

THE DIVIDED CHINA PROBLEM

Conflict Avoidance and Resolution

The year 2000 will be no ordinary year for Taiwan or mainland China. The events of the past decade have so soured relations between the two sides that this year could bring either peace or war to the Taiwan Strait.

On April 27, 1993, more than three hundred journalists gathered in Singapore to observe two representatives of Taiwan and mainland China, divided since October 1, 1949, sign three agreements and a joint accord, signaling a breakthrough for peacefully negotiating the end of the Chinese civil war. Both sides began negotiating as equals while agreeing to different interpretations of Taiwan's relationship to China, or the "one-China" principle. But these negotiations, conducted by private agencies (for Taiwan, the Straits Exchange Foundation, or SEF, and for mainland China, the Association for Relations across the Taiwan Strait, or ARATS), collapsed after mid-June 1995 when President

The authors wish to thank Director John Raisian of the Hoover Institution, the Government Information Office of the Republic of China, and the Institutes for Taiwan Research in Beijing and Shanghai of the People's Republic of China for support to conduct interviews with many individuals about the divided China problem. We also thank Zhang Jialin, Robert J. Myers, Michel C. Oksenberg, William E. Ratliff, Zhao Suisheng, and Wei Yung for criticisms of this essay. None of the above are responsible for the views expressed by the authors or for errors and omissions that exist. We have used *pinyin* to romanize names and places except for those of Taiwan's leaders.

Lee Teng-hui visited the United States to give a public address at Cornell University. Détente never revived, and relations between the two Chinese regimes worsened.

The second event originated on July 9, 1999. In an interview with Deutsche Well, a German radio broadcasting company, President Lee announced that Taiwan would conduct only “special state-to-state” relations with the PRC regime instead of negotiations under the one-China principle. President Lee then followed with another declaration, published in America’s prestigious *Foreign Affairs* in late 1999, arguing that Taiwan now had a new national identity.¹ He then referred to the people of that nation as “new Taiwanese” instead of Chinese and accused Beijing of “regard[ing] Taiwan as a renegade province,” a cliché never uttered in Beijing but instead coined by American journalists. More important, President Lee set forth three preconditions as requirements for Taiwanese negotiations with mainland China: Beijing would have to show goodwill to Taiwan’s people to overcome their fears of the PRC regime; that regime would have to renounce the use of force to solve the “Taiwan Strait issue” (not the divided China problem that originated from the Chinese civil war); and, finally, the PRC regime would have to initiate a democratic transition before the ROC regime would consider negotiating China’s reunification. Beijing’s leaders rejected Lee’s conditions and countered with conditions of their own.

The next event might have triggered a spontaneous manifestation of goodwill between the two sides but did not. On September 21, 1999, at 1:47 A.M., an earthquake registering 7.1 on the Richter scale slammed Puli City in the Republic of China (ROC) on Taiwan, causing enormous damage to property and infrastructure as well as killing around 2,200 persons, injuring 8,700, and making 100,000 homeless.² The next day People’s Republic of China (PRC) president Jiang Zemin “expressed deep sorrow and condolences for the Taiwan people” and promised immediate monetary and material aid. But as soon as ARATS telegraphed SEF to inquire “whether Taiwan needed to request United Nations aid for Taiwan’s earthquake victims” (because Taiwan did not

THE DIVIDED CHINA PROBLEM

3

have direct access to the United Nations), a Taiwan newspaper editorialized: "In the beginning, Taiwan was pleased that Jiang Zemin expressed condolences to Taiwan, but later China behaved hypocritically, acting like the Central Government. . . . We resent this very much."³ Construing PRC official remarks as treating Taiwan as a "locality" and not the independent nation that the ROC government had long claimed, the ROC minister of foreign affairs, Jason Hu, lambasted the PRC's representative to the United Nations, Tang Jiaxuan, for criticizing President Lee's "two-state theory" (*liangguo lun*) in the midst of Taiwan's tragedy.⁴

On February 21, 2000, when legal campaigning for the second-term election of a president and vice president of the ROC began, the PRC regime issued a White Paper in response to President Lee's statements; that document reminded the United States of Beijing's long-standing Taiwan policy, made clear to Taiwan's people the dire consequences if negotiations for the resolution of the divided China problem did not begin soon, and, finally, put its people on notice that their government was committed, at any price, to initiate peaceful negotiations with Taiwan.⁵

This White Paper, like the one before it, of August 31, 1993, argued that the Taiwan issue, left over from the Chinese civil war, should be peacefully settled under the one-China principle, in which Taiwan was a part of China. The United States should not interfere in China's internal affairs by selling weapons to Taiwan, strengthening the Taiwan Relations Act, or including Taiwan in any future theater missile defense system because these acts would violate China's sovereignty and territory and force China to use force to resolve the divided China problem. Beijing also urged the Taiwan authorities to negotiate, as soon as possible, to resolve the Chinese civil war and not "obstruct the reunification" of China.

This statement of principle contained nothing new except for the PRC's insistence that negotiations begin soon or else. The ROC regime responded by dismissing the White Paper as "unconstructive."⁶ Its Main-

land Affairs Council (MAC) merely repeated President Lee's special state-to-state position toward the PRC regime. Some Taiwan leaders urged that the United States sell Taiwan four *Aegis* destroyers with antimissile capabilities.⁷ This request immediately caused a split within the U.S. government and threatened to worsen the Clinton administration's differences with Congress over the Taiwan issue.⁸ Many Democrats and Republicans in Congress said that the White Paper made them more dissatisfied with their government's China policy, and they vowed neither to grant China's present normal trade relations nor to endorse China's entry into the World Trade Organization.⁹

The events described above illustrate that a long-festering problem now threatens the peace and stability of the Asia-Pacific region. As Assistant Secretary of State for East Asian and Pacific Affairs Stanley Roth warned Congress on March 25, 1999, the Taiwan issue—or, as we prefer to say, the “divided China” problem—has become “one of our most complex and important foreign policy challenges for many years to come.”¹⁰ We contend that the crisis has arrived.

To reduce ignorance and misunderstanding on both sides of the Pacific Ocean, we narrate the historical events that explain the origins of the divided China problem and why that problem became a crisis in 2000. We show that both Chinese regimes reached *détente* and were negotiating after 1993 but that the Lee Teng-hui administration pursued a strategy to make Taiwan into a nation-state, outside the orbit of China, and to legitimate it with other states, especially the United States and Japan. In so doing, the Lee administration imposed unreasonable conditions before engaging the PRC in further negotiations, thus buying time for implementing its strategy. This strategy has received support from those in the United States sympathetic to Taiwan's democratization and worried about the rise of the PRC regime as an emerging power in Asia that will eventually challenge the United States. Far worse, the Lee administration strategy has mobilized support in Beijing for Jiang Zemin's second White Paper and for using military force if the ROC

THE DIVIDED CHINA PROBLEM

5

regime does not soon negotiate a resolution of the divided China problem.

The U.S. government designed the 1979 Taiwan Relations Act (TRA) to sell weapons to an authoritarian regime on Taiwan in an effort to buy time and figure out how to negotiate peacefully with the PRC regime to end the Chinese civil war. The Lee administration, however, has tried to use the TRA to buy time for securing international support for a Taiwan nation-state rather than negotiating a resolution of the Chinese civil war. Consequently, the Lee administration has infuriated the PRC regime to the point that its responses to Taipei give it the appearance of an arrogant bully coercing a tiny democracy. Finally, the Lee administration's policies have divided the U.S. Congress and executive branch on how to manage Sino-American relations; the Taiwan issue now is one of the most serious issues confronting the U.S. government's foreign policy.

We conclude that the present crisis can be defused and war avoided if the newly elected Taiwan president, inaugurated on May 20, 2000, and his administration, as well as the PRC regime, will return to the Singapore détente of 1993 and negotiate under a one-China principle to resolve the sovereignty issue of Taiwan's relationship with China. We propose how the two regimes can resume negotiations and eventually agree to a cooperative framework in which they can realize their best interests, peacefully end the Chinese civil war, and gradually promote China's unification.

CHINA DIVIDES: 1949–1950

In 1911 a revolution overthrew the 267-year-old Qing dynasty. That revolution, however, did not establish a government capable of restoring China's greatness and modernizing the country to make it prosperous and democratic. Revolutions typically produce chaos despite the grand hopes of the revolutionaries, and China suffered that fate. By 1915, powerful warlords had taken over the ROC's capital, Beijing, and the

country became mired in civil war. Two new major political parties were formed in 1919 and 1921: the Guomindang (GMD—this was the third effort by GMD activists to form that party) and the Chinese Communist Party (CCP). In 1923 they entered into an alliance in Southeast China with the aim of defeating the northern warlords and unifying China. Within four years, that alliance had collapsed, and the two parties were attacking each other, setting the stage for China's new civil war. After the GMD-led military forces had defeated the northern warlords, their generals and GMD leaders pledged loyalty to a new leader, Chiang Kai-shek. In 1927 Chiang and his supporters formed a new ROC government in Nanjing. This government launched ambitious modernization projects, poured monies into strengthening the military, and tried to exterminate the CCP and its guerrilla forces, which had retreated into various mountainous districts of South China. By early 1937, the Nationalist government had driven the Communists into the impoverished Northwest, improved transport and urban infrastructure in East-Central China, and extended its authority over nearly half the country. China was beginning to be unified, to attain some prosperity, and to achieve a semblance of peace, but the Nanjing government was on a collision course with imperial Japan.

Fearing that a resurgent Chinese nationalism, championed by Chiang's Nationalist government, might try to eradicate Japan's informal empire in the Northeast, Japan's military attacked China in July 1937 with the goal of swiftly defeating Chiang's military forces and making it a client state of imperial Japan. But China, under Nationalist leadership, resisted, and Japan became bogged down in a Chinese quagmire. Meanwhile, the GMD and the CCP had agreed to cooperate to defeat Japan. This war to resist Japan lasted eight years, decimated the Nationalist government, fragmented the country, and caused enormous loss of life and property. In the midst of that horror and misery, two new developments arose. Between 1941 and 1943 the Nationalist government forged an alliance with the United States, which began supplying military and economic aid to the Nationalist government, even after

THE DIVIDED CHINA PROBLEM

7

the defeat of Japan on August 15, 1945. U.S. support of the Chiang Kai-shek regime did not end until 1949. Meanwhile, during the war years, the CCP and its military forces, under the leadership of Chairman Mao Zedong, used Mao's guerrilla tactics and his strategy of forging a popular front alliance between local elites and villagers to expand their control over much of the countryside of northwestern and northern China. When World War II ended on August 15, 1945, Mao and the CCP introduced land reform, which removed local elites from village power and established a new village and township leadership loyal to the CCP.¹¹ At the same time, the GMD and CCP resumed their armed struggle to unify China.

