



# TAIWAN COMMUNIQUE

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# 102

## President Chen: “One country on each side” *Our own Taiwanese road*

On 3 August 2002, in a telecast to the annual conference of the **World Federation of Taiwanese Associations** meeting in Tokyo, Taiwan President Chen Shui-bian called for a referendum on Taiwan’s future. Mr. Chen stated that holding a referendum was a basic human right of the Taiwanese that cannot be deprived or restricted, and said, “*Taiwan’s future and destiny can only be decided by the 23 million people living on the island.*”

President Chen told the conference that it needs to be clear that “...with Taiwan and China on each side of the Taiwan Strait, each side is a country.” He added: “*Our Taiwan is not something that belongs to someone else, Our Taiwan is not someone else’s local government. Our Taiwan is not someone else’s province.*”

Mr. Chen’s remarks reflect the more self-assured policy of his Administration, which was also apparent from statements he made earlier: on 21 July 2002, on the occasion of his inauguration as 10<sup>th</sup> DPP chairman, he stated that Taiwan should go its own way, “*down our own Taiwanese road.*”

Copyright: Taipei Times



Released from the "One China" deadweight: "You've cut off a piece of me! How am I supposed to walk?"

Mr. Chen's comments, which were in native Taiwanese — as opposed to the Mandarin dialect brought over from China by Chiang Kai-shek's Nationalists — were warmly welcomed by many in Taiwan, who feel that Mr. Chen has been too soft towards China, extending olive branches without getting anything in return.

As expected, the remarks drew fire from Beijing, which increased its intimidation and threatened to take “military action” against the democratic island (*“China Warns Taiwan Military Action Possible”*, **Washington Post**, 7 August 2002).

President Chen's statements were also attacked by Taiwan's own mainlander-dominated, pro-unificationist opposition parties – the Kuomintang and James Soong's People's First Party – and by several of the largely pro-unificationist publications such as the China Times and United Daily News.

Below we first present our own comment, then an OpEd by ourselves, published in the Taipei Times, followed by an editorial from the Taipei Times itself.

***Taiwan Communiqué:** President Chen's comments and their aftermath show the dilemma into which both the West and Taiwan have worked themselves: any sensible statement which emphasizes the basic principles of democracy and self-determination for the people of Taiwan will draw an angry, irrational response and military threats from Beijing. In order to “keep the peace” and “cool things down” Washington and Taipei subsequently add nuances or retreat to anachronistic “One China” pronouncements.*

*Isn't it time to pull the collective head out of the sand, and end this Chamberlain-esque behavior by clearly telling Beijing that Taiwan is not a piece of unfinished business of its Civil War against Chiang Kai-shek, but a new and friendly (and democratic) neighbor which requires respects and recognition. Mr. Bush made a good start last year when he stated that the US would do “whatever it takes” to help defend Taiwan.*

*The US – and other nations – should now emphasize that peace in the region is best served if the Taiwanese people can make their own free decision on the future of the island, without any outside interference from China. The proper – and probably only – way to do this is through a referendum.*

*Statements like White House National Security Council spokesman Sean McCormack's 9 August 2002 blind reiteration of “One China” and “we do not support Taiwan independence” are thus totally out of place and incompatible with the principle of democracy and US policy to support freedom around the world.*

## *West should be applauding Chen*

*By Gerrit van der Wees, editor of Taiwan Communiqué.*

*This article first appeared in the Taipei Times on 6 August 2002.*

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President Chen Shui-bian's statement in a telecast to the annual conference of the World Federation of Taiwanese Associations meeting in Tokyo on Saturday should be supported and applauded by the US and Western Europe, as well as by the people of Taiwan itself.

While his statements are common sense to anyone who supports democracy and human rights, they are bound to raise the ire of the repressive rulers in Beijing, and may lead to misunderstanding by those who don't understand — or don't want to understand — where "Taiwan is coming from."

A basic fact that is often overlooked is that Taiwan was not part of the Chinese Civil War in the 1940s. It became an unhappy party to that conflict when the losing side — Chiang Kai-shek's KMT — moved to the island, which had been occupied by the KMT in 1945 on behalf of the Allied Forces after the defeat of Japan.

The contention that Taiwan split from China in 1949 — made erroneously and all too often by newswires such as Reuters and the Associated Press — is therefore simply false. It was not part of China in the first place, but officially still under Japanese sovereignty. On the occasion of the 1951 San Francisco Peace Treaty, Japan formally ceded sovereignty over the island, but its ultimate status was to be the subject of a future decision, "taking the wishes of the Formosan population into consideration."

From the 1950s through the early 1990s, the KMT perpetuated the myth that it was the rightful ruler of all of China, shutting out all opposing views of the native Taiwanese, who wanted their island to become a free, democratic and independent nation and a full and equal member of the international family of nations.

