Cross-Strait Relations at a Crossroad: Impasse or Breakthrough?

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Background

Taiwan’s Change of Government in May 2000

Taiwan’s second popular presidential election took place on March 18, 2000. Chen Shui-bian, candidate of the opposition Democratic Progressive party (DPP), won the presidency with 39 percent of the votes cast, followed by People’s First party (PFP) candidate James Chu-yu Soong with 36 percent, and Kuomintang (Nationalist party; KMT) candidate Lian Chan with 24 percent. Chen, 50, and his running mate, Annette Hsiu-lien Lu, 56, were inaugurated on May 20, 2000, as the tenth president and vice president of the Republic of China (ROC). President Chen appointed Tang Fei, 68, former minister of defense, as premier. Tang resigned on October 3, 2000, after holding office for only 137 days for reasons of poor health as well as disagreement with the DPP leadership on the continued construction of the Fourth Nuclear Power Plant. Chang Chun-hsiung, 63, then secretary general of the Presidential Office, succeeded him. Of the 34 cabinet posts, only a few are filled by card-carrying DPP members; the rest are DPP-supporting independents, scholars, and some former KMT officials who have joined the new Cabinet as individuals. One independent Cabinet member worth noting is, of course, Tsai Ying-wen, chairwoman of the Mainland Affairs Council (MAC), which is in charge of formulating and executing Taiwan’s policy toward the People’s Republic of China (PRC) on the Chinese mainland. Tsai was formerly a professor of international trade law at National Chengchi University, was associated with a confidential think-tank group, and was appointed by former President Lee Teng-hui to the Presidential Office to be in charge of research on Taiwan’s sovereignty and international status. The former president’s statement in a German radio interview characterizing Cross-Strait relations as “a special state-to-state relationship,” the so-called two-state theory, on July 9, 1999, was reported to be Tsai’s brainchild.

Until the presidential election of March 18, 2000, the Kuomintang had dominated Taiwan’s political scene since 1949, when it lost the civil war to the forces of the Chinese Communist party (CCP) and retreated from the Chinese mainland. The election not only changed the political landscape in Taiwan but fundamentally altered the traditional KMT–CCP confrontation that had existed across the Taiwan Strait for the last half-century. Taiwan’s peaceful change of government made it a full-fledged democracy. Yet it also injected new variables into the already troubled...
Cross-Strait relationship. Its profound implications remain to be seen. The election was understandably selected by the international media as one of the top 20 news events of the world in 2000.4

President Chen’s Strength and Weakness Regarding Cross-Strait Relations

President Chen Shui-bian has been a supporter, but not a fundamentalist one, of Taiwan independence (TI). Born in southern Taiwan’s Tainan County in September 1950 to a poor family, he graduated from the Law Department of National Taiwan University, the best in the country, in 1974.5 He practiced maritime law for seven years and gained a national reputation as the defense attorney during the Formosa Incident. He entered politics in 1981 and won a seat in the Taipei City Council in December, achieving a high number of votes. He did well as an opposition councilor but failed in his bid to win the Tainan County magistrate election in December 1985. Soon after the election, his wife was hit by a small truck while the couple was walking in a thanksgiving parade with his supporters. She was paralyzed from the waist down. Later, while his wife was a candidate in the legislative election and in December 1986 won a seat in the Legislative Yuan (national parliament), he was jailed for eight months for libel. Once out of jail, Chen Shui-bian first worked as a legislative assistant to his wife and then, in 1989, was elected as a legislator. His performance in the Legislative Yuan again won him national popularity. During his second term he ran for and won with 43.6 percent of the vote the Taipei mayorship in 1994, defeating both the KMT and New Party (NP) candidates, who were victims of the KMT’s split. Chen did fairly well as mayor but lost his office in 1998 to a KMT candidate.6 Extremely disappointed, he did a thorough soul-searching and was able to make a political comeback by taking advantage once more of the KMT’s serious infighting. He became the first non-KMT president of the Republic of China in May 2000. During his presidential campaign, he continued to support the TI’s “one China, one Taiwan” official line but vowed neither to change the status quo nor to declare the birth of an independent Taiwan if he was elected president. He emphasized that he would follow a “new middle road” and make peace with the People’s Republic of China (PRC).7 On the one-China principle, he said that “one China” could be a topic for future negotiations with the PRC but not a precondition for such negotiations.8

Being a TI supporter obviously put President Chen in a difficult position in handling Cross-Strait relations. Although the CCP leaders have little trust in their KMT counterparts, they at least have something in common—namely, the shared memory of the past and the ultimate, long-term goal of China’s reunification. The DPP, having been established for only 14 years and having had no mainland experience at all, is an entirely different political party. Its party charter’s insistence on Taiwan independence is opposite to the PRC’s one-China principle and totally unacceptable to the PRC. It would be difficult, if not impossible, for President Chen to establish mutual trust with the PRC leadership if the party charter remains unchanged. On the other hand, fully aware of his liabilities, President Chen boldly modified his pro-TI position early in his presidential campaign to pacify the PRC, the United States, and the international community in general. Furthermore, citing previously anti-Communist U.S. President Richard Nixon’s dramatic opening to Communist China in 1971, President Chen and his DPP staff maintained that he is in a better position than a KMT president to strike a deal with the PRC. This view is not entirely far-fetched because Chen, as a clever politician, does have flexibility. When he was a legislator in the early 1990s, he proposed that Taiwan and the PRC adopt the “one-nation, two-states” formula to solve their differences.9 This was an adaptation of the so-called German Formula, namely, “one Germany, two states” (Eine Deutschland, zwei Staaten), clearly a far cry from Taiwan independence in the sense that
Taiwan is still part of the larger Chinese nation. In the following analysis, we will see more of his flexibility in handling Cross-Strait relations.

The PRC reacted cautiously to the victory of its least favorite candidate in Taiwan’s presidential election. Only a few days before the March 18, 2000, election, PRC Premier Zhu Rongji blasted TI supporters in Taiwan. The move proved counterproductive, similar to the effects of the menacing missile test that the PRC conducted off Taiwan’s coast exactly four years before, in March 1996, when Lee Teng-hui was running for reelection as president. At that time Lee won a landslide victory with 54 percent of the votes cast. The missile test gave President Lee the opportune moment to appeal to his countrymen for more support. And he got it. This time Chen won the election unexpectedly, again with unsolicited help from the PRC. Ever since Chen’s victory, the PRC has taken a “listen to what he says and watch what he does” attitude similar to its stance toward former President Lee during 1996–2000. Meanwhile, Beijing continues to advocate its fundamentalist policies of one China, two systems or simply the one-China principle, without elaborating on specific responses to events taking place in Taiwan.

