



China's Taiwan Policy: Still Listening and Watching by Bonnie S. Glaser

Beijing's assessment of Taiwan's economic and political situation has not changed significantly in the past six months. China views the island's sluggish economy and Chen Shui-bian's beleaguered political position as working in the Mainland's favor. Chinese experts are buoyed by increasing economic ties and expanding people-to-people contacts. They are delighted by Taiwan polls that show an increase in support for one country, two systems. Chinese institute researchers on Taiwan affairs are confident that the DPP will not gain a majority of seats in the December Legislative Yuan elections and they forecast that the persisting stalemate between the government and Taiwan's legislature will thwart Chen Shui-bian's plans of pursuing an independence agenda.

Taipei's decision this week to gradually lift controls on cross-strait economic and trade exchanges - including scrapping the \$50 million ceiling on individual mainland investment cases - is perceived by Beijing as long overdue, but is no doubt welcome. Chinese analysts and officials alike see more and more people on the island drawing a direct link between their personal prosperity and closer Mainland-Taiwan ties.

Although there is a consensus that China's leverage over Taiwan has increased, there is widespread frustration that Beijing has been unsuccessful in translating these positive trends into political success. Chen Shui-bian is portrayed as intransigent and determined to lead the island in the direction of independence. Scores of KMT delegations visiting China in the past year have urged Beijing to avoid opening a dialogue with Chen that might strengthen his position and increase his chances of re-election, Chinese analysts say. Instead, the KMT urges Chinese leaders to await the return of their party to power, promising that the KMT will pursue a cross-strait policy that is more amenable to Beijing. Some KMT officials have even urged the Mainland to further weaken Chen Shui-bian domestically by attacking him personally as an advocate of independence.

While China is perturbed by Chen's unwillingness to return to the 1992 consensus, accept the existence of one China or admit that he is Chinese, Beijing is neither alarmed nor impatient. At present, the deadlock in the cross-strait relationship can't be broken by China, noted one expert, but it also can't be altered by Taipei or by Washington. "Our bottom line is that there can't be any movement in the direction of Taiwan independence," the analyst stressed. Beijing's policy of "listening to his words and watching his deeds," was likely reaffirmed at Chinese leadership meetings in Beidaihe this month.

Some Chinese analysts worry that measures under consideration by Chen Shui-bian's government to substitute the word "Republic of China" with "Taiwan" on passports and in

textbooks used on the island could create renewed anxiety in Beijing and cause Chinese leaders to adopt a tougher posture toward Taiwan's leader. A leading expert on Taiwan affairs warned that these actions would be viewed by some on the Mainland as equivalent to a declaration of independence. The expert cautioned the U.S. to not misinterpret Beijing's relatively relaxed posture toward Taipei in recent months as indicating that cross-strait relations had stabilized. "The situation is serene on the surface, but explosive underneath," the analyst asserted. He quoted a Chinese expression to convey China's wariness of Taipei and the instability in relations across the Strait: "We need to guard against the gun going off while cleaning it."

China's current policy toward Taiwan is described by Chinese institute analysts as having four components. The first component is expansion of economic contacts and increased pressure on Taipei to open the three links. The second is further promotion of exchanges across the Strait in diverse fields, including contacts with political parties that do not endorse Taiwan independence. Third, Beijing continues to quietly probe the possibility of political compromise with Chen through contacts with individuals from the DPP and others with connections to Taiwan's president, quasi-academic exchanges and track II dialogues. The fourth element of China's Taiwan policy is the buildup of military capabilities that will provide Beijing with credible military options that can be employed later in the decade if necessary to compel Taipei to the negotiating table.

Only a few Chinese experts openly admit that China's approach to Taiwan is rigid and unworkable. They recognize that one country, two systems is not acceptable to the majority of people on Taiwan and lament that the Chinese leadership is unwilling to consider alternatives. The KMT's proposal to establish a cross-strait confederation, under which the two sides would preserve full control over their own affairs - domestic and diplomatic - before eventual unification, captured the attention and interest of many Chinese institute researchers. "If we want to break the deadlock, we will have to search for new ideas," noted one Chinese analyst. The Chinese government's swift rebuff of the KMT's confederation proposal was a disappointment to at least some Chinese scholars who favored studying the concept and perhaps jointly developing a new model of confederation suitable to the cross-strait situation with Taiwan compatriots.

For some, the belief that a political compromise with Chen Shui-bian is possible is premised on the judgment that as Taiwan's 2004 presidential election approaches, Chen may view an opening to the Mainland as politically expedient. Discussion of a possible deal with Chen centers on finding language agreeable to both sides that would enable resumption of cross-strait dialogue. Suggestions include a statement by Chen that he accepts "whatever was agreed upon between the two sides in 1992" without elaborating on the contents of the agreement that was reached by Chinese and Taiwan negotiators in Hong Kong. Some Chinese claim that recognition by Chen that he is Chinese -

zhongguo ren - would be sufficient for Beijing to reopen cross-Strait talks.

While hopes persist among some experts that an opening for resuming dialogue with Taiwan will emerge in 2002, there is concomitantly growing concern that increased U.S. political and military backing for Taiwan will torpedo any such possibility. Chinese analysts contend that in the aftermath of Bush's approval of a robust weapons package for Taiwan and the president's subsequent statement that he would do "whatever it took" to help Taiwan defend itself, Chen's policy toward the Mainland has hardened. Chinese institute experts also claim that President Bush's actions have emboldened Chen to seek closer cooperation between the U.S. and Taiwan militaries.

As the 16th Party Congress approaches and China prepares to enter the WTO, Chinese leaders seek to achieve a degree of stability in cross-Strait and Sino-U.S. relations, and most importantly, to avoid new crises with either Washington or Taipei. "The leadership is very busy with succession issues and domestic problems," asserted one analyst, adding, "They don't want to be distracted" from these priority concerns.

Bonnie S. Glaser is a Consultant on Asian Affairs.