During the same period, China went through a series of upheavals such as the Cultural Revolution and the Tiananmen Square massacre, and — in response to the KMT's narrow-minded pursuit of "recovery of the mainland" — increasingly saw "reunification of Taiwan with the motherland" as the last piece of unfinished business in its civil war against Chiang.

The problem with that policy is that for the large majority of the people in Taiwan their island was not part of communist China in the first place, so “unification” is perceived about as welcome as Hitler Germany’s occupation of The Netherlands, Poland or Czechoslovakia in the beginning of World War II.

Since the early 1990s, Taiwan became increasingly democratic, first under former president Lee Teng-hui, who increasingly pushed the envelope with the “Taiwanization” of the nation’s political system and by increasing the nation’s room for maneuvering in the international arena.

In the spring of 2000, the transfer of power to the DPP signaled a new stage in Taiwan’s quest for international recognition. Chen moved cautiously, extending olive branch after olive branch in the direction of Beijing. In response, however, Beijing increasingly tightened the noose, refusing to deal with the new government, increasing military pressure on the nation by deploying some 350 missiles along the coast facing Taiwan and increasing its weapons purchases specifically geared towards attack on the democratic nation.

Against this historical background, the US and Western Europe must take the following steps.

First, affirm that the people of Taiwan have the right to determine their own future under the principle of self-determination as enshrined in the UN Charter.

Second, urge China to renounce the use of force and accept Taiwan as a friendly neighboring state instead of perpetuating the hostility and rivalry dating from the Chinese Civil War fought against the KMT five decades ago. In particular, it needs to be emphasized to China that the new Taiwan is not the old rival from the days of the Chinese Civil War, but a new neighbor, which wants to live in peace with all its neighbors, including the big brother across the Strait.

Third, accept Taiwan as a full and equal member of the international family of nations, including the UN.

The time has come for the future decision on Taiwan’s status referred to in the 1951 San Francisco Peace Treaty. President Chen’s referendum is all about “...taking the wishes of the Formosan population into consideration.” Only if that happens, can Taiwan truly “go its own [democratic] way.”

## *Straight talk on Strait affairs*

*This editorial first appeared in the Taipei Times on 5 August 2002.  
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Saturday's speech to the World Federation of Taiwanese Associations in which President Chen Shui-bian set out something akin to former president Lee Teng-hui's "state-to-state" conception of Taiwan-China relations was the first time in two years, after our hopes were crushed with the contemptible "five no's" of Chen's inauguration speech, that we have cause to be optimistic about the government's China policy.

Of course we realize that among Taiwan's punditocracy we are in the minority. The chorus of nay-sayers yesterday was overwhelming. But that chorus was made up of the usual suspects: KMT Chairman Lien Chan and PFP Chairman James Soong — the two festering boils on the backside of Taiwan's body politic — and the pro-China press. They are, of course, livid that a Taiwan president should dare to state the reality of the cross-strait situation. Anything that punctures the composure, that disturbs the fantasies of imperial aggrandizement of the butchers of Beijing is shocking *lese majesty* to the scum that constitutes the "pan-blue" camp.

It is always interesting for those of us who were raised with a certain standard of honorable behavior, which includes the idea that you should resist threat and intimidation to the best of your ability, to look at the ways in which the bizarre psychopathology of the "pan-blue" camp reveals itself.

First there was bluster about the threat of war from China, never, notice any denunciation of China for its threat of war. Then there was the twisting of what was actually said into something more easy to attack. This time the target has been Chen's remarks on a referendum. The "pan-blue" camp followers are saying that Chen has



**Crowd to little boy: "Let's see if you still dare try to tell us the Emperor has no clothes!!!"**

backtracked on his inaugural promise not to hold a referendum on Taiwan independence. Actually he has done nothing of the sort. What he said was not that a referendum should be held, but that if the time ever came to make a decision a referendum was the only acceptable way to do so and with this in mind, legislation should be passed to legitimize the procedure.

This, of course, is exactly what the KMT does not want; it has never supported a referendum on the most important decision that Taiwan might ever have to make. Even the PFP has better democratic credentials here. We can only attribute this to Lien's desire to trade Taiwan's sovereignty to Beijing in return for the KMT's appointment as the permanent government of Taiwan, in the manner of the Tung Chee-hwa clique in Hong Kong.

President Chen, as Mainland Affairs Council Vice Chairman Chen Ming-tong said, simply told the truth on Saturday, no matter how many people on both sides of the Taiwan Strait refuse to countenance it. But we have to wonder about timing. Taiwan's relationship with the US is crucial to its preservation of independence against possible Chinese aggression. But Washington has a rather compelling set of other concerns right now and it is hard to imagine that it would look happily on increased tension in the Strait.