President Chen’s Approach to Cross-Strait Relations

The New Middle Road and the Five No’s—Conditional Departure from Taiwan Independence

Chen’s unexpected election victory shocked many people in Taiwan. Keenly aware of his minority position, he maintained an extremely low profile after the election and before the inauguration. He visited many KMT elders, sought their advice, mended fences, and generated a lot of goodwill. His appointment of Tang Fei, a popular defense minister in the previous KMT cabinet, as premier obviously was motivated by Tang’s four distinct backgrounds. He is a former four-star Air Force general and chief of the General Staff, a long-time and loyal KMT member, a mainlander, and a Chinese unification supporter. Thus Chen tried to win the support of more than 60 percent of the voters who did not vote for him during the election. Chen then declared that he was building an “upright and all-people’s government.” He also repeated his campaign promise that he would not declare Taiwan an independent state and would set up a cross-party group led by Dr. Yuan T. Lee, president of Academia Sinica and one of the 1986 Nobel laureates in chemistry, to deal with Cross-Strait relations. A week before his inauguration, Chen announced that the part of his inaugural address dealing with Cross-Strait relations would “satisfy the Americans, please the international community, and not provoke China.” On the eve of Chen’s inauguration on May 20, 2000, the opinion polls conducted by the media showed that around 70 percent of the people polled approved his performance. The rating went up to 79 percent a month after his inauguration. That gave him further confidence about building an “upright and all-people’s government.”

President Chen’s inaugural address of May 20, 2000, did contain important statements that diluted his TI coloration. He stated:

As long as the CCP regime has no intention to use military force against Taiwan, I pledge that during my term in office, I will not declare independence, I will not change the national title, I will not push for the inclusion of the so-called state-to-state description in the Constitution, and I will not promote a referendum to change the status quo in regard to the question of independence or unification. Furthermore, there is no question of abolishing the Guidelines for National Unification and the National Unification Council.
What he promised not to do, in essence, is what the Constitution of the Republic of China, which he vowed to uphold at his swearing-in ceremony, would not allow him to do anyway. His promises also duplicated the KMT’s party line of past years. Chen, however, was not merely stating what was obvious to every constitutional lawyer and making a virtue out of necessity. What is significant about the Five-No’s is not what and how the statement was made, but who made it. President Chen was a former (or is a current) TI supporter who had frequently criticized the one-China Constitution, which was adopted in 1947 by the National Assembly on the Chinese mainland and represented at the time all of the approximately 500 million Chinese people (including those of Taiwan). Once he had vowed to propose a new one. The Five-No’s Statement shows how much President Chen has modified his position on the core value of his political beliefs. This is a significant move that indicates he has come a long way. Making it may incur high political costs for him. Yet all his promises hinge on the PRC’s willingness not to use force against Taiwan, and they are good only as long as President Chen is in office. However conditional such promises may seem, the Five-No’s statement received popular approval at home and abroad as a mature, responsible policy capable of at least stabilizing Cross-Strait relations when Chen established his new administration after his inauguration. The PRC reacted calmly and simply to President Chen’s inauguration by reiterating the one-China principle. Obviously Beijing thought it needed more time to get the measure of this new leader of Taiwan and did not find it appropriate to respond right away.

**The 1992 Consensus: Did It Really Exist?**

The euphoria generated by the inaugural address faded as the new DPP government, first led by Tang Fei and then by Chang Chun-hsiung, began to face tough challenges from the Legislative Yuan: Of 220 seats, 114 (more than half) belong to the KMT, and only 67 (less than one-third) are held by DPP members or firm supporters. The health of Premier Tang, who had a major chest operation just before the inauguration, and the teamwork of the new Cabinet, whose many new hands are not familiar with the running of a government, became issues. On June 20, when President Chen held a one-month-in-office press conference, he referred, among other things, to the October 1992 meeting between the Strait Exchange Foundation (SEF), representing Taiwan, and the Association for Relations Across the Taiwan Strait (ARATS), representing the mainland, as a meeting in which the only consensus on the one-China question was no consensus at all or an agreement to disagree at the most. 

Seven days later, on June 27, President Chen stated to a group of visiting American scholars from the Asia Foundation, including China specialist Harry Harding, that he accepted the one-China-with-different-interpretations-by-each-side consensus reached by the two sides in Hong Kong in 1992. The statement was included in the press release issued by the Presidential Office on June 27, 2000, and was widely reported by the media. Barely
24 hours later, Chairwoman Tsai Ying-wen of the MAC hastily called a press conference to clarify that what the president meant was no different from what he said on June 20—namely, that no consensus had been reached in 1992 on the one-China principle. A few days later, Tsai went further and said that the consensus was not one China with different interpretations by each side but rather “[each side] differently interprets one China.” This game of words added a new strain of confusion to the already cloudy Cross-Strait relationship.

From then on, the 1992 Consensus seemed to become a nightmare to the DPP government, which tried desperately to deny its existence. In fact, many who were directly involved in preparing and conducting the November 1992 negotiations in Hong Kong that led to the consensus—including Chairman Koo Cheng-fu of the SEF; Chiu Chin-yi, former vice chairman and secretary general of the SEF; Dr. Kao Kung-lian, vice chairman of MAC; and the author, who was MAC’s senior vice chairman and spokesman—remember clearly that such a consensus on the one-China principle was reached and that each side had agreed in correspondence that the meaning of one China, on which they disagreed, was to be interpreted orally by each side. Although no written agreement was signed, correspondence between SEF and ARATS following the November meeting attested to the existence of such a consensus. The formulation “one China, different interpretations by each side” was actually coined by the media. Furthermore, it is obvious that, had no such consensus existed, the epoch-making Koo–Wang talks held five months later on April 29, 1993, in Singapore and the four agreements signed then would not have been possible given the PRC’s absolute insistence on recognizing the one-China principle.

What the DPP government came up with next on this thorny issue was even more amazing. On July 31, 2000, when President Chen called a press conference, he said that although there was no consensus on one China in 1992, there was a “1992 spirit”—namely, “dialogue, exchange, and shelving disputes.” Such a formulation, obviously intended to downplay the issue and distract popular attention, had the effect of pouring fuel on the fire. Many people, including those in the media, began to question the credibility of the DPP government. They argued that, although the DPP government had every right not to agree to the one-China principle to which it has long been opposed, it should not deny the existence of a historical fact. By so doing the new administration made itself even less credible not only to its counterpart on the Chinese mainland but to the general public in Taiwan. The issue remains a lively one in Taiwan today because all the opposition parties (the KMT, the PFP, and the NP) agree on the existence of such a consensus and have called on the new administration to recognize it. The new administration’s failure to do so in effect continues the stalemate across the Taiwan Strait that has lingered for more than six years. High-ranking officials of the MAC keep saying that the resumption of talks between the two sides is not the only way to maintain peace in the Taiwan Strait and to promote Cross-Strait relations. Under such circumstances, promoting the three mini-links is the only thing the DPP government can do on its own to show progress in Cross-Strait relations without touching on the one-China issue.