In autumn 1945, communist forces moved into Manchuria and obtained superior weapons from the Soviets, who had been there since August. The Chinese Communists occupied vast parts of the countryside by imposing land reform and establishing their village and township governance. By using Mao's strategy of encircling the cities and isolating them from the countryside, CCP troops, now in possession of better military equipment, soon defeated the American-trained Nationalist forces and advanced southward into North China.¹² By January 31, 1949, Communist troops had occupied Beijing, and on October 1, 1949, Chairman Mao stood at Tiananmen to proclaim the founding of a new Chinese state, the People's Republic of China.¹³

Despite many hundreds of millions of dollars in U.S. military and economic aid given to Nationalist China between 1945 and 1949, the GMD-led Nationalist government never provided the leadership, the tactics, or the official and civil organizations necessary to win the civil war. Declining morale and mounting corruption also weakened Nationalist leadership, and within a year the CCP-led military forces were able to defeat the Nationalist government in a series of battles in North, Central, and South China.

By early 1950 the new communist government had unified the China mainland and begun military preparations for invading Taiwan, where the Nationalist leader, President Chiang, and his son, Chiang

Ching-kuo, had fled on May 25, 1949. Father and son, along with remnants of the GMD and Nationalist government, vowed to make Taiwan their last-ditch stand. On July 14, father and son flew first to Canton and then to the Southwest (where the Nationalist government had relocated in 1938 to resist Japan), hoping to build a guerrilla base to resist the CCP. But they found no popular support for their cause because the local people and elites, remembering the years of oppressive, corrupt Nationalist government rule, had decided to welcome the new communist regime. Taiwan was now Chiang Kai-shek's last hope. But why Taiwan?

Taiwan, first settled by aboriginal tribes and then by Chinese immigrants, came under Qing state control when Admiral Shih Lang landed on the island in October 1683 after defeating the forces of the Ming under the leadership of Zheng Chenggong. The Qing quickly incorporated Taiwan as a prefecture of Fujian province, just across the Taiwan Strait. Waves of Chinese immigrants began colonizing the western side of the island, farming the land to produce tea, sugar, and rice for export to the mainland. By the mid-eighteenth century the Qing had sinicized the island's occupants and was even transforming the culture and society of the aboriginal tribes. After 1885, the Qing court conferred provincial status on the island and began strengthening its defenses and infrastructure. As a province of imperial China, its scholars, administrators, and ordinary people saw themselves as Chinese.

But on August 3, 1894, imperial Japan declared war on the Qing government. Japanese forces quickly defeated the Qing's best naval and army units, forcing China's leaders on April 17, 1895, to cede to Japan "in perpetuity and full sovereignty" the islands of Formosa (Taiwan) and the Pescadores.¹⁴ For the next fifty years, Japan not only modernized its Taiwan colony but even turned a large segment of the island's people (who were descendants of immigrants from Fujian and Guangdong provinces) into thinking and behaving like Japanese.

But Taiwan's colonial fate was sealed on November 26, 1943, when the leaders of the United States, the United Kingdom, and Nationalist

THE DIVIDED CHINA PROBLEM

9

China met at Cairo and agreed “that Japan shall be stripped of all the islands in the Pacific, which she has seized or occupied since the beginning of the First World War in 1914, and that all territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores shall be restored to the Republic of China.”¹⁵ Similarly, on July 26, 1945, the leaders of the United States, the United Kingdom, and the Soviet Union again met at Potsdam and proclaimed that “the terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine.”¹⁶ On October 25, 1945, Japanese forces on Taiwan finally surrendered to the Nationalist government’s General Chen Yi. Taiwan and the Pescadores immediately reverted to Nationalist China’s control, and all overseas Taiwanese were immediately accorded citizenship of the Republic of China.

As the first Chinese governor of Taiwan province after fifty years of Japanese colonial rule, General Chen Yi introduced a mixture of policies that by the spring of 1946 had established a command economy, which stifled the island’s economic recovery, and had promoted democratic elections, which unleashed enormous popular enthusiasm while allowing a free press to criticize Governor Chen’s administration. These diverse developments, along with the clash of the mainland and Taiwanese culture and the fact that mainlanders held most of Taiwan province’s administrative jobs, fomented anger and bitter feelings between Taiwanese and mainlanders. Social tensions increased, and on February 28, 1947, when a Taipei citizen was accidentally shot and killed by a policeman, an uprising quickly spread across Taiwan’s major cities, toppling mainlander authority.¹⁷ Two weeks later, Nationalist troops from the mainland arrived and ruthlessly suppressed the insurgents, slaughtering a large (exact figures are not known) number of Taiwanese elites and citizens. Meanwhile, the Nationalist government quickly replaced Governor Chen Yi and sent new officials to reform the island, but Taiwanese and mainlander relations had been severely damaged.

Therefore, when President Chiang and his son arrived in Taiwan on May 25, 1949, Taiwan was their last hope of refuge, but a majority of the island's people did not admire the Nationalists. President Chiang began rebuilding the island's administration, reorganizing the GMD, preparing the island's defenses, and hoping for a miracle. On January 5, 1950, expecting the island to fall soon into communist hands, President Harry Truman stated that "the United States will not provide military aid or advice to Chinese forces on Formosa." His secretary of state, Dean Acheson, on that same day had this to say: "The President says, we are not going to use our forces in connection with the present situation in Formosa. We are not going to attempt to seize the island. We are not going to get involved militarily in anyway on the island of Formosa."¹⁸ All signs indicated that the United States had finally washed its hands of the Chiang regime and that civil war soon would end, leading to China's reunification.

But some six months later, on June 25, 1950, North Korean armor and infantry slammed deep inside South Korea. President Truman and his advisers immediately reassessed the intentions of the Soviet Union and communist-ruled North Korea. They concluded that "the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific Area and to United States forces performing their lawful and necessary functions in that area."¹⁹ Thus, on June 27, President Truman informed the United States and the world that "I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action, I am calling upon the Chinese government of Formosa to cease all air and sea operations against the mainland."²⁰

The United States decided to restrain both Chinese regimes from going to war. The two political parties that had contested each other in China's long civil war governed separate territories, divided by the Taiwan Strait. These two Chinese regimes would continue their struggle but in different ways. The United States still had not been able to extricate itself from China's civil war. In fact, it was U.S. intervention in the Taiwan Strait that created the divided China problem of today.

A crucial legacy of U.S. intervention was that the PRC leaders believed that the United States had cheated them of a historical opportunity to unify the country. In their hearts they vowed never to allow foreign intervention to obstruct China's reunification. For that reason, American leaders must heed Beijing's warning that it intends to unify China, whether by peaceful means or by force.

TWO CHINESE REGIMES: TWO KINDS OF STRUGGLE

Furious that American military power had been sent to the Taiwan Strait to prevent PRC forces from taking Taiwan, Mao Zedong and his minister of foreign affairs, Zhou Enlai, denounced such intervention in China's civil war. The PRC also appealed to the United Nations, without success, to condemn American intervention in China's internal affairs. Chinese resentment of American actions to protect Taiwan likely emboldened the PRC's decision to enter the Korean War. In response, the United States began building alliances in the Asia-Pacific region to contain the spread of communism. On April 18, 1952, the United States arranged for the ROC and Japan to sign a peace treaty; on December 21, 1954, the U.S. and ROC governments signed a mutual defense treaty.²¹ In a similar way the United States gradually cobbled together a series of alliances with Japan, South Korea, Taiwan, the Philippines, Australia and New Zealand, and even some Southeast Asian states as well as Taiwan to contain Communist China.

Meanwhile, the two Chinese regimes began building the societies their respective political parties advocated as best for China and its people. The CCP, by imposing its power on urban elites and extending its control to the villages, swiftly began to replace the market economy with a socialist-type command economy, extolled the Marxist and Maoist ideologies as *the* doctrine of truth for the Chinese people, and organized a cooperative-type society by merging the workplace and family household.

Having imposed martial law in July 1949, Taiwan's GMD initiated

local elections in 1950 in which “limited democracy” gradually evolved under single-party rule and developed a state-guided market economy. Confucianism, Western liberalism, and Sun Yat-sen’s doctrine competed for popular support, and family households had a high degree of freedom of choice. By 1960, the two Chinese societies were diverging along different development paths, with the Beijing regime exerting almost total control over society, whereas the Taipei regime allowed society greater scope of freedom but crushed any criticism or activities challenging its legitimacy.

Both regimes also nurtured Chinese nationalism to arouse the public’s enthusiasm for reunifying China. In the summer of 1953, when the Korean War ended, the PRC leadership suddenly realized there was no national policy to mobilize popular sentiment for resolving the Taiwan problem. In June 1954 Mao Zedong informed Zhou Enlai, then in Geneva brokering a peace between the communist Viet Minh and France, that “we were wrong not to press for the liberation of Taiwan immediately after the conclusion of the Korean War. If we do not do that now, we will repeat the same political mistake.”²²

On July 23, 1954, the CCP propaganda machine went into action. The *People’s Daily* announced that “we must definitely liberate Taiwan.”²³ Throughout mainland China, CCP cadres began holding discussion meetings to whip up enthusiasm for the PRC to recover Taiwan while hoisting banners that proclaimed “We must definitely liberate Taiwan.”²⁴ In 1954, and again in 1958, the government ordered the extensive shelling of the offshore island Jinmen to convince the Chinese people on both sides of the Taiwan Strait of the PRC’s serious intention to recover Taiwan. To ensure the public’s commitment to achieve the nation’s goal of “liberating Taiwan,” the PRC regime inserted that message into textbooks, conducted study sessions led by the CCP, and made frequent public statements to that effect.

On Taiwan the ROC regime also used nationalism to mobilize the populace to oppose communism and recover the mainland in order to reunify China. Under the banner of preserving Chinese civilization, the

regime produced textbooks and propaganda emphasizing that Taiwan was part of China. The authorities revised the primary schoolbooks so that they taught the national dialect and stressed Chinese history, geography, literature, and Confucian ethics. At the same time they discouraged using the Taiwan dialect and rarely mentioned Taiwan's experience under Japanese colonial rule. Meanwhile, the ROC government made covert preparations to take advantage of any popular uprising on the mainland and gathered intelligence about the solidity of the communist regime. Between 1952 and 1953 the Nationalist government cooperated with the American CIA unit to launch Chinese guerrilla attacks on communist-held offshore islands across from Taiwan for the purpose of diverting Chinese troops from the Korean War to Southeast China.²⁵ But the U.S. government soon aborted the operation and devoted its attention to preventing the ROC government from carrying out any military activities against the mainland or any covert operations in western and southwestern China.²⁶

Meanwhile, each regime continued to claim sovereignty over a one China that included Taiwan. The PRC Constitution's preamble proclaimed that "Taiwan is part of the sacred territory of the People's Republic of China. It is the inviolable duty of all Chinese people, including our compatriots in Taiwan, to accomplish the great task of reunifying the motherland."²⁷ The ROC regime used its 1947 Constitution, approved by the National Assembly in that same year, to claim that the 1911 "existing national boundaries shall not be altered except by resolution of the National Assembly."²⁸ A majority of the National Assembly elected in 1947 had found refuge in Taiwan, where they not only routinely voted every six years to elect the ROC's president and vice president but held the political power to revise the ROC Constitution.

