



Taiwan Debates the Future by Lawrence E. Grinter

With the run up to Taiwan's 2004 presidential elections, the familiar candidates will fight it out once the parties complete their nominations. President Chen Shui-bian, who chairs the Democratic Progressive Party (DPP), will face Dr. Lien Chan who heads the Kuomintang (KMT) and his partner James Soong, chairing the People First Party (PFP), who has returned to working with Lien. On the far right, advocating independence is the small Taiwan Solidarity Union (TSU) guided by former President Lee Teng-hui.

Dr. Lien has positioned the KMT as moderately accommodating to Beijing ("One China but with different interpretations"). Lien portrays President Chen and the DPP as "provoking" China through policies of "creeping independence."

President Chen, a former mayor of Taipei, and once jailed by the KMT government when he was a civil rights lawyer, periodically tests the limits of Beijing's (and at times Washington's) tolerance. Chen shows every courtesy to former President Lee Teng-hui who once declared that "state to state" relations would govern the China-Taiwan issue. Recently Chen used his "transit visit" to New York (while en route to Panama) to barnstorm U.S. legislators and media while advocating a new constitution for Taiwan with liberal referendum provisions.

As the DPP, a party with less than four years of governing experience and whose original champions were jailed under martial law, goes against the KMT, which had governed Taiwan for the previous 50 years, both parties are seeking resonance with the voters. The DPP emphasizes "reform" – in finance, education, banking, media, privatization of state-owned industries, etc. The KMT is stressing "stability," experience, and its own style of reform. Both parties are relying on coalitions to win: The "pan-blue" KMT/PFP coalition charges the "pan-green" DPP/TSU grouping with aggravating China, causing Taiwan's recent economic problems, and promoting a radical social agenda. The DPP/TSU coalition charges the KMT/PFP with old time politics, corruption, and special interest driven anti-reform behavior.

Independent of the political posturing is the increasing economic interdependence between Taiwan and China. Enough low- and medium-size Taiwanese manufacturing has transferred to the mainland that it is a national security issue. Taiwan's accommodationists argue that it was inevitable and has made China dependent on Taiwanese investments. The skeptics and independence advocates worry that the mainland is "hollowing out" Taiwanese industry, impinging on the island nation's sovereignty. The most conservative have formed an "Alliance Against Selling Out Taiwan."

Cross-Strait economic facts are compelling: Almost \$130 billion in ROC business investment in mainland China, about 1 million Taiwanese working and living in China; Taiwan now accounts for 25 percent of all foreign investment in China. Where will it end? President Chen is trying to divert Taiwan investments away from China, principally toward Southeast Asia and especially Vietnam. And so far no direct PRC investment is permitted in Taiwan – given fears that PRC intelligence agents and special forces personnel will mix with Chinese businessmen on the island.

Equally important is the military equation across the Taiwan Strait highlighted by two important trends. First is China's continuing acquisition of first-class Russian military equipment increasingly capable of inflicting serious damage on Taiwan should a conflict occur. These acquisitions and deployments include Kilo-class submarines, Sovremenny destroyers with Sunburn missiles, and the new deployments of Chinese M9 and M11 missiles targeted on Taiwan, about 475 as of this writing.

The second military trend is the inability of Taiwan's democratic government, so far, to vote the money to purchase the substantial defensive equipment the Bush administration has proposed to Taipei. Thus, while Taiwan leads in fourth-generation fighter aircraft with its U.S. F-16s and French Mirage 2000-5s compared to China's Russian SU-27s and SU-30s, the Chinese have huge numbers of less modern aircraft that could overwhelm the ROC air force if the United States did not intervene. In short, the military equation is gradually shifting in China's favor.

The broader foreign policy implications of the emerging trends across the Taiwan Strait also are interesting. Chinese officials seldom miss a chance to insult or complicate the lives of Taiwanese diplomats and delegates attending international conferences. Beijing pressures foreign governments to deny visas and travel rights to Taiwan visitors. And Chinese leaders work upon American and European heads of state to change their rhetoric regarding Taiwan. Thus both former PRC President Jiang Zemin and Hu Jintao, his successor, have pressed President Bush (unsuccessfully) to move from "not supporting Taiwan independence" to "opposing Taiwan independence" – a seemingly small difference, but one that resonates in Taipei. For the last three and one half years, China has refused to communicate with Chen Shui-bian, characterizing him in insulting terms.

And, of course, the recent cooperation between China and the U.S. over the war on terrorism causes anxieties in Taiwan where warming of relations between Washington and Beijing usually is seen as a net loss for Taipei. President Chen's apprehensions in this regard were clearly evident in New York, when he noted: "However, I have to remind the U.S. government that although the U.S. needs to strengthen its ties

with China for the anti-terrorism campaign and North Korea, we hope the U.S. does not sacrifice Taiwan's interests."

Possible options for Taiwan, besides unification and independence, are middle ground strategies designed to link the ROC to as many international, regional, and functional organizations as possible – health, communications, transportation, financial, humanitarian, etc. thus "webbing" the island nation into systems of complex interdependence. Diplomats in Taipei work this option steadily, but report that Beijing is constantly on the alert, attempting to block, neutralize, or intimidate Taiwanese participation.

Other options Taiwan leaders have mentioned to me include pursuing new memberships in international or regional blocs, or founding such organizations. Another Taiwan option might be to propose some kind of federation with mainland China – emphasizing economic and technical linkages initially while political and security issues were put off for future discussion. Perhaps it could be called "Greater China." So far, however, Beijing is only interested in "one country, two systems" with the Communist Party running the show.

What direction for U.S. policy on the China-Taiwan issue? American relations with, and support of, Republic of China governments go back to the 1940s. That compares with the withholding of U.S. recognition of the People's Republic of China until 1979. The ROC was an ally of the U.S. in World War II, a founding member of the United Nations, and a formal treaty ally of the U.S. for 25 years. Finally Taiwan is populated with American educated leaders, is the United States' eighth largest trade partner, and has one of the most impressive information technology industries in the world. If Washington can risk U.S. lives and treasure defending or trying to create freedom in places like Somalia, Haiti, Kosovo, Afghanistan, and Iraq, the 23 million people of democratic, free-market Taiwan should expect nothing less from the United States. I am not advocating recognizing Taiwan. I am advocating being prepared to defend Taiwan ("risk U.S. lives and treasure") as long as the PRC threatens the island, and assuming Taipei behaves responsibly until there is a peaceful resolution.

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