On the other hand, the PRC has insisted that recognizing the one-China principle is the precondition to resuming talks between the two sides or at least that the talks should be resumed under the one-China principle. Also, it has demanded that Taiwan go back to the 1992 Consensus as a first step. It should be kept in mind that what the PRC means by the 1992 Consensus is one China, not one China with different interpretations by each side. The PRC omitted the latter half of the 1992 Consensus as Taiwan understands it in the mid-1990s, when Cross-Strait relations became sore in fear that Taiwan would take advantage of the phrase “different interpretations by each side” to promote Taiwan independence or similar policies. The emergence of the two-state theory in July 1999 gave cred-
The Relevance of the Three Mini-Links

Shortly after the presidential inauguration, the MAC announced that it would permit the establishment of direct links between Kinmen (Qimoy) and Xiamen (Amoy) and between Matsu and Mawei. Kinmen, belonging to Kinmen County, and Matsu, belonging to Lianjiang County, both of Fujian Province, are 67 nautical miles apart. They are the only major offshore islands close to the Chinese mainland that are still under the control of the ROC government. They became world-renowned when they were bombarded by more than half a million shells fired by the PRC forces across the narrow strips of water during August–September 1958. The Kinmen/Matsu crisis involved not only Taiwan and the PRC but also the United States and the Soviet Union because at that time Taiwan and the United States were bound by the Mutual Defense Treaty of 1954. Therefore, since 1958, these islands have been under heavy garrison. When martial law on Taiwan was lifted in July 1987, it remained in effect on the islands until the mid-1990s. In April 2000, the Statute for the Reconstruction of Offshore Islands came into existence. This statute permits direct links between Kinmen and Matsu, on the one hand, and the Chinese mainland, on the other. That means that the current prohibition on direct links with the mainland is inapplicable to Kinmen, Matsu, and Penghu (the Pescadores, located in the Taiwan Strait between central Taiwan and the Chinese mainland).

The above statute was passed after the presidential election on March 18, 2000, but before the inauguration on May 20. The previous KMT cabinet had also approved the plan to proceed with establishing the three mini-links but did not have enough time to implement it. The DPP Cabinet followed the policy, and the MAC used this move to show progress in Cross-Strait relations under the DPP government, apparently hoping that, if everything went right, regular links would follow. In their view, the PRC may be reluctant to oppose a move that it demanded approximately 10 years ago under the slogan “The two gates [men] open to each other and the two horses [ma] go together first.” They believe that the PRC will at least passively agree to cooperate on the three mini-links and, if everything goes well, the PRC might agree to enlarge the scope to three regular links. By then, in their opinion, it may not be necessary to solve the tough one-China issue. That, of course, by and large, is wishful thinking on the part of the DPP government.

Residents of Kinmen and Matsu have long wanted such links, as do residents along the coasts of the Chinese mainland opposite these islands. Some of them are former residents of Kinmen and Matsu but have been unable to go home in the last 50 years. Many more want to do business with the two islands, whose residents have a much higher standard of living and greater purchasing power. After all, the two islands are geographically close to the mainland and far away from Taiwan. The fact that they have been attached to Taiwan politically, economically, and militarily is simply due to the 50-year-old civil war between Taiwan and the Chinese mainland. Tension began to ease when the PRC stopped shelling the islands on January 1, 1979, and issued its “Letter to the Taiwan Compatriots” on the occasion of the formal establishment of diplomatic relations between Beijing and Washington. Illegal trade and travel have been rampant since then; so are fishery disputes between fishermen from the two sides. Local military and police authorities have had to arrest mainland fishermen, who use dynamite in fishing, for violating Taiwan’s fishing laws and to disperse mainland fishing boats operating too close to the coasts.
of Kinmen and Matsu. Policing these infractions is troublesome, and many mainland fishermen end up serving their sentences in Keelung Prison, more than 100 nautical miles away in northern Taiwan. The need for emergency assistance and disaster relief could also make possible cooperation between these islands and the Chinese mainland.

The three mini-links were formally launched on January 1, 2001. County magistrates of Kinmen and Lianjiang went to Xiamen and Mawei, respectively, to meet their counterparts. Despite the fact that they were warmly received, the PRC’s central and local authorities were deliberately cool to the idea of fear that Taiwan would use this move to evade the one-China issue. At the moment, this initiative has had the effect of legalizing some of the erstwhile illegal smuggling, which the PRC called a small amount of trade. But aside from the visits by Kinmen and Lianjiang county magistrates on the first day, as of March 4, 2001, only one passenger-carrying ship has been permitted to operate between the two sides because Taiwan and mainland residents are not permitted to use these two islands as transit points to and from the Chinese mainland. In addition, both the mainland and Taiwan require that for entry to and exit from Kinmen or Matsu, residents travel as a group. No one may travel individually. It will take some time before trade and tourism can reach normal levels. The opening of the three mini-links did give residents high hopes for the future, yet what followed did not fulfill their expectations. Furthermore, to enforce the ban on people and goods in transit, much tighter security measures were imposed, making the movement of people and goods between Taiwan and the two offshore islands even less convenient than before. In any case, given the PRC’s inaction, the significance of the three mini-links on Cross-Strait relations is largely symbolic now.

On the other hand, Tsao Er-chung, a KMT legislator, and Chen Cheng-ching, Lianjiang County Council speaker, went to Fuzhou, the capital of Fujian Province, on January 28, 2001, and signed an agreement with a mainland organization called the Fuzhou Mawei Cultural and Economic Cooperation Center aimed at promoting interchange between Matsu and the Fujian coast. The MAC initially said that, without authorization from the MAC, this agreement had no legal effect. On January 30, Tsao met with MAC Chairwoman Tsai Ying-wen and reached a consensus that the agreement is between nongovernmental entities of the two sides and will be treated as such. The agreement shows the eagerness of Matsu residents for improving Matsu’s economic conditions by conducting more trade and other contacts with the geographically close Fujian coast. It also demonstrates the PRC’s strategy of differentiation in dealing with the central and local governments of Taiwan. In any case, so far the three mini-links have not worked well. It remains to be seen whether traffic will pick up in the next two or three months. If not, then the policy can be deemed a failure.