It is also likely that Chen's statement will give more power to the hardliners in China's coming power transfer; it will be much harder in the short- to mid-term for voices advocating accommodation and negotiation with Taiwan to get a hearing. But perhaps the president — whose intelligence sources are better than ours — has decided that the chances of any faction coming to power prepared to deal with Taiwan on the only terms that make sense — as an equal and without military intimidation — are in any case next to nothing. The protection of Taiwan's sovereignty — by swinging the public behind the popular “state-to state” policy — against “pan-blue” camp efforts to destroy it has to take priority.

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## Ups and downs of US Taiwan policy

During the past few months, US policy towards Taiwan had its ups and downs. Overall, the Bush Administration's line has been rather straightforward and clear following Mr. Bush's April 2001 statement that he would do “whatever it takes” to help defend Taiwan (see *The demise of “strategic ambiguity”* in *Taiwan Communiqué* no. 101).

Still, on occasion Administration officials slide back into the direction of Mr. Clinton's despicable "Three No's" or other anachronistic *Kissinger-speak*, while on other occasions they break new ground in the positive direction.

## Wishy-washy Wolfowitz

A case in point of a negative slide is Deputy Defense Secretary Paul Wolfowitz, who had earlier been a strong advocate of "whatever it takes" and in March 2002 had given valuable advice to Taiwan to streamline its military and upgrade its capabilities to defend itself.

On 15 May 2002 at a speech to the National Press Club in DC, Mr. Wolfowitz stated that "...there is no intention, no desire to separate Taiwan from the mainland or have an independent Taiwan." When asked for a clarification, Mr. Wolfowitz let himself be goaded by some pro-unificationist reporters into saying that this was another way of stating that "we're opposed to Taiwan independence."



**China to US: "I can't sit down to chat with you until you get rid of the thing that's causing my hay fever."**

He reiterated this at the end of May 2002 at a briefing to reporters in preparation to his attendance at a Singapore security meeting, saying that the US was "opposed to Taiwan independence." Of course he also reiterated the US position that there should be a peaceful resolution.

**Taiwan Communiqué comment:** Traditionally, the US has emphasized that it supports a peaceful resolution of the conflict between China and Taiwan, and has thus only pronounced itself on the **process**, and not on the **final outcome** of this process. Mr. Clinton's "Three no" mistake in 1998 – now reiterated by Mr. Wolfowitz in May 2002 – was that he pronounced himself on one possible final outcome in a negative manner, and thus displayed a bias towards Beijing.

*If the US wants to remain totally neutral on the final outcome, and if it doesn't want to expressly support independence, **it should, in one breath, also state that it doesn't support unification either. Otherwise it should remain totally mum on both points.***

*Still, to Taiwanese committed to freedom and democracy, it looks rather peculiar that the country that calls itself the leader of the free world wouldn't support us as a free, democratic and independent nation, and still kowtows to China's communist rulers in Beijing.*

## ***Colin Powell: Taiwan a success story***

A positive statement coming out of Washington during this past summer was Secretary of State Colin Powell's mention of Taiwan as a "success story." On 10 June 2002, in a major speech on US East Asia policy to the **Asia Society** Annual Dinner, Mr. Powell said:

"...we continue to insist that the mainland solve its differences with Taiwan peacefully. Indeed a peaceful resolution is the foundation on which the breakthrough Sino-American communiqués were built, and the United States takes our responsibilities under the Taiwan Relations Act very, very seriously.

People tend to refer to Taiwan as "The Taiwan Problem". I call Taiwan not a problem, but a success story. Taiwan has become a resilient economy, a vibrant democracy and a generous contributor to the international community."

## ***Richard Armitage: neither support nor oppose***

A third important clarification on US policy towards Taiwan was made by Deputy Secretary of State for East Asia Mr. Richard Armitage at a press conference on 26 August 2002 in Beijing:

**Question:** You just mentioned that the administration doesn't support Taiwan independence. Can you explain why the administration is taking a position on the final outcome in the Taiwan Strait? And, what could happen if the people on both sides of the Strait decided that Taiwan could go independent? Would Washington continue not to support Taiwan independence? Could you flesh out this policy a little more, so we'd understand it more?



**Mr. Armitage:** The wording is important. By saying we do not support, it's one thing. It's different from saying we oppose it. If people on both sides of the Strait came to an agreeable solution, then the United States obviously wouldn't inject ourselves. Hence, we use the term we don't "support" it. But it's something to be resolved by the people on both sides of the question.

## ***Words are worth more than gold***

*This editorial first appeared in the Taipei Times on 28 August 2002.*

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US Deputy Secretary of State Richard L. Armitage's statement regarding Washington's policy on "Taiwan independence" during a press conference at the US embassy in Beijing on Monday was the topic of intense discussion yesterday. "I think the wording is important. By saying we do not support it is one thing. It's different from saying that we oppose it," Armitage was quoted as saying in wire agency reports. The debate over his comments highlights the sensitive nature of the trilateral relationship between the US, China and Taiwan.

