination to set aside the contentious, competing territorial claims and to work for a mutually acceptable joint development agreement.

⁴⁷ “Energy Chiefs of China, Japan to Meet Shortly,” Xinhua, 5 December 2006 (disseminated by OSC, CPP20061205968113).

⁴⁸ “China, Japan Launch First-Ever Joint Historical Research,” Xinhua, 28 December 2006 (disseminated by OSC, CPP20061226968155). Although substantive issues were apparently not discussed at the first session, China was careful to lay down its view on some key issues such as the Nanjing Massacre and Japan’s invasion of China (“Nanjing Massacre Can Not Be Denied, Says Chinese FM Spokesman,” Xinhua, 26 December 2006, disseminated by OSC, CPP20061226968143). The spokesman also asserted that the verdicts of the International Military Tribunal were based on “ironclad evidence” and could not be overturned. (“China Says Verdicts of Tokyo Trial Cannot be ‘Overturned,’” Xinhua, 28 December 2007, disseminated by OSC, CPP20061228968119.) Three more sessions of the history project are contemplated: March 2007, December 2007, and June 2008, with findings to be reported by the end of 2008. (“Chinese, Japanese Academics to Hold Next History Talks in March,” Kyodo, 27 December 2007, disseminated by OSC, JPP20061227969035.)

⁴⁹ “Chinese Premier May Deliver Diet Speech in Japan,” Jiji, 22 January 2007 (disseminated by OSC, JPP20070122969055).

⁵⁰ Interestingly, Abe reportedly only said he would “consider” traveling to China again, depending on the outcome of the Wen visit. (May Masangkay, “Wen to Visit Japan in April, Invites Abe to China,” Kyodo, 14 January 2007, disseminated by OSC, JPP20070114969037.) He has stressed his commitment to making Wen’s visit a success (“Prime Minister Abe Attaches Importance to Japan-China Ties,” Jiji, 20 February 2007, disseminated by OSC, JPP20070220023002), but his deputy chief cabinet secretary repeated the link between another Abe visit to China and the outcome of the Wen visit. (“Japan Official Shimomura Hints at Possibility of Abe Visiting Yasukuni,” Kyodo, 28 February 2007, disseminated by OSC, JPP20070228969092.)

For his part, Wen Jiabao told a group of Japanese visitors that he hoped for a joint statement with Abe during the visit. (Naoko Aoki, “China’s Wen Jiabao Hopes to Issue Joint Statement with Japan During Visit,” Kyodo, 28 February 2007, disseminated by OSC, JPP20070228969088). Either this indicates there is firm agreement on what might go into such a document, or Wen is taking something of a risk, especially since differences of emphasis regarding North Korea could emerge in the meantime.

In this regard, it is noteworthy that Abe reportedly turned aside a proposal to regularize annual trilateral summits with China and South Korea. There is much speculation about why he did so, but Japan apparently had demanded that the North Korean abduction issue be included in the end-of-summit joint statement, which the ROK and PRC rejected. During their trilateral meeting in the Philippines, according to a Korean official, ROK president Roh Moo Hyun and Abe “waged a war of nerves” over the matter. Thus, Abe might have felt he would face predictable opposition from his two summit partners if he committed to annual meetings. (“Japanese PM Abe Reportedly Rejects Making ROK-PRC-Japan Summit an Annual Event,” *Hankyoreh*, 16 January 2007, disseminated by OSC, KPP20070116971104.)

⁵¹ “China’s Vice Pres. Zeng Hopes to Visit Japan in Spring ’08,” Jiji, 7 February 2007 (disseminated by OSC, JPP20070207969064).

⁵² Although there was some speculation Hu might actually go to Japan in 2007, which might have helped hold Abe’s feet to the fire on Yasukuni, it has become increasingly evident the Chinese president will not go until 2008. (“PRC’s Hu Jintao Does Not Plan to Visit Japan in 2007,” ZTS Special Article, 28 January 2007, disseminated by OSC, CPP20070128073003)

⁵³ “China Asking for Visit by Japan’s Crown Prince, Princess,” Jiji, 2 February 2007 (disseminated by OSC, JPP20070202969023).

⁵⁴ “China Offers Japan Help Over DPRK Abductions, Defends Satellite Shootdown,” Jiji, 16 February 2007 (disseminated by OSC, JPP20070216969067).

⁵⁵ “Chinese, Japanese Leaders Call for Maintaining Good Momentum of Bilateral Ties,” Xinhua, 18 November 2006 (disseminated by OSC, CPP20061118968079).

⁵⁶ Le Tian, “Sino-Japanese Ties Slowly on the Mend,” *China Daily*, 13 December 2006 (disseminated by OSC, CPP20061213042018).

⁵⁷ “Chinese Envoy Puts Check on Yasukuni Visit, Indicates ‘Little Possibility,’” *Kyodo Clue III*, 1 February 2007 (translated by OSC, JPP20070202034003).

⁵⁸ Jin Xide, “Japan’s New Prime Minister Shinzo Abe’s Visit to China in October: Turning Points and Misgivings,” *Shijie Zhishi*, 16 November 2006 (translated by OSC, CPP20061208455001).

⁵⁹ Japanese favorable ratings of China were consistently upwards of 70 percent or even more for the decade before Tiananmen, but then plunged to around 50 percent through 2003, when they dropped precipitately to a low point of 32.4 percent in 2005. A recent survey showed a slight recovery to 34.4 percent. While those who thought relations had improved also rose two points to 21.7 percent this fall, after Abe’s visit to Beijing, almost 71 percent of Japanese respondents still thought that relations were not in good shape. In China, almost two-thirds of respondents held negative views of Japan in 2005 and over 71 percent felt “no affinity” for their eastern neighbor. (The data through 2005 were assembled from various sources by Asia Policy Point, whose home page can be found at <http://www.jiaponline.org/>. Data for 2006 are from “Government Poll: 79% concerned about North Korea’s nukes; ‘Feeling friendly toward China’ slightly up,” *Yomiuri Shimbun*, 10 December 2006 (informal translation).