**The Cross-Party Group and Its Policy Advice**

Officially President Chen’s purpose in setting up a cross-party group was to provide consultations on Cross-Strait relations. Unofficially, it is intended to bypass the National Unification Council (NUC). The NUC is a consultative task force that was set up in 1990 to provide advice to former President Lee Teng-hui. It is composed of representatives from the Presidential Office (such as the secretary general to the president), Executive Yuan (Cabinet; the premier, the chairman of the MAC), the chairman of the SEF, the president of the Legislative Yuan, mayors and City Council speakers of Taipei and Kaohsiung cities, leaders of political parties, and opinion leaders at home and abroad. The NUC has a research arm composed of front-line officials (such as the deputy secretary general of the Presidential Office, the vice chairman and spokesman of MAC), scholars, and specialists. Originally it
met once every season. President Lee gave important policy speeches at the opening session. During the last five years, the frequency of the meetings has decreased to once a year at most, obviously reflecting the stalemate in Cross-Strait relations.

The DPP has always boycotted the NUC. It refuses to participate for fear that its presence will be interpreted as endorsing the unification of China, thereby seriously weakening its supreme policy on Taiwan independence. The DPP once suggested that President Lee change the title of the Council or set up a separate committee on national development to make the party’s participation easier. Huang Hsin-chieh, the ex-chairman of the DPP, was about to join the Council a few years ago but backed out at the eleventh hour under great pressure from his own party.

When Chen Shui-bian became president, he promised not to abolish the NUC or to repeal the National Unification Guidelines (the fifth “no”) in his inaugural address. Yet it is obvious that the governing idea is to freeze its operation and leave it frozen indefinitely. On the other hand, he does need a consultative body to advise him on mainland affairs; hence the establishment of the Cross-Party Group, which was slated to be composed of representatives from each political party and nonparty independents. But the KMT and the PFP have decided to abstain, claiming that Chen should restore the operation of the NUC. Hao Lung-bin, a legislator and the New party’s chairman (and minister of environmental protection since March 7, 2001), joined the group when it was formed but quit in protest a few months later. Although some members of the group are KMT members who participate as individuals or independents, the original idea of making the group a forum in which all the political parties could reach consensus on mainland policy did not come to fruition.

The group did manage to hold a dozen or so meetings in order to integrate wide-ranging views on issues such as one China, the 1992 Consensus, the three links, and so on. The fact that Dr. Yuan T. Lee, chairman of the group and president of the Academia Sinica, called himself Chinese and said that the DPP government should go back to the 1992 Consensus raised the outside world’s expectations of the group, although its spokesman quickly clarified that the statement was the personal view of Dr. Lee and did not represent the viewpoint of the group. Nevertheless, the final conclusion that was issued on November 26, 2000, clearly suggested, among other things, that President Chen respond to the PRC on the one-China question in accordance with the Constitution of the ROC.

The group’s conclusion, composed of three understandings and four suggestions, met with varied responses in Taiwan, some positive and some negative. The opposition parties again criticized the composition of the group as being unrepresentative. There are some who believe that the group has come a long way in integrating so many diverse opinions. They believe that the reference to the ROC Constitution was particularly timely and useful. But the PRC ridiculed the group’s conclusions as “neither one thing nor the other,” a Chinese idiom meaning something insolent. Nevertheless, one should not lose sight of the group’s major concern—namely, the one-China issue and the mechanism to integrate existing organizations such as the NUC. In fact, the author believes that the most important function of the group is to prepare an exit for President Chen to get out of the tangle associated with the one-China issue and the NUC. Whether President Chen should call a meeting of the NUC and chair the meeting himself or let members of the NUC freely elect a chairman is a question of great symbolic significance to Taiwan and to the PRC and has been discussed in the media in the last several months. In essence, although the group’s representation became an issue when it was set up, it has been able to come up with something not entirely useless and may yet serve as an exit for President Chen to solve his dilemma in dealing with the one-China issue. Of course, it all depends on how he reacts to the conclusions of the group.
**President Chen’s New “Integration” Initiative**

Seemingly in response to the conclusions of the Cross-Party Group, President Chen did say something new in his Cross-Century Remarks on December 31, 2000. First, he referred to what he had said in his inaugural address: that leaders of the two sides should jointly handle the one-China issue under principles of democracy and equality. He then said,

Actually, according to the Constitution of the Republic of China, “one China” should not be an issue. We hope the mainland can have [a] better understanding of the doubts in the minds of the people of Taiwan. If the mainland can neither respect nor understand the will of the 23 million people of Taiwan to make their own decision, this will lead to unnecessary differences between the two sides.

He continued,

We would like to appeal to the government and leaders on the Chinese mainland to respect the existence and international dignity of the Republic of China; publicly renounce the use of force; and overcome the current dispute and deadlock through tolerance, foresight, and wisdom. The integration of our economies, trade, and culture can be a starting point for gradually building faith and confidence in each other. This, in turn, can be the basis for a new framework of permanent peace and political integration.\(^{35}\)

Again, the reactions in Taiwan were varied. In the MAC’s year-end press conference on January 19, 2001, Chairwoman Tsai Ying-wen gave the official interpretation of President Chen’s political integration remarks by saying that “political integration” could mean “a direction, a process or an objective, and political integration does not necessarily exclude any of the three options Taiwan has, namely, unification, independence and status quo.”\(^{36}\) Obviously, she tried to tone down the impact and retract the direction of the remarks because, in the ordinary meaning of the word *integration*, the only option that could most likely be excluded is independence.

The reactions of the political parties were poles apart and clearly cut. The TI fundamentalists were outraged. DPP legislators complained that President Chen went too far too fast before the PRC and the Opposition Alliance (that is, the three opposition parties) could release any kind of meaningful goodwill. Most of the members of the New Tide Faction of the DPP, the most powerful one, asked the president not to pursue the integration theory. On the other hand, the three opposition parties praised President Chen for this new statement. In addition, pronunification fundamentalist groups applauded the remarks.

There are two new elements that are worth observing. First, this is the first time President Chen clearly admitted that the Constitution of the Republic of China contains the one-China principle and is a one-China constitution. Inasmuch as this is self-evident, almost every constitutional scholar (except TI supporters) pointed out the truth of the statement in the past. Even Frank Hsieh, chairman of the DPP and a lawyer, said as much. Naturally he was under heavy fire within his own party and was under great pressure to keep quiet. Now that President Chen has made the same statement, TI fundamentalists have criticized him too, but he seems able to withstand such pressure. After all, as president of the Republic of China, Chen is under a constitutional duty to do so. Second, this was the first time that President Chen stressed to such an extent the economic, cultural, and political integration that has occurred between the two sides of the Taiwan Strait.
The most significant meaning of political integration is that it points to a new thinking that not only discounts the separatist attitude that he promised in his inaugural address he would not follow but proceeds to explore the possibility of a permanent association with the PRC short of outright unification. If this interpretation is correct and President Chen has the courage to reach consensus with his own party comrades and the opposition parties and push it through, many of the problems the DPP government has encountered in Taiwan in handling Cross-Strait relations could be gradually ameliorated. But whether that would be readily acceptable to the PRC remains to be seen. In short, the new remarks not only have served to place Taiwan independence farther away from where it used to be but have moved it to a stage that could lead to a certain form of association with the Chinese mainland.