The distinctions between "no support" and "opposition" can hardly be described as fine-lined. According to the Random House Webster's Unabridged Dictionary, to "support" is "to maintain ... by supplying things necessary to existence," while to "oppose" is "to act against or provide resistance to." So one obvious inference to draw from Armitage's remarks is that the US will not actively aid Taiwan in the event that the latter opts for independence.

That, of course, is very different from acting to oppose the cause.

As a country founded on democratic values, the US can't possibly go out of its way to stop the people of Taiwan from exercising their right to self-determination. The



**"One China" raft disintegrating: "Damn, those (public opinion) logs are going their own way!"**

question then becomes whether declining to support or help an exercise of that same right is any less morally culpable. That question of course has no simple answer.

While it is understandable why Washington opts for ambiguity and word games about Beijing's "one China" principle, the people of Taiwan deserve a straight answer. If Taiwan independence is the watershed that will change everything for both the US and China, then both countries must define exactly what they would consider independence. Otherwise, the people of Taiwan risk stepping over the line unknowingly.

Is Taiwan independence a reality only when the name of this country is changed to the Republic of Taiwan? Or does it refer to substantive state sovereignty on this side of the Taiwan Strait, irrespective of what it is called? If it is the latter case, Taiwan is already guilty.

Vice President Annette Lu made some rather keen observations about Armitage's comments, saying that if "Taiwan independence" requires further "work" the US will not take part — but, if it is already the status quo, then the US will of course not oppose it.

If this is the case, then of course it is very good news for Taiwan, since most people will probably agree that latter is already the case. But the question remains whether China accepts such a scenario?

In any event, while Armitage's remarks did not depart from the bounds of existing US-Taiwan policy, it should nevertheless still be interpreted as a friendly gesture toward Taipei. After all, it wasn't too long ago that US Deputy Secretary of Defense Paul Wolfowitz indicated during a press conference that the US "opposes Taiwan independence." Wolfowitz's statement marked the only occasion since the signing of the 1972 Shanghai Communiqué in which a high-ranking US official openly expressed Washington's opposition to Taiwan independence.

Armitage's clarification of the US position should not be equated with opposition to "Taiwan independence." His remark also toned down the immediate reaction in Washington to President Chen Shui-bian's "one country on each side [of Taiwan Strait]" — which was that the US does not support Taiwan independence.

## *Unification a threat to American interests*

*Mr. Li Thian-hok is a prominent member of the Taiwanese-American community.*

*This article first appeared in the Taipei Times on 30 June 2002*

*Reprinted with permission.*

“If Taiwan chooses unification, should the United States care?” is the title of a recent paper in *The Washington Quarterly* by Nancy B. Tucker, professor of history at Georgetown University. Tucker notes that while the vast majority of Taiwanese people prefer an open-ended status quo, the growing tide of Taiwanese investment in China makes Taiwan’s prosperity dependent on the political relationship with Beijing.

The Chen Shui-bian administration’s policy of “active opening” has resulted in an outflow of capital and jobs to China. Entry into the WTO promises to intensify the pressure to expedite the direct transportation, communication and trade links with China and unification on Beijing’s terms.

Beijing uses both a seductive strategy (tax incentives to Taiwan’s businesspeople and promises of political power in a greater China to the those who are politically ambitious, or a united front, to court the PFP and KMT) and a coercive strategy (an accelerated missile buildup to force Taiwan to surrender before the US can intervene).

If the democratically elected Taiwanese government chooses peaceful unification with China, the US will be in no position to object. So, it is time for Washington to consider the implications of such a move. In that regard, Tucker lists several adverse strategic consequences for the US. China’s naval and air power will be projected beyond coastal waters. China will be able to interrupt vital sea lanes in the vicinity of Taiwan and strangle Japan’s economy.

An apprehensive Japan could thus revise its constitution, expand its military and preserve its US alliance. The US would have to surrender its listening posts in Taiwan. To prevent military technology from falling into China’s hands, some members of Congress have called for ending sales of sophisticated US arms to Taiwan or disabling weapons already sold.

Taiwan as part of China could strengthen a China whose values had not changed. Despite these adverse consequences, Tucker concludes that avoiding war with China is in the US’ best interest.

While many policymakers in Washington have been increasingly concerned that President Chen's policy of economic and political integration may eventually lead to a bloodless surrender of Taiwan's sovereignty and democracy, Tucker is perhaps the first Sinologist to publicly address the issue.

While Tucker's topic is timely, I do not agree with her views in two areas. First, mainstream Japanese public opinion is against rearmament. The anti-war sentiment is deeply ingrained into the Japanese psyche due to the horrendous casualties of World War II and the trauma of the Hiroshima bomb.

With Taiwan's fall, Japan might conclude that America is not a reliable ally and opt to become a docile protectorate of China, offering Japan's financial and technological resources as tributes in return for China's promise of non-aggression. After all, Taiwan's dire straits are due in part to years of neglect by the administration of former US president Bill Clinton. Once Japan sides with China, the US will have little choice but to withdraw from East Asia.