Results of the Pew Global Attitudes Project published on 21 September 2006, reporting data on reciprocal attitudes in spring 2005, are available at <http://www.pewglobal.org/reports/pdf/255.pdf>. They are quite comparable to the data cited above, and reveal exceedingly negative stereotyped Japanese and Chinese images of each other. One interesting result is that, while 68 percent of Japanese see China’s growing *economic* power as a “good thing” (vs. 28 percent who see it as a “bad thing”), the negative Japanese reaction to China’s growing *military* power is almost universal (93 percent “bad” vs. 3 percent “good”). Unsurprisingly, and in line with Yang Yi’s argument (see endnote 40 above), the Chinese attitude about their own military modernization is almost a mirror image of this: 95 percent of Chinese see the PRC’s growing military power as a “good thing” vs. 3 percent who see it as a “bad thing.”

A fascinating study of the underlying dynamic in changing Japanese attitudes toward China is found in Benjamin L. Self, *The Dragon’s Shadow: The Rise of China and Japan’s New Nationalism* (Washington: The Henry L. Stimson Center, 2006).

⁶⁰ The concern was no doubt genuine, but it must also have been gratifying to Japanese policymakers to be able to reciprocate complaints Beijing has frequently made about Japan’s defense developments. (“PRC to ‘Take Note’ of Japan’s Concern Over Space Weapon Test,” *Kyodo*, 19 January 2007, disseminated by OSC, JPP20070119969018.)

⁶¹ Nakagawa is a well-known “hawk,” but he holds a key position in the party at this time, and China felt constrained to rebut his statements at a foreign ministry press briefing, raising questions about the motives behind Japan’s own defense spending in the process. (“China Brushes off Japan Lawmaker’s Concerns, Questions Motive,” *Kyodo*, 27 February 2007, disseminated by OSC, JPP20070227969053.)

⁶² Fei Yi, “Overtones in Tang Jiaxuan’s Call to Enhance China-Japan Strategic Mutual Trust,” ZTS (translated by OSC, CPP20070122073006).

⁶³ These efforts—both at the government and the public opinion level—were no doubt given a boost by the fact that, just as Abe had left China and was on his way to Korea, Pyongyang set off its nuclear test, affording him an opportunity to consolidate his gains in Beijing and setting the stage for even closer cooperation in common cause against the DPRK nuclear program.

⁶⁴ Text at <http://www.mofa.go.jp/region/n-america/us/security/scc/joint0502.html>. Lest anyone think the U.S. or Japan regretted that statement, it was reaffirmed in May 2006 at the next “2+2” meeting. As former NSC senior director for Asia Michael Green put it: “They’re moving full speed ahead, and that’s a good sign for peace in the Taiwan Strait.” (Charles Snyder, “US, Japan reaffirm pledge on Taiwan,” *Taipei Times*, 3 May 2006.)

⁶⁵ Wang, Ping-yu, “Foreign ministry names 2007 ‘Taiwan-Japan’ year,” *Taipei Times*, 8 January 2007.

⁶⁶ Deborah Kuo, “MAC Chairman on Visit in Japan,” *CNA*, 5 June 2006.

⁶⁷ Chang Yun-ping, “MAC chief gets warning from Japanese about Beijing’s ‘united front’ methods,” *Taipei Times*, 9 June 2006.

⁶⁸ Lilian Wu, "DPP Legislative Group Visits Japan," CNA, 3 July 2006.

⁶⁹ Sofia Wu, "President Calls for Closer Environmental Cooperation with Japan," CNA, 12 June 2006.

⁷⁰ Deborah Kuo, "President Pushes for 'Japanese TRA' Becoming Japanese Domestic Law," CNA, 28 December 2006.

⁷¹ "President Chen Shui-bian, at the Office of the President, Attends the Teleconference, 'Dialogue with Taiwan President Chen Shui-bian,' sponsored by Japan's Waseda University Institute of Taiwan Studies," Office of the President, 30 October 2006 (News Release). Although Chen averred that good PRC-Japan relations pose no problem for Taiwan, and indeed could be helpful, not all Taiwan officials adhere to the line that better Sino-Japanese relations are in Taiwan's interest. The Taiwan representative in Japan suggested recently that, in fact, Japan and the Mainland will have difficulty forging stable and close relations, and so for that reason saw no major changes ahead in Japan's ties with Taiwan. (T.C. Jiang, "Taiwan Envoy To Japan Optimistic About Bilateral Relations," CNA, 27 November 2006.) His Japanese counterpart in Taipei also saw no change in Japan's policy toward Taiwan after the Abe visit to the Mainland, but at the same time he seemed to push for greater Taiwan defense spending when he said that on issues concerning Taiwan's self-defense, "heaven helps those who help themselves." He noted that the U.S.-Japan security arrangement only was concluded after Japan had the capability to defend itself. ("Japan's Representative in Taiwan Ikeda Tadashi on Taiwan Self-Defense Issues, Says Heaven Helps Those Who Help Themselves," *Tzu-yu Shih-pao*, 18 December 2006, translated in summary by OSC, CPP20061218100001.)

⁷² Ko Shu-ling, "President says Taiwan should cooperate militarily with Japan," *Taipei Times*, 30 November 2006.

⁷³ Deborah Kuo, "President Thanks Japan for Allowing Overflight," CNA, 3 September 2006. For a discussion of the Palau summit and the use of airplanes, see Alan D. Romberg, "Taiwan: All Politics, All the Time," *China Leadership Monitor* 19 (<http://www.hoover.org/publications/clm/issues/4469811.html>).

⁷⁴ Mike Chang and Deborah Kuo, "DPP Chairman Urges Japan to Cooperate with Taiwan on PRC's Democratization," CNA, 27 October 2006.

⁷⁵ Charles Snyder, "Yu warns KMT would tilt toward China," *Taipei Times*, 16 September 2006.

⁷⁶ Deborah Kuo, "Legislative Speaker Departs for Japan Visit," CNA, 5 July 2006.

⁷⁷ S.C. Chang, "KMT Will Not Consider Unification Until China Democratizes: KMT Head," CNA, 11 July 2006. The Yasukuni Shrine issue is especially complicated for many Taiwanese whose family members died fighting on behalf of their Japanese colonial masters and who are enshrined there despite objections from survivors. (Tetsuya Takahashi, "The national politics of the Yasukuni Shrine," *Japan Focus*, <http://www.japanfocus.org/products/details/2272>.)