Each regime also competed for diplomatic recognition and entry into international organizations such as the United Nations. Neither regime offered dual diplomatic relations with another country that had established diplomatic ties with the other. Between 1954 and 1969 the

ROC regime, with American support, increased its diplomatic ties with other nations from thirty-nine to sixty-nine, securing recognition from the many new nations established in those years. Meanwhile, from 1965 to 1969 the PRC regime's friendly states declined from forty-eight to forty-four, largely because of the great Cultural Revolution that swept China in those years. The United States had managed to retain the ROC's original seat in the U.N Security Council and even mustered member support each year to prevent the PRC from gaining entry into that body. But after 1969 the tide shifted, and in 1971 a new majority of U.N members (but not the two-thirds required) approved the PRC replacing the ROC in the Security Council.

President Richard Nixon and the U.S. State Department responded by arranging for the ROC to retain its seat in the Security Council while admitting the PRC as a General Assembly member. This scheme soon proved unworkable and was altered to ensure that the United Nations would not expel the ROC while allowing the PRC to hold the Security Council seat. President Chiang Kai-shek now had the option of having the ROC represented in the General Assembly as a "little China" or "Taiwan-China" or being expelled while adhering to the doctrine that the ROC represented all of China.²⁹ Meanwhile, the ROC delegate to the United Nations, Liu Kai, did not coordinate with the American U.N delegate, George Bush, and it soon appeared that there might not be enough votes to keep the ROC in the U.N General Assembly. Fearing this, Chiang ordered Liu Kai to walk out of the United Nations in October 1971 before it could call a critical vote to expel the ROC. In this way the ROC claimed that it withdrew on its own volition and had not been expelled. But the ROC regime paid a high price for adhering to principle. If it had accepted a lesser status in the United Nations and the PRC regime agreed, these two Chinese regimes might have been able to resolve their differences.

As early as June 15, 1971, President Chiang had informed his National Security Council and government that "we must live with self-respect and self-reliance, and we must not be alarmed in this changing

world.”³⁰ Although the ROC regime tried to retain other nations’ diplomatic recognition of its nation-state status, it steadily began losing diplomatic recognition. By 1978 only twenty-nine nations still had diplomatic relations with the ROC. In 1975 Chiang Kai-shek died, and in 1978 Chiang Ching-kuo became president. Meanwhile, the U.S. government had decided to engage the PRC regime to prepare for eventual government-to-government relations. As Sino-American relations improved, the U.S. government decided that the time had come to disengage from the divided China rivalry.

On January 1, 1979, the United States broke relations with the ROC and terminated its treaty alliance. Although internationally isolated, the ROC regime steadfastly claimed sovereignty over mainland China’s territory and remained committed to China’s reunification. To make matters more complicated for Sino-American relations, on April 10, 1979, President Jimmy Carter signed into law the Taiwan Relations Act, which committed the U.S. government to sell military weapons to the ROC regime and “to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States.”³¹ The U.S. government still had not been able to extricate itself from the Chinese civil war, largely because of strong congressional pressure on a Democratic administration and president who belatedly realized that American public opinion strongly supported this legislation and wanted a continuing U.S. commitment to protect the ROC regime’s security.

For three decades the two Chinese regimes had been adversaries, competing in every possible way to project their influence in the world while awaiting new developments each hoped could be exploited to gain an advantage over the other. Both regimes remained committed to the reunification of China, yet each developed a different system of governance, economy, and society. The ROC regime gathered relevant intelligence information about mainland China, but its leaders interpreted that information in such a way as to delude themselves to believe

the PRC regime was so dysfunctional it would soon collapse. The PRC's leaders were preoccupied with domestic issues and their deteriorating relations with the USSR. Meanwhile, a leadership change was beginning to take place in the PRC, whereas in the ROC, a political opposition was using local elections to challenge the GMD leadership to promote true democracy. For these reasons, the year 1979 became a watershed for Taiwan Strait relations.

TOWARD PEACEFUL COEXISTENCE AND DÉTENTE

The death of Chairman Mao Tse-tung in September 1976 created a leadership vacuum that was soon filled by Deng Xiaoping, the CCP's most original mind and politician par excellence. Deng accurately sensed the people's alienation from the party and state and was aware of the enormous waste and inefficiency of the Maoist command economy that had brought the country to a state of near exhaustion and ruin. Deng formulated a compelling vision for China's people: To make China powerful and prosperous, they would work to raise its productive powers instead of engaging in divisive "class struggle," and to that end, the state and party would initiate reforms to open up the country to the outside world. Emboldened by having separated the United States from the ROC regime, Beijing's leaders decided on a new approach toward the divided China problem. They would propose to Taipei's leaders to embark on peaceful negotiations to agree upon a new formula, a novel concept of federation, for ending the division of China.

Beijing's leaders argued that "we are all from the same ancestors, and we are all one family. We share a common position by which we can reach an understanding based upon consensus (*gongtong*), and we should develop three channels (*santong*) for communications and find four ways for exchange (*siliu*)."³² Beijing then offered Taipei some concrete proposals to bring these developments about.

On January 1, 1979, the Standing Committee of the Fifth National People's Congress issued "A Message to Taiwan Compatriots" calling

for negotiations to achieve China's reunification. Then on January 30, Deng Xiaoping told the U.S. Congress, "We no longer use the phrase 'liberate Taiwan'; so long as Taiwan returns to the Motherland, we will respect the reality and the existing system there."³³ On September 30, 1981, Marshall Ye Jianying, chairman of the National People's Congress, issued a nine-point proposal calling for negotiations between the CCP and GMD, expanding people-to-people exchanges, promising Taiwan a high degree of autonomy after reunification, and guaranteeing that Taiwan's way of life would not be changed. On January 26, 1983, Deng advanced a six-point policy based on the new formula that China could be reunified as "one country having two systems." That formula was later spelled out by Deng to mean that, after reunification, Taiwan would have a high degree of autonomy as a part of China; it could be called China-Taiwan, have a special flag, and preserve its constitution, military forces, system of government, and way of life. Moreover, no mainland troops would be dispatched to Taiwan, and the PRC government would never interfere with Taiwan's special status as part of China.³⁴

On January 1, 1979, ROC premier Sun Yun-suan dismissed Beijing's peace initiatives as lies designed to reduce American support for Taiwan. He also said that "history tells us that those who believe Communist lies always have suffered a tragic fate."³⁵ Premier Sun challenged the PRC regime to show its sincerity by respecting human rights, discarding Marxism, eliminating the CCP dictatorship, and abolishing communism.

On April 4, 1979, President Chiang Ching-kuo announced that the ROC government would adopt the principle of "three noes (*sanbu*)," which meant the ROC would have *no* negotiations, *no* communications, and *no* compromise with the PRC regime. Second, the ROC government intended to promote the peaceful transfer to the PRC regime of Sun Yat-sen's three principles of the people—the doctrine that had guided GMD policy making on Taiwan—so that China eventually could be unified under a single polity.³⁶ President Chiang was unable to present a blueprint for how that transfer should take place. The ROC regime,

clearly on the defensive, was groping for a strategy to counter the PRC's "peace" initiatives.

Meanwhile, new developments were taking place behind the scenes. Taiwanese businesspersons began traveling through Hong Kong to China on special permits issued by the PRC regime, and indirect trade between the two regimes rose rapidly. Between 1979 and 1985, total trade between the two regimes rose from \$US 77 million to \$US 1.1 billion, or more than twelve times in nominal terms.³⁷ More-informal contacts between journalists, intrepid tourists, and fishermen also took place. Contacts between sports people, academics, and students also increased. Although rarely mentioned, these exchanges had rapidly expanded by the mid-1980s to accompany the following developments.

By 1981 the PRC had established "at least fourteen Taiwan Fishermen Reception Stations located in the provinces of Zhejiang, Fujian, and Guangdong," and in that same year, three thousand Taiwanese fishermen and four hundred fishing boats sought shelter in these stations.³⁸ Although mainland fishermen rarely entered Taiwan's harbors, after the ROC regime lifted martial law on July 15, 1987, their numbers rose, leading to a brisk two-way traffic of fishing boats visiting each side's harbors.

Another contact between the two regimes involved their agreeing in March 1981 to participate in future Olympic Games,³⁹ a triumph of pragmatism over passionately held principles. The PRC agreed to be designated the "Chinese Olympic Committee (using its flag and national anthem), and the ROC agreed to be named the "Chinese Taipei Olympic Committee" with its anthem and flag being different from those presently used. Taipei agreed to change the name, flag, and anthem to participate in future Olympic Games, and the PRC gained entry into the Olympics.

Still another example of contact was the Asian Development Bank (ADB) issue. The ROC, a founding member of the ADB, faced a challenge in 1983 when the PRC applied for ADB membership and insisted that the ROC be expelled. In May 1985, Beijing changed its position,

stating the PRC should be admitted as sole representative of China whereas the ROC could remain as Taiwan, China, or Taipei, China. The United States and other ADB members had previously insisted that the PRC be admitted only if it agreed not to demand that the ROC be expelled, and for that reason, the PRC accepted the compromise. President Ronald Reagan even sent his national security adviser, William Clark, to Taipei to press the ROC to accept; on March 10, 1986, the ADB admitted the PRC, and the ROC stayed in ADB as Taipei, China.⁴⁰

Then on May 3, 1986, a pilot flying an ROC China Airline (CAL) 747 Boeing cargo plane hijacked the plane to the PRC.⁴¹ The ROC regime wanted CAL to negotiate with the PRC through a third party for the return of the plane. Beijing responded by asking CAL to send a representative to Beijing. CAL countered by urging that Hong Kong's Cathay Pacific Airway handle the problem in Hong Kong. From May 17 to 20, 1986, a CAL representative and a Beijing representative from the Civil Aviation Administration Bureau met in Hong Kong and reached an agreement to return the plane, cargo, and crew to Taiwan.

Finally, on October 15, 1987, the ROC's Executive Yuan passed a law, strongly encouraged by President Chiang Ching-kuo, that permitted retired ROC military personnel to visit mainland China to see their relatives. This arrangement, organized through the International Red Cross, was welcomed by the PRC, and soon after the ROC reciprocated by welcoming PRC military personnel visiting their relatives in Taiwan.

These new contacts between the two Chinese regimes showed creative diplomacy and pragmatism as well as an awareness that cooperation, particularly through trade and investment, yielded mutual benefits. As a consequence of this change in behavior, by 1990, the total amount of trade between the two regimes had increased to US \$4.0 billion, nearly a fourfold increase in nominal terms over that of 1985. But just as both regimes increased their contacts, on January 13, 1988, President Chiang died, signaling the passing of an era in Taiwan.

From 1978 until early 1988, President Chiang Ching-kuo had pre-

sided over path-breaking reforms: revising the local election law in 1980, initiating GMD reform in 1985, lifting martial law in mid-1987, and promoting political parties to form and liberalizing the media in late 1987. The 1980s were also years of street demonstrations, reaching their peak around 1987–88 and then declining. Yet democracy was fast taking root in the ROC regime.