Second, peace with China may merely defer a greater conflict. With the combined resources of this greater China, the Koreas and Japan, Beijing could challenge America's military, political and economic supremacy within two decades, threatening the US with a nuclear Pearl Harbor.

It is not wise to take a sanguine view of Taiwan's absorption by the People's Republic of China.

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## **New warnings of China's military threat**

### ***DOD reports on military buildup***

In mid-July 2002, the US Department of Defense issued a report to Congress on the rapid rise of China's military power. According to the report, China is modernizing its military with the goal of countering American power in the Pacific and forcing Taiwan to accept unification.

The report, the first assessment of the Chinese military under the Bush administration, said that despite major strides in improving its armed forces, China would still have trouble invading Taiwan.

But the report concludes that Beijing, aware of its military's technological deficiencies, has developed less conventional strategies for asserting its power in the region. Those strategies would employ a broader range of tactics and weapons, including computer viruses, naval blockades, increasingly accurate nuclear-tipped missiles and quieter diesel submarines, the report contends.

"These enhanced capabilities have given rise to and will sustain a trend in which China's war-fighting strategies increasingly favor coercive over annihilative approaches," the report said. "Beijing is pursuing the ability to force Taiwan to negotiate on Beijing's terms regarding unification with the mainland."

It also concludes, that China's military modernization could pose a threat to Japan and the Philippines, as well as Taiwan. It also estimates that China is spending far more than had been previously thought on its military — as much as \$65 billion a year, more than triple the \$20 billion China publicly reported in March.

Among the major concerns raised by the report were these:

- \* China is replacing its current arsenal of 20 DF-5 intercontinental ballistic missiles, which can strike the western United States, with a longer-range version. China is expected to have 60 of the longer-range missiles by 2010, the report concludes.
- \* China is expanding its inventory of short-range ballistic missiles, now at about 350, at the rate of 50 a year, and is improving the accuracy of those weapons. Many of those missiles are massed in Fujian Province bordering the Taiwan Strait.
- \* China has acquired two Sovremenny-class destroyers carrying Sunburn anti-ship missiles capable of sinking an aircraft carrier, and is purchasing two more destroyers (see "*New signs of China's military expansion*", *Taiwan Communiqué* no. 100, pp. 17-18).
- \* Russia has also sold China 4 Kilo-class diesel submarines, which are among the quietest in the world. The acquisition could significantly enhance China's ability to establish a blockade around Taiwan, the report contends. According to recent reports (see below) China has recently placed an order for eight more Kilo-class submarines.

## *Congressional Security Commission report*

Also in mid-July 2002, the **US-China Security Review Commission** issued a report, warning that China is making dramatic economic and strategic advances against the United States, requiring a much tougher response to ensure compliance with trade laws and to prevent the spread of weapons of mass destruction.

The 200-page report from the bi-partisan commission reported that the Chinese leadership often portrays the United States as a “powerful protagonist and overbearing bully” but also views the United States as a declining power with exploitable military vulnerabilities. The report concludes that, despite the advent of China’s entry into the World Trade Organization, the U.S. trade deficit with China will continue to worsen.

The report also determined that despite the popular perception of China as mostly a manufacturer of toys and other simple products, the Chinese have made huge strides in the production of advanced goods. The United States runs a trade deficit with China in a majority of the items on the Commerce Department’s advanced technology product list, the report said, warning that a growing reliance on Chinese imports might eventually “undermine the U.S. defense industrial base.”

The commission also warns that China is one of the world’s leading sources for missile-related technology and nuclear materials for terrorist-sponsoring nations, presenting “an increasing threat to U.S. security interests, in the Middle East and Asia in particular.” While China has made numerous multilateral and bilateral commitments to stop proliferation, “despite repeated promises [it] has not kept its word,” the report said.

Congress created the commission at the end of 2000, when U.S.-China relations were at a low point. In the past year, especially after Sept. 11, relations have improved, and it is unclear if the report will generate renewed furor about Chinese intentions.

The report urges an “immediate review and overhaul” of U.S. sanction policies, including giving the president authorization to invoke economic sanctions against foreign nations that proliferate weapons of mass destruction or related technologies. The report also recommends the use of financial sanctions, such as denial of access to U.S. capital markets to companies involved in proliferation.

The report notes that the Chinese government and state-owned enterprises have raised more than \$40 billion in the international capital markets in the past decade, including

\$14 billion in the United States in the past three years. But the report said the U.S. government lacks ways to monitor national security concerns raised by this development, requiring beefed-up disclosure and reporting requirements for Chinese companies at the Securities and Exchange Commission.

## ***Eight more Kilo-class submarines***

Adding to the urgency of the two above mentioned reports, news reports in June and July 2002 indicated that China is buying more advanced weapon systems from Russia.