⁷⁸ Taijing Wu "Taiwan is Peacemaker, Not Troublemaker: KMT Chairman," CNA, 9 July 2006.

⁷⁹ Mike Chang and S.C. Chang, "KMT Head Says Visit Helps Improve Japan's Understanding of KMT Policy," CNA, 13 July 2006. Yokohama University also awarded Ma his first-ever honorary Ph.D. (Tsai Hui-ju, "Japan Delegation Visits Taipei Mayor to Promote Exchanges," CNA, 3 October 2006.)

In another aspect of the KMT outreach to Japan, Hau Lung-bin, the eventually successful KMT candidate for mayor of Taipei, also went there during the summer, focusing his meetings on urban development and administrative reforms. (Sofia Wu, "Two Rival Candidates for Taipei Mayor Set Out on Overseas Trips," CNA, 27 August 2006.)

⁸⁰ Yang Ming-chu and Elizabeth Hsu, "Diplomats Call for Exchanges between Taiwan, Japanese Officials," CNA, 1 September 2006.

⁸¹ "Abe Says Vice Minister Trip to Taiwan Private, China Policy Unchanged," *Japan Economic Newswire*, 12 September 2006 (carried by Kyodo, accessed through Lexis-Nexis).

⁸² "Japan's Ex-Premier to Visit Taiwan on Tues.," Kyodo, 20 November 2006; Deborah Kuo, "Taiwan President Chen Shui-bian Decorates Former Japanese Prime Minister," CNA, 22 November 2006; "China Protests Over Former Japan Premier's Visit to Taiwan," Kyodo, 22 November 2006 (disseminated by OSC, JPP20061122969101).

⁸³ "President Chen Meets with Japanese Interchange Association President," Office of the President, 29 November 2006.

⁸⁴ "Japan, Taiwan to Launch Joint Study on Bilateral Investment Pact," Jiji, 30 November 2006.

⁸⁵ Jewel Huang, "High-speed train part of Japan plan," *Taipei Times*, 27 December 2006. The launch of the system had been delayed four times since 2003, and was only recently given a green light to begin operations. (Han Nai-kuo, "Taiwan High Speed Rail Gets Permission To Begin Commercial Operations,"

CNA, 26 December 2006.) It went ahead with inaugural runs in January, but was plagued by a number of technical glitches that the opposition sought to exploit as examples of the government's incompetence.

⁸⁶ See Alan D. Romberg, "The Taiwan Tangle," *China Leadership Monitor* 18 (<http://www.hoover.org/publications/clm/issues/3294281.html>) and "Taiwan: All Politics, All the Time," *China Leadership Monitor* 19.

⁸⁷ In a 26 October 2006 press conference, Young took the opportunity to use the Taiwan media to, in his words, "reach the voters and the citizens of Taiwan with my message." That message was: "Taiwan needs to pass a robust defense budget in this fall's legislative session." Although he cast his message explicitly in terms of Taiwan—not American—needs, he reminded his listeners that "America has its politics, too." George W. Bush's successor, he said, will "have to take time to look at policies and review commitments of the past administration." In so doing, the new president will "inevitably" have to take into account the views of the PRC. Observing that "the United States wants to support Taiwan's defensive needs," especially as a way of allowing "a strong and self-confident Taiwan" to negotiate with the mainland "from a position of strength and self-confidence," he nonetheless warned: "The United States is watching closely and will judge those who take responsible positions on this [passage of the defense budget] as well as those who play politics." ("Press Conference, Stephen M. Young, Director, American Institute In Taiwan," 26 October 2006, <http://www.ait.org.tw/en/news/officialtext/viewer.aspx?id=2006102702>.) These remarks set off a firestorm in certain quarters, especially in the PFP, who saw the warnings directed squarely at them.

A month later, in a speech to the American Chamber of Commerce, Young said the United States "encourage[s] Taiwan to negotiate with China to open the three links—especially direct flights—as soon as possible." ("Tending The Garden Of U.S. - Taiwan Relations: Remarks By Stephen M. Young, Director, American, Institute In Taiwan Before The American Chamber Of Commerce In Taipei," 21 November 2006, <http://www.ait.org.tw/en/news/officialtext/viewer.aspx?id=2006112101>.) While this, in fact, represented no substantive change from American encouragement of cross-Strait links in the past, it was more direct in its reference to the "three links" and was interpreted by some as more one-sided, encouraging Taiwan to take action rather than talking about the needs of both sides to take action to bring about the "three links." Some also saw this as going back on one of the "six assurances" provided to Taiwan in July 1982, i.e., that the United States "will not exert pressure on Taiwan to enter into negotiations with the PRC." (Alan D. Romberg, *Rein In at the Brink of the Precipice: American Policy Toward Taiwan and U.S.-PRC Relations*, p. 135. Washington: Henry L. Stimson Center, 2003.) While perhaps literally true, this would seem to be an overreading of the intention of the "six assurances," which were issued in the context of U.S. arms sales to Taiwan and were geared primarily to cross-Strait political and security relations.

The Taiwan press reported from Washington that Young's press conference remarks urging passage of the defense budget reflected official policy of the Department of State. (Nadia Tsao, "U.S. State Department: Stephen Young Was Merely Reflecting the U.S. Position," *Liberty Times*, 27 October 2006, informal translation.) Nonetheless, the LY scheduled a vote on 1 December on a bill identifying Young as "the ROC's most unwelcome person." Since then, the resolution has dropped off the screen, presumably because the members found that they had more serious business to conduct—and an election to attend to.

Of more than passing note, beyond the U.S. unwillingness to accept a letter of offer and acceptance from Taiwan for F-16C/D aircraft until the supplemental budget issue is resolved and Taiwan demonstrates that it will come up in advance with funds for the planes, as reported in the last issue of *China Leadership Monitor* (No. 19), a meeting with the defense ministry's armaments bureau was also put off. Defense Minister Lee Jye explained that the United States had informed Taiwan in writing that rescheduling that meeting would depend on the fate of the arms budget. (Shih Hsiu-chuan and Jewel Huang, "Lee says US has suspended arms talks," *Taipei Times*, 31 October 2006.)