Of course, one has to keep in mind that this is only a statement, not a concrete policy or program. What President Chen will do to implement his statements remains to be seen. In this regard, his track record is unimpressive. In the past nine months, policies that had seemed to be magnificent went nowhere either because they were not workable or because they met with strong opposition from his own party. On the other hand, the opposition parties welcomed such remarks because their voters could accept them. In fact, since 1911 the ROC has been an independent sovereign state for 90 years. Currently not under the rule of any foreign nation, it has no need whatsoever to declare its independence a second time. No country in the world has done or would do that. Therefore, the independence option is not needed; the only options Taiwan has are to maintain the status quo or to be reunited with the Chinese mainland. Here the “integration” concept could possibly take care of both. This is why the opposition parties welcome, while the DPP opposes, such a move.

From Euphoria to Disillusion: Cross-Strait Relations During the Last Nine Months

To get an insight into the DPP government’s performance on Cross-Strait relations, one should not overlook the new administration’s overall performance and its impact on relations across the Strait. First, a look at Taiwan’s stock market is instructive because, to a great extent, it reflects the country’s economic health and its people’s confidence in their government. On March 17, 2000, the day before the election, the Taiwan stock index was 8,763. After the election, on April 5, it went up to 10,186. By the time President Chen was inaugurated on May 20, it dropped to 9,162. The index continued to go down rather quickly: to 7,961 on July 26; 6,432 on September 29; 5,404 on October 20. It reached the lowest point of 4,614 on December 27. During the month of January 2001, there was some good news: The index bounced back to 5,847 on the 18th, the last trading day before the Chinese New Year holiday. It went down and up again and stood at 5,610 on March 13, 2001. The market, in effect, has dropped more than 4,000 points on average, or 47.7 percent overall, for most of the time during the last nine months. The total market value of stocks decreased more than NT $4 trillion (or U.S. $125 billion).

If chain reactions such as losses of business are included, the amount could be as high as NT $10 trillion (or U.S. $312 billion). During the year 2000, approximately 4,995 companies closed their factories, an increase of 25 percent over the previous year, according to the Ministry of Economic Affairs. The unemployment rate rose to 3.35 percent, the highest in 15 years. The number of companies moving to the Chinese mainland increased substantially. Large domestic investments—those over NT $200 million (U.S. $6.2 million)—dropped 50 percent from NT $137.9 billion (U.S. $4.3 billion) in January 2000 to NT $68.1 billion (U.S. $2.1 billion) in January 2001.
As of February 21, 2001, the trade surplus stood at NT $347 million, down 72.5 percent from the same period last year.

Meanwhile, in January 2001, President Chen’s approval rate in the opinion polls dropped sharply to around 38 percent, compared with 82 percent when he had been one month in office, and the disapproval rate went up from approximately 10 percent to a record 48 percent.40 His approval rate dropped further at the end of February 2001 to 34 percent, an all-time low, and the disapproval rate went up to 53 percent, an all-time high, according to the TVBS Poll Center.41 Meanwhile, Premier Chang’s rating in the same poll was 28 percent (approval) and 59 percent (disapproval)—also a record for an incumbent premier. In brief, the DPP government is by far the most unpopular government in the history of the post-1949 ROC.

The downturn began in July, when the people of Taiwan saw a live scene on TV in which the DPP government took no action to rescue four workers who were trapped in a flood in southern Taiwan. They waited for hours before they were swept away. This was followed by the resignation of Premier Tang Fei in early October because of disagreements with the DPP leadership over the Fourth Nuclear Power Plant. Tang was in office for only 137 days, the shortest lived premiership in the ROC’s history since 1949. It also signified the end of President Chen’s “All People’s Government.” The situation worsened after new Premier Chang Chun-hsiung made the abrupt decision on October 27, 2000, to discontinue the construction of the Fourth Nuclear Power Plant. This decision was made without consulting in advance with the Legislative Yuan, to which the Executive Yuan is responsible, according to the ROC Constitution, and which a few years before had passed a resolution with a two-thirds majority demanding the construction of the plant by the Executive Yuan (the Cabinet). Meanwhile, Vice President Lu Hsiu-lien became involved in disseminating an unconfirmed story about a rumored love affair between President Chen and his female aide. The outspoken vice president decided to sue for libel Taiwan’s premier political news magazine, The Journalist, which had printed the story. In mid-January, the serious oil spill from a Greek oil tanker off the coast of Pingtung County demonstrated the ineptness of the Environmental Protection Administration in conducting rescue and clean-up operations. Of all those events, the discontinuation of the building of the Fourth Nuclear Power Plant is no doubt the most important because the project is one-third completed. To discontinue the construction would not only waste the investment that has already been made but would also involve the payment of hundreds of billions of New Taiwan dollars in damages to local and foreign contractors and costs in restoring the construction site. Meanwhile, the about-face has shaken the confidence of foreign investors, who found the DPP government to be not only antinuclear but also antibusiness. Nevertheless, an antinuclear policy has been the sacred campaign platform of all DPP candidates in every election. President Chen’s was no exception. The party decided not to budge an inch.

In November 2000, Premier Chang brought the issue to the Judicial Yuan to seek the interpretation of the Council of Grand Justices to vindicate its position on the constitutionality of the decision to discontinue the construction of the plant. The Council’s interpretation (no. 520), released on January 15, 2001, did not use the word violation, as in violation of the Constitution, to describe the decision; but the ratio decedendi clearly opined to that effect. The interpretation stated that the decision was procedurally flawed, and the Judicial Yuan asked the Executive Yuan to report to the Legislative Yuan the reasons for its decision. On January 30, the Legislative Yuan called a provisional meeting to hear Premier Chang’s report and decided by a vote of 134 to 70 to demand that the Executive Yuan (Cabinet) resume construction right away.

The DPP caucus in the Legislative Yuan, the DPP headquarters, the Executive Yuan, and the Presidential Office initially intended to fight the issue to the last member. Yet public opinion be-
gan to support the resumption of construction and called for an end to interparty struggles. President Chen decided to change his mind in early February amid strong objections and criticism from the DPP headquarters and the Legislative Yuan caucus to continuing the construction. Premier Chang officially announced the continuation of construction of the Fourth Nuclear Power Plant on February 16, 2001, on the one hand, but hinted that he favored a plebiscite on this issue to be held together with the year-end Legislative Yuan election, on the other hand. The plebiscite issue exploded in the Legislative Yuan in late February when it was back in session. Many opposition legislators criticized the premier both for his previous decision, which they judged to be wrong, and for his latest error of judgment.