On 25 June 2002, the **Washington Post** reported that China is purchasing eight more Kilo-class submarines from Russia (*“China to Buy 8 More Russian Submarines”*, 25 June 2002). The report indicated that China has begun negotiations with Russia in a \$1.6 billion deal “...that will significantly boost its ability to blockade Taiwan



**Russia's Kilo class submarine destined for China** and challenge U.S. naval supremacy in nearby seas.”

Four Russian producers are reportedly bidding to build the diesel-powered Project 636 Kilo-class vessels, which will be equipped with Klub long-range, anti-ship missile systems. The deal for additional submarines is part of a \$4 billion weapons package that Russia has committed to provide China over the next four to five years. Included in the package are two more Sovremenny-class destroyers, adding to a pair China has already received, a new batch of S300 PMU2 anti-aircraft missiles and 40 Su-30MKK fighter-bombers.

The Washington Post report states that the \$4 billion sale cements Russia’s place as China’s biggest military trading partner, far ahead of Israel and such former Soviet states as Ukraine. It also cements China’s place as the world’s biggest weapons importer, underscoring its race with Taiwan for military supremacy across the Taiwan Strait.

The Post also reports that China became the world’s biggest importer of weapons in 2000, according to the Stockholm International Peace Research Institute. It maintained

the No. 1 position last year, mostly through purchases of ships and combat aircraft worth close to \$3 billion, more than twice any other buyer's acquisitions.

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## To link or not to link?

During the past months, the debate in Taiwan on direct trade and travel links with China has continued unabatedly. Business firms are often in favor, since they can make use of cheap labor in China, while political leaders in the DPP government and the pro-Taiwan media are concerned that it will increase China's stranglehold on the democratic island. Below we present two commentaries.

### *Say "no" to direct links with China*

*By The Liberty Times. This editorial first appeared in the Taipei Times on 17 July 2002. Reprinted with permission.*

This past May Chinese Vice Premier Qian Qichen indicated to visitors from Taiwan that so long as the three cross-strait direct links are viewed as the domestic affair of one country, negotiations may proceed between authorized non-governmental organizations.

Qian also emphasized that direct links are an economic issue, and should not be influenced by political factors. Qian's painstaking emphasis on the point that direct links are an economic issue was of course especially made for the ears of visitors from Taipei who desperately pine for direct links.

He understood that these visitors have consistently called for the opening up of direct links in Taiwan on the grounds that "economic [issues] should be treated as such," believing that the current ban on direct links is political in nature and the cause of the current economic downturn in Taiwan.

Qian, of course, seized the opportunity to echo that stance, so that these Taiwanese businessmen would have been able to talk about it with a stronger voice, and pressure Taiwan's government after they get home.

For now, let us not talk about the threat to our country's sovereignty and international status that treating direct links as a domestic issue would bring. Instead, let us analyze the pros and cons of direct links from a purely economic perspective.



In the economic domain, people, unfortunately, will often accept certain opinions as the supreme truth without thinking critically about it. Millions and millions of innocent people have suffered as a result.

Communism is a most glaring example. Marxism stormed the world in 19th and 20th century. Sixty years ago in China, anyone who opposed Marxism was deemed an enemy of the people. However, the experience of Russia, Eastern Europe and China, shows that Marxism is a mistake because it overlooks the selfish and greedy nature of human beings. It eventually brought pain and suffering and massive loss of life.

In the past decade or so, some seemingly correct yet off-the-point economic ideas have surfaced in Taiwan. Among them are “economic [issues] should be treated as such,” and “save Taiwan with cross-strait direct links.”



**The direct links "One China" parrot**

The relationships between the economy, politics and human nature are an everlasting truth across times and cultures. Yet, there are still those who insist that politics and economy should be treated as independent subjects. They elaborate extensively on the theory and extend its application indefinitely.

If this theory is right, then the US' embargo against Cuba, and the termination of air links between Israel and Arab states would all be short-sighted government policies.

In recent years, these people have also called for the opening up of cross-strait direct links. They use theories on the mutual benefits of trade and different economic models to make the point that direct links would be beneficial to Taiwan. They seem to have either forgotten the fact that the other side is much bigger than us in terms of political and economic resources.

They ignore the other side's obvious attempt to engulf Taiwan, and the lack of national identity in Taiwan. The various models of economic predictions they use do not take into consideration these factors.

Therefore, if conclusions are made purely on the basis of economic models, then the fatal mistake made by Karl Marx will be repeated. Irreparable damage to Taiwan's economy will result, causing harm to everyone in Taiwan. Will direct links be good for Taiwan's tourism? Our countrymen must understand that China is not yet a free country. The number of tourists from China that can come to Taiwan will be determined strictly by Beijing.

In the year and a half since the opening of "small direct links," several thousand people have traveled from Kinmen to China. However, the number of tourists traveling from China to Kinmen is zero. This proves that whether tourists will come and how many of them will come are uniformly determined by Beijing's policies. Once direct links open, tourists from China may come, because it is compatible with Beijing's policy of engulfing Taiwan.