⁸⁸ Although the Defense Budget for 2007 advanced in the LY Defense Committee, the "supplemental" budget request that included the three major defense items approved in 2001 by the United States continued to be held up in the Procedures Committee through most of December. At the end of the month, although the actual supplemental budget allocation was sent back to the procedures committee at PFP insistence (though others apparently did not object due to the lack of adequate time to review the budget, anyway), the authorizing bill (the Defense Budget Statute) was finally reported to the defense committee with KMT support, albeit over loud PFP objections. The Chen administration's willingness to incorporate the large arms procurement items into the regular budget apparently overcame KMT objections to even debating the measure. Its ultimate fate, however, remains in doubt.

The complexity of this subject, both in terms of reality and perception, has led to a lot of confusion in the media and among the public. A pair of headlines on the 29 December action illustrates the point. One read: “Arms procurement takes a small step” (Shih Hsiu-chuan writing in *Taipei Times*, 30 December 2006). The other read: “Arms Supplemental Budget Nixed by Lawmakers” (Deborah Kuo writing for CNA, 29 December 2006).

Although passage of the 2007 defense budget seemed assured, at the last minute the LY got embroiled in controversy over another matter (the composition of the Central Election Commission) and action on the entire government budget was still stymied as of early March, as this article is being completed.

⁸⁹ “Lien Ho Pao Journalists Interview Unnamed US Officials on Chen, US Taiwan Policy,” *Lien Ho Pao*, 20 October 2006 (translated by OSC, CPP20061127046001).

⁹⁰ At present, the LY election is slated for mid-December 2007 and the presidential election for March 2008. The DPP, and especially chairman Yu Hsiu-kun, have taken up the cudgel for melding them into a single “election day” in January—and for including referenda votes that same day, perhaps on constitutional amendments but at the least on recovering the KMT’s “illegally obtained” assets. (Su Yung-yao, “DPP Pushes Three-in-One Elections for 2008: Presidential and Legislative Elections Plus Party Assets Referendum,” *Tzu-yu Shih-pao*, 12 December 2006.) But many political figures in Taipei with whom this writer has spoken see little chance for moving those dates. Even within the DPP, itself, there seems to be a difference of opinion. Premier Su Tseng-chang has urged that, before any merger of election dates is attempted, the political parties first reach agreement rather than having the cabinet propose a change unilaterally, which could produce a backlash. (“Merge Presidential and Legislative Elections? Su Tseng-chang Says Political Parties Should First Reach an Agreement and Then Speak with the Central Election Commission,” CNA [reported by *Chin-jih Wan-pao*], 29 December 2006, translated in summary by OSC, CPP20061229365002.)

Nonetheless, some political/policy intellectuals are still hopeful that a combination of some good-governance constitutional amendments, LY elections, and the presidential election could come at the same time in the next election, giving voters a chance to shape the government and rules for governance in a comprehensive way. (There is no guarantee, however, that the LY and presidential elections would remain “in synch” over an extended period of time, as any future dissolution of the LY would lead to a new election right away with the new LY’s four-year term starting from the seating of the body thus elected.)

⁹¹ According to a recent poll, the public reportedly holds either the DPP (33.8 percent) or Chen Shui-bian personally (18.7 percent) primarily responsible for the political turmoil, economic sluggishness, and widening income gap in Taiwan. (By way of contrast, the “opposition party” is held accountable by roughly 4 percent while Premier Su Tseng-chang’s Executive Yuan is blamed by only 1.2 percent.) (Sherry Lee and Scott Wang, “2007 State of the Nation Survey,” [Table 13], *CommonWealth Magazine*, 17 January 2007, <http://www.cw.com.tw/english/article/364066.jsp>.)

In another poll, the trust index for Chen Shui-bian inched upward to 33.7 percent from 33.0 percent a month earlier, but this compared with a trust rating of 52.7 for Su Tseng-chang and 54.2 for Ma Ying-jeou. (Global Views Survey Research Center [GVSRC] “Public Mood Index” for February 2007, <http://www.gvm.com.tw/gvsrcc/eng/index.asp>.)

⁹² The result is being challenged in court as of this writing in early March, but most observers think there is little chance the outcome will be reversed.

⁹³ “KMT dominates Taipei borough warden elections,” *Taipei Times* (with CNA), 31 December 2006.

⁹⁴ In recent polls, taken since the 9 December mayoral elections, the KMT continues to lead the DPP in terms of trust, and, while Su Tseng-chang’s personal approval rating rivals that of Ma Ying-jeou, when they are pitted against each other in a “virtual” election contest (“if you were voting today . . .”), Ma still wins handily (and does even better against Frank Hsieh Chang-ting).

On party ratings, the GVSRC “Public Mood Index” for mid-February showed trust in the KMT at 46.5 percent, down slightly from November through January but still within a few points of where it has been since June when the series began.

In this same poll, trust in the DPP in February was 34.6 percent, up almost a full percentage point since January but within the general range of DPP’s ratings since the series started in June.

(GVSRC December data are at <http://www.gvm.com.tw/gvsrcc/tpmi/index.htm>.)

⁹⁵ Crystal Hsu, “No Cabinet Shuffle After Election,” *Taiwan News*, 8 December 2006 (disseminated by OSC, CPP20061208968049).

⁹⁶ That said, it should be noted that Ma Ying-jeou was a much more formidable opponent in 2002—when Lee Ying-yuan pulled in a smaller share of the vote—than the victorious KMT candidate, Hau Lung-bin, was in 2006. Moreover, in his losing effort against Ma in 1998, Chen Shui-bian drew about 150,000 more votes than Hsieh did this year, and when Chen won in a three-way race in 1994—which could have been expected to deprive any loser of a high vote—he not only got 90,000 more votes than Hsieh did this year, he also got a higher percentage of the vote (43.67 percent against Hsieh’s 40.89 percent this year). (Data from Central Election Commission website: <http://www.cec.gov.tw/>.)

None of this should detract from the fact that Hsieh had to overcome the apparently considerable drag from the presidential scandals and the unpopularity thus created for the DPP. And he is widely credited with successfully shaping the agenda in the Taipei campaign. Still, the fact remains that the DPP did not do as well as in the past few elections. Even in Kaohsiung, which should normally be strong territory for the pan-Green, the formidable campaign of the victor, Chen Chu, plus an all-out effort on Chen’s behalf by President Chen Shui-bian, Frank Hsieh (a former mayor of the city), and the very popular former DPP chairman Lin I-hsiung, still yielded fewer votes in the winning effort than Frank Hsieh did in either of his victories there in 1998 or 2002. So, again, while one must keep in mind that the DPP candidate in Kaohsiung had much to overcome, the net result is one that has to cause the party some unease.