Still unable to formulate a new policy toward the PRC, on July 12, 1988, at the thirteenth party congress, the GMD could agree only to “concentrate on Taiwan but closely observe mainland China and to express concern about mainland China.”⁴² The GMD’s monthly internal reports on mainland affairs still warned party members of the present danger. By welcoming Taiwan business enterprises and their investments, the CCP was undoubtedly using the standard “united front” tactic to produce cleavages in Taiwan’s society by encouraging groups sympathetic to the PRC (especially businesspersons eager to invest in the mainland) to pressure the ROC government into hasty negotiations that would endanger Taiwan’s security. As a resurgent CCP tried to reform the PRC economy and strengthen the military, the ROC government repeatedly told its people that Taiwan’s defenses must be strengthened. Taiwan continued to lobby the U.S. Congress to adhere to the Taiwan Relations Act, thus permitting the ROC to purchase weaponry from the United States in order to maintain the military balance of power in the Taiwan Strait.

After serving nearly two years as acting president, in March 1990, the National Assembly elected Lee Teng-hui as the eighth Taiwanese president for a six-year term. Having narrowly defeated a bid by his party’s conservative wing to elect its presidential (the Taiwanese Lin Yang-kang) and vice presidential (the mainlander Chiang Wei-kuo) favorites, the new president began to replace the National Assembly in order to revise the ROC Constitution. Lee also was charting a new policy toward the PRC regime. He wanted to mobilize popular support for a new China policy to counter the PRC’s offer that party-to-party negotiations be held. Lee also wanted to tap into Taiwanese national-

ism—then being expressed in debates about the ROC regime’s future—to support his administration’s China policy.

Taiwan nationalism denotes the linguistic, cultural, ethnic, and ideological awareness of being Taiwanese instead of Chinese. These new sentiments, increasingly expressed after 1989, echoed those by Taiwanese elites before and after World War II who had made similar arguments.⁴³ This new wave of Taiwanese nationalism affirmed that Taiwan and its people were very different from mainland China and its people and that Taiwan was not part of China. As Taiwan nationalism spread after 1989, it competed with the “mainland China fever” that had emerged in the 1980s when relations between the two regimes had improved.

It was during this period that President Lee established the National Unification Council (NUC) on September 21, 1990, to draft a new China policy.⁴⁴ The NUC did not include representatives of the main opposition party, the Democratic People’s Party (DPP), because the DPP refused to participate. Meanwhile, President Lee, who served as NUC chairman and set the agenda, invited persons of both genders, from the main professions, and of different ethnic groups, to serve in the NUC.

On January 28, 1991, the NUC announced a new China policy embodied in its unification guidelines calling for China’s reunification in a three-phase process. In the first phase, both regimes would expand nonofficial, people-to-people contacts, renounce the use of force, respect the jurisdiction of each other’s territories, and not deny the other’s existence as a political entity. If these developments took place, the second phase would commence. Both regimes would then set up channels of official communications to establish direct postal, transportation, and commercial links across the Taiwan Strait. Officials of both sides could then visit each other. After these activities became routine, the third phase would begin by forming a bilateral consultative body to “jointly discuss the grand task of unification and map out a constitutional

system to establish a democratic, free, and equitably, prosperous China.”⁴⁵

On May 1, 1991, President Lee made another historic move. Backed by the National Assembly, he abolished the Temporary Articles passed in 1949 (which gave the office of the President enormous powers) and declared that the state of war between the two Chinese regimes was over. President Lee also vowed that Taiwan would never use military force to unify China.

Five months before, on January 18, 1991, the NUC and the office of the president had recommended that parliament (the Legislative Yuan) approve the establishment of a ministry under the Executive Yuan called the Mainland Affairs Council (MAC). The very next day the MAC approved the establishment of the SEF to engage in direct negotiations with the PRC regime. On December 16, 1991, the PRC regime established ARATS to negotiate with Taiwan’s SEF. Both regimes had quickly moved to create the machinery for nonofficial contacts and negotiations.

These new developments, coinciding with the deepening of Taiwan’s democracy and growing Taiwanese nationalism, were partly encouraged by the accelerating exchanges and growing trade across the Taiwan Strait. Between 1987 and 1992, more than 4.2 million visits by people from Taiwan to the mainland took place, with about 40,000 visits by mainlanders to Taiwan. Indirect trade between the two regimes was over US \$10 billion, and Taiwan businesspersons had invested as much as US \$10 billion in the PRC regime.

Despite these favorable trends, Taiwan specialists in the PRC regime worried about the new public debate in Taiwan over whether the ROC regime’s future lay with the unification of China or becoming independent of China. That debate had first surfaced in September 1989, three months before Taiwan’s local elections, when the DPP won a resounding election victory by capturing six of the twenty county/city positions, a first for the opposition party.⁴⁶ As Taiwan’s elites passionately debated the issue of “independence” versus “reunification,” public opinion polls

showed that in late 1990 around 30 percent favored unification, only 2.9 percent supported independence, 25.0 percent wanted the status quo, and 22.2 percent held no opinion or could not respond.⁴⁷

The public debate about Taiwan nationalism did not go ignored in Beijing. On June 7, 1991 the Taiwan Affairs Office of the CCP's Central Committee, responding to the debate in Taiwan as well as the ROC's unification guidelines, sternly warned that the PRC regime would not renounce the use of force against the ROC regime if (1) foreign forces interfered in China's reunification, and (2) elements in Taiwan tried to create "two Chinas," "one country, two governments," or "Taiwan independence" in effect concluding, "We will never sit by and watch Taiwan become 'independent.'"⁴⁸ Despite this grim warning, and the ROC regime's rejection of it, both sides approved establishing SEF and ARATS to facilitate cross-strait negotiations.

But both regimes immediately collided over how they should negotiate under the principle of one China. On August 1, 1992, Taiwan's MAC stated the problem this way: "Both sides of the Taiwan Strait agree that there is only one China. However, the two sides of the Strait have different opinions as to the meaning of one China. To Peking, one China means the People's Republic of China, with Taiwan to become a Special Administrative Region (SAR) after unification. Taipei, on the other hand, considers one China to mean the Republic of China, founded in 1912 and with de jure sovereignty over all China. The ROC, however, currently has jurisdiction only over Taiwan, Penghu, Kinmen, and Matsu. Taiwan is part of China, and the Chinese mainland is part of China as well."⁴⁹

On May 20, 1992, ARATS standing deputy chairman Tang Shubei proposed that both sides temporarily table the issue of the meaning of one China and adopt a pragmatic approach to resolve some practical issues generated by the exchanges between the two Chinese regimes.⁵⁰ The ROC's NUC responded and adopted a resolution on August 1, 1992, spelling out the different meanings that could be offered for one China:⁵¹

- First, both sides adhere to two different views of one China: The PRC argues that after reunification Taiwan will become a special administrative region (SAR) under the PRC, whereas the ROC contends that one China means the ROC founded in 1912 has sovereignty of all of China, but actual administration of only Taiwan, Penghu, Kinmen (Quemoy), and Matsu. Taiwan is a part of China and the mainland is also part of China.
- Second, since 1949 China has been divided into two political entities.
- Third, the ROC government has a program for national reunification and hopes that the PRC will seek truth from fact and build a free, democratic, commonly rich, and single China.

After agreeing to set aside the Taiwan-China sovereignty issue, the chairmen of SEF and ARATS, Koo Chen-fu and Wang Daohan, met in Singapore on April 27, 1993, and signed four agreements. These agreements related to how SEF and ARATS would conduct their affairs: notarizing certificates, registering mail service, convening regular meetings, and finally designating a time and place for future meetings. Both sides agreed to respect each other and to try to reach consensus. The Wang-Koo accord also listed the topics for future negotiations: smuggling and illegal immigration across the Taiwan Strait, fishery problems, airplane hijacking, protecting intellectual property rights, and others. This path-breaking agreement was achieved in the following broad context:

The PRC regime continued to assert that it would not abandon the use of military force to facilitate reunification because of fears that elements in Taiwan were advocating independence and foreign interference, a veiled reference to the U.S. sales of military weapons to Taiwan. The ROC regime emphasized that it would not directly communicate with the PRC regime unless the PRC agreed to abandon the use of military force. Both regimes still defined the one-China principle

very differently and offered different formulas by which China could be reunified. The gulf between the two regimes seemed cavernous, but the spirit of the April 29, 1993, Singapore meeting gave rise to what we refer to below as *one negotiating approach* both regimes used to resolve the divided China problem. This détente was a momentous event in the cross-Taiwan Strait relations since 1949–50.

But just as this approach began to take off, fueled by complex developments in both regimes during the 1980s, President Lee Teng-hui, a native Taiwanese, came up with his own ideas. Thus, despite the progress at the April 1993 Singapore meeting, by mid-June 1995 détente had collapsed, negotiations had ceased, and a major crisis in cross-Taiwan Strait relations had erupted.

DÉTENTE COLLAPSES

The PRC Regime's Approach

The thaw in cross-strait relations during the 1980s and early 1990s had promoted trust between the two regimes. Beijing's leaders had opened up the mainland market to Taiwanese merchants and investors, encouraged people exchanges between the two sides, and discussed how to resolve airplane hijacking, smuggling, and fishing jurisdiction disputes. By these actions, Beijing's leaders hoped to end China's civil war and resolve the Taiwan-Chinese sovereignty problem..

The PRC regime had agreed to the Singapore détente even though the Lee administration had begun to implement a “pragmatic foreign policy” (*wushi waijiao*) as early as January 20, 1993, when the ROC Foreign Ministry published its first White Paper, which explained how the ROC regime intended to conduct its foreign policy. Marking a radical change in foreign policy from that charted in the Chiang Kai-shek and Chiang Ching-kuo eras, the White Paper explained pragmatic foreign policy as a means to promote ROC regime relations with other nations “without any regard for the Mainland Factor.”⁵² The ROC

regime would also try to enter international organizations and participate in their activities, return to the United Nations, and define the ROC regime as “one entity” of “one China.”⁵³

Rather than break off negotiations, the PRC regime, through the Taiwan Affairs Office and the Information Office of the State Council, issued a White Paper of its own on August 31, 1993. This document described how China had divided and how the United States had perpetuated that division. It went on to say that only “one China” existed and that “Taiwan is an inalienable part of China, and the seat of China’s central government is in Beijing.”⁵⁴ In effect, just as the ROC regime had given the world its version of the one-China principle, so the PRC regime presented to the world its interpretation of that principle.

What the PRC regime probably did not know was that the Lee administration had decided to adopt the pragmatic foreign policy concept first floated in 1980 by Wei Yung, the youngest cabinet minister in the Chiang Ching-kuo government. Wei had argued that World War II had spawned multiple systems representing divided states, similar to what had occurred throughout Chinese history when the imperial state divided into different regimes.⁵⁵ According to Wei’s reasoning, the ROC regime should use the multiple-state concept to expand its “international space” to deal with the 1979 PRC regime’s peace offensive. In that way, reasoned Wei, the two Chinese regimes could negotiate a resolution of the Taiwan-China sovereignty issue under the principle of one China. Instead of adopting Wei’s multiple Chinese state concept and the negotiating principles it implied, President Lee used it to redefine Taiwan’s relationship with mainland China, transform the ROC regime into a Taiwan nation-state bearing the name ROC, expand state-to-state relations with other nations, and lobby abroad, especially in Washington, D.C., for U.S. support to sell arms to Taiwan and protect Taiwan’s democracy.