But, even if the number of tourists from China to Taiwan reached 500,000, the number of Taiwanese traveling to China will probably be between 1.5 million to 2 million. Obviously, while direct links will bring some business for a few tourism agencies, in the grand scheme of things, Taiwan will still be on the losing end. This is true especially in view of the fatal blow to the tourism industry caused by a decline in domestic travel by Taiwanese.

Will direct links benefit the real-estate industry in Taiwan? The government is also considering the possibility of opening up the real-estate market to Chinese capital. Once direct links begin, perhaps some Chinese will become media darlings by buying property in Taiwan. But, the people of Taiwan must realize that China imposes strict foreign exchange controls.

The number of Chinese coming to Taiwan to buy real estate will be limited. However, if the number of Taiwanese traveling to Shanghai increases as a result of direct links, the number of Taiwanese businessmen buying property near West Lake in China will sharply increase. Then the price of real estate in Taiwan will decline. The wealth of Taiwanese will depreciate in general.

It would certainly be a disaster for both the banking and real estate sectors. Under the same logic, the stock market would also lose its vitality.

The decline in real estate prices and the stock market would without question cause domestic consumption to fall, affecting nearly all industries in Taiwan. More businesses would be forced to relocate to China. Production would fall and unemploy-

ment rise, further accelerating decline in consumption. By then, “keep [one’s] roots in Taiwan” will truly become an empty slogan. Businesses in Taiwan will wither, while Taiwanese businesses in China will thrive thanks to the lower labor costs there.

The former will shut down one by one. This is how Hong Kong’s economic downturn has unfolded over the past five years. Ever since Taiwan’s government allowed investments in China by Taiwanese business in 1990, Taiwan has suffered the pain of economic marginalization in the form of low economic growth, stagnant cash flows and excessive bank loans.

The pain has increased along with the Sinization of Taiwanese businesses. In view of Hong Kong’s experience, opening up direct links will surely increase the severity and the speed of Taiwan’s marginalization. To the people of Taiwan, this would of course be very damaging.

Obviously, the ban on direct links in the past have inconvenienced Taiwanese business with ambitions in China. However, the ban has also served as an economic safety valve and an insulator against threats from China.

At a time when China is using its economy and military to intensify its unification rhetoric, Taiwan’s government should give top priority to the interests of everyone in Taiwan. Do not forget that the biggest responsibility of a government is to defend the country and protect the welfare of the people. The interests of the businesses come second.

## ***Fools are rushing in***

*This editorial first appeared in the Taipei Times on 27 June 2002.*

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No sooner did the Legislative Yuan go into recess than the great China rush was on. The KMT’s John Chang and Ho Chih-hui and the PFP’s Liu Sung-pan are in China, heading up three separate delegations that want to discuss trade and “direct links.” Lawmakers from the DPP’s “60 Society” are planning a cross-strait trip for next month. It seems every politician wants to promote direct links across the Taiwan Strait. Most, however, appear motivated more by a desire to grab a slice of the cross-strait trade that direct links would bring than by concern for their constituents’ interests.

Beijing clearly knows its best hopes of breaking down Taiwan’s defenses is the Trojan-horse gambit, its “united front” offensive. Apart from using Taiwanese businesses as

leverage, getting Taiwanese legislators to pressure Taipei is key. The KMT and PFP are pushing for direct links by trying to get the Statute Governing Relations Between the People of the Taiwan Area and the Mainland Area amended.

Lost in the lawmakers' euphoric dreams of gold and glory is the harsh reality of Beijing's unwavering insistence that any negotiations must be conducted according to its "one China" principle — and its plan to turn Taiwan into another Hong Kong or Macau. There was a timely reminder of just what that means yesterday, when the South China Morning Post reported Chinese Vice Premier Qian Qichen as saying there was no need for Hong Kong to move toward democracy, since it would be inappropriate for one of China's special administrative regions to copy the political system of another country.

Chen Yunlin, director of China's Taiwan Affairs Office, has reiterated this stance time and time again. He says cross-strait air links are domestic links, not international ones. Chen says negotiations on direct links may be conducted between private or professional organizations from the two sides, which could sign "summaries" or "arrangements" and then take such documents back home to have problems of ratification and implementation resolved.

The tussle over direct links is a fight over Taiwan's sovereignty and national identity. Even though President Chen Shui-bian has said that direct links are inevitable and that he would not rule out delegating private parties to negotiate on the issue, he stressed that that Taiwan must not be belittled, marginalized or treated as a local government in such negotiations. This is the bottom line for negotiations.

As lawmakers sing the praises of making peace with Beijing, they must not forget to seek equality and dignity in negotiations or any talks will be little more than a surrender and betrayal. Although some local companies will gain from direct links, such benefits will eventually sacrifice the interests of the people of Taiwan. Direct links will shake the national identity, the beliefs of the people and Taiwan's democratic system. Direct links will cause a further outflow of businesses and capital and a hollowing out of local industries. The day direct links are established will be beginning of Taiwan's absorption into China.