⁹⁷ Thirty percent of the votes for nomination will come from voting within the party, 70 percent from public polling. Arguments rage over who should be counted in the public polling, with some urging that only pan-Green supporters be allowed to participate, others saying the ultimate candidate will be more viable if a broad spectrum of public opinion is tapped.

⁹⁸ Lin Ch’en-po, Lin Shu-lin, Hsiao Hsu-ts’en, and Ho Po-wen, “Cacophony of Cries for Ma Ying-jeou—Wang Jin-pyng Ticket During Central Standing Committee Meeting,” *Chung-kuo Shih-pao*, 28 December 2006; Ts’ai P’ei-fang, “Wang-Ma Ticket? Ma-Wang Ticket? Wang: No Thoughts Right Now,” *Chin-jih Wan-pao*, 28 December 2006. (Both articles translated in summary by OSC, CPP20061228365001.)

⁹⁹ Ma has insisted that all of the funds in question were spent for official purposes, and that any improperly filed vouchers were the responsibility of his staff. (The director of his mayoral office resigned to take responsibility.) As noted earlier, polls show Ma is still held to be honest by most people. But his handling of this matter has been sharply criticized along with other aspects of his management abilities, and has added to the sense that he may not be up to the job of competing in the rugged world of Taiwan presidential politics. (S.C. Chang, “Taipei Mayor Apologizes for “Expedient” Accounting Practice,” CNA 15 November 2006; S.C. Chang, “Taipei Mayor Office Director Resigns Over ‘Special Fund’ Issue,” CNA, 16 November 2006.)

In a “turnabout is fair play” development, it is believed by many that Vice President Annette Lu, Premier Su Tseng-chang, DPP chairman Yu Shyi-kun, DPP Taipei mayoral candidate Frank Hsieh, and the secretary general of the president’s office, Mark Chen, will all face similar investigations. Having said in mid-February that she had “no idea whatsoever” about how her special funds were handled—“an executive will not dwell on trivialities” (Lilian Wu, “VP Claims No Misuse in Her Special Allowance Fund,” CNA, 14 February 2007)—two weeks later Vice President Lu found herself confronted with media reports, backed up by photographs of receipts, that she had purchased clothes and foodstuffs with special state affairs fund money. (Y.C. Jou, “VP Denies Knowledge of Alleged Fund Misuse,” CNA, 1 March 2007.)

One Taiwan associate who has served in a position where a special fund was located estimates that between five and six thousand people could be investigated if the “new” standard is applied on an ex post facto basis. Reflecting that harsh reality, one DPP member suggested that it is time to call an “armistice” in the accusations over misuse of funds. However, controlling the prosecutors’ zeal could prove to be a substantial challenge.

¹⁰⁰ *United Daily News* poll of 14 February 2007 as translated by the National Policy Foundation, Taipei.; also the TVBS poll of 13 February 2007, after the indictment and Ma’s announcement (http://www.tvbs.com.tw/FILE_DB/DL_DB/davidkuo/200702/davidkuo-20070214190428.pdf).

¹⁰¹ Romberg, “Taiwan: All Politics, All the Time,” *China Leadership Monitor*, 19.

¹⁰² Symbolizing this problem, Ma failed to show up for a luncheon meeting arranged for 20 December with James Soong, Wang Jin-pyng and Lien Chan. Ma explained that he felt he was being treated disrespectfully by being informed of the lunch only at the last minute.

¹⁰³ In a speech to the KMT central standing committee in late December, Ma pledged to resolve the party assets issue by June 2007, expeditiously conclude an alliance with the PFP in anticipation of the LY and

presidential elections in a year's time, strengthen the LY's performance with respect to governmental affairs, and rationalize and streamline the party's organization and personnel and enhance its campaign "combat" capability.

In addition, he laid out five principles underlying a new vision for Taiwan. These included:

- putting an end to ethnic dissension and restoring societal vitality;
- removing political shackles from the economy and fully freeing it from unwarranted control;
- enforcing the neutrality of civil servants and restoring their normal functions;
- insisting on clean governance and cracking down on corruption and malfeasance; and
- respecting the opposition's checks and balances and welcoming the media's supervision.

(“Ma Ying-jeou’s Address to KMT Leaders on Party Reform, ‘Vision for Taiwan,’” KMT website, translated by OSC, CPP20061229312001.)

¹⁰⁴ Mo Yan-chih, “Ma Ying-jeou in CNN interview says DPP endangers Taiwan’s security,” *Taipei Times*, 4 February 2007.

¹⁰⁵ Elisa Kao, “KMT Chief Begins Round-the Country Trip,” CNA, 30 December 2006. At one point Ma reportedly acknowledged to reporters that a purpose of his visits to local organizations was to gauge how the grassroots would react if he were indicted over the special fund controversy. (“Ma Ying-jeou: Not Yet Candidate, How Can I Abandon Campaign,” *Lien-ho Hsin-wen Wang*, 4 February 2007, translated in summary by OSC, CPP20070204102001.)

¹⁰⁶ Personal conversation in Taipei, January 2007.

¹⁰⁷ Many observers doubt that Soong will retire entirely from the field. They take special note of the open encouragement by LY speaker (and KMT rival to Ma Ying-jeou) Wang Jin-pyng that Soong “rethink” his decision. (Flor Wang, “PFP Head Might Stay in Politics: Legislative Speaker,” CNA 13 December 2006.) Wang also said recently that there may be several people interested in running for the KMT nomination, suggesting to some people, at least, that he was not rushing to endorse Ma. (Deborah Kuo, “Several May Be Interested in Being KMT’s Presidential Candidate: Wang,” CNA, 21 December 2006.) One line of speculation is that Wang realizes he cannot get the nomination unless Ma stumbles badly, but that he is angling for either the vice presidential nomination or a commitment to be named premier.

¹⁰⁸ Han Nai-kuo, “KMT, PFP to Sign Pact on Nominating Legislative Candidates,” CNA, 21 January 2007.