Meanwhile, antinuclear groups in Taiwan organized a demonstration on February 24 to protest the Cabinet’s about-face on the Fourth Nuclear Power Plant. They demanded a plebiscite. They planned to assemble 100,000 to 200,000 people, but, according to the police, only 8,800 turned out on that day. The crowd included DPP leaders and one Cabinet member. The Taipei media expressed their amazement at the need for a ruling party to take a public policy issue onto the streets.

If the situation is looked at as a whole, the Fourth Nuclear Power Plant issue has paralyzed Taiwan’s politics and to some extent its economy for more than four months. The plunge in the stock market, the depressed economy, the business community’s disillusionment, and the general public’s widespread loss of confidence have not seemed to teach the DPP government any lessons. Another round of political struggle is quietly ready to begin. The China Times, a major newspaper in Taiwan, commented in its editorial, “From October 4, 2000, to February 17, 2001, the 137 days of Premier Chang just seemed to have vanished; nothing seemed to have happened. Everything is back to square one.” When it became apparent that the restoration of the plant would occur, the stock market, quite interestingly, began to go up a bit. It is clear that the message was delivered to President Chen and his staff.

The economic downturn, mounting unemployment and crime rates, and political instability have combined to make Taiwan’s outlook appear dismal at the beginning of the new century. In the area of Cross-Strait relations, the business community has long expected the DPP government to take bolder action vis-à-vis the Chinese mainland and to improve the economic situation in Taiwan. Again, the DPP government has not moved fast enough to sustain the confidence of the business community. There have been enough domestic troubles to make them rather cautious and even conservative. Other than the three mini-links, the DPP government has taken little action to date.

**Questionable Assumptions and Unenthusiastic Action**

President Chen and his staff believe that as long as he promises not to declare Taiwan’s independence, the PRC will have little reason to use force against Taiwan. In their opinion, there is no need to respond too soon or to make too many concessions too fast, particularly on issues such as the 1992 Consensus and the one-China principle in general. They have concluded that the United States, generally pleased with President Chen’s performance so far, will not exert pressure on Taiwan, especially at a time when the new American president needs some time to develop an understanding of the intricacies of China policy. They also believe that the resumption of the Koo–Wang talks is not indispensable to maintaining good Cross-Strait relations. Permitting the three mini-links could have the same result. Vice President Lu said that the Koo–Wang talks are like “walking through the back door.” The government prefers to negotiate the establishment of the three links after the two sides become members of the World Trade Organization (WTO). They are convinced that the immediate priority is to continue pleasing the United States and the international community by not provok-
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President Chen said in December 2000 that there should be no problem on Cross-Strait relations in the following year. Consequently, there is no need to make any concession on the issue of one China. In mid-February, the president said that his “lawyerly character” has given him the necessary pragmatism to handle Cross-Strait relations. He emphasized that the table is set and the tea is ready. He again invited leaders of the PRC to resume talks with Taiwan.

The above is based on a collection of policy statements made over the last nine months by leaders and officials of the DPP government. Ever since May 20, 2000, the DPP government—including the Presidential Office, the Executive Yuan, and the MAC—has not made public a single comprehensive policy paper that explains clearly and thoroughly its approach to Cross-Strait relations. The media, academia, and the opposition parties have had to make guesses about what the DPP government wants to do next.

Obviously, some of its assumptions are flawed. First, responding to the one-China principle does not mean making concessions to the PRC but merely acknowledging an obligation derived from the Constitution. All four former presidents of the Republic of China in the past 50 years adhered to that principle and did not surrender to the PRC. As president of the ROC, Chen should have understood the history and reasoning very well. By evading that duty he is apparently neglecting his mandate. On the other hand, according to the 1992 Consensus, Taiwan is entitled to a different interpretation of the term “one China,” and the only interpretation of one China permitted by the Constitution is the Republic of China. This interpretation is obviously not acceptable to the PRC, but neither is the PRC’s official interpretation of one China acceptable to Taiwan. Both of them have to settle their differences according to the 1992 Consensus. That is precisely the usefulness of the 1992 Consensus—agree to disagree.

Second, the resumption of Cross-Strait talks is possible only when the one-China issue is resolved, shelved, or at least managed. Meanwhile, the resumption of talks would facilitate the establishment of the three links wanted so eagerly by Taiwan’s business community. Consequently, the current inaction on the part of the DPP government is not in the interest of Taiwan. In effect, the status quo—namely, the official “go slow” policy—is most unfavorable to Taiwan’s interest in the sense that the PRC could get the capital and talent it wants from Taiwan without giving anything in return. Instead, Taiwan sits there, unable to do anything about the westward flow of capital and talent. Even President Yuan T. Lee said that time is not on Taiwan’s side.

Third, the entry of Taiwan and the PRC into the WTO and the negotiations on the three links are not necessarily connected. The PRC’s admission has been stalled because negotiations with the European Union have not resolved differences. Even if both sides enter the World Trade Organization this year, there is no guarantee that Cross-Strait negotiations would automatically take place right away. The PRC could still insist that the one-China issue be resolved first. Therefore, the issue cannot be evaded. Taiwan has to find a way to handle it when it joins the WTO before the end of this year, as is generally expected. It seems pointless for the two sides to wait until they have entered the WTO to begin negotiations. If they do, it would only cause further delays in improving Cross-Strait relations.

Fourth, going back to the 1992 Consensus or beginning to negotiate the three links does not mean any concession to the PRC. As pointed out earlier, the ROC Constitution is a one-China constitution. Furthermore, Taiwan business people want to trade with and invest directly in the Chinese mainland. It is in the interest of Taiwan to expand economic relations with the mainland and to inject some orderliness into the status quo. The process would involve expansion, not concessions.

Fifth, whether there will be problems in Cross-Strait relations in the coming year is anybody’s guess. But one should keep in mind that the 16th Congress of the Chinese Communist party will take place in October 2002. Presi-
dent Jiang Zemin’s potential competitors could criticize his performance on two fronts: U.S.–PRC relations and Cross-Strait relations. It is only natural for him to take a strong and inflexible stance as the date approaches for the congress to convene. On the other hand, the next presidential election in Taiwan will be held in March 2004, and the election campaign will begin no later than the fall of 2003, if not earlier. The candidates will not want to look weak in their advocacy of policy toward the PRC. Consequently, the years 2002 and 2003 will not be suitable for such ice-breaking talks by senior officials on either side. The year 2001 is the only year that offers an opportunity to the two sides of the Taiwan Strait to resolve their differences with minimal influence from domestic factors. Given that mutual trust has not been established, there is much confidence building still to be done. It is imperative for the two sides to make meaningful efforts to break the stalemate this year. Inaction in improving Cross-Strait relations could cost Taiwan dearly in lost opportunities.