It is unwise for Taiwan's lawmakers to rush to the forefront of the direct links lobby and jeopardize the government's strategies. How true the adage that fools rush in where angels fear to tread.

# Report from Washington

## *Thank you Richard Bush*

One of the most steady factors in US relations with Taiwan during the past years was Dr. Richard Bush, the highest US official dealing specifically with Taiwan, whose term as chairman of the American Institute in Taiwan ended in June 2002.

Since his appointment in September 1997, Mr. Bush worked hard to maintain US policy towards Taiwan on an even keel. This was not an easy assignment, certainly in the Clinton years, when policymakers in the White House were increasingly drawn towards Beijing, leading to the infamous “Three No” statement and other mis-statements by Mr. Clinton during his visit to China in June-July 1998.

Richard Bush was left with the un-enviable task of trying to repair the damage done by Mr. Clinton, and he succeeded to quite an extent by introducing the concept of “consent / assent of the people of Taiwan” in the future decisions on the status of their country. This concept was picked up by the Clinton Administration in its latter days, and became a cornerstone of US policy.

Mr. Bush affinity for Taiwan started in the days when as a young graduate student at Columbia University, he spent almost a year in Taiwan, collecting material for his dissertation. In the early 1980s he joined the staff of US Congressman Stephen Solarz. Together with Republican Congressman Jim Leach and Democratic Senators Claiborne Pell and Edward Kennedy, Mr Solarz formed the “Gang of Four” leading advocates in Congress of human rights and democracy in Taiwan.

During this time, Mr. Bush came to know numerous leading *tangwai* (“outside-the-party”) opposition figures on this island, who were often imprisoned by the Kuomintang authorities for advocating human rights and democracy on the island. Many of these



**Mr. Bush with President  
Chen in August 2000**

subsequently became leading figures in the DPP Administration of President Chen Shui-bian.

During his term as chairman of AIT, Mr. Bush continued the practice – initiated by his predecessor Nat Bellocchi — of maintaining close contacts with the Taiwanese community in the US. His door was also always open for the then democratic opposition in Taiwan, the DPP. He was thus a close witness of one the most significant political turning points on the island: the March 2000 election victory of President Chen Shui-bian.

Thus, on behalf of so many who worked so long for democracy and human rights in Taiwan: *Thank you Richard Bush!*

## *Senate resolution on Taiwan's future*

At the end of June 2002, a resolution was introduced in the US Senate in support of a free and democratic decision by the people of Taiwan on the island's future, *without outside threats, intimidation, or interference.*

The resolution, S. Con. Res. 123, was introduced on 25 June 2002 by U.S. Senator Robert Torricelli (D-N.J.). It was referred to the Senate Foreign Relations Committee. The text of the Resolution is as follows:

Expressing the sense of the Congress that the future of Taiwan should be resolved peacefully, through a democratic mechanism, with the express consent of the people of Taiwan and free from outside threats, intimidation or interference.

Whereas in the San Francisco Peace Treaty signed on September 8, 1951 (3 U. S. T. 3169) (in this resolution referred to as the “treaty”), Japan renounced all right, title, and claim to Taiwan;

Whereas the signatories of the treaty left the status of Taiwan undetermined;

Whereas the universally accepted principle of self-determination is enshrined in Article 1 of the United Nations Charter;

Whereas the United States is a signatory of the United Nations Charter;

Whereas the United States recognizes and supports that the right to self-determination exists as a fundamental right of all peoples, as set forth in numerous United Nations instruments;

Whereas the people of Taiwan are committed to the principles of freedom, justice, and democracy as evidenced by the March 18, 2000, election of Mr. Chen Shui-bian as Taiwan's President;

Whereas the 1933 Montevideo Convention on Rights and Duties of States defines the qualifications of a nation-state as a defined territory, a permanent population, and a government capable of entering into relations with other states;

Whereas on February 24, 2000, and March 8, 2000, President Clinton stated: "We will . . . continue to make absolutely clear that the issues between Beijing and Taiwan must be resolved peacefully and with the assent of the people of Taiwan";

Whereas both the 2000 Republican party platform and the Democratic party platform emphasized and made clear the belief that the future of Taiwan should be determined with the consent of the people of Taiwan; and

Whereas Deputy Secretary of State Richard Armitage said in a Senate Foreign Relations Committee hearing on March 16, 2001, that "what has changed is that any eventual agreement that is arrived at has to be acceptable to the majority of the people on Taiwan": ***Now, therefore, be it***

***Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that—***

- (1) the future of Taiwan should be resolved peacefully, through a democratic mechanism such as a plebiscite and with the express consent of the people of Taiwan; and
- (2) the future of Taiwan must be decided by the people of Taiwan without outside threats, intimidation, or interference.

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