¹⁰⁹ Deborah Kuo, “Effect of KMT, PFP Tie-up Remains to be Seen: Lawmakers,” CNA, 22 January 2007.

¹¹⁰ Flora Wang, “Third presidential recall motion fails,” *Taipei Times*, 25 November 2006.

¹¹¹ Chen has asserted that the over \$450,000 involved has all been used for legitimate state purposes.

However, on the grounds that those purposes are secret, he has neither revealed them to the public nor agreed to provide substantiating material to the court.

The First Lady collapsed at the first session of her trial (which also involves some former officials from the president’s office) in December and, though released from hospital in mid-January, is considered too frail to attend her trial. She remained out of court through at least early March. (“First Lady Asks Leave From Trial Friday,” *Taiwan News*, 1 March 2007, disseminated by OSC, CPP20070301968119.) The court has ruled, however, that the trial can go on without her. (Jenny W. Hsu, “Wu Excused from Court Due to Her Poor Health,” *Taiwan News*, 22 December 2006, disseminated by OSC, CPP20061222968006) Whether it actually does, and whether it can reach a verdict within Chen’s legal term of office, remain open questions. (Chang Ling-yin, “Spokesman says hearing to proceed without Wu,” *Taiwan News*, 29 December 2006.) In early February, however, the prosecutor said he believed the trial could conclude shortly after the Lunar New Year. (Chang Ling-yin, “Prosecutor Says Wu Trial May End Soon,” *Taiwan News*, disseminated by OSC, CPP20070210968018.)

Much of the public focus at the moment, however, is on the DPP appeal to the Grand Justices to exempt Chen from both later prosecution *and* a need to testify at his wife’s trial. Several of his aides were summoned to court to testify in January but refused to do so, and each was assessed a NT\$30,000 fine, which is being appealed. (“Chen Aides Fined over Court Absence,” *China Post*, 20 January 2007, disseminated by *Taiwan Security Research*, <http://taiwansecurity.org/CP/2007/CP-200107.htm>.)

Moreover, the president’s office refused on the grounds of secrecy to provide documents relating to six “diplomatic” cases where the funds in question were used. But the court ruled against the president there, too, holding that the missions were not “secret” and that the president must either produce relevant evidence or the documents will be partially revealed to the public. (Y.C. Jou, “President’s Six Diplomatic Missions Not Secret: Court,” CNA, 19 January 2007, disseminated by OSC, CPP20070119968119.) In a pair of dueling threats, the court said it would prosecute anyone who withheld documents or material

evidence, while the president's office promised to "hold accountable" anyone who released the papers, thus revealing state secrets and harming national security. ("Presidential Office to hold disclosers of secrets liable," *China Post*, 23 January 2007, <http://www.chinapost.com.tw/latestnews/2007123/43857.htm>.)

On 23 January, the court opened the subject files to the attorneys in the case. Prosecutors took advantage of the offer, but defense attorneys refused to read them pending a decision regarding the constitutionality of this action. (Ko Shu-ling and Rich Chang, "Prosecutors open 'state affairs' files," *Taipei Times*, 24 January 2007.)

By the time this issue of *China Leadership Monitor* appears, all of this will undoubtedly have taken several more turns, but it also seems probable that the case will remain very much in the news over the coming months.

¹¹² On 28 February 1947, a confrontation between a bootleg cigarette vendor and government inspectors led to a massive crackdown and the deaths of an estimated ten to twenty thousand Taiwanese. Assigning blame for this most sensitive tragedy in Taiwan's modern history has become a political football in the current election season, even as the arguments are supposedly framed about larger, societal issues.

Chen Shui-bian has focused on KMT responsibility for the suffering imposed by "a foreign, authoritarian regime," and he called on the KMT to apologize to the nation for its 38 years of martial law rule and political repression. (Y.C. Jou, "President: KMT Should Apologize for Martial Law," CNA, 28 February 2007.) Chen identified 228 as "not only a historical event" but also a "mass killing" that involves criminal and legal issues, and he proposed that Chiang Kai-shek be brought to trial posthumously on murder charges. ("Taiwan's Chen Shui-bian Urges Posthumous Trial for Chiang Kai-Shek," AFP, 26 February 2007, disseminated by OSC, CPP20070226968059.)

Chen says that his name-rectification campaign and the elimination of Chiang's name from streets and the international airport, the removal of his statue from military barracks, and the eventual scrapping or renaming of a mausoleum and memorial hall for Chiang constitute "the first step toward addressing history seriously." (Lilian Wu, "Government to Deal with Scrapping Chiang Memorial Hall Step by Step," CNA, 26 February 2007.)

Ma Ying-jeou has responded that the KMT has spared no effort to reveal the truth of the incident and to bring reconciliation with the victims and their families through apologies and compensation and honoring the victims. But he has also warned that this should not be manipulated as an ethnic issue. Stating that such an event should never be repeated, he said: "Tragic ethnic conflicts such as the 228 Incident are likely to happen again if people allow politicians to continue dividing ethnic groups. We can't allow this to happen." (Mo Yan-chih, "KMT tried to show truth behind 228 'ethnic conflict': Ma," *Taipei Times*, 1 March 2007.)

Unsurprisingly, polls differed widely on how the public viewed all of this. The pro-Green Taiwan Thinktank reported that 61 percent of those polled thought it was acceptable to place the blame for 228 on Chiang Kai-shek, while 28 percent did not. (Ko Shu-ling, "Survey suggests Chiang should take blame for 228," *Taipei Times*, 26 February 2007.) The pro-Blue *United Daily News* found that only 26 percent of people thought blaming Chiang was proper, as against 40 percent who did not. (26 February 2007 poll as translated by National Policy Foundation, Taipei.)

¹¹³ S.C. Chang, "APEC Envoy Forwards Bush's Concern to President," CNA, 21 November 2006.