Meanwhile, SEF and ARATS officials agreed to meet on August 29, 1993, in Beijing to discuss the issues of airplane hijacking, smuggling

in the Taiwan Strait, and jurisdictional rights of fishing fleets. Further meetings on November 2, 1993, at Xiamen; on December 19, 1993, in Taipei; on March 25, 1994, in Beijing; on July 30, 1994, in Taipei; on December 22, 1994, in Nanjing; and finally on January 22, 1995, in Beijing paved the way for agreements on airplane hijacking and smuggling, with the fishing jurisdiction problem still to be negotiated.

In Beijing a convivial evening banquet on January 25 celebrated the two agreements reached for two of the three “functional issues.”⁵⁶ But at midnight the SEF director, Jiao Renhe, received a telephone call from the MAC chairman, Xiao Wanchang, informing him that SEF should sign either all three agreements or none of them (*lian huantao*). Jiao immediately faxed SEF chairman Koo Chengfu in Taipei to resolve the new complication, but Koo never replied.

On January 26 an embarrassed Jiao told his ARATS counterpart it would not be possible to sign the two agreements without signing an agreement on the fishing jurisdiction issue. ARATS’s director, Tang Shubei, replied, “Yesterday, we could sign for two agreements, but today the Taiwan side has changed its mind; only Taiwan can explain this.” Jiao expressed his disappointment but added he was only following instructions from MAC. Both sides met for another six days trying to hammer out an agreement on fishing jurisdiction but, having failed to do so, withdrew, having nothing to show for eighteen months of difficult negotiations.

Taiwan journalists opined that the talks had collapsed because MAC officials believed that it was better to adopt a tough negotiating stance than to give away too much. MAC officials also acted in accordance with President Lee, who, it was rumored, had conveyed to MAC chairman Xiao that a “linkage” strategy should be used for either extracting better terms from the Beijing side or for negotiating for the sake of negotiating. Until now, the full story of why these important negotiations collapsed has not been told.

Whatever the true motives of the Taiwan leadership, this setback did not discourage Beijing. On January 30, President Jiang Zemin sent

President Lee his eight-point policy for developing cross-strait relations within a “one China” and “one country, two systems” framework.⁵⁷ Jiang’s conciliatory proposal can be summarized as follows:

If both Chinese regimes believe there is only one China, Taiwan can have ties with other states but not on a government-to-government basis. Taiwan should not try to develop government-to-government relations, enter international organizations of nation-states, or try to create “two Chinas” or “one China, one Taiwan.” Both sides should negotiate to resolve the divided China problem according to this one-China principle. The PRC regime wants to resolve this issue peacefully but will use force if elements either within or outside Taiwan try to bring about an “independent Taiwan.” Both sides should strive for peaceful unification because Chinese people should not fight Chinese people. As both sides negotiate, they might consider establishing three direct links to speed up their cooperation. By engaging each other in this way, both sides can also uphold and perpetuate the Chinese culture and way of life. The PRC always will respect the Taiwan people and their way of life and wants Taiwan’s leaders to visit the mainland. Hopefully, the people on both side of the Taiwan Strait will arrange a meeting of national leaders.

The majority of Taiwan’s people welcomed Jiang’s eight points, and the media endlessly discussed them. Although SEF and ARATS had not reached any agreements since the Singapore détente began, both agencies were ready to negotiate. The respective chairmen of ARATS and SEF, Wang and Koo, were also scheduled for a second meeting in July 1995 in Hong Kong. While adhering to the Singapore détente negotiations, Beijing’s authorities responded to the Lee administration’s pragmatic foreign policy by contesting Taiwan’s efforts to expand state-to-state relations with other nations. Then a series of events during 1994–95 made the PRC regime abandon negotiations and adopt a hard-line strategy toward the ROC regime.

Taiwan had become increasingly isolated during the 1970s and 1980s, principally because of the strategies adopted by Chiang Kai-shek

and Chiang Ching-kuo, and Taiwan's new president was determined to change that. In 1989, at the GMD's thirteenth plenum, President Lee had announced that the ROC regime would pursue a "pragmatic foreign policy" to "protect the sovereignty of our nation."⁵⁸ By democratizing Taiwan and insisting that the PRC undertake democratization and market economy reforms, President Lee tried to implement his new pragmatic foreign policy to win international support for the ROC as a state independent of the PRC and outside the orbit of one China. President Lee justified this new policy to his supporters and critics at home by saying that the Taiwan people supported his new foreign policy, which many did. It became one of the tactics the GMD used to campaign in elections to win votes.

If Taiwan's democratization was to advance, then crucial elections had to be held in 1991 and 1992 for the National Assembly and Legislative Yuan, which had been put in place in 1947. The GMD had to compete with an emerging opposition party, the Democratic Progressive Party (DPP), which was strongly in favor of Taiwan independence. To continue as the ruling party, the GMD needed to win a majority in the two electoral bodies. It therefore tried to appeal to the voters by arguing for (1) gradual negotiations with the PRC regime, provided its leaders pushed reforms to make mainland China more like Taiwan and (2) expanding Taiwan's international space. In 1990 and 1991 "China fever" raged in Taiwan, meaning that growing trade, investment, and exchanges with mainland China were the talk of the island. By appealing to the people of Taiwan's sense of dignity as well as Taiwanese ethnicity and nationalism, the GMD won large majorities in the National Assembly and Legislative Yuan, enabling it to continue as the ruling party while advancing Taiwan's democratization.

Therefore, in 1990 top ROC leaders visited Central America and targeted small Central African states for diplomatic recognition.⁵⁹ The ROC regime tried to persuade Saudi Arabia to continue diplomatic ties with Taipei even while having government-to-government relations with the PRC, but Beijing's pressure on the Saudis proved too great.⁶⁰

In May 1994 President Lee went to South Africa for the inauguration of President Nelson Mandela and then went on to Central America. Although several small African nations recognized the ROC diplomatically, Saudi Arabia, South Korea, and South Africa eventually succumbed to Beijing and broke relations with the ROC. But Taipei's leaders persisted. In July 1994 the Foreign Ministry announced that it was mobilizing some "friendly" nations to support its bid to reenter the United Nations.

President Lee's feelings toward Taiwan and its relationship with China surfaced when a Japanese journalist interviewed the president in May 1994. Speaking in Japanese, President Lee was quoted as saying that the GMD was an "outside force" when it came to Taiwan in 1945. For that reason, explained the president, "we must make the GMD into a party for the Taiwanese people." He went on to say that he had "endured all kinds of conditions until now, because I carry the feelings of the people in my heart. The Taiwanese people expect me to act, and I am now trying to take action." Finally, the president compared himself to Moses, saying that "when we think about the Taiwanese people and their sacrifices regarding the February 28, 1947, incident, I can only conclude that my role is like that in the exodus from Egypt."⁶¹ Taken together, President Lee's interview gave the impression that he had no "true feelings of being Chinese" and that the Taiwanese were not like the Chinese.

As mentioned above, President Lee's negotiating team had disappointed Beijing's leaders in January 1995 by not signing two of the three agreements that SEF and ARATS had been negotiating for many months, insisting that all three problem issues be agreed on. Moreover, there had been no response to Jiang Zemin's January 30, 1995, conciliatory eight-point proposal to the Lee administration. On March 8, 1995, Beijing's leaders learned that Taiwan's powerful lobby in Washington, D.C., had helped persuade the U.S. Congress to pass a concurrent resolution, by a vote of 97 to 1 in the Senate and 396 to 0 in the House, granting a visa for an unprecedented visit by Lee Teng-hui to

the United States.⁶² At the same time, Taiwan was lobbying for membership in the United Nations.

These actions so angered Beijing's leaders that, without any warning, they ordered their military forces to fire live ammunition in a sea-and-air maneuver off the coastal areas opposite Taiwan on March 12, 1995. The next day a unit fired guided missiles into the waters off Taiwan's Kaohsiung harbor.⁶³ These war games, the most audacious ever conducted near Taiwan by the PRC regime, shocked Taiwan, angered the Lee administration, and deeply disturbed Washington.

Despite Beijing's hard-line approach, President Lee decided on April 8, 1995, to answer the eight points proposed by President Jiang Zemin with a six-point reply.⁶⁴ President Lee began by asserting that the PRC regime must "respect" the fact that Taiwan and mainland China have been governed by "two sovereign political entities" since 1949 and that a display of respect was a necessary condition for negotiating China's unification. He then alluded to all Chinese people having pride in Chinese culture and the importance of promoting goodwill and bilateral exchange. He urged that bilateral trade communications be expanded and offered Taiwan's help to improve mainland China's agriculture, economy, and living standards. He then insisted that both regimes participate in international organizations, meaning that both regimes' leaders might meet at annual Asia-Pacific Economic Community meetings. But the PRC must give up the use of force and set aside its argument that force is required to stop "foreign interference and Taiwan independence." Finally, only if both regimes cooperated could democracy and prosperity be ensured for Hong Kong and Macao. In effect, President Lee merely repeated the conditions previously imposed by Taipei on Beijing; the only new offer was sharing Taiwan's agriculture development experience. Lee's reply was likely regarded as an insult by Beijing's authorities.⁶⁵

Even so, on May 27–28, 1995, the SEF and ARATS discussion teams met in Beijing and agreed to hold a second round of Wang-Koo talks. Beijing's leaders, hoping that this meeting might revitalize the

Singapore détente, still did not believe that President Lee would travel to the United States to speak at Cornell. Beijing's decision to continue the Singapore détente talks indicated the leadership's hope that negotiations under the one-China principle (even though the two sides adhered to different interpretations of that principle) could be continued. As for Taipei's leaders, they hoped that, by continuing the Singapore détente negotiations, Beijing might ultimately agree to their conditions (as set forth in Taipei's two White Papers). Meanwhile, the Lee administration was perfectly content to promote its pragmatic foreign policy.

Beijing's leaders were shocked when, on June 9, 1995, President Lee spoke at his alma mater, Cornell University. His speech, titled "The People's Aspirations Are Always in My Heart," described Taiwan's economic and political miracles and declared that those experiences could be adopted by the PRC regime, paving the way for the unification of China. The president emphasized that "ever since I have assumed office, I have always relied on the people's needs and hopes as my political beacon light." Hoping that the PRC regime would draw lessons from Taiwan's experiences and his style of governance, the president stated that Beijing must abandon the use of force so that there could be a "win-win" strategy for both sides to "protect the interests of the Chinese people and enable mutual respect to lead toward China's unification under a system of developing freedom and equality for both the rich and the poor."⁶⁶

While President Lee was visiting the United States, Premier Lien Chan went to Austria, Hungary, and Czechoslovakia "to promote purely academic and cultural private exchanges."⁶⁷ The Lee administration thus hoped to build international support for its nation-state status.