**The Inability to Make Proper Responses**

In the past nine months the PRC has generally adopted a “listen to what he says and watch what he does” attitude, but it has occasionally modified certain policies regarding Taiwan. For instance, the PRC’s Vice Premier Qian Qichen said during an interview with *The Washington Post* in early January 2001, there is only one China, China is composed of the mainland and Taiwan, and China’s sovereignty and territory cannot be divided. He also said that the one-China, two-systems formula still leaves some room for discussion. This is obviously intended to dispel doubts that one China means only the PRC and that one country, two systems is a one-size-fits-all formula for Hong Kong and Taiwan. Part of the new wording on one China is almost identical to that in the National Unification Guidelines. Many people believe that PRC Vice Premier Qian quietly accepted the NUG’s definition of one China. Meanwhile, there seems to be a certain flexibility in the stringent one-country, two-systems formula. In addition, the PRC has also quietly changed its policy regarding the visits of Taiwan’s local government offi-
Of officials in their official capacity. In the past, officials from Taiwan who were visiting the Chinese mainland were invariably addressed as “Mr./Ms. So-and-So,” not by their official titles. They were referred to not as officials but as “well-known personalities from Taiwan.” Now they are addressed by their official titles. When Bai Hsiung-hsiung, deputy mayor of Taipei, visited Shanghai in September of last year and in February of this year, he was invariably addressed as deputy mayor. Feng Guoqin, Shanghai’s deputy mayor, who visited Taipei in early January 2001, had no difficulty in addressing the author as “Mayor Ma.” This is a far cry from the situation that existed barely one year ago.

Unfortunately, the DPP government did not grasp the opportunity to respond properly. It could have said in public that Taiwan welcomes such statements and made corresponding suggestions for improving Cross-Strait relations. On the other hand, the MAC could also have taken advantage of the PRC’s new attitude to make new regulations governing the exchange of local government officials across the Taiwan Strait. For instance, DPP Chairman Frank Hsieh, currently the mayor of Kaohsiung City, was invited by the mayor of Xiamen (Amoy) to visit that city, but his application, submitted to the MAC in July 2000, is still pending in the MAC. It was reported that President Chen had received a confidential intelligence report that Mr. Hsieh’s itinerary in the Chinese mainland included several improper activities that could fall into the PRC’s “united-front” trap. One can only come to the conclusion that the DPP government is only interested in pleasing the Americans but not interested in improving Cross-Strait relations. All indications are that such a policy cannot last for long.

On the other hand, it is not fair to blame the DPP government alone for its inability to make proper responses. The PRC should be blamed as well because it too has failed to respond properly on at least three occasions: President Chen’s inaugural address, the inauguration of the three mini-links, and President Chen’s Cross-Century Remarks. Had the leaders of the PRC said in public that they considered these statements or actions positive and they were willing to pursue them further, President Chen would have been encouraged to continue along the same lines. Precisely because of inaction on the part of the PRC, the only advice President Chen received from his mainland affairs advisers was not to proceed further and to take a wait-and-see attitude. Such an unfortunate retrogression is clearly due to unfamiliarity and a lack of mutual trust. It will take both time and further exchanges to develop familiarity and trust. The key is for each side to give the other the benefit of the doubt and to respond positively whenever an opportunity arises.

#### Breaking the Impasse and Making a Breakthrough: A Conscientious Proposal to the DPP Government

**Going Back to the 1992 Consensus**

The DPP’s Taiwan Independence Party Charter makes accepting the one-China principle extremely difficult. But unless such a principle is accepted, there is no possibility that the two sides will resume the talks between SEF and ARATS that have been interrupted since 1995. The DPP government is feeling pressure to take action. In fact, it could not be otherwise for the ruling party of the ROC. Even President Chen and Chairman Frank Hsieh of the DPP agree that the ROC Constitution is a one-China constitution, whether they like it or not. The DPP fears that once Taiwan accepts the one-China principle, it will fall into the hands of the PRC. Consequently, the party refuses to budge. If pressure were insurmountable, then party leaders would delay the decision as long as possible. In fact, all these problems are fraught with difficulty but were thoroughly discussed nine years ago in the NUC Research Group and in the MAC. The conclusion
was a middle-ground solution, namely, the 1992 Consensus—one-China with different interpretations by each side. This formula balances the constitutional requirement of one China and the Cross-Strait reality of two political entities. It is flexible enough to give both sides room to maneuver but not too flexible to deviate from the one-China principle. If President Chen accepts the 1992 Consensus, he would not compromise the ROC's sovereignty and dignity because the consensus not only conforms to the ROC Constitution but would also improve Cross-Strait relations because he would be honoring a commitment Taiwan made nine years ago.

**Restore the Operation of the National Unification Council, or Combine the Council with the Cross-Party Group**

The existence of the NUC has vital symbolic meaning in the Cross-Strait context. The PRC has never liked it; its propaganda machine used to criticize it as the National Nonunification Council. The NUC nevertheless conveys a clear sense that Taiwan has not abandoned the goal of China’s reunification and plans to pursue that goal, although current differences in ways of life of the two sides make it difficult, if not impossible, now to set a timetable for China’s eventual reunification. This is the only nexus that could hold the two sides together politically. The absence of such a nexus would make peace and stability across the Taiwan Strait even more remote. Therefore, President Chen should consider acting as the NUC’s chairman or combine the NUC and the Cross-Party Group and act as the head of the new organization. He could expand the composition of these organizations to include Taiwan independence supporters if they are willing to join. If the operation of the NUC is restored, or if the NUC and the Cross-Party Group are combined and President Chen acts as its head, the message being sent would be loud and clear enough to neutralize the opposition parties in Taiwan and reduce tension across the Taiwan Strait. Moreover, the chances of resuming the Koo-Wang talks would be much greater, if not virtually certain.

**Resume the Long-Interrupted Talks Between SEF and ARATS**

If the steps above are implemented, there should be much less difficulty in resuming the talks between SEF and ARATS. The first step is to reextend the invitation by SEF to Mr. Wang Daohan, president of ARATS, to visit Taiwan. The visit was originally scheduled in 1999, after the SEF’s Koo Cheng-fu visited the mainland in late 1998, but was canceled when the “special state-to-state-relationship” theory emerged. If Wang accepts the invitation, it will mean that the PRC is ready to talk to Taiwan.