¹¹⁴ Those corporations chosen for such treatment included the Chinese Petroleum Corporation (to CPC Corporation, Taiwan), the China Shipbuilding Corporation (to CSBC Corporation, Taiwan), and the Chunghwa Post Co. Ltd. (to Taiwan Post Co., Ltd.). Regarding the last, on 28 February, the post office issued its first set of "Taiwan" stamps that removed any reference to the "Republic of China." Chen indicated that "China Air Lines" would also undergo a name change. (Liu Yung-hsiung, "President Chen Says Government To Not Only Change China Airlines, Chunghwa Telecom's Names, Other Organizations' Names To Be Changed as Well," *Lien-ho Pao*, 15 February 2007, translated in summary by OSC, CPP20070215100001.) The board of directors of the Taiwan Water Corporation (TWC) also decided to change the company's Chinese name, which is "Taiwan Provincial Water Company"; it will drop the word "provincial." (Elizabeth Hsu, Taiwan Water Corp to Change Its Chinese Designation," CNA, 27 February 2007.)

On the Lunar New Year, Chen went to the extent of putting "Taiwan" on "red envelopes" handed out to wish people luck, replacing the animal (the pig in this instance) that has traditionally symbolized the year.

In his 1 February “Newsletter,” Chen also reportedly said he intended to change the names of overseas embassies and representative offices to include the name “Taiwan.” However, this seemed to escape the attention of most people, and in any case it dropped off the screen shortly thereafter, as the names of state-owned corporations became the principal focus of the effort.

Needless to say, Beijing criticized all of this as designed to promote Taiwan independence.

¹¹⁵ The statement cited the “four noes” pledges from Chen’s inaugural addresses and reiterated the long-standing U.S. “primary interest” in maintaining peace and stability in the Strait (along with non-support for Taiwan independence and opposition to unilateral steps by either side that would change the status quo). It then went on to say: “We do not support administrative steps by the Taiwan authorities that would appear to change Taiwan’s status unilaterally or move toward independence. The United States does not, for instance, support changes in terminology for entities administered by Taiwan authorities.” It concluded: “President Chen’s fulfillment of his commitments will be a test of leadership, dependability and statesmanship, as well as ability to protect Taiwan’s interests, its relations with others, and to maintain peace and stability in the Strait.” (“Taiwan: Naming of State-Owned Enterprises and Offices [Taken Question],” Office of the Spokesman, Department of State, #2007/91, 9 February 2007.)

PRC officials not only found this statement of “non-support” fairly weak, but they complained that its alleged purpose of discouraging Taiwan independence was directly undercut by its two references to “President Chen.”

¹¹⁶ Ts’ao Yu-fen, “China Criticizes United States for Mild Reaction Against Taiwan’s Name Rectification,” *Tzu-yu Shih-pao*, 26 February 2007 (translated in summary by OSC, CPP20070225100001).

¹¹⁷ Romberg, “The Taiwan Tangle,” *China Leadership Monitor* (18).

¹¹⁸ Personal interviews in Taipei, December 2006 and January 2007. A controversy arose in the Taiwan press when it was reported that AIT Director Steven M. Young had requested an advance copy of President Chen’s New Year’s address so he could review any language affecting the constitution. Despite denials all around—the president’s office insisted there was no “obligation” to provide an advance copy although, “according to established practice,” the United States would be informed about the contents of the message—the message conveyed was that any endorsement of the “Second Republic” idea would give rise to a strong American response. (Lilian Wu, “Presidential Office Denies U.S. Request For Advanced Copy,” *CNA*, 28 December 2006.)

The underlying resentment at the exchanges over the New Year’s speech were evident in later comments by the then-secretary general of the president’s office, Mark Chen Tan-sun, who acknowledged the United States had, in fact, wanted to review the speech in advance, and who characterized the United States as having “interfered with democracy in Taiwan in many ways.” He warned “Taiwan will quarrel with the United States sooner or later . . . Taiwan has been a good kid, but it needs to let the United States know that it can also be a troublemaker.” (Informal translation of summary carried in the *Lien Ho Pao*, 19 January 2007.)

PRC media also picked up on Mark Chen’s remarks, listing them among a number of “shocking” statements and actions the secretary general had recently made as part of his efforts to create a “buzz” for himself as a potential successor to Su Tseng-chang as premier. (“Perspective,” a segment of the CCTV-4 program *Across the Strait*, 23 January 2007, translated in summary by OSC, CPP20070124063001.)

¹¹⁹ Romberg, “Taiwan: All Politics, All the Time,” *China Leadership Monitor* 19.

¹²⁰ As it was, Chen seemed to skirt the limits of what was agreed by making known he had spoken on the phone with a senior U.S. government official for 40 minutes—“the best ever”—during his overnight stop in San Francisco. (Wen Kuei-hsiang and Y.F. Low, “Chen Shui-bian Expresses Satisfaction with Telephone Dialogue with US Officials,” *CNA*, 10 January 2007.) Some rumors identified the American official as the under secretary of state, Nicholas Burns. Other reports suggested the official was even more senior.

¹²¹ “MAC announces ‘Combined Analysis Report on Public Opinion Surveys on Cross-Strait Relations in 2006,’” 15 February 2007, Press Release No. 19 (<http://www.mac.gov.tw/english/index1-e.htm>).

¹²² Flora Wang, “Referendum campaign for UN ‘Taiwan’ bid initiated,” *Taipei Times*, 7 February 2007.

¹²³ Chen announced on 19 December that the Chinese Cultural Renaissance Movement Association would be renamed the National Cultural Association starting in 2007. (Ko Shu-ling, “Organization promoting culture adopts new name,” *Taipei Times*, 20 December 2006.)

¹²⁴ “Year 2007 Crucial for Opposing ‘Taiwan Independence,’” *Xinhua*, 17 January 2007 (disseminated by OSC, CPP20070117968058).

¹²⁵ “We will also adhere to the basic principle of ‘peaceful reunification and one country, two systems.’ We will enhance cross-Straits personnel exchange, and economic and cultural cooperation, in the context of peaceful development, to ensure peace and stability across the Taiwan Straits and push forward the peaceful reunification of China.” (“Compose a New Chapter of Peace, Development and Cooperation Together,” *China Radio International*, 31 December 2006, disseminated by OSC, CPP20061231050001.)

¹²⁶ Chen Binhua and Zhang Yong, “State Council Taiwan Affairs Office: Chen Shui-bian Stubbornly Adheres to ‘Taiwan Independence’ Splittist Stance Since Coming to Power Six Years Ago,” Xinhua (Asia-Pacific Service), 27 December 2006 (translated by OSC, CPP20061227045004).