Convinced by early summer 1995 that President Lee was a "closet" Taiwan independence leader and was not sincere in wanting to negotiate with the PRC regime, Beijing's leaders realized that they needed a new approach to revive serious political negotiations. Since the Tiananmen incident (June 4, 1989), the PRC had been governed by the Jiang Zemin

and Li Peng factions. These two CCP leaders and their factional supporters had cooperated to reform the economy and polity as well as implement Deng Xiaoping's strategy for the peaceful reunification of China. Now that the Singapore détente had collapsed, the Jiang-Li leadership decided to conduct war games in the Taiwan Strait.⁶⁸ If they did not do so, they reasoned, Taiwan nationalism would engulf Taiwan and China's peaceful unification would be impossible. Hoping to convince the U.S. government and Congress that intervention in China's long-standing, unresolved civil war could lead only to war between the two countries, the Chinese leaders also wanted to warn Taiwan's leaders and people that refusing to negotiate under the one-China principle and taking the road of Taiwan independence left the PRC no recourse but force.

The Jiang-Li leadership also believed that President Lee and Premier Lien Chan could win the March 1996 presidential and vice presidential elections. Therefore, they reasoned that, by demonstrating PRC missile launching accuracy and conducting impressive military exercises on the Fujian coast before the elections, the PRC regime might be able to, first, sway popular support to candidates more friendly to the PRC; second, to learn which PRC military organizations and their capabilities required improvement; third, to convince both the ROC and the United States that the PRC government was serious about using force if negotiations did not begin soon; and finally, to alert the PRC regime and its people that military force could and would be used to resolve the divided China problem if peaceful negotiations failed.

The events of summer and fall 1995, followed by more military exercises and missile launches in spring 1996, need not be repeated here. The display of PRC military force, which brought two U.S. aircraft carriers to Taiwan waters, produced much speculation and mixed reactions within Taiwan, the United States, and elsewhere in the Asia-Pacific region. Many analysts and power holders now realized the Taiwan problem was serious, that the PRC regime meant business, and that the ROC regime should not anger the Beijing leadership. Others argued

that the United States should adopt a tougher stand toward this emerging power by containing the PRC. Still others, particularly in Taiwan, believed that the PRC government would not risk war over Taiwan and that if its leaders did take such action, the U.S. government would militarily intervene to protect Taiwan.

Given these diverse reactions to the PRC war games, did the two Chinese regimes learn anything from their worst crisis since the early 1950s?

The PRC leadership had tried to clarify the ground rules for how the divided China problem should be resolved. It wanted the Singapore détente negotiations revitalized and focused on resolving the Taiwan-China sovereignty issue using Beijing's federation model of "one country, two systems." But if that approach failed, it would use force to resolve the divided China problem. Meanwhile, the United States should uphold the one-China principle and not intervene in the affairs of the Chinese people. At the same time, the PRC regime intended to block the Lee administration's "pragmatic foreign policy."

Meanwhile, President Lee's administration had been using a dual foreign policy approach. Because the Taiwan cross-strait crisis occurred just before the 1996 presidential election, it was not clear what the newly elected president, Lee Teng-hui, would now do.

On May 20, 1996, President Lee was inaugurated as the first popularly elected president in Chinese history. In his acceptance speech, he praised Taiwan's democracy and its people and emphasized that the country was entering a new era and therefore must deepen democracy; he also called for improving economic development, reforming society's judicial, educational, and cultural systems, and managing "the great Taiwan (and) nurture a new Chinese culture." To achieve these goals, the president intended to invite political leaders and other representatives to give their views about "future national development" and thus build a consensus to "launch the country into a new era."⁶⁹ Toward the end of his speech, President Lee blamed the PRC for not recognizing the existence of the ROC and for orchestrating a campaign to damage

his reputation. He also scolded Beijing's leaders for conducting war games but promised dialogue with them, rejected the course of "Taiwan independence," and called for both sides "to terminate the state of hostility between them, which will then make a crucial contribution to the historic task of unification." He also stated his willingness to "meet with the top leadership of the Chinese Communists for a direct exchange of views in order to open up a new era of communication and cooperation between the two sides." By brushing aside the recent crisis, President Lee was launching a peace offensive of his own.

But had he promised anything really different from what he had done in the past? Developments from mid-1996 to early 2000 show that he had not.

Détente Partially Revived, Its Collapse, and Impasse

Beijing's leaders, however, responded positively to Lee's speech. On June 26, 1996, Jiang Zemin at a press conference said that negotiations for peaceful reunification could begin under the one-China principle. But neither side was able to persuade the other to return to the Singapore détente negotiations. In fact, the new Lee administration had no intention of compromising with the PRC regime but clung to the dual approach of the past, seeking new means to make that strategy work.

In August 1996 at a high-level meeting in the office of the president, President Lee stated that "the ROC's policy must be rooted in Taiwan, and, in order to take off, there must be a sense of 'avoiding haste by being patient' (*jieji yongren*) so that 'the ROC can gradually, unswervingly achieve China's unification.'"⁷⁰ At a September 14, 1996, National Management Conference, President Lee introduced this new policy of "avoiding haste by being patient," meaning that the ROC government would monitor business investments and prohibit those exceeding US \$50 million. Therefore, when the Taiwanese tycoon Wang Yongqing went to Xiamen in the fall of 1996 to discuss building a large electrical power station, the ROC government asked him to

withdraw. Although high-profile Taiwan businesspersons criticized the government's new policy, the Lee administration did not yield.

In late December 1996 President Lee held his National Development Conference, in which the three major political parties agreed that the ROC was already an independent state and that the government should negotiate with the PRC only on the conditions set forth in Taipei's two White Papers as well as pursue a "pragmatic foreign policy" to expand Taiwan's international space. In August 1997 the Ministry of Education and the National Institute of Compilation and Translation introduced three new textbooks emphasizing Taiwan history, society, and geography while devaluing the "identification of Taiwan as part of China."⁷¹ At the same time, the ROC regime increased its purchase of defensive weapons from France and the United States. As the U.S. and Japanese governments began reappraising their security treaty to consider whether to defend Taiwan under special circumstances, discussions also focused on the desirability of including Taiwan in a new theater missile defense system.

All these developments worried the PRC leadership. Direct negotiations were not taking place, and Taiwan appeared to be drifting out of the orbit of one China. Therefore, Beijing's leaders continued efforts to maintain Taiwan's diplomatic isolation.⁷² The PRC downgraded the embassies of the Dominican Republic, Panama, Tonga, and Belize in Hong Kong to trade offices when those embassies refused to switch diplomatic recognition to Beijing. Taipei, meanwhile, persuaded Senegal, Saint Christopher, Nevis, and Paraguay to withdraw their embassies from Hong Kong when the PRC insisted they switch diplomatic recognition from the ROC to the PRC. But from 1996 until the present, the ROC has expended huge sums of money merely to retain twenty-nine countries' diplomatic recognition because of the PRC's enormous pressure on those same nations to break with the ROC.

At the same time, the PRC regime continued to encourage more ROC enterprises to invest in mainland China. Beijing asked the Formosa Plastics Group and President Enterprises to construct electric

plants in the mainland, which, as mentioned above, did not take place. But when local officials offered lucrative incentives to Taiwan electronic firms to invest in the mainland, many did.

The PRC continued to call on the ROC to resume negotiations based on the one-China principle, but the ROC insisted on discussing only “functional” issues. In early 1998 Wang Daohan met with a delegation of private individuals from Taiwan and informed them that the PRC was prepared to talk with Taiwan’s representatives about how the sovereignty of Taiwan-China might be negotiated under the principle of one China. On April 1999 Wang Daohan defined the one China principle that both regimes could use to return to the negotiating table.

There is only “one” China in the world and Taiwan is a part of China. At this time, there is no reunified China. Both sides ought to cooperate with all their effort, under the “one China” principle, to negotiate on an equal basis and reach a consensus on the reunification of China. The sovereignty and territory of a nation-state cannot be divided. Taiwan’s political status still ought to be discussed under the premise of the “one China.”⁷³

According to Wang, negotiations could resume as long as both sides agreed to negotiate under the principle of one China. Wang’s statement seemed to imply that, by negotiating as equal partners, both sides might be able to agree on a definition of one China. To be sure, the PRC regime had always preferred its formula of “one country, two systems,” as spelled out in its White Paper, assigning Taiwan to be the region and the PRC to be the “political center” of “one China.” But Wang’s proposal opened the door to the possibility that the sovereignty of Taiwan-China could be equally shared between the two regimes.

Because the PRC regime had repeatedly expressed its White Paper’s interpretation of the one country, two system formula, the ROC regime had no difficulty persuading many people that Beijing did not respect Taiwan as an equal and, therefore, that entering negotiations with the PRC placed Taiwan at a distinct disadvantage. To counter the PRC

regime's one country, two system formula, the ROC insisted that it had every right to try to expand its international space and to wait until the PRC agreed to its unification guidelines formula. These arguments appealed to Taiwan's people, who were increasingly telling public opinion pollsters that they considered themselves Taiwanese but not Chinese.⁷⁴ The ROC, therefore, continued to pursue its "pragmatic foreign policy," refused to negotiate with the PRC until conditions set forth in the unification guidelines were met, and stoked the fires of Taiwanese nationalism. The Lee administration made no effort to return to the Singapore détente negotiations; when Wang formulated his one-China principle, which left open negotiation of the divided China sovereignty issue, the ROC regime was not listening.

After both sides had repeatedly called for direct negotiations according to conditions unacceptable to both, the deputy secretary-generals of the SEF and ARATS met in February 1998 and agreed to facilitate SEF chairman Koo Chen-fu's visit to the PRC. On October 19, 1998, Koo and his delegation returned from Beijing after having spent six days visiting Wang Daohan in Shanghai and paying their respects to President Jiang Zemin in Beijing. Both sides agreed that Wang would reciprocate the Koo visit by leading a delegation to Taiwan in 1999 at a time to be worked out by SEF and ARATS. Both sides seemed poised to resume their negotiations despite high levels of distrust. But this partial détente was short-lived.

On July 9, 1999, when President Lee Teng-hui was interviewed by the Deutsche Welle Broadcasting Company in Germany, he stated that constitutional reform in Taiwan had placed cross-strait relations on "a state-to-state relationship or at least a special state-to-state relationship, rather than an internal relationship between a legitimate government and a renegade group, or between a central government and a local government."⁷⁵ President Lee's comment stunned Beijing and set off a firestorm of discussion and debate. Beijing's leaders denounced President Lee as splitting Taiwan from China and immediately canceled Wang Daohan's trip to Taipei. Beijing's leaders feared that President Lee might

insert his new two-state theory (*liangguo lun*) into the ROC constitution, an act they said would mean declaring Taiwan's independence.