**Prepare for Negotiations on the Three Links Together with Questions Relating to Security Guarantees and International Space**

If Wang Daohan is willing to visit Taiwan, then Taiwan should begin to prepare for complicated negotiations on the establishment of the three links under the WTO framework. Taiwan should also include in the agenda questions of security guarantees in the Taiwan Strait and Taiwan’s international space. The negotiations would take at least two years because they involve the conclusion of at least five agreements on air transport, ocean transport, postal links, trade, and investment guarantees, among other potential agreements. These agreements would be entered into by two political entities on an equal footing and not by sovereign nations. According to Taiwan’s Statute Governing Relations Between the People of the Taiwan Area and the People of the Mainland Area (the so-called Main- land Relations Act), these agreements have to be approved by the Legislative Yuan to become legally binding in Taiwan. Subjects such as air
transport and trade are too important to be left to negotiations between airlines or trading companies. After all, there is an authority in charge and a complete set of laws and regulations in effect on either side of the Taiwan Strait. Agreements negotiated between business companies have to be approved by appropriate ministries or bureaus anyway. Allowing government agencies to negotiate and conclude agreements would make things much easier. Once the negotiations begin, Cross-Strait relations will be back on track or at least back to the 1993 level when the first Koo–Wang talk took place.

The issues of security guarantees and international space are too important to be left out of Cross-Strait negotiations, but they will have to be negotiated separately. They are not only the Taiwan people’s focus of concern but also represent the most sensitive taboo for the PRC. Nevertheless, the PRC has indicated many times that, as long as the one-China principle is accepted, anything can be negotiated. Meanwhile, international space has been a flash point between the two sides for many years. A certain broad consensus is needed at least to prevent it from getting out of control. In any case, the inclusion of these two issues would not mean that they are readily solvable at the moment but would show the sincerity of both sides to face the issues squarely.

Prospects for the Future

The past nine months have attested to the continuance of the Cross-Strait stalemate that began in 1995. Both sides have maintained a wait-and-see attitude toward each other. Although the chances of confrontation have decreased, there have been few signs of improvement. The interrupted Koo–Wang talks and other consultations between SEF and ARATS have not resumed. Meanwhile, Taiwan’s trade with and direct investment in the Chinese mainland have continued to increase rapidly, ignoring the go-slow policy of the ROC government. For instance, two-way trade jumped 21 percent from U.S. $25.9 billion in 1999 to U.S. $31.3 billion in 2000, with a surplus of almost U.S. $20 million in Taiwan’s favor. Investment stood at U.S. $48 billion, with more than 40,000 Taiwanese companies investing in the Chinese mainland. Even the high-tech industry in the Hsinchu Science-Based Industrial Park, Taiwan’s Silicon Valley, located 78 kilometers southwest of Taipei, showed increasing interest in investing in the Chinese mainland. In economic affairs, Taiwan’s competitive edge vis-à-vis the Chinese mainland is facing a serious challenge.

On the other hand, the rise of the DPP to ruling party status changed the political landscape of Taiwan but did not enhance the quality of politics or government efficiency. The past nine months also saw the difficulties and frustrations of a minority president fighting on three fronts: the opposition parties (KMT, PFP, and NP), his own party (DPP headquarters and the Legislative Yuan caucus), and the other side across the Taiwan Strait (the PRC). President Chen did well in his inaugural address by announcing the Five No’s. But what followed was less than satisfactory. Many factors contributed to the inconsistency and incoherence of President Chen’s approach to Cross-Strait relations during this period, the most important being the ideology underlying the DPP’s Party Charter, namely, Taiwan independence. The flip-flop on the 1992 Consensus is a typical example. That is why the PRC still considers him to be a “soft” TI supporter.

A consensus is quietly building among many knowledgeable people in Taiwan—officials, academicians, and business people alike—that time is not on Taiwan’s side and that maintaining the status quo is not in Taiwan’s interest. The DPP government’s grand strategy, designed not to provoke the PRC, is appropriate but hardly sufficient to break the stalemate across the Taiwan Strait and steer the course of events in Taiwan’s favor. Something positive has to be done and done properly in a timely and consistent manner to change the atmosphere so that a benign rather than a
vicious cycle can emerge in Cross-Strait relations. In spite of all these difficulties, President Chen’s New Year message could fundamentally change the course of the DPP government’s approach to Cross-Strait relations, if he is able to push it through. His blueprint for the future of Taiwan and the PRC is a “political structure based on eternal peace and political integration.” This formula is broad enough to cover almost all possible scenarios, including those of the opposition parties but not that of the TI fundamentalists, for the ultimate future of Taiwan and the PRC. It could mean federation, confederation, a commonwealth of states, or even a European Union-type of association. As a matter of fact, the second phase of Cross-Strait relations under the National Unification Guidelines, which the three opposition parties support, can be called the integration phase, in which the two sides will establish official relations, initiate the three links, and begin regular exchange visits between high-ranking officials. To make the new concept workable, however, President Chen must first develop a comprehensive and coherent policy and strategy and speak and act consistently in the future. Second, he has to coordinate DPP officials in the Executive Yuan and party officials in the DPP headquarters and in the DPP caucus in the Legislative Yuan to make sure that they all agree with him on this concept. Third, he has to bring the opposition parties into the consensus-building process in future dealings with the PRC. Fourth, he has to propose the initiative in a more concrete form at a proper time to engage the PRC. All these efforts will be difficult to accomplish but are worth trying. After all, whether President Chen handled Cross-Strait relations well will be one of the most important criteria in assessing the success or failure of his presidency.

If President Chen is able to do so, it could also usher in a new strategic scenario affecting regional stability in East Asia. In the international arena, Cross-Strait “political integration” could mean a regional role for Taiwan, disassociated from right-wing Japanese forces, in building a “contained China” united front and in avoiding an arms race with the PRC. Taiwan could then play a role in fostering Sino-Japanese detente and promoting the growth of a stability-oriented East Asian regionalism. On the Cross-Strait front, political integration could mean the process of building a loosely associated new entity composed of Taiwan, the PRC, Hong Kong, and Macao based on economic, cultural, and other kinds of integration. This would mean the demise of the active nation-building efforts some have vigorously pursued in the past in Taiwan. On the other hand, for Taiwan and the PRC, this new form of association could deliver both independence and reunification at the same time. Of course, the new arrangement would involve a decision that not only President Chen would make but one that would pose a common challenge to all the people of Taiwan and the Chinese mainland.

The stability of Cross-Strait relations in the next three years depends a lot on how President Chen handles it. As the past has shown, his personal character shapes his leadership style, which in turn determines his policy orientation. In this regard, let us not forget that President Chen is a supporter of Taiwan independence but not a fundamentalist. He is a pragmatist, not an ideologue. One should not overestimate his political beliefs nor underestimate his flexibility in handling Cross-Strait relations. His inaction at the moment could mean that he is waiting for the opportune time to make necessary adjustments, just as he did in the controversy over the continued construction of the Fourth Nuclear Power Plant a while ago.

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