¹²⁷ “Experts Warn About ‘De Jure Independence’ Moves in Taiwan,” Xinhua, 19 December 2006 (disseminated by OSC, CPP20061219968153).

¹²⁸ “China’s National Defense in 2006,” (I. The Security Environment), Xinhua, 29 December 2006 (translated by OSC, CPP20061229704001).

¹²⁹ “China Firmly Opposes US Arms Sales to Taiwan: FM Spokesman,” Xinhua, 31 October 2006.

¹³⁰ “China’s National Defense in 2006,” Xinhua, 31 October 2006, loc. cit.

¹³¹ The foreign ministry spokesman said that it was of “vital importance” that the United States “truly honor” its commitments under the three U.S.-PRC joint communiqués on the “one China” policy, and that it should “see through the Taiwan authorities’ political scheme” to promote Taiwan independence. (“Foreign Ministry Spokesman Liu Jianchao Answers Reporters Questions at Regular News Conference on 4 January 2007” [Transcript], Ministry of Foreign Affairs of the People’s Republic of China, translated by OSC, CPP20070104038001.)

Later, as Chen was about to travel, the spokesman let it be known that China had made “stern representations” to the United States reflecting its firm opposition to “any official exchange” between the United States and Taiwan authorities. As the spokesman expressed it, “the real intention behind Chen’s stopover in the United States is to pursue activities that will separate China and destroy China-U.S. relations.” (“China Protests to US About Taiwan Leader’s Possible Transit,” Xinhua, 8 January 2007, disseminated by OSC, CPP20070108968049.)

¹³² Ironically, reports have emerged of Taiwan investors and members of the Taiwan business community resident on the Mainland working to arrange their own holiday charter flights for the February Lunar New Year due to concern over “unfair” terms offered by the “designated” carriers. (“Businesses May Bypass Taiwan Carriers,” *China Post*, 10 January 2007, disseminated by OSC, CPP20070110968041.)

¹³³ Luo T’ien-pin, Hsu Min-jung, and Liu Li-jen, “Weekend Charter Flights To Be Launched on Fridays, Saturdays, Sundays,” *Tzu-yu Shih-pao*, 27 February 2007 (translated in summary by OSC, CPP20070227100001).

¹³⁴ PRC officials say they are quite open to various labels if the “one China” framework is agreed. “Special” links or “cross-strait” links are two variants they would be open to.

¹³⁵ Deborah Kuo, “Shorter-Distance Air Links Require Formal Talks: MAC,” CNA, 20 December 2006. In private conversations, MAC officials have confirmed that what is envisaged is talks between the designated “private” associations under the so-called Macau model.

¹³⁶ Wu Yung-hang and Wang P’ei-wen, “Taiwan, China To Make Joint Announcement of Opening Taiwan to Tourists From China,” *P’ing-kuo Jih-pao*, 28 February 2007 (translated in summary by OSC, CPP20070228100001).

¹³⁷ Wang Hsiao-chun and Wang Hung-nien, “Mainland Affairs Council to Open Taiwan to Tourists From China Soon,” *Tung-sen Hsin-wen Pao*, 5 February 2007 (translated in summary by OSC, CPP20070205100001).

¹³⁸ Lilian Wu, “PRC Taiwan Affairs Office Economic Official Visiting Taiwan,” CNA, 1 March 2007.

¹³⁹ Lilian Wu, “Lee Teng-hui Opposes Easing Rules on Chipmakers’ Investment in China,” CNA, 30 December 2006. Some “dark Green” DPP members also threatened to block Su from gaining the party’s nomination for president if he continued to cater to the Mainland at Taiwan’s “expense.” (“Pro-Independence Figures Angered by Premier Su’s Opening of Chips for China, Threaten No Support for Su’s 2008 Bid,” *Tung-sen Hsin-wen Pao*, 31 December 2007, translated in summary by OSC, CPP20061231102002.)

¹⁴⁰ Many took this as a defense of the premier, especially when it became known that Chen had promised Su on the eve of the speech that he would stand up for the premier against “dark Green” criticism. But the “general view” in Taipei, according to one report, was that Chen’s remark was a caution to Su, “a manifestation of tension” between them (Kao Tien-sheng, “Su Tseng-chang Pledges Loyalty; Chen Shui-

bian in Dilemma?" *Hsin Taiwan* weekly magazine, 12–18 January 2007 issue, translated by OSC, CPP20070123099001.)

¹⁴¹ Maubo Chang, "Taiwan Eases Restriction on Investment in Foundries on Mainland," CNA, 29 December 2006, and Elizabeth Hsu, "MAC Chairman Joseph Wu Explains China Semiconductor Policy," CNA, 30 December 2006.

¹⁴² Y.F. Low, "Premier Urges Taiwan Chipmakers to Increase Domestic Investment," CNA, 30 December 2006.

¹⁴³ Li An-ni, "Number of Business Travelers from China Can Exceed Limit," *Ching-chi Jih-pao*, 29 December 2006 (translated in summary by OSC, CPP20061229100001).

¹⁴⁴ "Trade Between Mainland, Taiwan Hits 100 Bln USD mark," Xinhua, 17 January 2006 (disseminated by OSC, CPP20070117968145).

¹⁴⁵ "Trade Between Chinese Mainland, Taiwan Reaches 98.1 Bln USD," Xinhua, 28 December 2006 (disseminated by OSC, CPP20061228968134). According to PRC Ministry of Commerce data, Taiwan's surplus in the direct trade was over \$60 billion, while in the indirect trade it exceeded \$392 billion.

¹⁴⁶ According to Taiwan data, the Taipei government approved US\$7.64 billion of new investment in the Mainland during the year, an annual increase of 27.22 percent ("Taiwan, China-Bound FDI Reach New Highs," *China Post*, 20 January 2007, disseminated by OSC, CPP20070120968011.) For its part, Beijing approved Taiwan investments of US\$11.34 billion in the Mainland in 2006 ("Trade Between Mainland, Taiwan Hits 100 Bln USD mark," Xinhua, 17 January 2006, disseminated by OSC, CPP20070117968145).

¹⁴⁷ "State Council TAO Spokesman Responds to Chen Shui-bian's New Year Message," Xinhua, 1 January 2007 (translated by OSC, CPP20070101705014).