Reactions to this new crisis were mixed. Some argued that the president had moved away from the one-China principle and had re-defined Taiwan's relationship with China; others argued that what President Lee had said merely reflected the reality across the Taiwan Strait. But why had he waited until July 1999 to declare that Taiwan must assume a state-to-state relationship with mainland China without mentioning that both regimes were still part of China—the government's official line in the past? One explanation is that he was waging a “stealth campaign” to persuade the Clinton administration to back off from the “three noes” policy President Clinton had expressed one year before in Shanghai, June 1998,⁷⁶ when, in responding to a journalist's question, he had said, “We don't support independence for Taiwan, or two Chinas, or one Taiwan, one China. And we don't believe that Taiwan should be a member of any organization for which statehood is a requirement.” Many have compared Clinton's words with previous U.S. government policy statements toward China and concluded that his remarks signaled a departure. We disagree. On February 28, 1972, American and Chinese officials drafted the Shanghai Communiqué, which set forth working principles for how the two nations would resume government-to-government relations. The key statement in that document regarding the U.S. position on Taiwan reads as follows:

The U.S. side declared: The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves.⁷⁷

Subsequent administrations have adhered to the Shanghai Communiqué because it enabled the United States to exit from the Chinese civil

war and allow the Chinese to resolve that conflict in their own way, hopefully through peaceful means.

Was President Lee trying to influence a new debate in the United States after Sino-American relations had soured because NATO bombed the Chinese embassy in Belgrade in the spring of 1998? We believe so. This debate deals with whether the United States should engage the PRC according to the former U.S.-PRC communiqués or abandon the one-China principle, recognize the reality of a democratic Taiwan, support its government, protect Taiwan by selling it advanced weapons, and defend Taiwan in the event that the PRC regime decides to use military force to reunify China.⁷⁸ Certainly, it made good sense for President Lee to influence that debate to favor a strong U.S. commitment for the democratic ROC regime. We address below whether a change in U.S. foreign policy is in its best interests.

As for President Lee's July 1999 comments outlining what the Chinese have called a "two-state theory" (*liangguo lun*), MAC chairman Su Chi pointed out that the president's remarks were intended to oppose Beijing's hegemonic one-China principle and its restricting of Taiwan's "international space" while allowing both sides to interpret the one-China principle as they wish. Su Chi warmly welcomed Wang Daohan's visit to Taiwan.

President Lee's concept of "special state-to-state relationship" so irritated the PRC regime's leadership that it decided to have nothing to do with him until after the March 18, 2000, presidential election in Taiwan. In early January 2000 Beijing's top leaders concluded that DPP presidential candidate Chen Shui-bian was "unacceptable" and that either Lien Chan or James Soong Chu-yu would be acceptable as long as they rejected President Lee's two-state theory. They suggested that Wang Daohan visit Taiwan on a goodwill visit, paving the way for the top leaders of both regimes to sit down and negotiate. On January 18, 2000, PRC Foreign Ministry spokesman Zhu Bangzao stated that Taiwan's election "must not lead to a split or Taiwan independence." He added that more than a hundred countries had rejected President Lee's

call for “special state-to-state” ties between Beijing and Taipei and that the “Chinese government and people will never tolerate any split or Taiwan independence.”

As the year 2000 began, both regimes were still at an impasse. Having abandoned negotiations, they could only accuse each other of duplicity. The ROC regime charged that the PRC regime was a bully, refused to allow Taiwan to have any “international space,” and did not respect the ROC. The PRC regime countered that it was being duped by a Taiwanese president who promised one thing but really was plotting to make Taiwan independent. Meanwhile, both regimes continued to expand and improve their weapons systems, periodically practiced war games, and allocated more resources to acquire advanced weapons. As mutual distrust mounted, both Chinese regimes had not come together even when an earthquake struck Taiwan in September 1999.

But the situation was now far more dangerous. The February 21, 2000, PRC White Paper made it clear that Beijing’s leaders had run out of patience and would not negotiate with another leader like President Lee Teng-hui.

A SUMMING UP

The origins of today’s divided China problem go back some seventy-five years to a very different time and place. At that time, two political parties and their armies fought each other while both tried to win over the Chinese people to their ideals. As China’s civil war seemed to be ending in early 1950, one of those unusual historic turning points took place: The U.S. government intervened in China’s civil war by allying with the ROC to counter the PRC.

Beijing’s CCP leaders saw the U.S. government as having cheated them and the Chinese people of a reunified China. For Taipei’s GMD’s leaders, the U.S. government had given them a last chance. Each regime redoubled its efforts to build the new society that would outperform the other and achieve the moral superiority to reunify China. For the next

thirty years they confronted and struggled against each other to win international support for their claims to represent China. In 1972 the PRC replaced the ROC in the United Nations, and the tide shifted, with the ROC becoming isolated in the world order. Yet both Chinese regimes continued their rivalry to win international friends, and each still claimed its government had sovereignty over the territory controlled by the other.

After President Nixon forged a new agreement with Beijing's leaders, leading to diplomatic ties between the United States and the PRC, the U.S. government tried to orchestrate two different kinds of relationships with the two Chinese regimes. The U.S. government tried to establish a new relationship with the PRC through economic, social, and cultural exchanges and reach agreements related to international security, economic relations, and human rights. In contrast, the U.S. government tried to have a nongovernment relationship with Taiwan while selling weapons to it, always hoping it would negotiate with the PRC. The 1979 TRA legislation did not obligate the United States to defend a ROC regime whose leader tried to redefine its relationship from one China into a new nation-state without prior negotiations with the PRC.

In 1979 the PRC regime offered the ROC regime a one-China federation formula for peacefully resolving the divided China problem. Almost fifteen years later, the ROC regime countered with a peace proposal of its own, but its new president, Lee Teng-hui, never countered the PRC regime's federation formula with one that could protect Taiwan's democracy and prosperity. Instead, President Lee insisted that political negotiations could only take place when the PRC regime had renounced communism, adopted democracy, and accepted a capitalist market economy, but Lee could not guarantee that Taiwan would negotiate with a reformed PRC to agree on a federation formula for reunification.

Just as détente was achieved by these two Chinese regimes in April 1993, a generational political power shift took place in Taiwan. Its polity

was democratizing, and significant social, cultural, and ideological changes occurred, many of which promoted a strong sense of Taiwanese identity, or what we have described as Taiwan nationalism. Some groups of the population strongly opposed having anything to do with mainland China's regime, insisting that it be treated as a normal state. They represented a majority of the DPP and those citizens who were contemptuous of Chinese culture.

But around two-thirds of the population preferred that the status quo relationship of cross-strait relations be maintained. They were willing for the two sides to negotiate agreements that improved mutual trust and exchange. They even welcomed the Lee administration's pragmatic foreign policy if it did not anger Beijing's leaders, but few thought about how such a policy might be perceived in Beijing. These citizens also held ambiguous attitudes toward the PRC regime regarding the pace of cross-strait negotiations, wondering whether developing foreign ties with other countries was worth the trouble if it produced rising tensions with the PRC regime.⁷⁹

President Lee seemed able to rally considerable public opinion behind him when he campaigned for the Taiwan presidency in the spring of 1996. By tapping sentiments of Taiwan ethnicity, the Lee administration was able to justify its postponement of political negotiations with Beijing's leaders by arguing that Taiwan, already a democracy whose sovereignty lay with the people (*zhuchuan zaimin*), was always being bullied by the PRC regime. At the same time, President Lee repeatedly imposed unrealistic conditions on Beijing's leaders, demanding they democratize and develop a capitalist market economy, thus jettisoning the communist system, before the ROC regime would engage in political negotiations. Further, President Lee reminded Beijing that Taiwan was already a sovereign country and scarcely referred to the one-China principle as any reason for negotiations.

By lauding the virtues of the ROC regime's democracy and capitalist market economy, President Lee projected an image of a tiny democracy being bullied by a communist dictatorship. In December 1998 he also

coined the phrase “new Taiwanese” to praise Taiwan’s new multiethnic identity, implying that Taiwan was not really a Chinese society. In these ways, the Lee administration tried to redefine Taiwan’s relationship with mainland China while avoiding political negotiations.

In the PRC, reforms had opened that nation to new ideas and possibilities. Beijing’s leaders, ever since Mao Zedong and Zhou Enlai, believed in the goal of China’s reunification: first Hong Kong in 1997, Macao in 1999, and Taiwan, in the near future. Leaders after Jiang Zemin will think in the same way because no leader dares not advance China’s reunification. Bernard Shaw observed that “a healthy nation is as unconscious of its nationality as a healthy man of his bones. But if you break a nation’s nationality, it will think of nothing else but getting it set again.” For these reasons, the PRC leadership always has been serious about reunifying a divided China and will continue to make it one of its top foreign policy priorities. The PRC regime has repeatedly warned the world not to sell weapons to Taiwan or try to engage in government relations with the ROC regime. Its second White Paper, issued in February 2000, must be taken very seriously by the U.S. Congress and government.

At the same time, Beijing’s leaders have been prudent and patient, preferring peaceful negotiations of a federation approach they call the one country, two system model. Agreeing to negotiate disputes over airplane hijacking, smuggling, business investment and property rights, they hoped that confidence-building on both sides would lead to the adoption of a federation formula. But the Lee administration undermined the Singapore détente talks by pressing its pragmatic foreign policy, while imposing unreasonable conditions for engaging the PRC regime in serious political negotiations. For these reasons, the issues of ending the civil war and resolving the sovereignty of Taiwan-China have never been negotiated.

Various Taiwanese elites in the 1980s and 1990s discussed the federation framework offered by Beijing’s leaders and proposed different federation formulas. For example, on June 7, 1995, Lin Yang-kang, the

New Party's presidential candidate, suggested that a Chinese commonwealth (*banglian*) could be a solution for the divided China problem.⁸⁰ But these discussions never produced an alternate formula that the people and elites supported. Nor did the Lee administration encourage any public discussion of a federation formula that would benefit Taiwan and still satisfy the PRC. This absence of debate and the public's acceptance of the Lee administration's strategy left the PRC regime's one China, two systems as the only federation formula. After the PRC regime repeated its federation formula in its White Paper, the people in Taiwan rejected it and were not eager to negotiate with the PRC regime.⁸¹

Does the PRC regime have the military power to force Taiwan to the negotiating table? This is a very different question than whether Beijing has the military capabilities for taking over Taiwan, to which the answer is clearly no, not at this time. But the PRC has the capability to harass Taiwan and cause social and economic turmoil. Our position is that the PRC regime does not want that kind of a military conflict and is interested only in negotiating to determine Taiwan's status in the polity called China. The PRC authorities want to avoid a military conflict, but they are committed to using some form of force to compel the Taiwanese authorities to engage in political negotiations. How, then, can these two regimes, separated for so long, resolve their differences and misunderstandings?

A MODEST PROPOSAL FOR CONFLICT AVOIDANCE AND RESOLUTION

In late February and early March of the year 2000, the most fiercely fought election in Taiwan's history took place since elections for local officials began in 1950. Five teams of presidential and vice presidential candidates competed; three ran so closely that it was impossible to predict the outcome even on the eve of the election day, Saturday, March 18. After 83 percent of all eligible voters cast their ballots between 8:00 A.M. and 4:00 P.M., the DPP candidate, Chen Shui-bian,

and his running mate, Annette Lu, triumphed, winning 39.9 percent of the votes, followed by independent James Soong with 36.8 percent, and the GMD candidate, Lien Chan, obtaining only 23.1 percent. This election, closely watched around the world, was the most important event in Taiwan's recent political history because it removed from power the GMD party, which had held power for fifty-five years. This political turnover could have deep implications because the new ruling party has been strongly committed to building a Republic of Taiwan having normal state-to-state relations with the PRC regime. In fact, the DPP's founding charter contains an article committing the party to hold a referendum for the people to decide the fate of their government as soon as it becomes the ruling party.

