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Give Taiwan international cultural space
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President Chen Shui-Bian was inaugurated as president of Taiwan for a second term May 20, amid signs of reconciliation, as well as uncertainty and tension. Three days before, Beijing issued a warning statement that appeared to draw red lines that Chen should not cross in order to avoid conflict. Internal developments and external constraints in cross-Strait relations may presage political turbulence for Taiwan and the region.

Three important domestic issues have been borne out recently in Taiwan, which could adversely affect the future of cross-Strait relations.

First, Taiwanese society is more politically polarized than ever, due to the heated electoral campaigning, the very close margin of victory (0.22 percent or 27,000 votes), and the political and electoral controversies that have ensued. The green-blue divide has fractured Taiwan. This social divide could be discerned in four areas: a generational divide, a historical one (mainlanders vs. indigeneous/Hoklo), a geographical one (North vs. Central/South Taiwan), and a social divide (rich vs. poor). National reconciliation is of utmost necessity (after healing the controversies over both the shooting of Chen and a vote recount) to rebuild political and social consensus within Taiwan. Otherwise, Legislative Yuan LY elections in early December could bring further politicization, political turbulence, and even unrest to the island.

Second, political restructuring is clearly underway. The "pan-blue" alliance faces a politically decisive moment. Divisions within the Kuomintang (KMT) have increased as former presidential candidate Lien Chan has to face his political future squarely and give way to Wang Jin-Ping and Ma Ying-Jeou, the latter being perceived as the ultimate hope for a KMT rejuvenation. In the Peoples' First Party (PFP), James Soong has to ponder his own political future, as well as the PFP's strategy of merging with the KMT and preparing for the upcoming LY.

There is also the electoral "pull" of Chen's Democratic Progressive Party (DPP) toward independence, especially with the rise of anti-Beijing sentiments in Taiwan and the recent victory of Chen. An improving economy could temper this radicalization, as Taiwan depends increasingly on China to sustain its own economic growth (3.5 percent in 2003 and 4 percent in 2004). Meanwhile, unemployment has dropped from 5.45 percent to 5 percent and the Taiwan dollar has stabilized, two factors that should raise Chen's popularity. However, Chen's future moral legitimacy and authority (after his narrow victory, the shooting incident, and the two referendum questions) may be at stake. Political turbulence could thus be expected ahead of December's polls, especially when Chen seeks a parliamentary majority to support his presidential platform for the next four years. Chen and the DPP could be in power for some time, especially if the opposition remains weak, divided, and ineffective.

Third, the rise of Taiwanese nationalism is obvious; it is manifested especially in the advances made by the Taiwanese language (as opposed to Mandarin) in everyday Taiwanese life. Less than half of the campaigning was conducted in Mandarin; most of it was in the Taiwanese and Hakka dialects. Academia Sinica's President Lee Yuan-tseh came out in favor of de-linking "localization" from "de-Sinicization." According to Lee, the KMT began the process of "de-Taiwanization" when it occupied the island in 1947, but successive generations are countering this trend. This debate is of paramount importance in the light of Taiwan's sovereignty and independence debate. Taipei's own "cultural space" is also expanding, as Hoklo, Hakka, and aboriginal groups champion greater ethnic cultural space within Taiwan. In this light, "new" nationalists and the young will advocate a greater *peng-tu* movement and shift toward Chen and the DPP, in line with rising Taiwanese nationalism. The "green tide," which has swept northward from southern and central Taiwan over the past eight years (and which constitutes today about 75 percent of Taiwan geographically-speaking) coincides with rising nationalism and a *peng-tu* movement in a "Taiwanization" wave that Beijing can no longer ignore.

Given these developments, redefining the "international space" for Taiwan, within the framework of future cross-Strait relations and negotiations, would be crucial. But, there will be immense difficulties in forging a domestic consensus over the future of cross-Strait relations. Beijing can no longer ignore or play down this fact. But China appears more resolute than ever in insisting on the one-China policy.

It is imperative that Taipei work out a new negotiation *modus operandi* with Beijing. Taipei wants "international space," but would probably have to *a priori* accept negotiations within the 1992 consensus framework (though not necessarily affirming the consensus itself, which is domestically controversial), even if Taipei cannot publicly declare its outright acceptance of the one-China policy. In this context, Beijing's May 17 statement was interesting as it showed some flexibility; Beijing could perhaps go further to redefine or adjust its "one country, two systems" policy to fit Taiwan. Beijing, for example, could accord Taiwan international space in exchange for Taiwan's self-proclaimed "non-independence" within the 1992 consensus framework; "observer status" in UNESCO, WHO, or IMO could be envisaged, but not at the United Nations or other political organizations. This would mesh with an earlier U.S. proposal by David Lampton and Kenneth Lieberthal to "externalize" cross-Strait relations, by bringing in the United States, Japan, and the European Union as "guarantors" of a pact between

Beijing and Taipei. It remains to be seen if Beijing could agree to externalize the Taiwan issue and concurrently, create some international space for Taiwan.

Pragmatism and realism are needed on both sides to overcome existing psychological barriers and distrust. The key to any compromise would be to satisfy both:

1. Beijing's demand that Taiwan accept the one-China policy and hence non-independence via acceptance of the 1992 consensus framework, and
2. Taipei's yearning for international space, which Beijing could accord by considering observer status for Taiwan in some UN-related agencies, thus interpreting more flexibly the "one country two systems" policy.

Tempering Taiwan's political polarization, understanding its political re-composition, overcoming the rise in nationalism and rethinking its "international space" within China's "one country, two (or more) systems" are the four most pressing issues in cross-Strait relations. Chen's inaugural speech and Beijing's May 17 statement are steps in the right direction.

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