But Chen Shui-bian campaigned on the platform that he would be a president for all the people, not just for a political party, and that he intended to work for the improvement of relations with the PRC. A November 1999 DPP White Paper wanted to "promote the overall normalization of relations between Taiwan and China" but made no mention of Taiwan negotiating under the one-China principle. Moreover, the DPP refused to discuss the national sovereignty issue.⁸²

Because Beijing's leaders understood only too well the DPP's history and its words, Premier Zhu Rongji warned Taiwan voters on March 15, three days before the elections, "to shun a pro-independence candidate in the weekend presidential elections and said they would not get a second chance if they ignored him."⁸³ This bellicose threat by Beijing's leaders and their meddling in Taiwan's internal political affairs likely caused some to switch their votes to Chen. But, more worrisome for future cross-strait relations, Premier Zhu's remarks stung U.S. Congress leaders, and many vowed they would vote for the new bill enhancing the Taiwan Relations Act, vote against admitting the PRC into the World Trade Organization, and even consider committing the United States to defend Taiwan. Fortunately, Chen's postelection victory statements could discourage such actions because the new president-elect

immediately called for improving relations between Taiwan and mainland China.

In a matter of days President Chen proposed to Beijing that the DPP remove the controversial article from its party charter, suggested that three forms of communication be improved between the ROC island of Jinmen and the PRC's Xiamen city, and invited Wang Daohan to his May 20 inauguration. In these conciliatory gestures, however, President Chen revealed the weakness of his presidential mandate. His party's Central Committee leaders could not agree to remove the controversial article and promised to study the matter. The current government cabinet opposed any improvement of communications between Jinmen and Xiamen because the matter required more study. And Beijing, responding on behalf of Wang, stated he would not be visiting Taiwan.

In early May 2000, Tang Shubei, deputy director of ARATS, was quoted as saying that "one China does not necessarily mean the PRC."⁸⁴ By advancing this new definition of one China, the Beijing leadership conceded, according to Tang, that "the sovereignty and territory of China cannot be divided, but regarding cross strait relations, both sides are equal, and there is no relationship between 'center' and 'locality.'"

On May 20 President Chen delivered his inauguration speech, spelling out how his administration intended to lead Taiwan in the first four years of the twenty-first century.⁸⁵ He praised Taiwan's democracy and promised to establish honest government and adherence to the highest human rights standards. President Chen finally addressed cross-strait relations, pledging that if the PRC regime did not use force, his administration would not undertake the following:

- Declare Taiwan's independence
- Change the regime's name
- Place the concept of state-to-state relations in the ROC Constitution

- Hold a referendum to establish an independent Taiwan
- Abolish the NUC and the National Unification Guidelines

Declaring that war would be destructive for both sides, President Chen urged each side's leaders to use benevolence and wisdom and adhere to the principles of goodwill, reconciliation, active cooperation, and permanent peace to improve cross-strait relations.

Chen's speech neither mentioned one China nor indicated how to negotiate the divided China issue. The president praised the greatness of Taiwan and lauded its people but avoided provoking the PRC regime. Chen's administration had extended the olive branch of peace and promised cooperation with the PRC.

Beijing's measured response welcomed President Chen's intentions but, convinced of his sincerity, stated that negotiations under the one-China principle cannot be postponed forever. A sigh of relief must have been uttered in both Taipei and Washington when Beijing's leaders promised they would take a "watch and see" approach toward the new Chen administration.⁸⁷

After having made concessions, both sides should now seize this historic opportunity to reappraise their goals and means and try to establish a cooperative framework to coexist in peace under the one-China principle. President Chen can be a great peacemaker by considering a commonwealth arrangement to offer Beijing and mobilizing domestic support for it. He might prefer to negotiate interim agreements with Beijing to expand cooperation, but his administration cannot delay too long in addressing the divided China problem. Meanwhile, President Jiang Zemin and his associates can give peace a chance by respecting Taiwan's democratic, free society and accommodating Taiwan's preference for a commonwealth under the one-China principle.

Step-by-step negotiations to advance a cross-strait dialogue can be achieved as follows. First, both regimes should make the April 1993 Singapore agreement the basis for a new beginning. They can refer to

Wang Daohan and Tang Shubei's one-China principle to be equal partners in a discussion to share the sovereignty of China. Before they address that issue, however, some confidence-building measures should take place. Both sides should instruct SEF and ARATS to meet and begin negotiating the three functional issues (fishing rights, highjacking, and smuggling) which had been the subject of their meetings before January 1995. If both sides can agree on those three functional issues, Wang Daohan and Koo Chen-fu could meet in Taiwan and Wang could pay his respects to the new president and vice president of the ROC regime.

The Wang-Koo meeting then sets the stage for planning enlarged SEF and ARATS meetings, rotating between Beijing, Hong Kong, and Taipei, to develop an agenda for political discussions to resolve the Chinese civil war and the sovereignty of Taiwan-China. As both these issues are closely connected, they cannot be resolved separately. Both Chinese regimes will have to make major concessions: the ROC regime will have to set aside its demands that the PRC recognize the independent status of the ROC regime and renounce the use of force and be willing to negotiate according to the one-China principle; if the PRC regime can agree on the three functional issues with the ROC regime, Taipei's and Beijing's leaders could immediately address the resolution of the Taiwan-China sovereignty issue.

Both sides must then bring to the table their proposals for how a commonwealth or federation model can be negotiated. There is no reason why the ROC regime must accept the PRC regime's 1979 federation proposal. Moreover, Beijing's leaders could win Taiwan's goodwill by offering a cooperative framework similar to the one described below.

How can each side agree to define China so that both regimes can be satisfied about how its regime is defined as a part of China? The term *China* not only denotes a civilization but signifies a territory. In recent times the term *greater China* (*da zhonghua*) has come to signify the existing PRC-administered mainland territory, the special administra-

tive regions (SARs) of Hong Kong and Macao, and the ROC-administered territory of Taiwan, the Pescadores, and the off-shore islands. If both regimes can accept the concept of greater China as signifying China, they should then be able to designate that a China commonwealth (*da zhonghua banglian*) is the equivalent of China. In this way, the principle of one China denotes a clear meaning, not only for both regimes but for the world. More important, both regimes now share the sovereignty of one China.

Agreeing upon a China commonwealth to mean China upholds the principle of one China and signifies the first phase of China's unification. This agreement signals a breakthrough, but both regimes still cannot end the Chinese civil war without rules in place to provide incentives for each regime to be committed to upholding the China commonwealth concept. There must be a framework of agreed-on rules to enable all partners to develop their respective societies according to their goals and means and still enjoy mutual cooperation and respect as partners of one China. At the same time, these rules must provide incentives for both regimes to commit to preserving the China commonwealth to make this phase of China's reunification secure and meaningful. To that end, the ROC regime must abandon its pragmatic foreign policy, and both sides might agree to a moratorium on expanding their military power along the Taiwan Strait.

Both regimes would negotiate the rules in three important areas: first, direct contacts between their territories via telecommunications, air and sea transportation, and postal services; second, those matters pertaining to foreign affairs; and, finally, military defense. Negotiations to determine these three categories of rules will be long and difficult. Yet both regimes could address them sequentially or simultaneously. Once rules were established for these three kinds of regime interactions, both could turn to the civil war issue and conclude a treaty repudiating the use of force. Both regimes could then designate how long this China commonwealth arrangement would operate and define the terms under which both sides might agree to have closer coordination and cooper-

ation to establish a China federation. Under a China commonwealth, however, rule compliance between the two sides would promote direct links, improve cooperation between the respective military establishments, and allow for some expansion of the ROC regime's international space under terms permissible to the ROC.

By 2001, if both Chinese regimes have failed to return to their Singapore détente negotiations and still prefer confrontation, tensions will have increased and the current military buildup will have accelerated. These developments can produce conflict, possibly involving the United States. Although Beijing's leaders have felt cheated by former president Lee Teng-hui, President Chen Shui-bian can still be a peace-maker by initiating political negotiations with Beijing. Some Beijing leaders and their factions have even considered using a timetable to resolve the divided China problem, which would only make the current crisis worse.

In November 2000 there will be a newly elected American president. He and his team should work closely with Congress to encourage cross-strait negotiations. We urge that the new administration and Congress try to understand why the divided China problem has become so serious for Sino-American relations. The TRA legislation of 1979 contains appropriate ambiguity for encouraging both Chinese regimes to negotiate and requires no tinkering. We recommend that Congress and the new administration agree not to supply Taiwan with further weapons at this time. That decision can be reviewed after Taiwan's authorities have offered a commonwealth formula to negotiate in good faith with Beijing and Beijing has positively responded.

What about the debate now evolving in the United States over whether the United States should defend, at any cost, a democratic Taiwan even if that means again intervening in the internal affairs of the Chinese people and possibly risking a war between the PRC and the United States. The Taiwan-Chinese sovereignty issue has been one of many factors driving China's military modernization in recent years. But once political negotiations begin between the two Chinese regimes,

that factor will count far less for justifying their future military buildups along the Taiwan Strait. Just as negotiations are taking place between nations involved in the divided Korea issue, so should negotiations between Taiwan and mainland China help to normalize their relations.

Our history of the Taiwan–mainland China regime rivalry reveals that political negotiations are possible. Beijing’s new one-China principle provides the only basis for nurturing a cooperative framework between the two regimes. The U.S. government and Congress should insist that this principle serve as the basis for negotiating a common-wealth federation formula by which both sides can cooperate as one China and yet be independent. U.S. interests will be best served by cross-strait negotiations rather than by encouraging a military buildup along the Taiwan Strait and committing to defend Taiwan under any circumstances.

Twentieth-century history has brought enormous tragedy to the Chinese people. Taiwan’s people were spared some of that suffering because, as a colony for a half century, they were isolated from the turmoil on the China mainland. But Japanese colonialism and many decades of Nationalist government rule created a complex society with ethnic tensions. Expanding cooperation between the ROC and PRC regimes can heal ethnic rivalry in Taiwan and improve their economic and social integration, helping to preserve regional peace and prosperity. Despite the differences that now characterize these two Chinese societies, they share much in common. Prolonged and creative negotiations are the only way both regimes can build a cooperative framework to peacefully coexist in the future as equal partners of one China.

NOTES

1. Lee Teng-hui, “Understanding Taiwan: Bridging the Perception Gap,” *Foreign Affairs*, November/December 1999, pp. 9–14.
2. This was the worst earthquake in Taiwan since 1935 in terms of human casualties and property loss. See Anthony Spaeth, “The Day Taiwan